

## VOLUME 11A, CHAPTER 12 “MAJOR RANGE AND TEST FACILITY BASE”

### SUMMARY OF MAJOR CHANGES

Changes are identified in this table and also denoted by [blue font](#).

Substantive revisions are denoted by an asterisk (\*) preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [\*\*\*bold, italic, blue and underlined font\*\*\*](#).

The previous version dated [July 2016](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
1.2	Added applicable and non-applicable Department of Defense (DoD) entities.	Addition
1.3	Removed 10 United States Code (U.S.C.) Section 2681 for the renumbered 10 U.S.C. Section 4175, and added Statement of Federal Financial Accounting Standard 4, “Managerial Cost Accounting Standards & Concepts” and DoD Instruction 4000.19, “Support Agreements” to the Authoritative Guidance section.	Revision/ Addition
3.1	Updated responsible organization from Under Secretary of Defense (USD) Acquisition, Technology & Logistics to USD Research & Engineering.	Revision
4.3.2	Updated listed organizations to include the Space Force.	Addition
4.4.2.2.2	Added language requiring charging indirect costs to non-DoD customers.	Addition

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## CHAPTER 12

MAJOR RANGE AND TEST FACILITY BASE

## 1.0 GENERAL

## 1.1 Overview

The Major Range and Test Facility Base (MRTFB) is a national asset that is sized, operated, and maintained primarily for Department of Defense (DoD) acquisition programs to provide the necessary instrumentation, infrastructure, and workforce to support developmental and operational test and evaluation, but also available to non-DoD users having a valid requirement for its capabilities. The MRTFB is operated and maintained primarily for DoD test and evaluation support missions under the oversight of the Director, Test Resource Management Center (TRMC). The MRTFB provides test and evaluation support to the DoD Components responsible for developing, testing, or operating weapons systems. It serves Federal, state, local, and allied foreign governments as well as commercial users when a valid requirement for range, lab, or installed system test facility capabilities exists. MRTFB missions vary from testing missiles, aircraft, and integrated space capabilities to ensuring that electrical components can survive in various environments. The MRTFB is designed to assure the most cost-effective development and testing of materiel, and warfighting capabilities and provide for inter-service compatibility, efficiency, and equity without influencing technical testing decisions or inhibiting legitimate and valid testing.

## \*1.2 Purpose

This chapter provides a reimbursable policy for the DoD MRTFB. This policy applies to the Office of the Secretary of Defense, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the Department of Defense (hereafter referred to collectively as the “DoD Components”). This chapter does not apply to the commercial space launch activities of the Space Launch Delta 30 and Space Launch Delta 45 contained in Chapter 13. Additionally, this chapter does not apply to the sale of samples, drawings, information, equipment, and certain services contained in Chapter 14.

## \*1.3 Authoritative Guidance

1.3.1. Title 10, United States Code (U.S.C.), Section 2208. Sections 2208(a)(2) and 2208(o) of Title 10 authorize the Secretary of Defense to establish working capital funds (WCFs) for activities that provide common services across DoD and to other persons outside DoD when authorized by law.

1.3.2. 10 U.S.C. § 4175. Section 4175 of Title 10 authorizes the Secretary of Defense to enter contracts with commercial entities that desire to conduct commercial test and evaluation activities at an MRTFB.

1.3.3. [Statements of Federal Financial Accounting Standards 4 \(SFFAS 4\)](#): “Managerial Cost Accounting Standards & Concepts.” This statement requires cost accounting systems to accumulate costs.

1.3.4. [DoD Directive \(DoDD\) 3200.11](#), “Major Range and Test Facility Base (MRTFB).” This Directive promulgates the policy and responsibilities of the MRTFB.

1.3.5. [DoD Instruction \(DoDI\) 3200.18](#), “Management and Operation of the Major Range and Test Facility Base (MRTFB).” This Instruction implements policy and assigns responsibilities for the management and operation of the MRTFB.

1.3.6. [DoDI 4000.19](#), “Support Agreements.” This Instruction includes requirements for support agreements.

## 2.0 DEFINITIONS

2.0.1. MRTFB. The designated core set of DoD Test and Evaluation (T&E) infrastructure and associated workforce is preserved as a national asset to provide T&E capabilities to support the DoD acquisition system.

2.0.2. MRTFB Activity. Organizational command element of a DoD Component that manages MRTFB capabilities and resources.

2.0.3. Non-DoD Component Users. Federal, state, or local government agencies; allied foreign governments; defense contractors; commercial entities, and private organizations.

2.0.4. Direct Costs. Direct costs are attributable to using the facility or resource for testing under a particular program. DoD Component users must reimburse MRTFB activities for direct costs readily identifiable with a particular program. Chargeable direct costs include labor, contract labor (which includes a portion of general and administrative expense and overhead), software licenses, material, minor construction, utilities, equipment, supplies, items damaged or consumed during testing, prepositioning of aircraft (to include fuel and Aviation Depot Level Repairable charges), vessels, instrumentation, targets, and threat systems; and any resource or item maintained for a particular program. Direct costs must be billed in accordance with Chapter 1 and must be identified as a job or function served in support of a user order.

2.0.5. Indirect Costs. Indirect costs are overhead costs of the MRTFB activities and are not to be charged to DoD Component users. Indirect costs are maintenance facility or resource operating, upgrading, and modernizing costs. Indirect costs do not include any incremental costs directly attributable to the use of the facility or resource for specific testing under a particular program. The following are examples of types of indirect costs, although the list is not all inclusive:

2.0.5.1. General administrative services, security, rent, operating and maintenance costs for buildings, equipment, and utilities;

2.0.5.2. Preventative and usage maintenance;

2.0.5.3. Cost of leases, except when the cost of the lease can be directly associated with a specific user and the appropriation is available to fund the leases;

2.0.5.4. Upgrade or modernization of an MRTFB facility, not expressly needed for testing for a specific user;

2.0.5.5. Routine calibration of instruments;

2.0.5.6. Maintenance and repair of shop machinery; and

2.0.5.7. Replacement of obsolete equipment.

### 3.0 RESPONSIBILITIES

DoDD 3200.11 and DoDI 3200.18 established the following financial management responsibilities of MRTFB operations.

#### \*3.1 Under Secretary of Defense Research and Engineering (USD (R&E))

USD R&E, specifically the Director, TRMC will:

3.1.1. Review and provide oversight of proposed DoD budgets and expenditures for the MRTFB; and

3.1.2. Coordinate MRTFB decisions affecting financial policy and matters containing a monetary value (financial and non-financial) with the Under Secretary of Defense (Comptroller).

#### 3.2 DoD Chief Information Officer (CIO) and the Secretaries of the Military Departments

3.2.1. Plans, programs, and budgets for institutional costs of operation, maintenance, and sustainability of the MRTFB; and for capability improvements, modernization, and recapitalization; and

3.2.2. Implements a reimbursement system to define and collect user charges in accordance with Chapters 1 and 4.

### 3.3 MRTFB Users

3.3.1. Plan, budget, and fund the MRTFB activities for applicable direct and/or indirect costs; and

3.3.2. Promptly fund(s) the activity managing the MRTFB facilities or ranges for expenditures of any consumable items, any damage to property or equipment caused by the user in the preparation for, or conduct of, any activity on the facility or range or for direct costs incurred or executed for aborted and/or canceled tests.

## 4.0 POLICY

### 4.1 General

The MRTFB is managed and operated under uniform financial guidelines across the DoD Components. Accordingly, all direct and indirect costs charged to MRTFB users must be uniform and applied consistently among all the MRTFB activities. DoD Components must work with the Director, TRMC to ensure financial uniformity and consistency. MRTFB activities' costs are billed to (1) MRTFB users, (2) direct appropriations of the managing activity, or (3) other sources as directed by DoD.

### 4.2 MRTFB Costs

DoD Components (including DoD training) and Non-DoD Components use an MRTFB. The MRTFB charges DoD Component users only direct costs. The MRTFB charges Non-DoD Component user direct costs plus an appropriate level of indirect costs. Non-DoD users must not increase the institutions' costs to the DoD to operate the MRTFB.

### 4.3 Accounting

4.3.1. Cost information sets fees and reimbursements. Each MRTFB activity must accumulate and report as required, the costs of its activities for management and audit purposes. In accordance with the SFFAS 4, "Managerial Cost Accounting Standards & Concepts", costs must be accumulated by using cost accounting systems. Such systems must accurately capture full costs (i.e., direct costs or costs directly attributed to a specific user; and indirect costs or costs that cannot be directly attributed to a specific user) and determine user charges or standard rates under agreements entered pursuant to Chapter 1 and DoDI 4000.19, "Support Agreements". Additionally, appropriate separation of duties and levels of authorization must be implemented into the cost-tracking process to protect vulnerable areas such as controls over automatic user billing and rate validation. All rates must be applicable to the specific product or service provided. Each MRTFB activity must validate standard rates at least annually and adjust them accordingly to reflect unanticipated changes in costs or market values.

\* 4.3.2. In accordance with DoDD 3200.11, MRTFB activities are categorized as Army, Navy, Air Force, Space Force, or DoD CIO. Specifically, multiple assets comprise MRTFB activities, each of which is reported individually on its respective consolidated Balance Sheet under

General Property, Plant, and Equipment and further disclosed in Note 10 to the financial statements.

#### 4.4 Reimbursements for MRTFB Activity Usage

4.4.1. In accordance with DoDI 4000.19, MRTFB activities and DoD or Non-DoD Federal Component users must use support agreements (memorandums of agreement or understanding) to document and establish the General Terms and Conditions between buyers and sellers for all inter- and intra-governmental reimbursable transactions. Additionally, in accordance with Volume 1, Chapter 4, buyers and sellers must [adhere to and properly annotate](#) the Standard Line of Accounting when generating or accepting a reimbursable order (i.e., Military Interdepartmental Purchase Request). Moreover, reimbursement of direct costs incurred for [prepositioning test instrumentation or assets for executed](#), aborted or canceled tests or for damages to property or equipment caused by a user in the preparation for, or conduct of, any activity on the facility or range; [and consumables expended for an executed, aborted or canceled test](#) must be pursued to the extent permitted by law and DoD policy.

4.4.2. For support agreements established during and or after Fiscal Year (FY) 2017 and whose terms extend beyond FY 2017, MRTFB activities and DoD or Non-DoD Federal Component users [must](#) upload and store their agreements on the Department of the Treasury's G-Invoicing platform (formally Invoice Processing Platform).

4.4.3. Working Capital Fund Activities. MRTFB activities [using](#) WCFs, [fund](#) operations through reimbursable inter-governmental orders and user fees collected from non-Federal users. Under the stabilized price standardized cost recovery method, [Component](#) managers of WCF activities must set rates/prices based on full cost recovery and must charge users in accordance with established pricing policies contained in Volume 2B, Chapter 9 and Volume 11B.

4.4.4. Non-Working Capital Fund Activities. MRTFB [activities not](#) using WCFs [fund](#) operations through direct appropriations, reimbursable inter-governmental orders, and/or user fees collected from non-Federal users.

##### 4.4.4.1. DoD Component Users

4.4.4.1.1. Direct Costs. DoD Component users reimburse MRTFB activities for direct costs identifiable with a particular program or [user](#) order. [MRTFB bills](#) direct costs in accordance with Chapters 1 and 4 [attributable](#) to a job or function supporting a [user](#) order.

4.4.4.1.1.1. [One or more DoD users of an MRTFB activity, by](#) mutual agreement, [may fund](#) investments in new or existing test and evaluation facilities. This agreement, however, must explicitly delineate responsibilities for [asset](#) ownership/capitalization, funding, staffing, operating, and maintaining the facility, and must be approved by all parties prior to [obligating](#) any funds for the project.

4.4.4.1.1.2. Investments made under subparagraph 4.4.4.1.1 that change the composition of the MRTFB must conform to DoDI 3200.18.

4.4.4.1.1.3. Direct incremental costs (i.e., costs resulting from an increase in production) must be charged to DoD Component users.

4.4.4.1.2. Indirect Costs. MRTFB activities must not charge DoD Component users for indirect costs.

4.4.4.1.2.1. The MRTFB activity must not charge DoD Component users for Overhead (indirect) costs. Overhead costs must remain fully borne by and paid for by the institutionally funded program element accounts comprising the MRTFB's budgetary structure.

4.4.4.1.2.2. Do not charge indirect incremental costs to DoD Components.

4.4.4.1.3. Military Personnel Costs. As a rule, the applicable military personnel appropriations must fund the cost of direct (and indirect) military labor incurred in the performance of a service for, or the furnishing of materials to, another DoD Component user. Therefore, since a direct appropriation funds military labor, do not charge the cost of military labor for non-WCF activity. WCF activities must be reimbursed by their users for the cost of military labor as prescribed in Chapter 6.

#### 4.4.4.2. Non-DoD Component Users

4.4.4.2.1. Direct Costs. Charge non-DoD Component users for MRTFB direct costs readily identifiable with a particular program or user order. Charge military labor incurred by non-Working Capital Fund activities to non-DoD Component users on the basis of the actual hours worked or assigned. Price military personnel costs at the composite standard military pay rates in accordance with Chapter 6, Appendix G.

\* 4.4.4.2.2. Indirect Costs. Non-DoD Component users are to be charged and must reimburse MRTFB activities for indirect incremental costs unless such support is required by statute or (1) is authorized by DoD Joint Ethics Regulation or DoD Public Affairs guidance; or (2) is provided after approval of an exception, in writing.

4.4.4.2.2.1. Requests for exceptions may only be approved by the Secretary of Defense, the Deputy Secretary of Defense, the Chief Management Officer (if authorized by existing policy), the Secretaries of the Military Departments (if authorized by existing DoD policy), and the Under Secretaries of Defense (if authorized by existing DoD policy).

4.4.4.2.2.2. Refer to Chapter 1 subparagraph 1.3.4.

4.4.5. Foreign Military Sales. Foreign Military Sales users must reimburse MRTFB activities in accordance with Volume 15, Chapter 7. Foreign user countries or foreign commercial entities must purchase services from MRTFB activities through Foreign Military Sales procedures authorized under the Arms Export Control Act.

4.4.6. Government-Furnished Services. When an MRTFB activity **is** included in a contractual agreement as government-furnished services, the user must be charged based on the category of the contracting government agency (see subparagraphs 4.4.4.1 or 4.4.4.2).

#### 4.5 Disposition of Collections

4.5.1. Working Capital Fund Activities. **WCF** MRTFB activities are funded through inter-governmental orders and user fees collected from non-Federal users. Section 2208(h) of Title 10 U.S.C., provides general authority for retention and use of amounts collected under both inter-governmental orders and user fees. Reimbursable inter-governmental orders are valid budgetary resources available to an MRTFB activity for obligation; however, an MFTRB activity financed using WCFs **must** recognize user fees as a budgetary resource **when** collected from a non-Federal user.

4.5.2. Non-Working Capital Fund Activities. For an MRTFB activity not financed using WCFs, its operations **are** financed through direct appropriations, reimbursable inter-governmental orders, and/or user fees collected from non-Federal users. Inter-governmental orders under reimbursable statutory authorities such as the Economy Act increase available budgetary resources financing the MRTFB. **If** a statutory miscellaneous receipts exception is applicable to a reimbursable transaction with a non-Federal user, user charges collected may be credited to the **applicable direct appropriation** reimbursable program. Section 4175(d) of Title 10, U.S.C., authorizes certain transactions with commercial entities conducting **MRTFB** test and evaluation activities.