

**VOLUME 2B, CHAPTER 9: “DEFENSE WORKING CAPITAL FUND BUDGET  
JUSTIFICATION ANALYSIS”**

**SUMMARY OF MAJOR CHANGES**

All changes are denoted by [blue font](#).

Substantive revisions are denoted by an \* symbol 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 [December 2014](#) is archived.

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
All	Changed the term “Budgetary Depreciation” to “Capital Investment Recovery”	Revision
All	Updated hyperlinks and formatting to comply with current administrative instructions	Revision
1.1	Identified other Revolving Funds separate from the DWCF.	Revision
1.2	Added Authoritative Guidance Section in compliance with administrative guidance.	Addition
Policy Memo	Incorporated DWCF cash policy and cancelled “Cash Management Policy for the Defense Working Capital Fund Activities (FPM21-03)” published June 25, 2021.	Cancellation
1.5	Clarified CIP using reimbursable authority. Clarified Fund-9c requirements. Updated Minor Construction Thresholds. Added new DBMSC certification requirement for CIP carryover.	Revision
1.6	Updated that budgeted rates are aggregate composite rates. Incorporated cash policy revision. Clarified CIP for software in dual funded organizations. Clarified unusual and infrequently occurring losses not affecting budgetary resources.	Revision
1.9.7	Updated that Direct Reimbursable Work is work performed outside the rate structure.	Revision
2.4.8	Updated the CIS database input requirements.	Revision
2.6.2	Updated the definitions of the terms “Replenishment Cost,” “Provisioning Item” and “Variability Target.”	Revision
2.7.1	Added the terms and definitions for “Mission Cost” and “Non-mission Cost.”	Addition
Exhibit SM-16a	Added the SM-16a exhibit.	Addition
Exhibit Fund-1	Updated the term “CIS obligations”.	Revision

<b>PARAGRAPH</b>	<b>EXPLANATION OF CHANGE/REVISION</b>	<b>PURPOSE</b>
Exhibit Fund 1a	Updated definition that “All entries are obligations” to “All entries are expenses.”	Revision
Exhibit Fund-11a	Updated the display for each approved carryover waiver separately. Updated the Carryover Calculation methodology.	Revision
Exhibit Fund-12	Added the Fund-12 exhibit.	Addition
Exhibit Fund-13b	Added the Fund-13b exhibit.	Addition
Exhibit Fund-14	Clarified that NOR may be retained to ensure availability of budgetary resources.	Revision
Exhibit PB-32	Added the PB-32 exhibit.	Addition

## Table of Contents

VOLUME 2B, CHAPTER 9: “DEFENSE WORKING CAPITAL FUND BUDGET JUSTIFICATION ANALYSIS” .....	1
1.0 GENERAL .....	6
*1.1 Purpose .....	6
*1.2 Authoritative Guidance .....	6
1.3 Background .....	6
*1.4 Cash Management Policy .....	7
*1.5 Capital Investment Program (CIP) Policy .....	11
1.6 Mobilization/Surge Costs and War Reserve Materiel .....	20
1.7 Military Personnel .....	21
*1.8 Full Recovery of Costs and the Setting of Prices .....	21
1.9 Rate Setting for DWCF Activities .....	28
1.10 Public-Private Partnerships at Depot Maintenance Activities .....	31
1.11 Military Clothing Items and Individual Equipment .....	32
*2.0 BUDGET JUSTIFICATION PRESENTATION .....	32
2.1 Purpose .....	32
2.2 Preparation of Materials .....	33
2.3 References .....	33
2.4 General .....	33
2.5 DWCF Application of Commonly Used Financial Management Terms .....	37
2.6 Supply Management DWCF Activity Definitions .....	38
2.7 Non-Supply Definitions .....	44
*3.0 DWCF ACTIVITY EXHIBIT FORMATS .....	46
3.1 Purpose .....	46
3.2 Defense Working Capital Fund Exhibits .....	46
Exhibit SM-1 Supply Management Summary .....	48
Exhibit SM-3a Requirements to Budget .....	50
Exhibit SM-3b By Weapon System Requirements .....	52
Exhibit SM-4 Inventory Status .....	54
Exhibit SM-5a Markup on Materiel Cost .....	57
Exhibit SM-5b OP-32 Price Change to Customers .....	60
Exhibit SM-6 War Reserve Materiel .....	62

**Table of Contents (Continued)**

Exhibit SM-16 Total Cost Per Unit Summary .....	64
*Exhibit SM-16a Unit Cost Ratio by Month and Fiscal Year.....	65
*Exhibit Fund-1 Summary of Price and Program Changes – Costs .....	66
*Exhibit Fund-1a Details of Price and Program Changes – Costs .....	68
Exhibit Fund-2 Changes in Costs of Operations .....	77
Exhibit Fund-3 Labor and Manpower Breakdown.....	79
Exhibit Fund-5 Total Cost Per Output Summary .....	81
Exhibit Fund-6 Depot Maintenance-6 Percent Capital Investment Plan.....	83
Exhibit Fund-7 Customer Rate Computations .....	86
Exhibit Fund-8 Air Mobility Command Common User Services.....	88
Exhibit Fund-9a Activity Capital Investment Summary .....	90
Exhibit Fund-9b Activity Capital Purchase Justification .....	94
Exhibit Fund-9c Capital Budget Execution.....	97
Exhibit Fund-11 Source of New Orders & Revenue.....	98
*Exhibit Fund-11a Carryover Reconciliation .....	100
*Exhibit Fund-12 Customer Orders to Customer Funding Reconciliation.....	102
Exhibit Fund-13 Cash Management Plan.....	107
*Exhibit Fund-13b Cash Requirements.....	108
*Exhibit Fund-14 Revenue and Expenses.....	111
Exhibit Fund-15 Fuel Data .....	114
Exhibit Fund-16 Materiel Inventory Data .....	116
Exhibit Fund-19 Military Personnel Strength .....	117
Exhibit Fund-22 Summary of Base Support .....	118
Exhibit Fund-24 Summary of Personnel Data.....	119

**Table of Contents (Continued)**

Exhibit Fund-28 Execution Performance Analysis ..... 120

Exhibit Fund-30 Underutilized Plant Capacity ..... 123

\*Exhibit PB-32 Summary of Price and Program Changes..... 125

## CHAPTER 9

**DEFENSE WORKING CAPITAL FUND BUDGET JUSTIFICATION ANALYSIS**

## 1.0 GENERAL

## \*1.1 Purpose

This chapter describes and documents the policies and procedures for budget formulation and justification of the Department of Defense (DoD) Working Capital Funds (WCFs), the Defense Working Capital Fund (DWCF), Building Maintenance Fund (BMF), and the Defense Counterintelligence and Security Agency (DCSA) WCF. In addition, this chapter provides guidance for the National Defense Stockpile Fund and Pentagon Reservation Maintenance Revolving Fund (PRMRF), where applicable. The DWCF is also referred to as the “Fund” in this chapter.

## \*1.2 Authoritative Guidance

The National Security Act of 1947, as amended Title 10 United States Code, section 2208 ([10 U.S.C. § 2208](#)), and other provisions of [10 U.S.C. § 131](#) provide the Department’s revolving fund authority. The BMF, and DCSA WCF were also established under 10 U.S.C. § 2208 as separate and distinct revolving funds and therefore are not part of the DWCF. The PRMRF was established by the 1991 National Defense Authorization Act (NDAA) and codified in [10 U.S.C. § 2674](#).

## 1.3 Background

1.3.1. The DWCF was established to satisfy recurring DoD requirements using a buyer-and-seller approach. The customers of the DWCF are the generators of requirements. Federal customers which operate using appropriated funds justify their budget requests to the Congress. The requiring activities (i.e. customers) place orders with DoD WCF organizations that have expertise in the service or product required, and operate under business management principles. Unlike profit-oriented commercial businesses, the WCF goal is to break even over the long term. The WCF establishes selling prices in the budget that are normally stabilized or fixed during execution to mitigate the impact of unforeseen fluctuations that would impact on customers’ ability to execute the programs approved by the Congress. Exceptions to stabilized prices are listed in section 1.8 of this document.

1.3.2. The intent of the WCF is to operate as a self-supporting entity to fund business-like activities. The basic principle of the WCF structure is to create a customer-provider relationship between military operating units and other federal and non-federal customers and support organizations. This relationship is designed to make managers of support organizations funded through WCF and decision-makers at all levels more cost conscious.

1.3.3. Prior to the establishment of an activity as a WCF, the Secretary or Assistant Secretary of the Military Department or the Director for a Defense Agency, as applicable, must

prepare, sign, and submit a charter that sets forth the scope of the activity to the Under Secretary of Defense (Comptroller) (USD(C)) for approval. Four criteria are used in evaluating potential activities for inclusion into the Fund. The four criteria are: 1) identification of outputs that relate to products or services provided by the business to customers; 2) establishment of a cost accounting system to collect costs of producing outputs; 3) identification of customers so that resources can be aligned with the requirements; and 4) evaluation of buyer-seller advantages and disadvantages to include assessment of the customers' ability to influence cost by changing demand.

1.3.4. The DWCF evolved from two distinct types of activities. The first type, the Stock Funds that procured materiel from commercial sources and held an inventory, are now known as Supply activities. These activities sell the materiel to authorized customers who need the materiel to achieve weapon systems readiness or provide required personnel support items. The second type, known then and now as Industrial Funds, provide industrial and commercial goods and services such as depot maintenance, transportation, and research and development. Although both types of revolving funds are financed primarily by reimbursements from customers' appropriated accounts, Supply activities use contract authority (CA) and Industrial Funds use reimbursable authority.

1.3.5. The DoD expanded the use of business-like financial management practices through the establishment of the Defense Business Operations Fund (DBOF) on October 1, 1991. Building on Stock and Industrial Fund principles, cost and performance are linked and the Fund's managers are expected to operate within cost goals established in operating and capital budgets.

1.3.6. The DBOF combined existing operations that were previously managed as individual funds into a single Treasury account. On December 11, 1996, the USD(C) reorganized the DBOF, retaining the numerous benefits and improvements resulting from the implementation of DBOF while clearly establishing each DoD Component's responsibility for managing the functional and financial aspects of their respective WCF activities, by creating four DoD Component WCFs: Army, Navy, Air Force, and Defense-Wide. On December 16, 1997, a separate DoD Component WCF was established to consolidate the separate Military Departments' commissaries into the Defense Commissary Agency effective in FY 1999.

1.3.7. Prior to FY 1992, industrially-funded activities did not receive Annual Operating Budget (AOB) funding documents. All funding authority was provided through customer orders. With the implementation of the DBOF, the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) began to issue AOBs that provide official and administrative management cost goals and contract authority for the Capital Investment Program (CIP) for each WCF activity within a DoD Component. The Department has retained this process for the WCFs.

#### \*1.4 Cash Management Policy

1.4.1. The Components will maintain a positive, daily cash balance at levels exceeding the minimum necessary to meet operating, capital investment, and other justified requirements throughout the year and to support continuing requirements into the subsequent year. Cash generated from operations is the primary means of maintaining adequate cash levels. The ability to maintain sufficient, appropriate cash levels is dependent on setting rates to recover full costs to

include prior year losses, projecting workload accurately, and meeting established operational goals.

1.4.2. Cash management and accountability are integral parts of operational and cost management. Each DoD Component is responsible for managing its cash at the activity group level and in compliance with applicable laws and guidelines. Components must manage cash at each subordinate DWCF sub-account, organization, and activity, since most cash transactions occur and cash is most effectively controlled at these levels. Components must submit budget exhibits (Fund-13, and Fund-13b) for each activity group that displays plans to maintain cash balances within the lower and upper operating range. The ending cash balance must be above the lower operating range at the end of each budget year. Decentralizing cash management to the activity group level provides the DoD Components with additional control, because each level of management becomes an accountable participant in the execution of the cash plan or policy.

1.4.3. In addition to proper rate setting, cash managers at all levels should employ the management mitigation strategies available to control cash flows and cash balances to the full extent possible. These cash management tools include, but are not limited to:

1.4.3.1. Negotiating the timing of customer order receipt, completion and the related collections;

1.4.3.2. Controlling the timing of delivered goods/services from the supplier/service provider and the related disbursements;

1.4.3.3. Requesting policy waivers when necessary from the OUSD(C) Program/Budget (P/B) Director or Deputy Director for Revolving Funds, for example: an approval for an out-of-cycle rate adjustment, or non-recoverable costs to maintain/reduce cash.

1.4.4. The DoD Components and cash managers at all levels should consider the following when determining appropriate levels of cash to budget and maintain.

1.4.4.1. Effective cash management is dependent on the availability of accurate and timely data on cash activity, demand planning, rate setting, and operational results.

1.4.4.2. Activities must budget to achieve an operating cash level that will maintain a positive cash balance throughout the year within the upper and lower operating range, and an adequate ending balance to support continuing operations into the subsequent year. In determining required cash levels, activities will document average disbursements and the expected range of cash balances, adjusted to accommodate seasonality, known changes in the business environment, and the inherent risk associated with estimation error and unplanned events outside management's control.

1.4.4.3. Each DoD Component and subordinate activity, command, or business line must establish a cash requirement based on business events, trends, activities, and risks relevant to its operations. The cash requirement will be developed based on four primary elements: 1) the rate of disbursements, 2) the range of operations, 3) risk mitigation, and 4) reserves. The



amount of cash needed for each of the four cash requirement elements will be determined by the DoD Component and presented by activity in the exhibit, Fund-13b, Cash Requirements, which will be reviewed and approved by Revolving Funds Directorate during the Program and Budget Review (PBR). The four cash requirement elements are explained further in the instructions to the Fund 13b and also in the following four paragraphs.

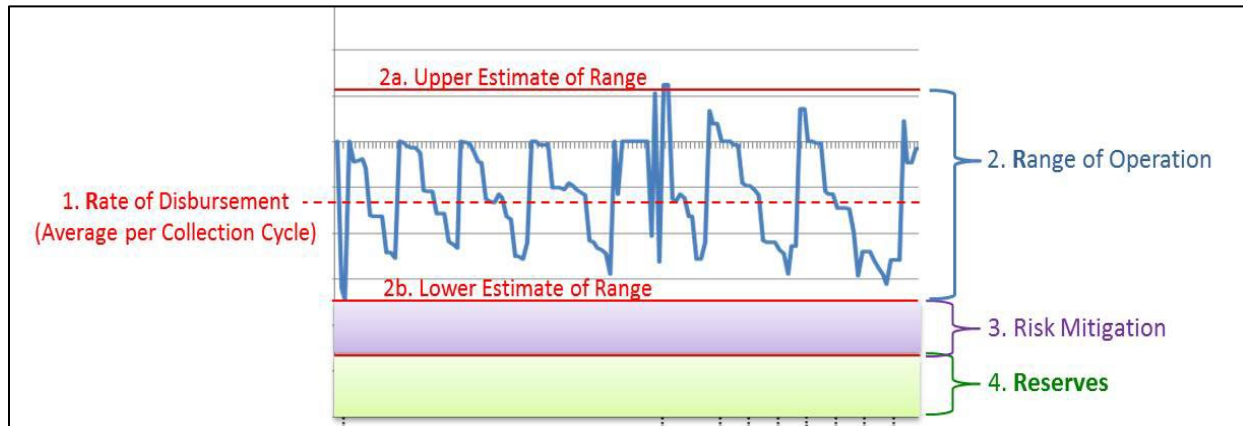
1.4.4.4. Rate of Disbursement. The rate of disbursement is the average amount disbursed between collection cycles. It is calculated by dividing the total amount of disbursements planned for the year by the number of collection cycles planned for the year. The rate describes the average amount of cash needed to cover disbursements from one collection cycle to the next. Changing the number of collection cycles can influence the amount of cash needed to cover the volatility created by cyclical collections. Both the average disbursements and the number of collection cycles will be based on authoritative, auditable data.

1.4.4.5. Range of Operations. The range of operations is the difference between the highest and lowest cash level required based on budget assumptions and past experience. Cash balances are not static and volatility can be expected due to annual, quarterly, and more frequent seasonal trends and significant one-time events. Historical trends should be normalized for such factors as Annual Operating Result (AOR) return/recovery, capital investments, the amount of work, and changes in operations, and used to estimate future fluctuations in cash flows and balances. Studying the causes of cash volatility enables the development of strategies for reducing the range of operation and the amount of cash required for normal operations.

1.4.4.6. Risk Mitigation. Some amount of cash is required, beyond the range of operation, to mitigate the inherent risk of unplanned and uncontrollable events. Examples of these risks are budget estimation error, commodity price fluctuation, and other contingency or response missions. The amount of cash held for risk mitigation will depend on the activity's sensitivity to anticipated types of risk, the effectiveness of other cash management and risk mitigation tools, and management's level of risk tolerance.

1.4.4.7. Reserves. Cash reserves are funds held for known future requirements. This element identifies cash on hand that must be kept for specific requirements that are not expected to disburse until subsequent fiscal years. Examples of reserve requirements include return of AOR, advances/pre-payments received, liquidation of unexpended appropriations, liquidation of unpaid obligations, and planned capital investments. Since reserves are only for specific known requirements, they may not be needed every year.

1.4.4.8. The following figure depicts how the four elements (rate, range, risk mitigation, and reserves) come together to build the complete cash requirement.



1.4.4.9. Components will develop **monthly phased** cash plans, incorporating collections, disbursements, appropriations, and other cash transactions based on Component estimates, to facilitate the cash management process. **The plans** will be initially developed during the budget process and will be an integral part of the budget document (Fund-13).

1.4.4.10. Components will monitor and **control to the extent possible** execution of collections and disbursements **to ensure a sufficient cash balance is maintained throughout the year**. Components will also monitor execution against monthly phased plans to increase management attention on reducing costs, emphasizing timely billing, collecting revenue, and disbursing. Components should consider leveraging the aforementioned available cash management tools when cash execution is trending below/above plan for more than three consecutive months of execution.

1.4.4.11. Components must be able to reconcile and explain variances between cash balances and AOR. In addition to explaining variances based on operations, components must also explain events that affect cash **but not revenues and expenses**.

1.4.5. Transfers of cash between DWCF activities, whether directed internally by the Components or as the result of audit, Departmental guidance, or Congressional direction, will be included in all the affected activities' budgets (Fund-13). Transfers between DoD Component WCFs (e.g., Army to Air Force) or between the DWCF and appropriation-funded activities require Congressional approval.

#### 1.4.6. Advance Billings.

1.4.6.1. The term "advance billing" means a billing to a customer by the fund, or a requirement for a customer to reimburse or otherwise credit the fund, for the cost of goods or services provided (or for other expenses incurred) on behalf of the customer. The term "customer" means a requisitioning component or agency.

1.4.6.2. Except as provided in paragraph f, the total amount of advance billings executed by the Department for a fiscal year may not exceed the amount specified in 10 U.S.C. § 2208 (l) or as amended by public law.

1.4.6.3. Components may use advance billings of customers as a cash mitigation strategy. The OUSD(C) or the Military Department, as applicable, must submit written notification to Congress within 30 days after the end of the month in which the advance billing is made. The notification must include the reasons for the advance billing, an analysis of the effects of the advance billing on military readiness, and an analysis of the effects of the advance billing on the customer. Military Departments must provide the Revolving Fund Directorate copies of all advance billing notification letters provided to Congress. Defense agencies will submit their requests to the Revolving Fund Directorate, who will notify Congress on their behalf.

1.4.6.4. Advance billing requires authorization within the activity's Annual Operating Budget (AOB). Components will request this authority and, if approved, the Advanced Billing Authority will be added to their AOB.

1.4.6.5. Advance payments received from non-federal entities are not subject to 10 U.S.C. § 2208, advance billing limitations, and are required by Volume 11B, Chapter 11. The billing of customers by Supply Management Activities upon shipment rather than delivery also is not subject to paragraph (l) advance billing limitations.

1.4.6.5.1. 10 U.S.C. § 2208, paragraph (l)(4) provides that advance billing for background investigations and related services performed by the Defense Counterintelligence and Security Agency is not subject to section 2208's congressional notification requirements and dollar limitations.

#### \*1.5 Capital Investment Program (CIP) Policy

These policy statements address preparation of the PBR submission.

1.5.1. The legal requirements related to the CIP are found in 10 U.S.C. § 2208, paragraphs (k), (m), and (o). The legal requirements for unspecified minor military construction projects are found in [10 U.S.C. § 2805](#).

1.5.2. The CIP may be used by WCF activities to purchase capital assets meeting the criteria in 10 U.S.C. § 2208, paragraph (k).

1.5.3. With the exception of major **military** construction and items listed in paragraphs 1.5.6 and 1.5.9 below, acquisition of all capital assets for use by activities within the Fund will be financed through the Fund using contract authority. Components **may** not use the CIP to establish a new or expand an existing organic capability except as specifically justified in the President's Budget Request (Exhibit Fund-9b, "Capital Investment Justification").

1.5.4. Revolving Fund activities outside the DWCF that are not authorized contract authority (e.g. the PRMRF) must build the full cost of capital investments into their rate structure to ensure funds are available prior to obligation.

1.5.5. The CIP consists of the following four major categories of assets: 1) Automated Data Processing Equipment (ADPE); 2) Non-ADPE Equipment; 3) Software Development, whether internally or externally developed; and 4) Minor Construction.

1.5.6. The WCF Capital Budget specifically excludes the following items, which must be financed by appropriated funds.

1.5.6.1. Major Range and Test Facility (MRTF) installations (equipment and minor construction) that meet the DoD Investment capitalization criteria in accordance with 10 U.S.C. § 2208, paragraph (k).

1.5.6.2. Military and tenant support functions

1.5.6.3. Major weapons systems (such as aircraft, ships, tanks, barges, etc.), and general-purpose passenger type vehicles

1.5.6.4. Equipment and minor construction projects for mobilization requirements, but not used during peacetime operations

1.5.6.5. Equipment initially procured and usually furnished as part of a weapons system and/or support system including modifications (includes initial common support equipment for depot maintenance support of new weapons systems)

1.5.6.6. Materiel normally funded by appropriated funds and provided to contractors as Government-Furnished Materiel (GFM). The GFM is incorporated into, used in conjunction with, or consumed in the production of an end product. The customer **must** use appropriated funds to purchase the GFM and provide it at no cost to the WCF

1.5.6.7. Minor construction projects for non-WCF activity or military support functions

1.5.6.8. Construction and facility investment projects that exceed the amount specified in 10 U.S.C. § 2805 for funding under Operation and Maintenance appropriations

1.5.6.9. Environmental projects financed or submitted for funding by the applicable Environmental Restoration Transfer appropriation

1.5.6.10. Capital Investments for morale, welfare, and recreation activities

1.5.6.11. Such other exclusions as may be approved by the USD(C).

1.5.7. The AOB permits a WCF activity to **obligate** contract authority to purchase capital assets **prior** to **receiving** funded customer orders and **collecting** cash from **customers**. **Those**

obligations must be funded by offsetting collections since cash does not come with contract authority.

1.5.8. As an administrative control of resources subject to the rules of [31 U.S.C. § 1517](#), the Anti-Deficiency Act, the AOBs provide a specific amount of CIP contract authority. Therefore, obligations may not exceed the amount provided [on the AOB](#).

1.5.9. The [WCF](#) customers may procure capital assets through direct appropriations for use by a [WCF](#) activity. However, these assets remain the property of the customer and will not be recorded as Property, Plant and Equipment assets on revolving fund financial statements unless the asset is transferred to [WCF](#) ownership.

1.5.9.1. At the time of transfer, the [WCF](#) activity will record the asset at its net book value and depreciate it [for accounting purposes](#) over the remaining useful life. Depreciation does not have to be incorporated into the [WCF](#) rate structure if the [WCF](#) did not [outlay any cash resources](#). [If the asset is expected to be replaced](#) at the end of its useful life, [then a capital surcharge may be collected prior to the acquisition of the replacement asset](#).

1.5.9.2. The appropriate procurement account will continue to fund the purchase and installation costs for the initial procurement of depot maintenance capital equipment unique to newly introduced platforms or weapon systems (this includes modifications). The capital equipment becomes the property of the depot when it is transferred to or otherwise capitalized by the depot. The depot will treat the equipment as a capital asset and depreciate it for accounting purposes. Funding of subsequent replacement and maintenance of the equipment in the DWCF should be included in the DWCF capital and operating budgets.

1.5.10. [WCF activities must recover costs to purchase capital assets by including a Capital Investment Recovery \(CIR\) factor in rates billed to customers](#). The CIR factor is the amount added to the rate to substitute and then liquidate contract authority obligated to purchase capital assets. To do this, the Component will allocate a portion of the collections from revenue on customer orders to liquidate the contract authority. This process allocates cash (i.e. FBwT) from the operating program to the capital program. The amount of collections used to liquidate contract authority will equal the amount of obligated contract authority at the end of each FY, net of any decreases to contract authority or contract authority withdrawn. If there are insufficient budgetary resources to liquidate the full amount of contract authority obligated, then at a minimum, the Activities must liquidate enough to cover outlays associated with CIP. This will ensure there is sufficient cash in the capital program to fund outlays associated with the obligated contract authority. The CIR factor will differ from the depreciation expense. Collections associated with the CIR fund capital outlays while depreciation expense is an allocation of costs over an asset's useful life.

1.5.10.1. In addition to [the CIR](#), a capital surcharge may be used to collect cash for the capital outlay if minimum balances are not sufficient to provide adequate budgetary resources to offset budgetary claims (See Volume 3, Chapter 19).

1.5.11. [Guidance on accounting for capital assets is contained in Volume 4, Chapter 24, Chapter 25, Chapter 26, and Chapter 27.](#)

1.5.12. The following budget exhibits are required to document an activity's capital budget request.

1.5.12.1. Exhibit Fund-9a, "Capital Investment Summary," represents the summary data of the four asset categories (ADPE, Non-ADPE, Software, and Minor Construction) at the approved DoD Component [aggregate project line item](#) level. The exhibit displays data on annual capital [obligations](#), cash outlays, and budgeted CIR. The prior-year column on the Exhibit Fund-9a will show all amounts approved in the most recent President's Budget, adjusted for actual project year obligations, [additional authorizations and all](#) reprogramming (as depicted on the Exhibit Fund-9c, "Capital Budget Execution").

1.5.12.2. Exhibit Fund-9b, "Capital Investment Justification," provides detailed cost data and narrative justification for each approved DoD Component [aggregate project line item level](#). Components will provide a corresponding Exhibit Fund-9b for each [aggregate project line item](#) on the Fund-9a exhibit. The exhibit displays the Benefit to Investment Ratio, Savings to Investment Ratio and/or the Payback period. Exhibits Fund-9a and Fund-9b data should agree with, and also should be used for cross-referencing, Exhibit 53 of the Information Technology budget.

1.5.12.3. Exhibit Fund-9c, "Capital Budget Execution" compares and explains the differences between the most recent President's Budget and the current submission by the DWCF activity for the four asset categories (ADPE, Non-ADPE, Software, and Minor Construction). [This includes prior year \(PY\) execution adjustments and adjustments to the current year \(CY\) due to unexecuted programs or new emerging requirements. Adjustments to project years not displayed in the budget submission are not recorded on the Fund-9c.](#)

1.5.13. Each proposed CIP project [must](#) be reviewed to ensure that it satisfies the following criteria for justification and backup:

1.5.13.1. The acquisition of a capital asset meets the Department's long-range planning and programming objectives and satisfies a documented need for capability to perform valid operations, functions, or services that cannot be performed as effectively or economically by the use of existing equipment and facilities or by contract.

1.5.13.2. The acquisition of a capital asset complies with policies and regulations governing the acquisition and management of facilities, special tooling, and special test equipment as established by [DoD Directive 4275.5](#), "Acquisition and Management of Industrial Resources," as well as other applicable policies and regulations governing the lease and acquisition of equipment and facilities.

1.5.13.3. The workload projections used to justify capital purchases take into account the results of inter-service decisions, workload posture planning decisions, readily

available commercial alternatives, and other reasonable options available for accomplishing applicable work load.

1.5.13.4. The acquisition of a capital asset efficiently and effectively accomplishes the objective for which it is justified. The criteria are: improved efficiency (savings) or effectiveness of operations; replacement of unsafe (locally determined *by an authorized safety representative*), beyond economical repair, or inoperative and unusable assets; and environmental, hazardous waste reduction, or regulatory agency (state, local, or Federal) mandated requirements.

1.5.14. A formal pre investment analysis or a cost comparison is required to justify investment projects for capital budget submissions in the four investment categories (ADPE, Non-ADPE, Software, and Minor Construction).

1.5.14.1. Either an economic analysis or cost comparison **will** be used to support a project substitution or accomplish a reprogramming request. An economic analysis will be used for all projects with a cost of \$5,000,000 or more. A cost analysis will be used for projects under \$5,000,000.

1.5.14.2. Activities must complete this pre-investment analysis prior to including the capital asset in the capital budget submission, a reprogramming action, or a project substitution. The originating office of the DoD Component **will** maintain these analyses as project documentation support for the capital budget submission and program execution.

1.5.14.3. A cost comparison for investment projects under \$5,000,000 will be prepared in constant base year dollars and present a differential cost display by year for up to a 6-year evaluation period, beginning with the budget year for which investment funds are requested.

1.5.14.3.1. Documentation for a cost comparison **should** describe the functional process performed; define the need/requirement/objective; identify workload projections; address feasible alternatives; present total costs attributed to each alternative and the differential costs/monetary benefits expected in constant and current dollars over the 6-year evaluation period; and provide significant assumptions, constraints, estimating methods, rationale, data sources.

1.5.14.3.2. The payback period **should** be the primary economic indicator used for cost comparisons to rank order within the investment categories of each activity.

1.5.14.4. A pre-investment economic analysis **should** be prepared to justify capital investment projects of \$5,000,000 or more. The economic analysis **should** be prepared on a net present value (NPV) basis and must comply with applicable DoD or Component guidance and functional program guidance. The economic analysis initially **should** be prepared in constant base year dollars and **should** present a differential cost display by year over the project's expected economic life, beginning with the budget year of the investment fund request.

1.5.14.4.1. Documentation **should** describe the functional process performed; define the need/requirement/objective; present and explain workload projections;



identify feasible alternatives; present total costs and the differential costs/monetary benefits in constant, discounted, and current dollars over the expected economic life of the project; present estimating methods/relationships, and data sources; identify significant constraints, assumptions, and variables; treat sensitivity and uncertainty of key parameters; and address all other quantifiable benefits as well as any intangible benefits influencing the recommended course of action.

1.5.14.4.2. Quantifiable benefits are all outputs/results achieved in return for investment dollars associated with an alternative.

1.5.14.4.3. Benefit-to-Investment Ratio (BIR) **should** be the primary indicator used to rank order projects of \$5,000,000 or more within the investment categories of each activity. Also consider the payback period in the ranking process.

1.5.14.4.4. Automated economic analysis programs and reports may be used if the programs provide comparable information to that of standard economic analysis reports.

1.5.14.5. Compute the payback period to compare the period of time, in years, necessary for an alternative to repay its investment cost based on the monetary benefits expected. Present this metric in tenths of years (for example, 7.2 years.)

1.5.14.6. Use the BIR to compare project alternatives in terms of all expected monetary benefits, inclusive of whole and partial manpower productivity savings resulting from increased efficiency and other cost avoidance achieved over the total project life under evaluation. Calculate the BIR using discounted constant dollars, as an index value and rounded to two decimal places. A BIR of greater than one indicates the project is cost-beneficial; the larger the ratio, the greater the advantage of the project.

1.5.14.7. Calculate the Savings-to-Investment Ratio (SIR) between actual savings in terms of funds no longer required and the investment cost for Automated Information Systems, using discounted dollars.

1.5.14.8. **A post-investment analysis should also be done after project completion to assess the actual costs and benefits and inform future investments.**

1.5.14.9. Exemptions to the investment analysis include environmental, hazardous waste reduction, or regulatory agency (state, local, or Federal) mandated requirements. This includes action directed by a higher DoD or Component authority that precludes a choice among alternatives, and DoD instruction or other directive that waives the requirement (e.g., equipment age or condition replacement criteria).

1.5.15. **Internal Use Software as defined in DoDI 5000.76 is: Acquired or developed to meet the entity's internal or operational needs (intended purpose); A standalone application, or the combined software components of an IT system that can consist of multiple applications, modules, or other software components integrated and used to fulfill the entity's internal or operational needs (software type); Used to operate an entity's programs (e.g. financial and administrative software, including that used for project management); Used to produce the entity's goods and to**



provide services (e.g., maintenance work order management, loan servicing); or Developed or obtained for internal use and subsequently provided to other federal entities with or without reimbursement. This excludes software that is integrated into and necessary to operate general property, plant, and equipment.

1.5.15.1. Software that is integrated into hardware and is necessary to operate the hardware, rather than to perform an application, should be budgeted with and capitalized as part of the hardware. Systems application software, however, should be budgeted separately as either an expense or a capital investment, depending on whether it meets the criteria for a capital asset.

1.5.15.2. **Budget for new acquisitions of and improvements** to software by project. The full scope of a software development project may consist of costs incurred in: 1) Preliminary Design, 2) Software Development, and 3) Post Implementation. While all of these costs are part of the project, only the software development phase is capitalized. **Refer to Volume 4, Chapter 27 for more information on the accounting requirements.**

1.5.15.2.1. The preliminary design phase consists of conceptual formulation of alternatives, evaluation and testing of alternatives, determining the existence of needed technology, and final selection of an alternative. This phase consists of all functional actions, including source selection for COTS and all actions prior to Systems Requirements Specification for internally developed software. Expense the **preliminary design phase** costs as part of the operating budget and identify them on the Exhibit Fund-1a, "Details of Price and Program Changes - Costs

1.5.15.2.2. **Capitalize** the software development phase **consisting** of the design of a chosen alternative including software configuration and interfaces, coding, installation of software and related hardware, and testing, which may include parallel processing development of user manuals and training.

1.5.15.2.3. Expense the post implementation/operational phase costs of data conversion and application maintenance, including functional training and documentation, operational testing, and evaluations conducted after technical acceptance of the software.

1.5.15.3. Exclude from the capital budget all costs incurred prior to Milestone 0, Concept Exploration and Definition. Expense costs such as basic research, study, exploratory development establishing feasibility and practicality of proposed solutions and rough order of magnitude estimates. Also expense costs for technical software support and maintenance software support occurring after system installation.

1.5.15.4. **Only include** those software development or acquisition efforts for the benefit of the activity in the DWCF capital budget submissions. Software developed or acquired for a specific customer order should be charged to and reimbursed by the requesting customer. Types of cost to be included in a software development project include total labor and non-labor costs such as: 1) all direct costs for civilian and military personnel; 2) contractor labor; 3) **supplies**; 4) **travel**; 5) **processing support for testing**; 6) **indirect production costs**; and 7) **general and**

administrative (overhead) costs (e.g., base operations support, higher headquarters, and costs for central design activity-owned assets).

1.5.15.5. Software projects may be accomplished in modules. A module is an application that may be operated or used independent of other modules within a system. Where an entire system consists of more than one severable module, request funding for each severable module in the year that the module is started. Funding requests **must** be sufficient to complete the module. If several modules make up a complete ADP system, show the cost of all modules related to the system.

1.5.15.6. Separately identify ADP equipment and ADP software in the capital budget.

1.5.15.7. In accordance with [10 U.S.C. § 2222](#), paragraph (c) and [DoDI 5000.75](#), current services (CS), development and modernization (DevMod) to a business system with budget authority and/or spending of **\$250 million or more** over the Future Years Defense Program (FYDP) for Priority Defense Business Systems or \$25 million or more for Fourth Estate Defense Business Systems over the FYDP must be approved by the Defense Business Council (DBC), tri-chaired by the Director, Administration and Management (DA&M), OUSD (C), and DoD CIO for certification **prior** to obligating funds.

1.5.16. Unspecified minor military construction projects costing more than **the threshold established in 10 U.S.C. § 2805** **must** be funded within the DoD Component's Military Construction appropriation. Exceptions to this limitation are noted below in 1.5.16.1.

1.5.16.1. Authority provided by 10 U.S.C. § 2805, [paragraph \(c\)](#) to use funds available for operation and maintenance for unspecified minor construction projects costing not more than **the threshold established therein** is available for DWCF-funded unspecified minor construction. However, projects that have an estimated cost that exceed the thresholds established in 10 U.S.C. § 2208 that have not been documented in a corresponding budget exhibit (Exhibit Fund-9b, "Activity Capital Investment Summary") must be approved through the [Congressional notification process or in a subsequent budget](#) and displayed as an adjustment on the Exhibit Fund-9c, "Capital Budget Execution." **The approval will be reflected in the Component's Annual Operating Budget.**

1.5.16.2. In 10 U.S.C. § 2805, paragraph (d), Congress authorized a DoD Laboratory Revitalization Program that increases to the upper ceiling threshold for certain minor construction projects at DoD laboratories. The authority is not permanent, but is subject to periodic congressional extension. Laboratory Revitalization Program projects must be for the revitalization and recapitalization of Defense laboratories owned by the U.S. and under the jurisdiction of the Secretary of Defense or a Military Department. **In accordance with 10 U.S.C. § 2805, paragraph (d)(3) any projects using the Laboratory Revitalization Program requires the concerned Secretary to provide the appropriate Congressional committees a 14 day notification prior to obligation of funds.** Fund activities designated to participate in the DoD Laboratory Revitalization Program must obtain prior approval **from the Director or Deputy Director for Revolving Funds for all**

projects estimated to exceed the thresholds established in 10 U.S.C. § 2208 so that those projects can be specifically identified in the capital program within the AOB prior to project execution.

1.5.16.3. Capital investment costs financed in the minor construction portion of the capital budget include project planning and design costs associated with minor construction projects. Planning and design costs are not included as part of the statutory threshold for minor construction projects.

1.5.17. DoD Components may reprogram capital funds between DWCF activities, or categories or projects within a DWCF activity. There is no minimum or maximum limit on this type of reprogramming. Except as noted below, capital reprogramming does not require the written approval of the Director or Deputy Director for Revolving Funds in the form of a signed AOB. The following approval levels and dollar threshold apply to changes to projects approved in the capital budget including reprogramming, substitutions, cancellations, and additions:

1.5.17.1. Obtain certification from the approval authority as directed in the guidance displayed in DoDI 5000.75. All transfers between information technology capital projects (ADP Equipment and Software) must be documented in the Activity's next AOB, but will not require a new AOB solely for such documentation.

1.5.17.2. Fund managers may approve transfers between the Non-ADP Equipment and Minor Construction categories or among their individual projects. Components are required to document the transfers in the activity's next AOB, but will not require a new AOB solely for such documentation. CIP transfers between DWCF activities within a DoD Component (e.g., supply to non-supply) must be approved by the Director or Deputy Director for Revolving Funds, in the form of a signed AOB, before the transfer is executed.

1.5.17.3. Components must charge capital obligation adjustments to the program year cited in the President's Budget for the original project. The prior year capital investment program limitation is equal to actual obligations on September 30 of that fiscal year plus adjustments approved by the Director or Deputy Director for Revolving Funds to the prior year program. Fund managers may request approval to carry over authority for any unobligated capital projects before the end of the fiscal year.

1.5.17.4. Capital obligation authority may be adjusted for prior year within-scope increases provided that there is contract authority available to finance the increase. Before making such increases, the Component must have equal off reductions (deobligations) of current year capital authority to finance the prior year increase. Prior approval from the Director or Deputy Director for Revolving Funds is only required if cumulative adjustments exceed 20 percent of the total CIP budget of the current fiscal year. All adjustments should be documented in the activity's next AOB, but will not require a new AOB solely for such documentation.

1.5.17.5. For current fiscal year capital projects that will not obligate by September 30, components must request in writing permission to carry over these projects via a memo to the Director or Deputy Director for Revolving Funds. If the Director or Deputy Director for Revolving Funds approves the request in a signed memorandum, the approved carry over

amounts for projects not obligated by the end of the fiscal year will be carried forward to the next fiscal year's AOB.

## 1.6 Mobilization/Surge Costs and War Reserve Materiel

1.6.1. Mobilization capability costs include the costs to maintain a surge capacity; procure and maintain approved war reserve materiel levels; and/or maintain other assets, functions, or capabilities required to meet an operational contingency as documented in Defense planning guidance or operational plans.

1.6.2. The DWCF activities should identify all costs related to maintaining a capacity to meet mobilization requirements. These costs are not considered normal operating costs and may be reimbursed by direct appropriations so that customer rates are not burdened by contingency requirements.

1.6.2.1. War Reserve Materiel. Obligations for the procurement of war reserve materiel **must** be funded by a direct appropriation to the Fund **with one exception; if Congress is notified, and a cost recovery rate is included in the rates, contract authority may be used**. Such appropriated amounts for secondary items **must** be reflected as a separate goal within the applicable Supply Management or Commissary Resale activity AOB. Use the SM-6 "War Reserve Materiel" exhibit to justify War Reserve Materiel Requirements.

### 1.6.2.2. Unutilized and Underutilized Plant Capacity.

1.6.2.2.1. Unutilized/**Underutilized** Plant Capacity (UPC) represents costs associated with maintaining facilities to meet surge capacity needed for mobilization or war. The UPC is a mobilization requirement budgeted in and funded by Operation and Maintenance appropriated funds of the DoD Component responsible for the activity's management. Do not include UPC costs in the DWCF rate structure. As a general rule, UPC funding includes the pro-rata facilities support costs for any month in which 1) mobilization facilities are not used or 2) **facilities are used 20 percent or less of available work days**.

1.6.2.2.2. Mobilization expenses related to UPC may include both maintenance and labor costs related to mobilization.

1.6.2.2.3. Each non-supply DWCF activity should prepare a UPC Budget Exhibit (Fund-30). This exhibit documents total capacity, Unutilized Capacity Index, justification, and cost used in developing the request for UPC. All non-supply DWCF activities should complete the three capacity-index metrics found in Part I of the exhibit. Any non-supply activity requesting UPC funding will also complete the funded UPC line in Part I and the UPC justification in Part II of the exhibit.

1.6.3. Industrial Mobilization Costs. The Army established a category of costs that includes both UPC and underutilized facilities cost called "Industrial Mobilization Cost." The Army will use the Exhibit Fund-30, "**Underutilized** Plant Capacity" to justify their IMC costs.

1.6.4. Airlift Readiness Account (ARA). The U.S. Transportation Command (USTRANSCOM) must maintain sufficient airlift capability to respond to transportation requirements for a wide variety of mobilization conditions. This requirement exists in both peacetime and contingency environments. To the extent customer revenue is insufficient to support the costs of maintaining this capability; the Air Force **must** provide appropriated funds from the ARA. USTRANSCOM will coordinate with military services and Combatant Commanders to understand airlift workload requirements and adjustments to workload projections on a routine basis. USTRANSCOM must provide the Air Force with the budgeted ARA amount that will be part of the Transportation Working Capital Fund Budget Estimate Submission (BES) and President's Budget with enough lead time for the Air Force to incorporate in its budget submissions. The Air Force must submit a matching amount in its BES and President's Budget submission within its Operation & Maintenance account. USTRANSCOM must submit the Fund-8, "Air Mobility Command Common User Services" exhibit to justify the ARA requirement. The USTRANSCOM will record as a funded order and revenue.

## 1.7 Military Personnel

1.7.1. Components will use the civilian-equivalent rates provided by the OUSD(C) to price military labor at DWCF activities. The difference between the civilian-equivalent costs, included in the DWCF budget, and the actual military personnel cost will be budgeted directly in the appropriate military personnel appropriation. The number of military included in the budget **should** be the average strength of military assigned to the DWCF business, using the average fill rate for the 3 prior fiscal years, **unless there is a significant change projected in the budget year**. The fill rate is calculated by dividing actual average strength by the authorized strength for each grade. The budget amount will equal the average strength for each grade multiplied by the applicable civilian-equivalency rate.

1.7.2. The amount expensed for military personnel by DWCF activities and the amount reimbursed to the appropriate military personnel appropriation will equal the amount budgeted. No adjustments will be made to the DWCF cost of operations to reflect the actual cost of military personnel employed by DWCF activities. Military Departments having military personnel assigned to other Components will provide to each Component the number of work years that should be included in the DWCF budget submission. The DWCF activities that augment their manpower requirements with National Guard or Reserve personnel, to include those participating in the Personnel Force Innovation (PFI) program, will reimburse the appropriate military personnel appropriation at the DWCF civilian-equivalency rates.

1.7.3. **The civilian-equivalent costs are provided by the OUSD(C) and are calculated in accordance with Volume 11A, Chapter 6.**

1.7.4. See Volume 2A, Chapter 1 for active duty military personnel pricing policy.

## \*1.8 Full Recovery of Costs and the Setting of Prices

1.8.1. Managers of DWCF activities within each Component will set their prices based on full cost recovery, including all general and administrative support. Prices are established by the

budget process and are represented at the aggregate level in the form of a composite rate. Prices and corresponding rates should remain fixed during the year of execution (exceptions are listed in Volume 11B, Chapter 15). This stabilized price policy serves to protect customers from unforeseen inflationary increases and other cost uncertainties and better assures customers that they will not have to reduce programs to pay for potentially higher-than-anticipated prices. In turn, this policy allows activities to execute the budgeted program level and permits a more effective use of DWCF resources.

1.8.2. Except in unusual circumstances, prices for the budget year will be set to break even over the long run at the activity level. This means that prices will be set to achieve an AOR of zero in the budget year, provided that cash and budgetary resources are available to support AOR returns. In budget execution, activities will incur either a positive or negative operating result. Accordingly, activities will increase their budget year prices to make up actual or projected losses of budgetary resources or reduce their budget year prices to return actual excess cash resources or projected budgetary gains to customers.

1.8.3. An activity may request recovery of AOR outside the budget year. This request must be included in the budget submission, and must demonstrate that the alternative recovery period will not adversely affect the cash balance of the activity. A phased recovery schedule must be provided with the budget.

1.8.4. Special Circumstances: DWCF rules for pricing and operating loss recovery or gain distribution may be waived or deferred if one or more of the following conditions exist.

1.8.4.1. Fund Liquidity: Component fund managers must maintain a positive cash balance throughout the year. The cash requirement developed on the exhibit, Fund 13b, Cash Requirements, provides a management guide for maintaining cash sufficiency. Several factors, however, could cause activities to operate outside the requirement range. To prevent the buildup of excess cash balances, or to ensure fund solvency, the Director or Deputy Director for Revolving Funds may direct out-of-cycle rate adjustments at any time during the fiscal year.

1.8.4.2. Depot Maintenance Additional Requirements: If Component cash balances are projected to be sufficient (see paragraph 1.4) by the end of the budget year, depot maintenance activities will recoup losses and return gains in the budget year. However, if cash balances will be outside the cash requirement range, an out-of-cycle rate adjustment or surcharges may be directed, to restore cash to appropriate levels, at any time in accordance with paragraph 1 above. Also, unplanned depot losses recouped in subsequent years may be financed with prior year resources, provided all other criteria associated with prior year upward obligations are met.

1.8.4.3. Contingency or Emergency Operations: Fund managers may waive DWCF pricing and financing requirements to facilitate Department operations during times of war or other national emergencies. The DWCF activity must notify the Director and Deputy Director for Revolving Funds in writing within 30 days of this action.



1.8.4.4. Impact of Foreign Currency Exchange Rates: A DWCF activity operating overseas may experience significant operating losses or gains due to changes in foreign currency exchange rates.

1.8.4.4.1. While these operating losses and gains are normally recovered or returned through stabilized rate adjustments in budget years, fund managers may propose out-of-cycle rate adjustments to the [Director and Deputy Director for Revolving Funds](#) to address such losses and gains in execution. In calculating any gain or loss from foreign currency fluctuations, the DWCF must use the foreign currency exchange rates published as part of the Department's budget justification materials submitted to Congress in support of the President's budget request and follow applicable procedures in Volume 6A, Chapter 7.

1.8.4.4.2. The DWCF activities are not eligible to participate directly in the Foreign Currency Fluctuations, Defense (FCF,D) (97-X-0803) and the Foreign Currency Fluctuations – Construction, Defense (FCF-C,D) (97-X-0801) accounts.

1.8.4.5. In addition to spreading contract costs when developing rates for all customers, the DWCF activities may incur and recover costs for contracts awarded specifically to fill the requirements of one customer by charging that customer an amount equivalent to the DWCF activity's expense in funding, awarding, and administering the contract.

1.8.4.6. Unbillable costs and operational losses that cannot be billed to an identifiable customer or that were generated from unforeseen cost overruns are to be treated as costs in the fiscal year in which the costs were incurred. The resulting operating losses **must** be included in calculating net and accumulated operating results.

1.8.4.7. Unless approved in writing by the [Director or Deputy Director for Revolving Funds](#) as an **out-of-cycle rate adjustment**, the prices **must be consistent with the rates** set for all activity products, goods, or services approved during the budget review and documented in a memorandum signed by the USD(C), or designated representative.

1.8.4.8. Reimbursement procedures humanitarian efforts are as follows:

1.8.4.8.1. Users **must** pay for the goods and services provided by all DWCF activities, including deployment or other emergency response for military or humanitarian assistance.

1.8.4.8.2. See Volume 11B, Chapter 11, Section 2.7 for guidance.

1.8.4.8.3. Consistent with this policy, third party collections for transportation provided in response to a Request-for-Assistance (RFA) from another government agency are prohibited. The Military Department that controls the equipment or personnel is responsible for reimbursing USTRANSCOM. It is then the responsibility of the Military Department that accepted the RFA to collect any required reimbursements due that Military Department by the requesting government agency.

1.8.4.8.4. The sole exception to this policy occurs when the USTRANSCOM receives an order from the Joint Chiefs of Staff requiring transportation of non-U.S. owned equipment and/or non-U.S. personnel such as non-reimbursed efforts in support of the United Nations. In those instances, the Army will pay Surface Deployment and Distribution Command (SDDC) costs, the Navy will pay Military Sealift Command (MSC) costs, and the Air Force will pay Air Mobility Command (AMC) costs. Bills may be centralized for more convenient processing if appropriate; however, billings **must** be forwarded to the appropriate Military Department within 30 days from the commencement of service or humanitarian effort. The Military Departments must pay these bills, including transportation bills, in a timely manner.

1.8.4.8.5. This guidance does not address any contingency operation designated by the Secretary of Defense as a “National Contingency Operation” under the provision of the [10 U.S.C. § 127](#). Special rules apply for such an operation and those rules should be promulgated separately in conjunction with any designation by the Secretary under the provisions of that section.

1.8.4.9. Base Realignment and Closure (BRAC) cost reimbursement policies are as follows:

1.8.4.9.1. BRAC-Related Costs. Costs incurred in implementing the recommendations of the BRAC Commissions will be funded by the appropriate BRAC account and are not to be included in the rates and costs of businesses within the Fund. The DWCF activities may incur BRAC expenses prior to receiving an allocation of BRAC funding; however, all costs properly charged against the BRAC account must be reimbursed with BRAC funds. The DWCF activities may not expend funds prior to complying with the notification requirements imposed by law with respect to the obligation of BRAC funds. The BRAC account must reimburse all costs incurred by DWCF activities to carry out BRAC prior to the end of the fiscal year in which costs were incurred. Prior year, current year, or budget year operating losses in DWCF are not to be budgeted in the base closure accounts. Costs attributable to base closure actions at DWCF activities to be budgeted in BRAC may include:

1.8.4.9.1.1. BRAC directed reductions-in-force, separation incentives, plant closures, plant layaway or custody costs, or other BRAC-related expenses, such as all costs not associated with a valid work order during the year of closure

1.8.4.9.1.2. Environmental restoration and mitigation, to include reducing, removing, and recycling hazardous waste, and removing unsafe building debris

1.8.4.9.1.3. Planning, to include conducting such advance planning and design as may be required to transfer from an activity being closed to another military installation

1.8.4.9.1.4. Outplacement assistance in relocating, training, or providing other necessary assistance to civilian employees employed by the Department at installations being closed



1.8.4.9.1.5. Community programs, to include economic adjustment assistance to a community in which the closed base is located, or community planning assistance to the community to which functions will be transferred as a result of closure of a military installation.

1.8.4.9.2. BRAC and DWCF Rates. Overhead, not specific to BRAC and not in support of producing goods or services for customers, will be financed in the year the costs are incurred with the Components' Operation and Maintenance (O&M) appropriations. The DWCF losses occurring in years prior to closure will be recovered through the rate structure to the extent that there are new customer orders. When there are no new customer orders in the budget year, the Component responsible for the activity incurring the loss will finance, as a pass through from O&M appropriations to the DWCF, all overhead not included in rates supported by ongoing work or prior year losses to be recovered in the budget year. All costs at a closing activity in the year of closure that are not associated with a valid work order or are not valid BRAC costs are O&M costs and must be budgeted in the fiscal year when they will be incurred.

1.8.4.9.3. BRAC-Related Permanent Change of Station (PCS) Moves for DWCF Activities. Costs incurred to recruit and hire civilian personnel (including associated PCS costs) to fill vacant positions at an activity that is being transferred from a closing or realigning installation to another military installation in accordance with a BRAC recommendation may properly be considered BRAC costs under the Base Closure and Realignment Act of 1990. As a matter of Department policy, however, BRAC funds will not be used for such costs except in the case of DWCF activities, which may temporarily charge such costs against the DWCF, provided the DWCF is reimbursed with BRAC or O&M funds by the end of the fiscal year in which the costs are incurred.

1.8.4.10. Funding of Civilian Voluntary Separation Incentive Program will be financed and included in stabilized rates for civilian separation incentive requirements of assigned employees unless they must be offered as a result of directed BRAC action, in which case the appropriate BRAC account will fund the civilian separation incentive.

1.8.4.11. Any DWCF activities that use any of the services as listed in Exhibit Fund-22, "Summary of Base Support" as tenants must reimburse installation host activities in accordance with DoDI 4000.19 (Support Agreements) to the extent that the specified support for the DWCF activity increases the host activity's direct costs. Costs for DWCF mission products and services (e.g., depot supply, depot maintenance, facility engineering services, information processing, communications, and software development) should be based on the approved stabilized rate. Other support incidental to the DWCF activity's primary mission or purpose must be budgeted based on direct costs measurable and directly attributable to the DWCF activity (e.g., incremental direct cost). Only the incremental direct cost attributable to the DWCF activity may be chargeable to the DWCF activity. Overhead costs are not to be included as a cost to the DWCF activity. The cost of operations budgeted for these services either as a host or tenant activity should be noted on Exhibit Fund-22, "Summary of Base Support" in the fall budget submission.

1.8.4.12. First line supervision is that **position** level immediately over **non-supervisory** workers. First line supervisors and above **occupy an** official supervisory **designated position**, and when acting in a supervisory capacity, **should have** their labor costs charged **by the DWCF activity** as an indirect production cost of the cost center supervised, **unless all the supervisor's time is in direct support of a single project**. First line supervisors may be borrowed and when used as direct labor, DWCF activities must classify the time of the first line supervisor as direct labor and charge it to the applicable job order rather than as an indirect production cost. "Crew chiefs," "snappers," "team leaders," and other subordinate job leaders are not first line supervisors. Volume 11B, Chapter 13 contains additional information related to charging labor costs.

1.8.4.13. Management Headquarters Costs for DWCF activities may be allocated using the following guidance:

1.8.4.13.1. A management headquarters is a discrete organization or part of an organization that has authority over the management of the DWCF activity. The OSD and Service Departmental activities normally do not have this direct responsibility. All the major systems/logistics organizations in the Services include headquarters elements directly supporting DWCF activities that should be funded or reimbursed by the DWCF activities.

1.8.4.13.2. Costs for discrete DWCF management headquarters organizations and parts of organizations that perform direct DWCF management headquarters functions can be financed directly in the DWCF or reimbursed by the DWCF activity (whichever is more practical). In addition, Components may allocate significant costs for common support functions, such as counsel or personnel services, at DWCF management headquarters to other users based on workload percentages in those functions.

1.8.4.14. Dual-Funded Organizations are organizations that are funded (including reimbursable funding) by both the DWCF and other appropriations or accounts.

1.8.4.14.1. Functions. In instances where a non-management headquarters function is funded with a combination of WCF and **General Funds**, the function initially will be funded in its entirety by either the DWCF or **General Funds**, based on the preponderance of definable units of measure for the function (e.g., workload, productive hours, outputs, or ultimate use).

1.8.4.14.1.1. The part of the organization (or funding source provided) initially funding the function **should** be reimbursed for appropriate amounts by other parts of the organization (or financing sources or customers) involved, based on the unit of measure that was used to determine which organization or funding source would provide initial funding; and the amount of reimbursement **should** be based on the relative portion of that unit of measure attributable to each part of the organization or funding source involved. If the part of an organization that is within the WCF accounts for more than 50 percent (e.g., 60 percent) of the unit of measure for a function shared with the part of the organization funded through appropriated funds, then the WCF portion of the organization initially would fund all of the costs of performing

that function. However, the applicable part of the organization funded through **General Funds** would reimburse the WCF for, and be allocated, the remainder of the costs (e.g., 40 percent).

1.8.4.14.1.2. Notwithstanding this policy, the amount of reimbursement for base support services provided by the DWCF to tenant activities **must** be determined in accordance with the policies in DoDI 4000.19 (Support **Agreements**).

1.8.4.14.2. **Capital Investments**. When a capital asset purchased by a WCF activity is also used by the part of the organization financed by appropriated funds, the Fund activity will capitalize the asset and bill the appropriated fund customer for the use of the capital asset. Such billings will use a rate that recoups both **the CIR** and operating costs. When a capital asset is financed by **General Funds** and also used by the DWCF part of the organization, the **General Funds** will capitalize the asset and may bill the DWCF for operating costs. **General Funds** activities do not bill DWCF activities for depreciation of capital assets.

#### 1.8.4.15. Revenue Recognition Procedures for DWCF activities.

1.8.4.15.1. The DWCF activities must recognize revenue and associated costs in the same accounting period. There are two types of customer orders: (1) end-product (end-item) type orders which, at the completion of the customer order, produce a usable end-product (i.e., overhaul, repair, manufacture, construction, modification, supply transactions, etc.); and (2) service type orders that provide a service over a specified period of time. Revenue must be recognized in the same manner (that is, a standard policy for recognizing and reporting revenue must apply) for all activities within a DWCF activity. The policy varies based on the type of customer order, the length of time necessary to complete the order, and the value of the order; however, non-supply DWCF activities must use the “Percentage of Completion Method” for revenue recognition. The amount of revenue recognized cannot exceed the amount specified in the order.

1.8.4.15.2. Revenue recognition procedures must include gain and loss recognition in the same period in order for the activity managers to evaluate the performance of an organization. The revenue recognition policy does not encompass or establish policies for billings to customers or payments from customers.

1.8.4.15.3. Volume 11B, Chapter 11 provides specific revenue recognition guidance by DWCF activity.

#### 1.8.4.16. Customer Workload Changes.

1.8.4.16.1. When a work order or project is canceled or reduced in scope after a DWCF activity has commenced work or incurred costs, the DWCF activity **should** charge the customer for the direct and indirect production costs incurred, plus the applied overhead plus costs associated with the cancellation or reduction.

1.8.4.16.2. Volume 11B, Chapter 11 provides specific guidance for the types of directly associated cancellation or reduction costs that can be charged to customers.

1.8.4.17. Write-offs of **unusual or infrequently occurring** losses are not chargeable against Accumulated Operating Results and **should** not be recovered through increases in customer rates **unless recovery of a cash loss or outlays is required and in accordance with accounting policies**. **Examples of unusual or infrequently occurring losses not recovered in rates include** losses resulting from the disposal or divestiture of capital budget items that have not been fully depreciated at the time they are taken out of service due to BRAC action; or losses associated with systematic inventory reductions by disposal of assets associated with force drawdowns. Only **unusual or infrequently occurring** write-offs that require a cash resource will be separately identified in the Component's budget submission using the Fund-14, "Revenue and Expenses" exhibit.

1.8.4.18. **Net Operating Results (NOR) Adjustments**. There are instances where additional adjustments to the Fund-14 and NOR are required. For example: Cash Transfers in and out of the fund not directly related to operational performance (Direct Appropriations associated with natural disasters, humanitarian relief, pandemics, cash infusions, and reprogramming actions e.g., transfers in/out) may use below-the-line adjustments to the NOR to adjust for transfers that are not directly related to operational performance and subsequently does not support returning or collecting AOR.

## 1.9 Rate Setting for DWCF Activities

1.9.1. In accordance with paragraph 1.8 **above**, stabilized rates reflecting full cost will be set during the budget process for all individual DWCF activities. The DWCF uses four methods for rate setting purposes based on the nature of an activity.

1.9.1.1. Percentage Markup on Cost. A cost recovery percentage is applied to the purchase or repair cost of secondary supply items to recover overhead costs and other pricing adjustments. This method is typically used for supply management DWCF activities.

1.9.1.2. Direct Labor Hour (DLH). A specific dollar value, including all direct costs, overhead, and other pricing adjustments, is charged per DLH associated with the completion of a customer order. This method is typically used for industrial DWCF activities (i.e., depot maintenance, ordnance, and research and development).

1.9.1.3. Specific Unit of Output. The DWCF activities that provide services via numerous outputs that do not have a common measure for calculation will establish separate rates for each output. When multiplied by projected customer workload for each output, the rates will produce revenue that approximates, to the extent possible, recovery of the full cost, including approved adjustments, of providing the specific outputs (e.g., transportation, finance and accounting, information systems, and base support). This includes direct systems reimbursement.

1.9.1.4. Standard Fuel Price (SFP). During the budget development cycle, the Revolving Funds Directorate will establish the standard fuel price (SFP) for use by the Defense agencies and military departments to develop their fuel estimates for the budget. The Revolving Funds Directorate will use the Office of Management and Budget (OMB) economic assumptions (EA) and the refined product costs experienced by the department to develop the SFP. The SFP

consists of the refined fuel cost and the non-product cost, which includes cost for Sustainment, Restoration and Modernization (SRM), terminal operations, transportation, operations and product losses. During the year of execution, the SFP may be set at the budgeted rate or may be adjusted due to updated economic assumptions from OMB, the latest refined product cost experienced by the Department, changes in projected product costs, or the DLA Energy cash balance. The OUSD(C) must approve the SFP that will be used for the budget and changes thereafter.

### 1.9.2. Definitions and Procedures

1.9.2.1. Stabilized Price. Under the stabilized price recovery method, customers are charged for products and services provided by a DWCF activity. Activities establish stabilized prices for the budget year that are adjusted and approved during the budget review process. The stabilized rate is determined by projecting workload and costs, including return/recovery of prior year AOR gains/losses. DWCF activities will charge this annual stabilized rate for all new customer orders received and accepted during that specific fiscal year, regardless of when the work is actually executed and billed.

1.9.2.2. Stabilized Price Exceptions. See paragraph 1.10 for guidance applicable to the sale of goods and services to public-private partnerships by DoD depot maintenance activities. In the Supply activities, customers are charged the price in effect when the item is dropped from inventory.

1.9.2.3. OP-32/PB-32 Rate Change. The annually published rate change for DWCF activities is the percentage change of prices between fiscal years.

1.9.3. Budgeted Rates. The OUSD(C) or designee will review and approve all final composite rates and prices developed for the President's budget and documented subsequent in the OUSD(C) Rates Memo.

1.9.4. Alternative Rate Development. Components may propose methods other than the standardized rates for recovering the cost of operations so long as they are mathematically equivalent to the standardized rate. Any alternative pricing methods must be fully documented and justified in the DoD Components' PBR. Any method (such as percentage of sales instead of markup on cost) must demonstrate recovery of all operating costs, provide a comparison of the current method to the method proposed, show the impact to customer funding requirements, and provide a timeline for implementation. Any change in the presentation of standardized rates for budget purposes must be approved in advance by the Director or Deputy Director for Revolving Funds and documented in the appropriate decision document.

1.9.5. Budget Formulation Rates and Prices. All DWCF activities will establish rates using the following multiple step process:

1.9.5.1. Each DoD Component must carefully review all projected costs for its projected operations for the fiscal year, and propose the most cost-efficient operation possible.

1.9.5.2. Customer requirements must be projected to include all anticipated workload programmed for accomplishment during the budget year based on identified outputs such as DLHs by product, tons shipped, line items received, and all other approved output measures for each activity. Prior year execution **must** also be factored into the projection of anticipated customer orders and overhead costs and significant deviations from prior year workload must be fully explained in both the activity's and the customer's budget justification materials.

1.9.5.3. Components will include adjustments required to comply with OSD and OMB guidance on the impact of inflation, projected pay changes, and other programmatic and policy changes in developing proposed rates.

1.9.5.4. Components will propose costs, program levels, and rate changes by DWCF activity in their Program/Budget estimate submissions. Components may propose exclusion of customer unique, non-labor direct costs from the stabilized rates, and charge these costs on an actual cost reimbursable basis. Components must show the impact the change in rates structure would have on overall stabilized rates. In other words, all costs must be accounted for and reconciled on the corresponding budget exhibit. Final **composite** rate and price adjustments will be documented in a memorandum signed by the USD(C), or designated representative, at the completion of the budget review. **Afterward, any internal realignment of rates within the composite rate structure must be approved as an out-of-cycle rate adjustment by the Director or Deputy Director for Revolving Funds.**

1.9.5.5. Final approved costs, program levels, and rate changes will be established by decision documents, after adjustments required to balance changes to customer funding with anticipated Fund costs, inter-Fund sales and transactions, and adjustments for NOR to bring the AOR to zero for the budget year for each DWCF activity.

1.9.6. Financing of Unusual or Infrequently Occurring Losses. Alternatives exist for financing sunk costs when activities terminate capital investments before a project is completed. These costs may be funded through one-time capital surcharges to operating costs or through the normal budgeted **CIR** previously established. If charged to operating costs through a capital surcharge and depending on the size of the charge, the loss may be recovered through rates over a 2-year period. If a usable product is produced, even though it is less than the planned product, costs may be reasonably assigned to that product and those costs may be appropriately recovered through **the CIR**.

\* 1.9.7. Direct Reimbursable Work, Service Level Billings and Other Income. **Work performed may be billable outside the rate structure as approved in the President's budget. In these cases, revenue generated by direct reimbursable work, service level billings and any additional form of "other income" is subtracted from total revenue before the rates are developed. Forms of direct reimbursable work may include materiel purchases for non-supply activities, provisioning purchases for supply activities, work performed outside the mission scope of the activity, or if the customer has a centralized billing process to pay for a significant number of multiple outputs.**



## 1.10 Public-Private Partnerships at Depot Maintenance Activities

1.10.1. Public-private partnerships are agreements between organic depot maintenance activities and private industry or other entities to perform work and/or to utilize facilities and equipment. Partnerships improve utilization of DoD facilities, equipment, and personnel and enhance support to the warfighter. To advance the goal of increased partnering between DoD and private industry, this section provides guidance for the pricing of DWCF depot maintenance goods and services to private sector entities in partnering arrangements. Conditions for the sale of goods and services to non-DoD entities must be based on specific statutory authority.

1.10.2. In accordance with the authority granted to the Secretary of Defense by [10 U.S.C. § 2208](#), paragraph (h) to prescribe regulations governing the operation of DWCF activities and the use of inventories, this guidance is intended to clarify existing legal authority applicable in certain specific circumstances. The guidance set forth in this section:

1.10.2.1. May not be used to compete for non-defense related work.

1.10.2.2. Does not apply when otherwise precluded by public law.

1.10.2.3. Does not apply to products or services produced under work-share arrangements in which a DoD sponsor assigns work and separately funds the DoD depot maintenance activity and the private sector entity.

1.10.2.4. May be used for sales to private sector entities only when the transaction is part of an arrangement that is officially recognized as a depot maintenance public-private partnership.

### 1.10.3. Sales Prices

1.10.3.1. In order to minimize potential DoD operating losses or gains, sales prices to private sector entities in depot maintenance public-private partnership relationships may be tailored to the most recent actual and projected costs, rather than the approved stabilized billing rates charged to DoD customers ([10 U.S.C. § 2474](#)).

1.10.3.2. Tailored rates or prices charged for sales to private sector partners, if used, **must** ensure full cost recovery for the work involved in producing the specific products and services. Such tailored rates and prices **must** include: (a) all direct costs, (b) production or shop overhead costs that contribute to the final product and (c) a full allocation of General and Administrative (G&A) overhead costs, distributed on the same basis as for DoD customers. (Since G&A overhead costs cannot be attributed to specific products or services, there is no basis to include or exclude specific items of cost from prices charged to customers.)

1.10.3.3. Exceptions to WCF pricing policy for sales to private sector parties in depot maintenance partnership arrangements, as addressed in subparagraphs 1 and 2 above, do not change the requirement that sales prices include unfunded costs, as prescribed in Volume 11B, Chapter 11.

#### 1.10.4. Fixed Pricing

1.10.4.1. Sales of DoD goods and services to private sector entities on a fixed price basis are authorized when the work is well defined and there is a reasonable basis upon which to predict costs. This mirrors private sector practice, improves the ability of private sector partners to predict production costs, and serves to constrain unit cost by more fully utilizing the production capacity of DoD maintenance depots. Cost reimbursable pricing is appropriate when future production costs cannot be reasonably predicted.

1.10.4.2. Multiyear fixed price agreements are authorized when future production costs can be reasonably predicted and the potential for future operating losses and gains are minimal. Prices may be fixed at a predetermined level taking into account future year escalation factors like pay rate changes, general inflation, and the number of units produced. Multiyear fixed price agreements may also incorporate other pricing techniques such as establishment of a base price with provisions for economic price adjustments to accommodate inflation.

1.10.5. Advance Payment. When appropriate to the scope of, and risks associated with, a prospective contract, the DoD partner may elect to accept incremental advance payments.

#### 1.11 Military Clothing Items and Individual Equipment

1.11.1. The Defense Logistics Agency (DLA) Supply Management Activity procures military clothing requirements and bills users at standard prices. This includes uniforms, combat equipment, tents, tool sets and kits, hand tools, and cleaning equipment and supplies. The Military Services **must** include the costs of new clothing bag items in the Military Personnel appropriation budget request and new organizational items in the Operation and Maintenance appropriation budget request. A replacement item **must** be deemed a new item for the purposes of this policy if the cost of a replacement item exceeds the cost of the prior item by more than 10 percent in constant dollars.

1.11.2. The Military Personnel appropriation budget and the Operation and Maintenance appropriation budget should be sufficient to fund the quantity of the initial buy of an item of clothing including the establishment of wholesale inventory levels. New clothing items required prior to receipt of appropriated funds **may** be funded in these same accounts by reprogramming action.

#### \*2.0 BUDGET JUSTIFICATION PRESENTATION

##### 2.1 Purpose

This section provides guidance for preparation and submission of budget justification material and execution review estimates for the DWCF activities.



## 2.2 Preparation of Materials

General guidance with regard to format and preparation of material is presented in Volume 2A, Chapter 1. This chapter provides specific guidance with regard to the back-up material required for the DWCF and other unit cost budget areas.

## 2.3 References

Volume 2A, Chapter 1 provides funding policies to include those that impact other appropriations and accounts. Volume 2A, Chapter 2 provides guidance related to military personnel costs. Chapter 8 provides guidance related to Real Property Maintenance and Minor Construction and Volume 2A, Chapter 3 provides guidance related to Operation and Maintenance costs.

## 2.4 General

2.4.1. Each DoD Component will submit operating and CIP budget justification material to the OUSD(C), Revolving Funds Directorate, in preparation for submitting the President's budget request to the Congress following a review and approval by the OUSD(C) and the Office of Management and Budget. Each Defense Agency will prepare and submit their portion of the Defense-wide volume material to OUSD(C), Revolving Funds Directorate, for review and approval prior to submission to DLA for incorporation into the Defense-wide justification book. The DLA may require support from the submitting organizations to assemble the final justification book containing the Defense-wide DWCF activities. The DLA will supervise printing and distribution of the Defense-wide justification book for the President's budget.

2.4.1.1. The DWCF Program Budget/Review focuses on an integrated set of budgetary schedules for evaluating progress towards meeting cost and productivity targets. Unit cost goals and customer prices are set for each DWCF activity for the budget year to ensure resources are available to finance all costs.

2.4.1.2. The Budget Call letter may request updates for selected schedules that have not yet been documented in this regulation.

2.4.1.3. The documentation supporting the President's budget should be consistent with approved costs, work load and productivity assumptions.

2.4.1.4. The DWCF justification books submitted to Congress will be unclassified, in one volume organized into three sections: Component Overview, Operating Budget, and Capital Budget. All congressional budget material will be submitted electronically and posted on the respective Service's unclassified web site.

2.4.2. The following table lists all required budget justification exhibits.

2.4.2.1. The "Exhibit Requirements" column lists the universe of budget exhibits for DWCF activities.

2.4.2.2. The “WCF Activity” column identifies, for each exhibit, which activities are required to submit the exhibit. Activities must provide the exhibits as follows: “All” indicates all DWCF activities; “S” indicates Supply activities; “NS” indicates non-Supply activities; “I” indicates industrial activities; and “D” indicates depot maintenance activities.

2.4.2.3. The remaining three columns are marked “Y” or “N” to indicate that submission of the exhibit is required (“Y”) or not required (“N”), respectively, to support the PBR, for the Revolving Funds Directorate’s internal use (the exhibit will not be published) to support the President’s budget (“Backup to PB”) request, and for publication as part of the congressional justification materials for the President’s budget request (“President’s Budget”). The single exception is the Fund-28 Execution Performance Analysis, which must be submitted for budget execution reviews only.

Exhibit	Exhibit Requirements	Activity	PBR	PB Back up	PB	4930.1		4930.2				4930.3			4930.4		4930.5					4932	4950	4931	4955	
						Army		Navy / USMC				Air Force			DeCA		DFAS	DISA	DLA			DCSA	WHS		NDSTF	
						Supp.	IO	Supp.	Depot	R&D	MSC	Depot	CSAG-S	SMAG-R	TWCF	Resale			Ops.	SCM	Energy		Docs.	PRMRF		BMF
SM-1	Supply Management Summary by Division	S	N	N	Y	X		X					X	X		X			X	X						
SM-3b	Weapon System Requirements	S	Y	N	Y	X		X					X													
SM-4	Inventory Status	S	Y	N	Y	X		X					X	X		X				X	X					
SM-5a	Markup on Materiel Cost	S	Y	Y	N	X		X					X	X						X						
SM-5b	OP-32 Price Change	S	Y	Y	N	X		X					X	X						X						
SM-6	War Reserve Materiel	S	Y	N	Y	X							X	X						X	X					
SM-16	Unit Cost Summary	S	Y	Y	N	X		X					X	X						X	X					
Fund-1	Summary of Price, Program and Other Changes All	All	Y	N	N	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Fund-1a	Details of Price, Program and Other changes (OP- 32)	All	Y	N	N	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Fund-2	Changes in Cost of Operations	NS	Y	N	Y		X		X	X	X			X		X	X	X			X	X	X	X	X	X
Fund-5	Total Cost Per Output Summary	NS	Y	Y	N		X		X	X	X			X		X	X	X			X	X				
Fund-6	Depot Maintenance 0.06 Capital Investment Plan	D	Y	N	Y		X		X	X			X													
Fund-7	Customer Rate Computations	I	Y	N	N		X		X	X			X													
Fund-8	Air Mobility Command (USTRANSCOM)	-	Y	N	N									X												
Fund-9a	Capital Investment Summary	All	Y	N	Y	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Fund-9b	Capital Investment Justification	All	Y	N	Y	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Fund-9c	Capital Budget Execution	All	Y	N	Y	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Fund-11	Source of New Orders & Revenue	All	Y	N	Y	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Fund-11a	Carryover Calculation Reconciliation	I	Y	N	Y		X	X	X	X	X															
Fund 12	Customer Orders to Customer Funding Reconciliation Exhibit	All	Y	Y	N	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Fund-13	Cash Management Plan	All	Y	Y	N	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Fund-13b	Cash Requirements	All	Y	Y	N	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Fund-13c	Summary of Cash Flows	All	Y	Y	N	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Fund-14	Revenue and Costs	All	Y	N	Y	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Fund-15	Fuel Data	S	Y	N	Y		X		X	X	X			X							X					
Fund-16	Materiel Inventory Data	I	Y	N	Y		X	X	X				X													
Fund-19	Military Personnel by End Strength	All	Y	N	N	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Fund-22	Summary of Base Support	All	Y	N	N	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Fund-24	Summary of Personnel Data	NS	Y	N	N		X		X	X	X			X							X					
Fund-28	Execution Performance Analysis	All	BERs Only			X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Fund-30	Unutilized/Underutilized Plant Capacity	I	Y	Y	N		X						X													
OP-8	Civilian Personnel Costs	All	Y	Y	N	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
OP-32	Operation & Maintenance	All	Y	Y	N	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
PB-15	Advisory and Assistance Services	All	Y	Y	N	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
PB-22	Headquarters Costs	All	Y	Y	N	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
PB-54	Civilian Personnel Hiring Plan	All	Y	Y	N	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Fund-23	Statement of Financial Condition	S	Y	N	Y																					X
PR-1	Cost of Services	-	Y	N	Y																			X	X	
SP-1	Stockpile Financial Status Report	S	Y	N	Y																					X
Fund-4	Summary of General and Administrative Costs	S	Y	Y	N																					X
PB-2	Program Financing Summary	S	Y	Y	N																	X				X
PB-2a	Program Financing Detail	S	Y	Y	N																	X				X
PB-32	Summary of Price and Program Changes	S	Y	Y	N																					X
OP-9	Analysis of FTE Costs	-	Y	Y	N											X										

1/ OUSD(C) RF electronic format required.

2/ USTRANSCOM must submit separate Fund-15 exhibits for its Commercial and Military airlift augmentation efforts.

2.4.3. Component Narrative. A component narrative is required for the President's budget submission to the Congress. Each DoD Component will provide a Summary by Component in table form consisting of cash and net outlays; revenue, expenses, and operating results; civilian full-time equivalents and military end strength; unit costs, rates, and other key indicators. In addition, each Component will provide a summary table for each of its DWCF activities. Discuss any planned changes in DWCF activity make up, location, or product lines. Provide short explanatory bullets where significant changes occur.

2.4.4. WCF Activity Narrative. For each DWCF activity, the DoD Component will submit a narrative analysis that, as a minimum, addresses the following areas:

2.4.4.1. A general description of the DWCF activity to include names and locations of subordinate commands, its outputs and customers, and performance and quality metrics. Discuss any planned changes in the DWCF activity make up, location, or product lines. Display cash and net outlays, revenue and expenses, operating results, civilian full-time equivalents and military end strength, unit costs and rates and other key indicators in tabular form. [If a section of the narrative, an exhibit or set of exhibits is not required by a specific activity, please provide an explanatory statement.](#) Provide short explanatory bullets where significant changes occur.

2.4.4.2. The analysis should focus on the changes from year to year and how these changes are related to work load and productivity trends; an analysis of any special business-type schedules requested in the Budget Call letter; and a discussion of work load and manpower trends, productivity initiatives/cost reductions, unit costs, and customer prices incorporated in the DWCF activity budget.

2.4.5. Copies. Numbers of copies of the required materials to be submitted with the annual budget estimates are identified in Volume 2A, Chapter 1. In addition, for the PBR, an electronic copy of the justification material for each DWCF activity will be provided to the respective Revolving Fund analyst and an electronic copy will be made available to the OUSD(C) Program and Financial Control Directorate on the SIPRNET. The OUSD(C) will notify Fund Managers if additional copies are required. The Budget Call Letter will provide any additional submission instructions, such as posting of the electronic copy to the internet.

2.4.6. Classification. The DWCF justification books prepared by the Components are to be unclassified. Submit any classified exhibits under separate cover.

2.4.7. Formats. Paper copies of justification material will be submitted on 8-1/2 x 11-inch paper. Variations in format to facilitate printing are permissible. Additionally, modifications may be made to exhibit formats with the approval of the respective Revolving Fund analyst to eliminate redundant information or provide further clarification.

\* 2.4.8. Database Requirements. Consistent with the guidance contained in Volume 2A, Chapter 1, the DWCF budget estimates for financing and civilians will be entered into the Comptroller Information System (CIS). The CIS is typically loaded in August before the review of the justification material. The CIS entries are in obligations, as opposed to expenses. [The financing entries for federal and non-federal orders correspond to new orders displayed on the Fund-11 and must be entered.](#) System requirements may affect the minimum amount of required

financing entered into the database. Specific instructions on entering CIS data can be found on the SIPRNET CIS website.

2.4.8.1. The DWCF Operating Budgets will be entered into the CIS as new obligations. However, certain budget exhibits may reflect expense rates where applicable. Each component is responsible for ensuring that expenses and obligations reconcile in the budget justification and that each depicts a reasonable estimate of costs. For non-supply activities, inconsistencies will become apparent in the final rate worksheet reconciliation to CIS entries.

2.4.8.2. The DWCF Capital Budgets will be entered into the CIS as the amount of contract authority expected to be obligated in that fiscal year. This amount should be equal to the program totals displayed on the Fund-9c “Capital Budget Execution” exhibit. The CIP prior year carryover request amounts are not entered into CIS for the CY. The actuals for CIP PY Obligations in CIS must reflect the total obligations from AR(M) 1307 Statement of Operations, Part VI – Capital Program, Obligations This Fiscal Year Column, inclusive of all program years.

2.4.8.3. Enter estimates of civilian full-time equivalents (FTEs) for civilian personnel data and military end strength for military personnel data.

2.4.8.4. Changes to CIS data submitted by the DoD Components will be recorded in a decision document or technical adjustment. Technical adjustments may be used when a DoD Component requests minor changes due to new information or correction of errors during the PBR. The changes to the budget reflected in the final decision document will be expressed as obligations, FTEs for civilian personnel, and end strength for military personnel, and adjusting entries will be generated. Final composite rate and price adjustments will be documented in a memorandum signed by the USD(C), or designee, at the completion of the PBR.

2.4.9. Special Schedules - For the Supply Management activities, the narrative must include a section on workload and economic assumptions. These assumptions must include the following data for the prior, current, and budget fiscal years: items managed (#), requisitions received (#), receipts (#), issues (#), contracts executed (#), and supply materiel availability (%).

## 2.5 DWCF Application of Commonly Used Financial Management Terms

2.5.1. Commitment. A firm administrative reservation of funds, based on firm procurement directives, orders, requisitions, authorizations to issue travel orders, or requests which authorize the recipient to create obligations without further recourse to the official responsible for certifying the availability of funds. The recording of a commitment reserves funds for future obligations. The DWCF activities are not limited to the amount of commitments that can be incurred in the course of operations (unlike other DoD appropriations). Annual Operating Budgets (AOBs) provide legal and administrative restrictions only on the amount of contract authority that may be obligated in a given fiscal year.

2.5.2. Direct Appropriations. Amounts appropriated by the Congress to the DWCF for war reserve materiel, Defense Commissary Agency, or other purposes.

2.5.3. End of Period (EOP). The last day of a specified fiscal year, normally September 30, used to determine the closing status of resources.

2.5.4. Outlays. Disbursements issued from the U.S. Treasury for goods and services received. Gross outlays are equal to the cumulative amount of disbursements made for the fiscal period to date. Net outlays are equal to gross outlays less the cumulative amount of collections received for the fiscal period to date, **plus/minus transfers out/in, minus Direct Appropriations received**.

## 2.6 Supply Management DWCF Activity Definitions

2.6.1. This section provides standard definitions to Supply Management terminology associated with the development of budget justification material. **The category of the term, Financial Management (FM), Logistics, or both is indicated in parenthesis.**

### \* 2.6.2. Definition of Terms Used in Supply Management DWCF Activities

2.6.2.1. Acquisition Leadtime (Logistics). The interval in months between the initiation of procurement action and the receipt into the supply system of the production model (excludes prototypes) purchased as the result of such actions. Acquisition Leadtime is composed of two elements, production leadtime and administrative leadtime.

2.6.2.2. Administrative Leadtime (Logistics). That portion of the Acquisition Leadtime that begins with the identification of the need to buy and the contract award. The time between the initiation of paperwork and contract.

2.6.2.3. Allocation (FM). **Following approval of apportionment / reappropriation requests by OMB, OUSD(C) P/B allocates funds to the Military Services and Defense Agencies. Funds distributed by OUSD(C)/PB may be further subdivided through sub-allocation and sub-allotment to lower levels within the organizations or across organizations for execution.**

2.6.2.4. Beginning of Period (BOP) (both). The start of a specified fiscal year, normally on October 1, used to determine the opening “snapshot” status of resources. Typically, the **end of period accounting balances** from the previous fiscal year **become** the BOP **balances** of the current FY; **BOP balances may be** adjusted for price changes.

2.6.2.5. Capitalized Inventory (Both). On-hand and on-order inventories of supplies funded by other appropriations and funds are considered as contributed capital as of the date when management responsibility for the items is undertaken (see Provisioning).

2.6.2.6. Capitalization (Both). The process whereby the Fund assumes management responsibility and ownership of assets **(such as inventory)** without reimbursing other DoD appropriations or funds.

2.6.2.7. Contingency Retention Stock (Logistics). That portion of the quantity of an item excess to the Approved Acquisition Objective for which there is no predictable demand or



quantifiable requirement and that normally would be allocated as potential reutilization stock, except for a determination that the quantity will be retained for possible contingencies. This is a budget stratification category and is not the same as “War Reserve Materiel,” which is held for immediate use of military deployments.

2.6.2.8. Cost of Goods (Materiel) Sold (COGS) (FM). The COGS is the expensed value of the items sold at the standard or exchange price, respectively. The COGS cannot be recorded until a sale occurs even though the purchase and cash outlay occurred in a previous fiscal year. The COGS is based on inventory valuation that may not be directly related to actual cash required to purchase inventory for the continuity of operations (see Materiel Cost Adjustment).

2.6.2.9. Cost Recovery Elements/Surcharges (FM). Factors added to the acquisition cost or repair cost price of an item to arrive at the customer’s standard or exchange price. Cost Recovery Elements/Surcharges include: (1) transportation deliveries from production site to points of use or storage (Second Destination Transportation (SDT)); (2) inventory obsolescence and loss, for the costs of pilferage, damage, deterioration, physical inventory shortages and excess; (3) inventory maintenance; (4) supply operations support costs; (5) inventory augmentation; (6) CIR factor; (7) cash surcharge; and (8) Depot Level Repairable (DLR) carcass attrition costs, if applicable.

2.6.2.10. Decapitalization (Both). The transfer of DWCF assets (such as inventory) to other appropriations or funds without reimbursement. Transfers of on order inventory between DWCF DoD Components are not considered de-capitalizations. Gains and losses of cash, relative to continuing operations at the DWCF activity level, should be taken into consideration to establish an acceptable reimbursement process based on validated undelivered orders (dues in).

2.6.2.11. Demand (Customer Order) (Both). Demand is an indication of a requirement (i.e., requisition, request, issue, repairable generation, etc.) for issue of serviceable materiel. Demands are categorized as either recurring or nonrecurring and are also referred to as funded orders. Demands for repairable items should indicate whether or not a carcass will be returned.

2.6.2.12. Economic Retention Stock (Logistics). That portion of the quantity of an item greater than the Approved Acquisition Objective determined to be more economical to retain for future peacetime issue than to dispose and satisfy projected future requirements through procurement or repair. To warrant economic retention, items must have a reasonably predictable demand rate. The use of available resources for replenishment and growth of economic retention stock should be evaluated relative to the need to reduce potential inventory shortages in other commodities that have higher reoccurring demands.

2.6.2.13. Exchange Price (EP) (FM). In a system that supports exchange pricing, this is the price charged to customers returning a DLR part that needs repair and purchasing a serviceable one (new or repaired). Equates to the latest repair price plus wash out costs (condemnations) per item plus pricing elements necessary to recover other operating costs. (Note: If no carcass (unserviceable item) is returned, the customer must be charged the full standard

price.) The discount the customer receives for exchanging a DLR part that needs repair will be the same for all items in the same Interchangeable and Substitutable (I&S) family, with the exception of any obsolete items that are no longer suitable substitutes in an I&S family. This applies to both exchange sales and primary inventory control activity (PICA) / secondary inventory control activity (SICA) transactions where the customer pays full price and then receives a payment for returning the DLR.

2.6.2.14. Expendable Supplies and Materiel (Logistics). Supplies, sometimes referred to as consumable supplies and materiel, that are consumed (e.g., paint, fuel, cleaning, preserving materiel, surgical dressings, drugs, and medicines) or lose their identity in use.

2.6.2.15. Initial Spare and Repair Parts (both). Those spares and repair parts introduced through the provisioning process to establish inventory levels prior to reoccurring demands for that item. These inventory levels must be provided or funded by other DoD appropriations (see Volume 4, Chapter 4). Components may request, subject to approval by the Director or Deputy Director for Revolving Funds a cost recovery element in the pricing structure to cover these requirements (See Volume 11B Chapter 15).

2.6.2.16. Insurance Item (Logistics). A non-demand-based stocked essential item for which no failure is predicted through normal usage. However, if a failure were to be experienced or a loss occur through accident, abnormal equipment or system failure, or other unexpected occurrence, lack of replacement would seriously hamper the operational capability of a weapon system.

2.6.2.17. Inventory (Supply) (both). Materiel titled to the U.S. Government, held for sale or issue, held for repair, or held pending transfer to disposal.

2.6.2.17.1. Consumer Level of Materiel and Supplies: Materiel and Supplies, usually of limited range and depth, held only by the final element in an established supply distribution system for the sole purpose of internal consumption. Materiel and Supplies at the consumer level is normally no longer considered DWCF inventory.

2.6.2.17.2. Intermediate Level of Inventory (Local): Materiel and Supplies held between the wholesale and consumer levels, regardless of funding source.

2.6.2.17.3. Wholesale Level of Inventory (National): Inventory, regardless of funding sources, over which the inventory manager at the inventory control point level has asset knowledge and exercises unrestricted asset control to meet worldwide inventory management responsibilities.

2.6.2.17.4. Inventory Augmentation (Both). A growth in inventory beyond initial stockage levels that is not demand based. This includes changes in engineering estimates resulting in higher stockage levels. Costs may be recouped by direct appropriation or a cost recovery element in the pricing structure to cover these requirements (See Volume 11B, Chapter 15).



2.6.2.17.5. Retail Inventory. Supplies/materiel held at a second point of sale below the wholesale level (e.g., management of DLA inventory purchases within a specific Military Department).

2.6.2.18. Inventory Cost Categories (FM)

2.6.2.18.1. Operating Costs. All costs not associated with the purchase or repair of materiel that must be incurred in order for the DoD Components to manage a supply DWCF activity. **Does not include** materiel-related costs, **which constitute** the basis for cost of goods sold.

2.6.2.18.2. War Reserves. Direct appropriation funding is required to procure items for war reserve stocks. These **materiels** are required to support approved force mobilization objectives. The approved force mobilization objective is the quantity required, in addition to peacetime assets normally available on any given date, to equip and support the approved force structure.

2.6.2.18.3. Historic Cost. The price paid for an item at the time it was purchased from a supplier.

2.6.2.18.4. Moving Average Cost (MAC): A historical cost method of valuing inventory. Each time a new quantity is purchased, the average value of all items on hand is recalculated. This value is **used** for accounting purposes **including** the COGS value on the Fund-14 “Revenue and Costs.”

2.6.2.18.5. Replenishment Cost. The current price of an item from a vendor that will result in a cash outlay resulting from an obligation in the current fiscal year.

2.6.2.19. Numeric Stockage Objective (NSO) Item (Logistics). A non-demand-based, stocked, essential item for which, although failure may be predicted, the probability of demand is so low that it does not meet the stockage criteria at a given activity and, as a demand-based item, would not be stocked. Since the lack of a replacement item would seriously hamper the operational capability of a weapon or weapon systems, the item is therefore stocked; using direct appropriations, as non-demand-based. Also included in this category are:

2.6.2.19.1. Items needed to support particular programs of a nonrecurring or sporadic nature (e.g., set assembly, non-repetitive overhaul programs) where re-procurement is not required once the particular program has been completed.

2.6.2.19.2. Items that are procured on a life-of-type basis or which are “bought out” at the termination of a production program.

2.6.2.19.3. Items that are not fully consumed during a one-time or non-repetitive program but which should be retained for possible future need on a similar program.

2.6.2.20. Inventory on Order (Logistics). The quantities of materiel required to sustain operations in the interval between requisitions and the arrival of successive shipments; the amount of inventory required to satisfy current demands when leadtimes are taken into account. These quantities should be based on the established replenishment period (i.e., monthly, quarterly, etc.). This is also referred to as the “Pipeline,” “Undelivered Orders,” or “Due ins from Procurement and Repair.”

2.6.2.21. Other War Reserve Materiel Requirements (Logistics). The total war reserve materiel requirement less the sum of the pre-positioned war reserve requirements. These are also known as non-prepositioned requirements.

2.6.2.22. Pre-positioned War Reserve Materiel Requirement (PWRMR) (Logistics). That portion of the war reserve stocks required to be on hand on M-Day which approved Defense Guidance dictates be reserved and/or positioned at or near the point of planned use or issued to the user prior to hostilities, to reduce reaction time and to assure timely support of a specific force/project until replenishment can be effected.

2.6.2.23. Price Stabilization (FM). The Department’s policy that requires components to maintain the standard price of each cataloged supply item throughout each fiscal year except for correction of errors (See Volume 11B Chapter 15).

2.6.2.24. Materiel Cost Adjustment (MCA) (FM). The amount of cost increase realized from suppliers above the MAC, used on the SM-5b “OP-32 Price Change.” (MAC + Inflation + MCA = Replenishment Costs.) This amount is typically above the standard rate of inflation. Standard inflation should be accounted for in the “Materiel Inflation Adjustment” recovery element; it should not be double counted in the MCA. For example, if a new part has been upgraded by the manufacturer, the price may increase by 10 percent. In this case, 2 percent may be “normal inflation” and 8 percent can be attributable to the MCA. In some cases, normal inflation may be the only recovery element required. For pricing purposes, inflation and an MCA may have to be applied as a cost recovery element to ensure receipt of sufficient budgetary resources to support the cash outlays required for replenishment.

2.6.2.25. Production Lead Time (Logistics). The time interval between the letting of a contract or the placing of an order and the first significant receipt into the supply system of materiel purchased as a result of such action.

2.6.2.26. Provisioning Item (Logistics). Spares and repair parts required as both demand and non-demand-based levels in the supply system to support new fielding of end items. Typically, these are new inventory requirements or increased requirements for system modifications or service life extensions (including clothing and textiles) that require direct appropriations by other DoD Components to establish the supply chain. This includes required safety stocks and other inventory stratification categories. In some cases, upon approval by the Director or Deputy Director for Revolving Funds, customers may be charged for the establishment of new inventory as a recovery element. An agreement between the program manager and the DWCF activity should be made prior to the obligation of any DWCF resources (See Volume 11B, Chapter 15).

2.6.2.27. Provisioning Item (Outfitting) (Both). That portion of Provisioning consisting of items for which a sale is anticipated to an appropriated outfitting (buy-out) account. Direct appropriations are required to establish inventory levels for these items until requirements can be forecast based on actual demands for their replenishment using obligation authority.

2.6.2.28. Reclassification (Logistics). The logistics term referring to the transfer of assets between inventory strata (e.g., from Economic Retention to Contingency), used on the SM-4 “Inventory Status.

2.6.2.29. Repair Cycle Level (Logistics). The quantity of reparable items required to sustain operations during the repair cycle that commences when a maintenance replacement takes place and ends when the unserviceable asset is returned to stock in a serviceable condition. This includes such stages as removed, awaiting shipment, in transit, in pre-repair screening, in process of repair, and being returned to serviceable stock. Any extraordinary awaiting-parts delays and any intentional extended-transit, storage, or repair-process delays should be excluded from the repair cycle.

2.6.2.30. Reparable Item (Logistics). An item of supply subject to economical repair and for which the repair (at either depot or field level) is considered in satisfying computed requirements at any inventory level.

2.6.2.31. Replenishment Spare and Repair Parts (Logistics). Demand-based spare and repair parts required for re-supplying current inventory levels. Inventory levels may increase above initial stockage when there is a concurrent increase in **customer orders**. Fewer inventories will be required when there is a decrease in **customer orders**. These include both reparable and consumable parts in support of fielded items.

2.6.2.32. Requisitioning Objective (also known as the “Authorized Acquisition Objective”) (Logistics). The maximum quantities of materiel to be maintained on hand and on order to sustain current operations and core war reserve. It will consist of the sum of stocks represented by the operating level, safety level, and the order and shipping time or procurement time, as appropriate.

2.6.2.33. Safety Level of Supply (Logistics). The quantity of materiel required to be on hand to permit continuous operations in the event of minor interruption of normal replenishment or unpredictable fluctuations in demand.

2.6.2.34. Standard Price (both). The price that customers are charged for DoD Inventory Control Point (ICP)-managed items (excluding subsistence). The standard price remains constant (stabilized price) throughout a fiscal year except for the correction of significant errors. The standard price is computed based on various factors, including the replenishment cost of the item plus surcharges to recover costs for transportation; inventory loss, obsolescence and maintenance; CIR; and supply operations. (Note: See Exchange Price for prices of Depot Level Repairables in systems that support exchange prices.)

2.6.2.35. Stockage Objective (Logistics). The maximum authorized quantity of materiel on hand to sustain current operations. It consists of the sum of stock represented by the operating level, the safety level, the repair cycle level, and authorized additive levels.

2.6.2.36. Stratification Process (Both). A uniform portrayal of requirements and asset application that is a computer-generated simulation of actions causing changes in the supply position, e.g., procurement, repair, receipt, issue, terminations, and disposal of materiel.

2.6.2.37. Unfunded Requirement for Spares (both). The difference between the spare and/or repair parts requirement computed in accordance with DoD Policy (e.g., [DoDI 4140.01](#), “DoD Supply Chain Materiel Management Policy”) and the amount of that requirement that is funded.

2.6.2.38. Unobligated Commitments (FM). Amount of commitments incurred this fiscal year to date that have not resulted in obligation at the end of the report period.

2.6.2.39. Variability Target (FM). The projected amount of additional contract authority reflected on the SM-1 “Supply Management Summary” exhibit to allow supply activities to respond to variances in costs and/or [unexpected changes in recurring customer demands during the execution year](#). The release of the variability target is associated with increased mission requirements due to the operating tempo of the military departments. Budgetary resources are provided by increased sales associated with customer purchases and the accompanying cash flow. The variability target may not be used as a source for inventory augmentation or provisioning because these requirements should be supported by appropriated funds or a cash surcharge element of the cost recovery rate in follow-on years, to ensure the needed balance between budgetary and proprietary resources.

2.6.2.40. Anticipated Recoveries of Prior Year Contract Authority. Components must estimate additional contract authority requirements and include on SM-1 Supply Management Summary by Division exhibit.

2.6.2.41. War Reserves (both). Stocks of materiel amassed in peacetime to meet the increase in military requirements forecasts contingent on an outbreak of war. War reserves are intended to provide the interim support essential to sustain operations until re-supply can be effected.

## 2.7 Non-Supply Definitions

### \* 2.7.1. Definitions Used in Non-Supply Activities

2.7.1.1. Maintenance Depot. Industrial DWCF facilities whose primary missions are to overhaul, manufacture, and re-manufacture weapon systems, ordnance, or other forms of equipment. These activities include Army and Marine Corps Maintenance Depots, Ordnance Depots, Arsenal, Navy Fleet Readiness Centers, and Air Force Aviation Depots.

2.7.1.2. DLH Rate. The stabilized rate method that assigns revenue per DLH. The DLH rate is computed by dividing the sum of all direct and indirect production labor, non-labor,

and materiel, and general and administrative expenses, adjusted for direct reimbursements, NOR, and Capital Investment Program (CIP) or Cash surcharges, by the total number of DLHs (or other outputs) anticipated to be accomplished during the fiscal year.

2.7.1.3. DLH. The DLHs, sometimes referred to as Direct Product Standard Hours, are the hours required to perform the direct work on a product, or to perform a billable service for customers. The DLHs generally include the hands-on maintenance, repair, overhaul, test, and related direct production effort that follows the established sequence and content of work necessary to accomplish the billable job. The DLHs do not include the support work or man-hours identified as either indirect production (such as supervisory) or general and administrative in nature. The DLHs are estimated for budget purposes by product or service, based on industrial or management engineering standards developed using time, method, and motion studies, historical usage averages, or professional estimating and evaluation (E&E) techniques.

2.7.1.4. Fixed Price Catalogs. Depot Maintenance activities may maintain a catalog of products and services (major end items, componentry, depot level reparable, modification kits, etc.) with their associated rework, repair, overhaul, installation, etc., based on the Standard Depot Level Maintenance (SDLM) or Planned Depot Maintenance (PDM) work package DLHs. The DLHs associated with the product or service multiplied by the stabilized composite rate for a fiscal year constitutes the firm fixed price for the catalog item. Catalogs may be maintained in hard copy or in electronic databases accessible to customers.

2.7.1.5. Total Cost of Goods Sold. The total expenses incurred in the operating budget of the activity associated with the revenue planned to be recognized for the budgeted fiscal year.

2.7.1.6. Carryover. The dollar value of work that has been ordered and funded (obligated) by customers, typically using other DoD appropriations, but not yet completed by DWCF activities at the end of the fiscal year. Carryover consists of the unfinished portion of work accepted but not yet completed.

2.7.1.7. Mission Costs. Total costs incurred to support the mission (repair of end items; selling of inventory; providing payroll services) of the DWCF activity.

2.7.1.8. Non-mission Costs. Additional costs incurred to provide services related to, but not essential to, the function of the DWCF activity. Income associated with these additional costs should be recognized as "Other Income" (Installation services; system implementation; other supply reimbursable operations).

2.7.2. Clarification of Rate Estimation. During the budget review process, each non-supply DWCF activity will use proposed new customer orders for each budget year to establish rates that will remain stabilized through the execution year. Accurate customer order projections are essential in determining the annual increase or decrease in rates.

2.7.2.1. Industrial activities (to include the maintenance and repair function of base support activities) will identify total DLHs required to accomplish the budget year's work

program. The work program is the total number of DLHs planned to be executed in support of known and projected customer requirements during execution of the budget. All DLHs should be identified in the budget, even though some workload may be direct reimbursable rather than rate based.

2.7.2.2. Total costs estimated to be incurred in execution of this workload will be projected. This process should include application of general inflation, pay raise, and other inflation or OUSD(C)-directed price adjustments, as specified in the OUSD (Comptroller) budget formulation Budget [Guidance](#). The sum of all these costs (including supplies, materiel, pay, [CIR](#), and other charges, etc.) is the estimate of the total [costs](#).

2.7.2.3. Customer requirements must be projected and separately identified to include: current (on hand) unfilled customers' orders expected to be executed during the budget year (carry-in or backlog), and work in process that will be completed; new orders anticipated to be accepted and executed during the budget year; and orders anticipated to be accepted but not executed during the year (anticipated carry-over).

2.7.2.4. Workload mix (outputs), availabilities, and production schedules must be assessed, along with any other factors that may impact program outputs such as policy changes, productivity initiatives, planned workload competitions, plant capacity, and other factors. Based on these factors, the work counts associated with each major workload category (output or product) will be identified and reported.

2.7.2.5. Total costs required to execute the planned program to produce the outputs in the approved execution program will be identified and reported in budget exhibits, with significant changes from the prior year highlighted in the Exhibit Fund-2, "Changes in the Costs of Operations."

### \*3.0 DWCF ACTIVITY EXHIBIT FORMATS

#### 3.1 Purpose

The formats provided on the following pages reflect guidance presented in previous sections of this chapter. Adhere to these formats unless they are modified in a submission budget guidance. Modifications may be made to exhibit formats with the approval of the respective Revolving Fund analyst to eliminate redundant information or provide further clarification.

#### 3.2 Defense Working Capital Fund Exhibits

SM-1 Supply Management Summary by Division.....	48
SM-3a Requirements to Budget.....	50
SM-3b Weapon System Requirements.....	52
SM-4 Inventory Status.....	54
SM-5a Markup on Materiel Cost.....	57
SM-5b OP-32 Price Change.....	60
SM-6 War Reserve Materiel.....	62

SM-16 Unit Cost Summary.....	64
SM-16a Unit Cost Ratio by Month and Fiscal Year.....	65
Fund-1 Summary of Price and Program Changes – Costs.....	66
Fund-1a Details of Price and Program Changes - Costs.....	68
Fund-2 Changes in the Costs of Operation.....	77
Fund-3 Labor Cost Breakdown.....	79
Fund-5 Total Cost Per Output Summary.....	81
Fund-6 Depot Maintenance 6% Capital Investment Plan (Depots Only) .....	83
Fund-7 Customer Rate Computations.....	86
Fund-8 Air Mobility Command Common User Services.....	88
Fund 9a Activity Capital Investment Summary.....	90
Fund-9b Activity Capital Purchase Justification.....	94
Fund-9c Capital Budget Execution.....	98
Fund-11 Source of New Orders & Revenue.....	99
Fund-11a Carryover Calculation Summary.....	101
<a href="#">Fund-12 Customer Orders to Customer Funding Reconciliation.....</a>	<a href="#">103</a>
Fund 13 Cash Management Plan.....	108
<a href="#">Fund-13b Cash Requirements.....</a>	<a href="#">109</a>
Fund-14 Revenue and Costs.....	112
Fund-15 Fuel Data.....	115
Fund-16 Materiel Inventory Data.....	117
Fund-19 Military Personnel by Average End Strength.....	118
Fund-22 Summary of Base Support.....	119
Fund-24 Summary of Personnel Data.....	120
Fund-28 Execution Performance Quarterly Analysis.....	121
Fund 30 Underutilized Plant Capacity.....	124
OP-8 Part 1, Civilian Personnel Costs.....	*
OP-8 Part 2, Reimbursable Civilian Personnel Costs.....	*
PB-15 Advisory and Assistance Services.....	*
PB-22 Headquarters Cost.....	*
<a href="#">PB-32 Summary of Price and Program Changes.....</a>	<a href="#">126</a>
PB-54 Civilian Personnel Hiring Plan.....	*

\*Formats and Instructions for these exhibits are in Volume 2B, Chapter 3 for the OP-8 exhibits and Volume 2B, Chapter 19 for the PB-15, PB-22 and PB-54 exhibits. These exhibits should be included as part of the DoD Component's Appropriated Budget Justification





## Exhibit SM-1 Supply Management Summary (Continued)

INSTRUCTIONS FOR PREPARATION OF  
SUPPLY MANAGEMENT SUMMARY (EXHIBIT SM-1)

The purpose of the SM-1, Supply Management Summary by Activity Division exhibit, is to provide summary obligation justification for the DoD Component DWCF activity. [This exhibit is also used to reconcile CIS data for supply activities.](#) Instructions for preparation of SM-1 exhibit follow:

1. Prepare the SM-1 exhibit for each year being reviewed (i.e., prior year, current year, and budget year).
2. Present dollars in millions to the third decimal place for [CIS reconciliation](#).
3. The current year request should represent current identified requirements and may not be equal to previous amounts approved in prior year budget submissions. The minimum information required for each activity division is as follows:

Net Customer Orders (New orders from Fund-11 less Credit Returns)

Net Sales

Operating Obligations

Mobilization Obligations

Direct Appropriations

Total Operating Obligations- This amount is entered into the program line in the CIS.

Total Capital Obligations- This amount is entered into the capital line in CIS.

Variability Target- This amount is not entered into CIS but is documented on the budget exhibit for inclusion in the apportionment from OMB.

Anticipated recoveries of prior year contract authority

Target Total

## Exhibit SM-3a Requirements to Budget

FY	(DoD Component)	BUDGET	DIVISION		DATE
			(Dollars in Millions)		
			PY	CY	Budget Year (BY)
<b>SUPPLY MANAGEMENT Requirements to Budget</b>					
<b>A. CUSTOMER DEMANDS</b>					
1. Total New Demands (Sales/Exchanges in FY)					
2. Stock Due Out (Backorders) (BOP)					
3. New Items (excluding provisioning)					
4. Provision (SM-5a element)					
5. Other Demands (Specify) (Non-reoccurring)					
<b>Total Customer Demands</b>					
<b>B. ASSETS AVAILABLE TO SATISFY CUSTOMER DEMANDS</b>					
1. Serviceable On Hand (BOP)					
2. Projected Deliveries					
3. Projected Funded Repairs					
4. Other Serviceable Asset Deliveries					
<b>Total Serviceable Assets Available</b>					
<b>C. FUNDING REQUIREMENT</b>					
1. Unfunded Demands (A-B)					
2. Transportation (FDT)					
3. Repair Costs					
4. Other Costs (Specify) (Reconcile to SM-1)					
<b>Total Funding Requirement</b>					
<b>Deferred Funding Adjustments</b>					
1. Requirement deferred/eliminated (-)					
2. Deferred requirement added (+)					
<b>Funding Requirement with Adjustments</b>					
<b>D. Non-WCF Initial Spares from other DoD Appropriations (Memo Entry)</b>					

## Exhibit SM-3a Requirements to Budget (Continued)

INSTRUCTIONS FOR PREPARATION OF  
REQUIREMENTS TO BUDGET (EXHIBIT SM-3a)

The purpose of the SM-3a Requirements to Budget exhibit provides backup information to support obligations based on inventory requirements determined by customer demand. That is, the SM-3a Requirements to Budget exhibit identifies resources required to replenish sales of inventory for each fiscal year (i.e., prior year, current year, budget year).

1. Prepare an SM-3a exhibit for each DWCF Supply activity (not each division). Non-inventory costs, as reflected on the Fund-1/1a Summary/Details of Price, Program and Other Changes exhibits, are considered “Overhead and Other Management Costs”. Total obligations reported on this exhibit represent obligations for inventory procurement and repair. Present dollars in millions to the third decimal place.

2. Use the latest inventory cycle available since the exhibit is due in September. Instead of using the standard price, it is recommended that MAC value be used and the MCA applied as a growth factor to the MAC for each fiscal year. This will represent the projected price change over time. If a standard price is used, the overhead costs (surcharge) must be removed as part of this exhibit to get to a more representative cost of inventory and the MCA will not be added.

3. The exhibit **does not** reconcile to the total inventory; rather, it will focus on the time-phased customer demands (sales or exchanges) including any backorders. Inventory available (i.e., on hand and projected serviceable deliveries from buy or repair), that will satisfy those demands will be applied against the customer requirements. Finally, the portion of the customer demands that will not be satisfied with the current projected funded deliveries will be calculated so they can be satisfied through funding for new purchases or repairs. Documented unfunded requirements will also include the other projected funding needs (e.g., first destination transportation and projected repair cost increases). This exhibit will only reflect mobilization requirements to reconcile to the SM-1 exhibit; it will not include unfunded WRM demands.

4. The exhibit will include new requirements (e.g., initial provision and establishing a new stock number to replace an existing one) paid through the DWCF and **reimbursed by including a cost recovery element in prices**. It will also require all DoD Components to show (as a memo entry) other requirements (sponsor-owned stock, BP 28, etc.) not in the DWCF. Note: the memo entry on this exhibit provides reconciliation for other inventory purchased outside of the DWCF that may later migrate into DWCF.

5. Section A of the exhibit will reflect the Customer Demands (historical & projected for the first fiscal year and projected for the following 2 fiscal years). Section B of the exhibit will reflect the inventory (serviceable on hand and projected deliveries from buy or repair) for each of the 3 fiscal years. Section C of the exhibit will reflect the funding requirements (part of the budget) and any other unfunded (deferred) requirements. Section D of the exhibit will reflect the initial provision (memo entry) that is not funded through the DWCF. It is the total initial provisioning dollar value not under DWCF that is on hand or projected to be delivered by the BOP.



Exhibit SM-3b By Weapon System Requirements (Continued)

INSTRUCTIONS FOR PREPARATION OF  
WEAPON SYSTEM REQUIREMENTS (EXHIBIT SM-3B)

The SM-3B Weapon System Requirements exhibit provides a breakout of the operating obligation request by type of supply system action (procurement versus repair) and by weapon system or category.

1. For the OSD/OMB budget review, prepare the SM-3B for each DWCF Supply activity (wholesale division) that provides military spare parts (excludes fuel, medical/dental, subsistence, etc.). For each division, prepare one Exhibit SM-3B for each fiscal year (CY, BY).

2. Definitions.

a. Special Purchases column includes outfitting, special programs and any initial spares financed through a cost recovery element on the SM-5a Markup on Materiel Cost exhibit.

b. Basic Purchases column consists of replacement spares *based on demands*.

c. Basic Rework column is repair obligations for sales replacement.

d. Initial Spares column includes any new inventory levels financed through other DoD appropriations in this column. In theory, this column should reconcile with the P-18 exhibits provided with the Initial Spares Budget Activity of the DoD Component's procurement appropriations.

e. Total Program column shows the total operating obligation request for each weapon system.

f. Non-MCRS Percent (Non-Mission Capable Rate Supply) column shows the percentage, by weapon system, that is not mission capable due to the lack of spare parts. Report this rate target for each budgeted fiscal year.

3. Present dollars in millions to the third decimal place. Weapon systems, as defined by the applicable Service, may be aggregated into categories when individual systems are less than \$25 million. The Director or Deputy Director for Revolving Funds will approve appropriate levels of aggregation. Common parts may be grouped by category such as radios or may be allocated to specific systems such as F-16 aircraft. Obligation authority requests for non-weapon system-related requirements, such as reverse engineering and forging & casting, must be separately identified.

4. Estimated data may be used and noted as such until accurate systems can be developed to provide accurate data.

5. This form will be prepared at replenishment cost or repair cost as appropriate.

Exhibit SM-4 Inventory Status

FY	BUDGET	DIVISION			DATE
SUPPLY MANAGEMENT		(Dollars in Millions)			
(DoD Component) INVENTORY STATUS		TOTAL	DEMAND BASED	MOBILIZATION	NON-DEMAND BASED
<b>1. Inventory BOP</b>					
<b>2. BOP Inventory Adjustments</b>					
A. Reclassification Change (Memo)					
B. Price Change Amount (Memo)					
C. Inventory Reclassified and Repriced					
<b>3. Purchases</b>					
<b>4. Gross Sales at MAC Value</b>					
<b>5. Inventory Adjustments</b>					
A. Capitalizations (Net) + or (-)					
B. Returns From Customers For Credit +					
C. Returns From Customers Without Credit					
D. Returns To Suppliers (-)					
E. Transfers To Property Disposal (-)					
F. Issues/Receipts Without Reimbursement + or (-)					
G. Other (List/Explain)					
H. Total Adjustments					
<b>6. Inventory EOP</b>					
<b>7. Inventory EOP, Revalued (MAC, Discounted)</b>					
A. Economic Retention (Memo)					
B. Contingency Retention (Memo)					
C. Potential DoD Reutilization (Memo)					
<b>8. Inventory On Order EOP (Memo)</b>					
<b>9. NARRATIVE (Explanation of unusual changes)</b>					



## Exhibit SM-4 Inventory Status (Continued)

The SM-4 Inventory Status exhibit shows estimated inventory levels that will result from the proposed budgets and operating levels. Prepare the SM-4 at the MAC value for the prior fiscal year, current year, and budget year for each supply management DWCF activity for each Program/Budget and President's Budget submission. A consolidated summary for the total Supply activity will be prepared for the OSD/OMB Review. The TOTAL column in the prior fiscal year exhibit must reflect the amount from supply management general ledgers used in preparation of fiscal and accounting reports. Amounts in the DEMAND BASED, MOBILIZATION, and NON-DEMAND BASED columns may be statistically derived from related inventory reports. Instructions for preparation of SM-4 Inventory Status are as follows:

1. Inventory, BOP. Amounts of inventory on hand and in transit reported must equal amounts reported as of the end of the prior year. If not, explain any difference in a footnote. The DoD Component must have title to all inventory listed here.

2. BOP Inventory Adjustments. Enter any adjustments required to the beginning position.

3. Purchases. Add the amount of inventory value on which title has passed or will pass to the reporting supply management division during the period of the report.

4. Gross Sales at MAC value. Materiel sold to customer during the period of the report. Should match the Cost of Goods Sold base value.

5. Inventory Adjustments.

a. Capitalizations (Net). Report the inventory value of materiel capitalized or de-capitalized during the period of the report. Show a net de-capitalization with (-) preceding value.

b. Returns from Customers for Credit. Show the cumulative amount of materiel returned from customers on which title has passed to the reporting supply management division during the period of the report for which credit has been given. *For fuel returns, show the cumulative amount of fuel returned based on market price valuation of current inventory.*

c. Returns from Customers without Credit. Show the cumulative amount of materiel returned from customers on which title has passed to the reporting supply management division during the period of the report for which credit was not given.

d. Returns to Suppliers. Show as a negative number the cumulative amount of materiel returned to supplier during the period of the report.

e. Transfers to Property Disposal. Show the net amount of materiel transferred to/from the DLA Disposition Service on which title has been passed to DLA.

## Exhibit SM-4 Inventory Status (Continued)

f. Issues/Receipts without Reimbursement. Show the net cumulative amount of materiel issued or received without reimbursement during the period of the report. This item could include transfers from other divisions or materiel categories, etc., as required. Show net issued with (-) preceding value.

g. Other. Identify and report the amounts of other adjustments to inventory. Include all other adjustments to inventory such as adjustments for physical inventory count and unusual or infrequently occurring losses (fire, weather). Explain with footnotes if necessary. Show (+) or (-) as appropriate.

h. Total Adjustments. Add 5a through 5g.

6. Inventory EOP. Report the amount of inventory available at the end of the reporting period, including all on hand, in transit, work-in-process, and other stocks to which the reporting stock fund division holds title.

7. Inventory EOP, Revalued (MAC, Discounted). Enter any adjustments required to the ending position.

8. Inventory on Order, EOP (memo). Report the amount of demand based and mobilization undelivered orders (excluding in transit) for materiel outstanding at the end of the period.

9. Narrative. Provide additional information and description as needed.

Exhibit SM-5a Markup on Materiel Cost

**Supply Management Activities – Standardized Rate  
Markup on Materiel Cost (Wholesale) Cost Recovery Calculation**

	(\$M) CY Approved	(\$M) CY Requested	(\$M) BY
<b>Cost Category</b>			
<u>Materiel Costs Section</u>			
a. Materiel Costs without Inflation			
b. Materiel Inflation (normal inflation)			
c. Material Cost Adjustment (includes obsolescence, losses and washouts)			
<b>1. Total Materiel Costs</b>			
<u>Overhead Costs (Fund-1/1a) Section</u>			
a. Personnel Costs (Military and Civilian)			
b. Operating Equipment and Supplies (Lines 400 & 500)			
c. Transportation (Lines 300 & 700)			
d. Other Purchased Services (Line 900)			
e. DLA Distribution			
f. DLA Disposition			
g. DLA Other			
h. DFAS			
i. DISA (All)			
j. Other DWCF Purchases (Remainder of Line 600)			
<b>2. Total Overhead Costs</b>			
<u>Price Adjustments Section</u>			
a. Capital Investment Recovery			
b. Capital Outlay Recovery (Surcharge)			
c. AOR Recovery			
d. Cash Adjustment			
<b>3. Total Pricing Adjustments</b>			
<u>Markup on Materiel Cost Section</u>			
a. Line 2 + Line 3 (Overhead Costs + Pricing Adjustments)			
b. Line 1 (Total Materiel Costs)			
c. Total Wholesale Revenue (a + b)			
<b>4. Total Markup on Materiel Cost (Standardized Rate) (a / b)</b>			

## Exhibit SM-5a Markup on Materiel Cost (Continued)

INSTRUCTIONS FOR PREPARATION OF EXHIBIT SM-5a  
MARKUP ON MATERIEL COST

The SM-5a Markup on Materiel Cost exhibit shows how to calculate the Standardized Rate for Supply DWCF activities. Each Service/Agency will provide a consolidated exhibit for the sum of all wholesale divisions managed by that Service/Agency. **All Components will report expenses.** The CY requested on this exhibit will match all CY data represented on all other reconciling budget exhibits (Fund-14, Fund-1). The CY approved represents what was submitted in previous budgets; in theory, all adjustments from previous budgets will be reflected in the AOR adjustment line of the budget year (BY).

Materiel Costs Section. There are three factors that make up materiel costs. Total Materiel Costs is the denominator in the Markup on Materiel Cost calculation.

a. Materiel Costs without Inflation. This is a representation of the historic value of inventory (and repair costs). The official valuation methodology for the DWCF is MAC, based on proprietary accounting. However, valuing inventory solely at the MAC value for budget purposes will not generate sufficient resources for cash outlays to maintain current inventory levels.

b. Materiel Inflation (normal inflation). This line represents the amount of “normal inflation” as approved by OMB and OUSD(C) in published memoranda. The line **must** be used by the DoD Component to break out this **normal** inflation separately from any other materiel cost growth for reconciliation purposes; it is a mandatory line and these costs **must not** be included in line C as part of the “MCA”. Do not double count “normal inflation” on both lines.

c. Materiel Cost Adjustments (MCAs) (includes obsolescence, losses and washouts). All other adjustments involving the actual purchase or repair of inventory above that of the previous year. This line **must not** include normal inflation. Materiel costs associated with losses, obsolescence and wash out (condemnation) of **reparable** are also included in this line.

Overhead Costs (Fund-1/1a) Section. Total overhead costs should reconcile to the Fund-1 Summary of Price, Program and Other Changes exhibit less the amount displayed (if any) on the Fund-14 Revenue and Costs exhibit for direct reimbursable revenue. In theory, direct reimbursable revenue should not include a cost recovery rate and should cover all costs involved for the work performed. **CIR** is shown as a price adjustment instead of an overhead cost because it is a cash recovery element for capital obligations. Overhead categories directly relate to the corresponding line on the Fund-1/1a Summary/Detail of Price, Program and Other Changes exhibit.

## Exhibit SM-5a Markup on Materiel Cost (Continued)

Pricing Adjustments Section. Pricing adjustments increase or decrease budgetary resources but are not related to Materiel or Overhead costs. There are three types of price adjustments.

## Exhibit SM-5a Markup on Materiel Cost (Continued)

a. Capital Investments. Represents the amount of cost incurred to purchase capital assets through the CIP. This is a mandatory line.

b. AOR Recovery. This amount should be equal to the NOR for the respective year on the Fund-14. This is a mandatory line.

c. Cash Adjustment. May be used to adjust the cash resources available to that specific DWCF activity (not as an adjustment to the cash available at the DoD Component level). All cash adjustments at the DWCF activity level should reconcile to the Fund-13, Cash Management Plan. This is not a mandatory line.

Markup on Materiel Cost Section. Line 4. Total Markup on Materiel Cost (Standardized Rate (a/b) equals (Line 2. Total Overhead Costs + Line 3. Total Pricing Adjustments) divided by Line 1. Total Materiel Costs, displayed as a percentage. Adding Materiel Costs, Total Overhead Costs, and Total Pricing Adjustment equals total wholesale revenue as displayed on the SM-16 Unit Cost Summary exhibit. Total wholesale revenue, retail revenue and direct reimbursables equals total Gross Sales as displayed on the Fund-14 Revenue and Costs and SM-16 Unit Cost Summary exhibits.

## Exhibit SM-5b OP-32 Price Change to Customers

<b>OP-32 Price Change to Customers</b>	<b>CY (Approved)</b>	<b>BY</b>
<b>A. Total Materiel Costs without Inflation (Line 1a)</b>		
Price Growth for OP-32		
Materiel Inflation (if used) plus MCA (Line 1b + Line 1c)		
Total Overhead Costs plus Total Pricing Adjustments (Line 2 + Line 3)		
<b>B. Total Additional Price to Customer</b>		
<b>C. Additional Price Percentage (B/A)</b>		
<b>D. OP-32 Price Change</b> (Percent Change in Additional Price Percentage from CY (Approved) to BY)		

Exhibit SM-5b OP-32 Price Change to Customers (Continued)

INSTRUCTIONS FOR PREPARATION OF EXHIBIT SM-5b  
OP-32 PRICE CHANGE TO CUSTOMERS

The OP-32 Price Change to Customers exhibit may be presented on the same page as the SM-5a Markup on Materiel Cost exhibit. For the President's Budget Justification Book, the published OP-32 Price Change to Customers exhibit for the PY, CY, and BY will be presented in the narrative section with a brief explanation of the change from the previous year. The SM-5b OP-32 Price Change to Customers exhibit will be required as a backup exhibit to the President's Budget. All figures for the OP-32 Price Change are depicted in the SM-5a Markup on Materiel Cost exhibit.

**A. Total Materiel Costs without Inflation (Line 1a).** These are the amounts displayed on the SM-5a Markup on Materiel Cost exhibit that represent changes in purchases without inflation or pricing factors.

**B. Total Additional Price to Customer.**

Materiel Inflation plus MCA. The amount of "normal inflation" (SM-5a Line 1b) plus other Materiel Costs not accounted for by "normal inflation" (SM-5a Line 1c).

Total Overhead Costs plus Pricing Adjustments. This should be equal to the SM-5a Markup on Materiel Cost exhibit Line 4a.

**C. Additional Price Percentage.** This represents the composite cost recovery rate (CRR) for the activity, this divides the Total Additional Price to Customer (B) by the Total Materiel Costs without Inflation (A) and is displayed as a percentage.

**D. OP-32 Price Change.** The OP-32 price change is the percentage of change from the prior year approved CRR to the current budget year's CRR. The formula for the percentage change to customers is:  $((1 + \text{BY Line C}) \div (1 + \text{CY (Approved) Line C})) - 1$ .

This change represents the change in price at the item level that were affected by both price and program changes in the customer budget.



Exhibit SM-6 War Reserve Materiel

**WAR RESERVE MATERIEL (WRM)  
STOCKPILE (\$ in Millions)**

STOCKPILE STATUS FOR FY _____			
	Total	WRM Protected	WRM Other
1. Inventory BOP			
2. Price Change			
3. Reclassification			
Inventory Changes			
a. Receipts			
(1). Purchases			
(2). Returns from customers			
Issues			
(1). Sales			
(2). Returns to suppliers			
(3). Disposals			
c. Adjustments			
(1). Capitalizations			
(2). Gains and losses			
(3). Other			
Inventory EOP			
STOCKPILE COSTS			
1. Storage			
2. Management			
3. Maintenance/Other			
Total Cost			
WRM BUDGET REQUEST			
1. Obligations @ cost			
a. Additional WRM Investment			
b. Replenishment/Repair WRM – Reinvestment			
c. Stock Rotation/Obsolescence			
d. Assemble/Disassemble			
e. Other			
Total Request			

## Exhibit SM-6 War Reserve Materiel (Continued)

WAR RESERVE MATERIEL (WRM)  
EXHIBIT SM-6

The purpose of the WRM exhibit is to notify Congress of the Department's intentions regarding the management of secondary item war reserves. Stockpile status and costs sections show the current and budgeted amounts for the inventory and the costs associated with maintaining these levels. The budget request section notifies Congress of the amounts of obligations to be used to acquire or maintain war reserve items and quantities. "Protected status" applies to items that may not be sold. "Other" applies to WRM that must be sold and replenished due to stock rotation or shelf-life issues. Exhibit instructions are as follows:

1. Stockpile Status (Same instructions as the SM-4 Inventory Status exhibit). Components should use the "reclassification" line to transfer inventory into the "protected" WRM category from "WRM Other," if desired.

2. Stockpile Costs. The WRM stockpile costs are those incurred in the WCF to store WRM materiel, to manage WRM stocks to include a portion of total Inventory Control Point costs (normally based on surcharges for purchased/repared items funded with the obligations identified below), and any other DWCF costs to maintain the WRM inventory.

3. WRM Budget Request. This area addresses the amounts of obligation authority to be used specifically for WRM items or WRM quantities, whether from an appropriation, from cash balances, or from future sales.

a. Additional WRM Investment. (Normally reimbursed or funded by an appropriation.) The amount of obligations to purchase or repair new or additional items that will increase the value of the total WRM inventory.

b. Replenishment/Repair WRM Reinvestment. The amount of obligation authority to be used to replenish or repair WRM inventory that is sold, and the amount to be used to reinvest in new inventory with the funds from the sale of old inventory. Should normally be a one for one or dollar for dollar (excluding surcharges) replacement.

c. Stock Rotation/Obsolescence. (Separate from the stock replenishment from sales above). This is to replace stocks that are not sold but must be rotated or replaced periodically because of shelf life or obsolescence (can be related to an appropriation, if required, but normally maintains, and not increases, the value of the WRM inventory).

d. Assemble/Disassemble. The amount of obligations to be used to change the configuration of WRM inventory items.

e. Other. As appropriate.

## Exhibit SM-16 Total Cost Per Unit Summary

**Supply Management  
Total Cost per Output Summary**

<b>Category</b>	<b>Unit Cost</b>	<b>Sales (\$M)</b>	<b>Obligations (\$M)</b>
Wholesale Sales@Cost			
Retail Sales@Cost			
Wholesale Overhead			
Other Reimbursable Overhead (Direct Reimbursables)			
Direct Appropriation			
Less Credit			
Less CIR			
<b>PY Total Operating Obligation Authority (SM-1)</b>			
Wholesale Sales@Cost			
Retail Sales@Cost			
Wholesale Overhead			
Other Reimbursable Overhead (Direct Reimbursables)			
Direct Appropriation			
Less Credit			
Less CIR			
<b>CY Total Operating Obligation Authority (SM-1)</b>			
Wholesale Sales@Cost			
Retail Sales@Cost			
Wholesale Overhead			
Other Reimbursable Overhead (Direct Reimbursables)			
Direct Appropriation			
Less Credit			
Less CIR			
<b>BY Total Operating Obligation Authority (SM-1)</b>			

**Instructions:** This exhibit is a backup that reconciles the Budget Authority request to the SM-1 Supply Management Summary by fiscal year. Unit cost is calculated by dividing total obligations by sales associated with the obligations incurred. All amounts displayed must correspond to the applicable budget exhibit for reconciliation purposes.

\*Exhibit SM-16a Unit Cost Ratio by Month and Fiscal Year

**Supply Management**

FY 2022 - Supply Management - Unit Cost Ratio												
Monthly	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Obligations												
Net Sales												
Cumulative	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Obligations												
Net Sales												
Unit Cost Ratio												
FY 2023 - Supply Management - Unit Cost Ratio												
Monthly	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Obligations												
Net Sales												
Cumulative	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Obligations												
Net Sales												
Unit Cost Ratio												
FY 2024 - Supply Management - Unit Cost Ratio												
Monthly	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Obligations												
Net Sales												
Cumulative	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Obligations												
Net Sales												
Unit Cost Ratio												

**Instructions:** This exhibit is a backup that reconciles the SM-16, Total Cost Per Unit Summary to the SM16a the monthly and cumulative executed and planned Unit Cost Ratio. The Unit cost is calculated by dividing total monthly obligations by monthly net sales associated with the obligations incurred. All amounts displayed must correspond to the applicable budget exhibit for reconciliation purposes.

\*Exhibit Fund-1 Summary of Price and Program Changes – Costs

**Summary of Price, Program, and other Changes (Operating Budget) - Costs**  
**Component:**  
**Activity:**  
**Date:**  
**(\$ in Millions)**

	<u>Cost of Ops FY PY</u>	<u>Cost of Ops FY CY</u>	<u>Price Growth</u>	<u>Program &amp; Other Changes</u>	<u>Cost of Ops FY BY</u>
Military Personnel Compensation (Fund-1a lines 010-050)					
Civilian Personnel Compensation and Benefits (including FNIH personnel) (Fund- 1a lines 101-121)					
<a href="#">Inventory (Fund-1a line 201-203)</a>					
<a href="#">Travel and Transportation of Personnel (Fund-1a line 308)</a>					
Material & Supplies (For Internal Operations) (Fund-1a lines 401-426)					
Equipment (non-CIP) (Fund-1a lines 502-507)					
Other Purchases from Revolving Funds (Fund-1a lines 601-699, except 633, 634, and 671)					
<a href="#">Transportation of Things (Fund-1a lines 702-771)</a>					
<a href="#">General Property, Plant &amp; Equipment (CIP) (Fund-1a lines 801-804)</a>					
Printing and Reproduction (Fund-1a lines 633 and 921)					
Advisory and Assistance Services (Fund-1a line <a href="#">932-935</a> )					
Rent, Communications, Utilities, and Miscellaneous Charges (Fund-1a lines 634, 671, 912, 913, 914, and 915)					
<a href="#">Other Purchased Services (All other Fund-1a lines)</a>					
<b>Total Obligations</b>					

## Exhibit Fund-1 Summary of Price and Program Changes – Costs (Continued)

Instructions for Preparation of Exhibit Fund-1  
Summary of Price, Program, and Other Changes

This exhibit reflects the total obligations (including direct reimbursements from non-rate based work) to accomplish the DWCF activity mission. The Fund-1 is the Summary Exhibit that consolidates the information from the Fund-1A Details of Price, Program and Other Changes exhibit. The Components are required to address changes in cost between fiscal years as either price or program. Price changes are restricted by the inflation index published in OUSD(C) guidance with the exception of price increase resulting from another DWCF activity's rate changes.





Exhibit Fund-1a Details of Price and Program Changes - Costs (Continued)

**Details of Price, Program, and Other Changes (Operating Budget) - Cost**  
 (\$ in Millions)

	<u>Cost of Operations</u> <u>FY --</u>	<u>Annualization of Pay Raises</u>	<u>Price Growth Percent</u> <u>Amount</u>	<u>Program &amp; Other Changes</u>	<u>Cost of Operations</u> <u>FY --</u>
<b><u>MATERIAL &amp; SUPPLIES</u></b>					
401 DLA Energy Fuel Products					
411 Army Managed					
412 Navy Managed					
413 Marine Corps					
414 Air Force Managed					
416 GSA Managed					
417 Locally Purchased					
418 Air Force Retail (General Support Division)					
419 Air Force Retail (Medical-Dental Division)					
420 Air Force Retail (AF Academy Division)					
421 DLA (Clothing and Textiles)					
422 DLA (Medical)					
423 DLA (Subsistence)					
424 DLA (Weapon Systems)					
425 - Flying Hour Air Force Supply					
426 - Flying Hour AF Retail Supply (General Support Division)					
<b>Total Material &amp; Supplies</b>					

## Exhibit Fund-1a Details of Price and Program Changes - Costs (Continued)

**Details of Price, Program, and Other Changes (Operating Budget) - Cost**  
 (\$ in Millions)

	<u>Cost of Operations FY --</u>	<u>Annualization of Pay Raises</u>	<u>Price Growth Percent</u> <u>Amount</u>	<u>Program &amp; Other Changes</u>	<u>Cost of Operations FY --</u>
<b><u>General Property, Plant &amp; Equipment non-capital</u></b>					
451	ADPE				
452	Non-ADPE Equipment				
453	Software				
454	Real Property				
<b><u>OTHER REVOLVING FUND PURCHASES</u></b>					
601	Army Industrial Operations				
603	DLA Distribution Services				
610	Naval Air Warfare Center				
611	Naval Surface Warfare Center				
612	Naval Undersea Warfare Center				
613	Naval Fleet Readiness Centers (Aviation Depots)				
614	Space and Naval Warfare Center				
630	Naval Research Laboratory				
<b><u>Transportation:</u></b>					
620	Navy Transportation (Combat Logistics Force)				
621	Navy Transportation (Afloat Prepositioning Force, Navy)				

## Exhibit Fund-1a Details of Price and Program Changes - Costs (Continued)

**Details of Price, Program, and Other Changes (Operating Budget) - Cost  
(\$ in Millions)**

	<u>Cost of Operations FY --</u>	<u>Annualization of Pay Raises</u>	<u>Price Growth Percent</u> <u>Amount</u>	<u>Program &amp; Other Changes</u>	<u>Cost of Operations FY --</u>
623 Navy Transportation (Special Mission Ships)					
624 Navy Transportation (Joint High Speed Vessels)					
625 Navy Transportation (Service Support)					
653 Transportation (Airlift Services (Training))					
<u>Navy Base Support Services:</u>					
631 Navy Base Support (NFESC)					
634 Navy Base Support (NAVFEC: Utilities & Sanitation)					
635 Navy Base Support (NAVFEC: Other Support Services)					
639 Facility Engineering (Composite Rate)					
<u>Other Depot Maintenance:</u>					
640 Marine Corps Depot Maintenance					
661 Air Force Depot Maintenance					
<u>DLA</u>					
633 Document Services					
669 WAWF					
670 DAAS					
675 Disposition Services					

## Exhibit Fund-1a Details of Price and Program Changes - Costs (Continued)

Details of Price, Program, and Other Changes (Operating Budget) - Cost (\$ in Millions)					
	<u>Cost of Operations FY --</u>	<u>Annualization of Pay Raises</u>	<u>Price Growth Percent</u> <u>Amount</u>	<u>Program &amp; Other Changes</u>	<u>Cost of Operations FY --</u>
<u>DISA</u>					
647					
DISA Computing Services					
671					
DISA DISN Subscription Services (DSS)					
677					
DISA Telecomm Services – Other					
678					
DISA IT Contracting Services					
672					
Purchases from Pentagon Reservation Maintenance Revolving Fund					
679					
Cost Reimbursable Purchases					
<u>OTHER</u>					
680					
Purchases from the Buildings Maintenance Fund					
682					
Industrial Mobilization Capacity					
<u>DFAS</u>					
673					
DFAS Financial and Accounting Service					
691					
DFAS Financial Operations – Army					
692					
DFAS Financial Operations – Navy					
693					
DFAS Financial Operations – Air Force					
694					
DFAS Financial Operations – Marine Corps					
695					
DFAS Financial Operations – DLA					
696					
DFAS Financial Operations – Other Defense Agencies					
<b>Total Other Fund Purchases</b>					

## Exhibit Fund-1a Details of Price and Program Changes - Costs (Continued)

**Details of Price, Program, and Other Changes (Operating Budget) - Cost**  
 (\$ in Millions)

	<u>Cost of Operations FY--</u>	<u>Annualization of Pay Raises</u>	<u>Price Growth Percent Amount</u>	<u>Program &amp; Other Changes</u>	<u>Cost of Operations FY--</u>
<b><u>TRANSPORTATION</u></b>					
702	AMC SAAM				
703	AMC <a href="#">Joint Exercise Transportation Program (JETP)</a> Exercises				
704	<a href="#">Airlift Readiness Account (ARA)</a>				
705	AMC Channel Cargo				
706	AMC Channel Passenger				
707	AMC Training				
708	MSC Chartered Cargo				
709	MSC Surge Sealift (Reduced Operation Status)				
714	MSC POL Tanker ships				
718	SDDC Liner Ocean Transportation				
719	SDDC Cargo Operations (Port Handling)				
720	<a href="#">Defense Courier Service</a>				
722	MSC Afloat Prepositioning (Army)				
723	MSC Afloat Prepositioning (Air Force)				
727	SDDC Other				
771	Commercial Transportation				
	<b>Total Transportation</b>				
	OCONUS Transportation-Supply Mgt only (Memo)				

## Exhibit Fund-1a Details of Price and Program Changes - Costs (Continued)

**Details of Price, Program, and Other Changes (Operating Budget) - Cost**  
 (\$ in Millions)

	<u>Cost of Operations FY --</u>	<u>Annualization of Pay Raises</u>	<u>Price Growth Percent</u>	<u>Amount</u>	<u>Program &amp; Other Changes</u>	<u>Cost of Operations FY --</u>
<b><u>General Property, Plant &amp; Equipment Depreciation</u></b>						
801 ADPE						
802 Non-ADPE Equipment						
803 Software						
804 Minor Construction (real property)						
<b><u>OTHER PURCHASED SERVICES</u></b>						
901 Foreign National Indirect Hire (FNIH)						
902 Separation Liability (FNIH)						
912 Rental Payments to GSA (SLUC)						
913 Purchased Utilities (non-Fund)						
914 Purchased Communications (non-Fund)						
915 Rents & Leases (non-GSA)						
917 Postal Services (U.S.P.S.)						
920 Supply & Materials (non-Fund)						
921 Printing & Reproduction						
922 Equipment Maintenance by Contract						
923 Facility Sustainment, Restoration, and Modernization by Contract						
925 Equipment Purchases (non-Fund)						
927 Air Defense Contracts and Space Support (AF)						
928 Ship Maintenance by Contract						
929 Aircraft Rework by Contract						

## Exhibit Fund-1a Details of Price and Program Changes - Costs (Continued)

	Details of Price, Program, and Other Changes (Operating Budget) - Cost (\$ in Millions)				Program & Other Changes	Cost of Operations FY --
	Cost of Operations FY --	Annualization of Pay Raises	Price Growth Percent	Amount		
930 Other Depot Maintenance (non-Fund)						
932 Management and Professional Support Services						
933 Studies, Analysis, and Evaluation						
934 Engineering and Technical Services						
935 Training and Leadership Development (Advisory and Assistance Services)						
936 Training and Leadership Development (Other Contracts)						
937 Locally Purchased Fuel						
941 Technical Drawings (Supply Operations only)						
942 Forgings & Castings (Supply Operations only)						
969 Other Engineering Services & Support						
984 Equipment Contracts						
985 R&D Contracts						
987 Other Goods and Services from Federal Sources						
989 Other Contracted Services						
<b>Total Other Purchases</b>						
<b>TOTAL</b>						



## Exhibit Fund-1a Details in Price and Program Changes – Costs (Continued)

Definitions of Fund-1a Categories - Cost  
Details of Price, Program, and Other Changes (Operating Budget)

General. The Fund-1a exhibit reflects the total costs of supporting the applicable activity for each fiscal year PY, CY, and BY. Components must address changes in cost between years as price- or program-driven for each line item. All entries are expenses. Round data to at least the nearest tenth of a million (e.g., show \$10.4 million, not \$10 million).

Military Personnel Compensation - Chapter 26 depicts cost elements for Military Personnel.

Civilian Personnel Compensation - The cost elements include VERA and RIF as well as the costs to offset the short-term costs of buyouts. Line 112 Retirement Fund Offset (15 percent of Employee's final basic pay) applies to employees who take a buyout and voluntary early retirement under the Civil Service Retirement System (CSRS).

Cost of Goods Sold – This element represent the cost of goods sold for Supply Activities

Travel – These elements represent the cost of transportation of people.

Materiel & Supplies - These elements support internal materiel, equipment, and supply costs associated with operations. Distinguish between costs associated with materiel purchased from Fund businesses and that purchased from non-Fund businesses.

General Property, Plant & Equipment non-capital – These elements are for equipment purchases made with operating funds for non-capital assets.

Other Revolving Fund Purchases - Purchases from other DoD WCF activities (to include the PRMRF and BMF) to support the internal operations of the activity. Include purchases by supply activities from depot maintenance activities in the respective 600 Other Revolving Fund Purchases category. Report purchases from the DWCF supply activities to support internal General and Administrative operations (not consumed as part of direct or indirect business operations) in category 400. Lines 601-675 should include purchases made at stabilized rates.

Transportation – These elements represent the transportation of things.

General Property, Plant, and Equipment (Depreciation) – These elements are for the depreciation of general property, plant, and equipment.

Other Purchased Services

Line 941 Technical Drawings (Supply Operations only) - The amount entered for Technical Drawings represent purchases from contractors.

Line 942 Forgings & Castings (Supply Operations only)- The amount entered for Forgings and Castings represent purchases from contractors.

Purchases of engineering services, other than those shown on lines 932-934, should be included on line 969, Other Engineering Services and Support.

Delete lines for which there are no costs, for any of the included years (PY, CY, BY), from the submitted exhibit (rather than including them with an amount of zero).

Exhibit Fund-2 Changes in Costs of Operations

Changes in the Costs of Operation

Component/Activity:

Date:

(Dollars in Millions)

Costs

**FY PY Estimated Actual**

FY CY Estimate in President's Budget:

Estimated Impact in FY CY of Actual

FY PY Experience:

List

Pricing Adjustments:

Civilian Personnel

Fuel Price

Program Changes:

List

FY CY Current Estimate:

Pricing Adjustments:

Annualization of Prior Year Pay Raises

FY BY Pay Raise

Civilian Personnel

Military Personnel

Fund Price Changes

General Purchase Inflation

Other Price Changes (list)

Productivity Initiatives and Other Efficiencies:

Productivity Initiative 1

Fund Productivity

Etc.

Program Changes:

Change 1

Etc.

Other Changes:

Capital Investment Recovery

Other (list)

FY BY Estimate:

## Exhibit Fund-2 Changes in Costs of Operations (Continued)

Instruction for the Preparation of the Fund-2 Exhibit  
Changes in the Cost of Operations

The Fund-2 exhibit will explain the changes in the operating budget (costs) from one fiscal year to the next (i.e., FY to CY to BY) at a meaningful level of detail, relating program changes to changes in the level of work load (Unit Cost outputs) to the maximum extent possible. A Fund-2 exhibit for each non-supply DWCF activity is required. Strategies and plans to improve activity productivity and quality are of particular interest. **Reform initiatives which impact changes in costs and rates should also be documented.** Accordingly, the cost impacts of productivity initiatives should be separately identified on this schedule. Each DWCF activity should include a paragraph outlining major productivity improvement plans and associated resources including but not limited to capital investment, education and training initiatives, process improvements, consolidation and streamlining, work force motivations, and incentives.

Provide a narrative explanation for changes. Round data to at least the nearest tenth of a million (e.g., show \$ 10.4 million, not \$ 10 million).

For changes in cost due to productivity initiatives, list the detailed initiatives and amounts for each. Distinguish the cost reductions associated by individual productivity initiatives.

## Exhibit Fund-3 Labor and Manpower Breakdown

**Labor and Manpower Breakdown**

Component: \_\_\_\_\_

Activity: \_\_\_\_\_

Date: \_\_\_\_\_

(\$ in Millions)

	PY	CY	BY
Direct Labor			
Direct Non-Labor			
Direct Materiels			
Direct Contracts			
Direct CIR			
Direct Other			
Total Direct			
Indirect Labor			
Indirect Non-Labor			
Indirect Materiels			
Indirect Contracts			
Indirect CIR			
Indirect Other			
Total Indirect			
G&A Labor			
G&A Non-Labor			
G&A Materiels			
G&A Contracts			
G&A CIR			
G&A Other (Installation Management Costs)			
Total G&A			
Total Cost of Operations (reconciles to Fund-1/1a)			
Manpower			
Direct Civilian FTEs			
Indirect Civilian FTEs			
G&A Civilian FTEs			
Total Civilian FTEs			
Direct Military E/S			
Indirect Military E/S			
G&A Military E/S			
Total Military E/S			

## Exhibit Fund-3 Labor and Manpower Breakdown (Continued)

Instruction for the Preparation of Exhibit Fund-3  
Labor and Manpower Breakout

The Fund-3 exhibit stratifies, by fiscal year (i.e., PY, CY, BY), the total DWCF activity costs in the operating budget by Direct, Indirect Production, and General and Administrative (G&A) (**overhead**) categories. For the G&A category, only the military and civilian personnel carried in and paid for by the DWCF activity should be reflected in the personnel FTE and end strength numbers. This includes personnel paid from the activity payroll such as assigned security guards and personnel working in the office of the DWCF activity director. However, this does not include the personnel assigned to a general & administrative activity that provides base operations support to the activity unless they are carried in the end strength of the DWCF activity.

For installations owned and operated by a DWCF activity whose primary mission is other than installation management, costs associated specifically with installation management should be identified as G&A Other. These costs will be considered separate and distinct from mission G&A costs.

Compute FTEs by dividing the applicable total number of hours by the number of hours in a work year (e.g., 2080; see OMB Circular A-11 for the correct hours for each year).

Exhibit Fund-5 Total Cost Per Output Summary

**Total Cost Per Output Summary**  
**Component:** \_\_\_\_\_  
**Activity:** \_\_\_\_\_  
**Date:** \_\_\_\_\_  
 (\$ Millions)

	<u>Workload</u>			<u>Unit Cost</u>			<u>Total Cost</u>		
	<u>PY</u>	<u>CY</u>	<u>BY</u>	<u>PY</u>	<u>CY</u>	<u>BY</u>	<u>PY</u>	<u>CY</u>	<u>BY</u>
Output Operating Budget									
List each output whether measured or not.	Estimated workload for measured outputs.			Estimated unit cost for measured outputs.			Estimated total cost for measured and unmeasured outputs. O&M functions must include reimbursable outputs.		
-----									
Total Operating Budget	No Data Entry			No Data Entry			Sum the total estimated cost for all outputs. O&M-funded activities must include reimbursable outputs.		
=====									
Capital Budget	No Data Entry			No Data Entry			List the estimated total capital budget.		
=====									

## Exhibit Fund-5 Total Cost Per Output Summary (Continued)

Instruction for the Preparation of Exhibit Fund-5  
Total Cost Per Output Summary

The Fund-5 is required for all activities except supply activities. Only a single line is required for industrial activities summarizing the cost rate (not the standardized rate for revenue collection) per DLH for the PY, CY and BY. Activities that have multiple outputs and use a standardized rate based on a revenue per specific unit of output (Transportation, Base Support, DFAS, DISA) should report the cost per specific unit of output (not revenue rate) as depicted on the DWCF activity's respective annual operating budget (AOB).



Exhibit Fund-6 Depot Maintenance-6 Percent Capital Investment Plan

**COMPONENT: \_\_\_\_\_**  
**DEPOT MAINTENANCE 6 PERCENT CAPITAL INVESTMENT PLAN**

	REVENUE (Maintenance, Repair, Overhaul)			BUDGETED CAPITAL (Modernization, Efficiency)		
	<u>3 year average</u>					
	Prior <u>Year</u>	Current <u>Year</u>	Budget <u>Year</u>	Prior <u>Year</u>	Current <u>Year</u>	Budget <u>Year</u>
	PY(-1)	CY(-1)	BY(-1)			
	PY(-2)	CY(-2)	BY(-2)			
	PY(-3)	CY(-3)	BY(-3)			
<b>Revenue (Avg)</b>	*	*	*			
Working Capital Fund	*	*	*			
Appropriations (if applicable)	*	*	*			
<b>WCF Depot Maintenance Capital Investment</b>				*	*	*
Facilities/ Work Environment				*	*	*
Equipment				*	*	*
Processes				*	*	*
<b>Appropriated Funding - List by Appropriation</b>				*	*	*
MILCON						
Procurement						
Operation & Maintenance						
<b>Component Total</b>				*	*	*
Minimum 6% Investment				*	*	*
<b>Investment Over/Under Requirement</b>				*	*	*

Narrative:

## Exhibit Fund-6 Depot Maintenance -6 Percent Capital Investment Plan (Continued)

Instructions for the Preparation of Exhibit Fund-6,  
Depot Maintenance –6 Percent Capital Investment Plan

Minimum Capital investment for certain depots is required in accordance with [10 U.S.C. § 2476](#). Instructions for preparation of Exhibit Fund-6 are as follows:

A. Prepare a Summary Exhibit Fund-6 that provides the total for the activity and a separate Fund-6 for each maintenance depot to include Army Depots, Navy Aviation Depots, Navy Shipyards, Marine Corps Depots, and Air Force Depots.

B. Dollars in millions and tenths of a million.

C. The following will be defined:

1. Revenue (Avg): Only revenue for Maintenance, Repair and Overall will be included in accordance with amendment (1).

2. Revenue (3 Year Average): The preceding 3 years of actual or estimated revenue divided by three for Prior Year, Current Year, and Budget Year columns.

3. Categories of applicable capital investment:

a. Modernization. Typically refers to upgrades associated with the available current technology.

b. Efficiency. Typically refers to efforts to improve workflow and increase throughput while maintaining or reducing current costs. Also may refer to improved quality of work performed.

c. If a modernization leads to an efficiency, then the investment is still considered a modernization. An efficiency not dependent on a modernization is classified an efficiency. If an investment has elements of both, the DoD Component should record the best representation that can be determined.

d. A narrative should be included with the Exhibit Fund-6 to address the following:

1. A specification of any statutory, regulatory, or operational impediments to achieving the minimum percentage requirement.

2. A description of the benchmarks for capital investment established for each covered depot and military department and the relationship of the benchmarks to applicable performance measurement methods used in the private sector.

## Exhibit Fund-6 Depot Maintenance -6 Percent Capital Investment Plan (Continued)

3. If the minimum percentage requirement is not met for a military department for the fiscal year covered by the report, a statement of the reasons why the requirement was not met and a plan of actions for meeting the requirement for the fiscal year beginning in the year in which the report is submitted.

e. The legislation provides waiver authority for the Secretary of Defense if the Secretary determines that the waiver is necessary for reasons of national security and notifies congressional defense committees.

## Exhibit Fund-7 Customer Rate Computations

**CUSTOMER RATE COMPUTATIONS**

Department of (Component Name)

Activity: \_\_\_\_\_

<b>Part I: Stabilized Revenue Rate:</b>	<b>CY Stabilized Rate</b>	<b>DLHs</b>	<b>(\$)</b>	
Revenue (Fund-14)		XXX	XXX	
Less Direct Reimbursables (Non-Rate Based)		XXX	XXX	
<b>Revenue from Rates</b>		<b>XXX</b>	<b>XXX</b>	
Revenue from CY Orders	XXX	XXX	XXX	
<b>Revenue from BY Orders</b>		<b>XXX</b>	<b>XXX</b>	
<b>BY Stabilized Revenue Rate</b>			<b>XXX</b>	
<b>Part II: Stabilized Cost Rate:</b>				
Revenue from Rate Based Orders			XXX	
Less NOR Adjustment			XXX	
Other Adjustments (List and Explain)			XXX	
<b>Total Rate Based Costs</b>		<b>XXX</b>	<b>XXX</b>	
<b>BY Cost Rate (Fund-5)</b>			<b>XXX</b>	
<b>Part III: Fund-1 Reconciliation</b>				
Total Rate Based Costs		XXX	XXX	
Direct Reimbursables			XXX	
<b>Total Fund-1 Summary of Price, Program, and Other Changes</b>			<b>XXX</b>	
<b>Percentage rate Change from CY (BY Stabilized Revenue Rate / PY Stabilized Revenue Rate) -1</b>				<b>XXX</b>

## Exhibit Fund-7 Customer Rate Computations (Continued)

Instructions for the Preparation of Exhibit Fund-7,  
Customer Rate Computations

The purpose of this exhibit is to establish a standardized rate to customers that reconciles Revenue, Total Costs, and NOR for industrial DWCF activities using DLHs.

For industrial activities, program financing (revenue) is a function of the estimated of the total cost of goods sold (total expenses) adjusted for NOR, Capital Requirements and other surcharges, divided by the programmed output (total DLHs), to identify an initial revenue rate per DLH.

The number of military and civilian DLHs associated with carry-in workload (unfilled customer orders on hand at the start of the current year) times the prior year stabilized rate (rate in effect when the carry-in orders were accepted) will be identified as revenue earned in the current fiscal year. The DLHs and associated dollars will be subtracted from the BY total DLHs and revenue as identified above.

Part I: All revenue associated with direct reimbursable costs (non-rate based workload) and orders received in the current year must be removed with the associated DLHs in order to forecast a BY Revenue Rate for new orders. Total revenue must cover all projected costs and NOR adjustments as depicted on the Fund-14. The BY revenue rate is the revenue expected from new orders divided by the DLHs associated with that workload.

Part II: The NOR adjustment must be subtracted from the total rate based revenue (not just the new order revenue) because total expenses in the BY will be a combination of CY and BY workload. Subtracting a negative NOR will add to the costs reflecting costs greater than revenue as depicted on the Fund-14. The BY cost rate is total rate based costs divided by total rate based DLHs (not just new order revenue DLHs). The BY cost rate, total rate based costs, and total rate based DLHs should reconcile to the Fund-5.

Part III: Total Fund-1 Summary of Price, Program, and Other Changes costs should reconcile with total rate based costs and direct reimbursables.

Exhibit Fund-8 Air Mobility Command Common User Services

<b>COMMON USER TRANSPORTATION SERVICES</b>			
<b>TRANSPORTATION WORKING CAPITAL FUND</b>			
(\$ in Millions)			
	<b>FY PY</b>	<b>FY CY</b>	<b>FY BY</b>
1. Beginning Accumulated Operating Results			
2. Cost of Operations			
a. Channel Passenger			
b. Channel Cargo			
c. <a href="#">Special Assignment Airlift Mission (SAAM)/JETP</a>			
d. Training			
Total Costs			
3. A. Rate and Reimbursable Revenue			
a. Channel Passenger			
b. Channel Cargo			
c. <a href="#">SAAM/JETP</a>			
d. Training			
3A. Total Rate and Reimbursable Revenue			
B. Airlift Readiness Revenue			
a. Channel Passenger			
b. Channel Cargo			
c. <a href="#">SAAM/JETP</a>			
d. Training			
e. <a href="#">AOR Recovery</a>			
3B. Total Airlift Readiness Revenue			
Total Revenue			
4. Net Operating Results			
5. Ending Accumulated Operating Results			

Exhibit Fund-8 Air Mobility Command Common User Services (Continued)

**Instruction for the Preparation of Exhibit Fund-8  
Common User Transportation Services**

This exhibit displays the costs, revenues, NOR, and AOR of USTRANSCOM's operations, with emphasis on the explanation of item 3B, Total Airlift Readiness Revenue. The USTRANSCOM must include a narrative outlining reasons for variances greater than 20 percent for each line of Airlift Readiness Revenue from one year to the next.

For changes in Airlift Readiness Revenue, distinguish the factor(s) that causes the change (e.g., utilization factors, airlift rates set to compete with private sector rates, commercial transportation prices, aircraft maintenance prices).

Round data to the nearest tenth of a million.



Exhibit Fund-9a Activity Capital Investment Summary

Line Number	Item Description	PY		CY		BY	
		Quantity	Total Cost	Quantity	Total Cost	Quantity	Total Cost
	Non-ADPE Equipment - Vehicles - Materiel Handling - Installation Security - Quality Control/Testing - Medical Equipment - Machinery  ADPE & Telecom Equip Computer Hardware (Production) Computer Hardware (Network) Computer Software (Operating System) Telecommunications Other Support Equipment  Software Development List Separately Internally Developed Externally Developed  Minor Construction Capabilities - Replacement - New Construction - Environmental  <b>TOTAL OBLIGATIONS*</b>  Total Capital Outlays Total Capital Investment Recovery						

\*Fund 9a Summary exhibit must reconcile to the Fund 9b project justification.

## Exhibit Fund-9a Activity Capital Investment Summary (Continued)

Instructions for the Fund-9a Exhibit  
Capital Investment Summary

General - The [aggregate](#) project line items listed for each major category are the minimum submission requirements. Projects may be added or modified to meet the specific requirements of the DWCF activity as long as there is a corresponding Fund-9b that describes what is being purchased and the reason for the requirement. The summary item description and the [aggregate](#) project amounts on the Fund-9a must correspond to the individual Fund-9b. All Prior Year projects will be shown by line item detail cross-referenced to the corresponding Fund-9b. In addition, the ADPE and Telecommunications equipment and software development Fund-9b Exhibit line number assigned should also be used for cross-referencing within the Information Technology Exhibits as outlined in Chapter 18 of this regulation. Use the approved DWCF activity name. The four major categories for Capital Investment Programs are as follows:

(1) Non-ADPE & Telecommunication Equipment > \$250K: Equipment, other than ADPE and Telecommunications Resources. A separate Fund-9b will be provided for each [aggregate](#) project. Each project will include cost estimates for at least the subcategories shown above (unless no equipment of that kind is purchased). Other project categories may be added.

(2) ADPE & Telecommunications > \$250K: ADPE and Telecommunications Equipment Component will provide a Fund-9b for each of the aggregate projects listed above (unless no equipment of that kind is being purchased). Other project categories may be added. One Fund-9b narrative may address all projects under \$5,000,000 by category (e.g. "Other ADPE Support Equipment under \$5,000,000"). Items that exceed \$5,000,000 will be addressed separately in the narrative.

(3) Software Development > \$250K

a. Software Development [must](#) be shown on a separate Fund-9b by item detail for projects equal to or greater than \$5,000,000. All software projections must comply with DoD Chief Information Officer (CIO) requirements/approvals.

b. One Fund-9b may be submitted for software development under \$5,000,000 that does not need DoD CIO approval. This Fund-9b may be submitted with a general statement of the enhancements that will be provided. In addition, the Fund-9bs must include a system delivery date/s. If it is a spiral development, all delivery dates and amounts to be capitalized will be included in the Fund-9bs.

(4) Minor Construction within the thresholds contained in 10 U.S.C. § 2805.

a. Minor Construction may be combined into one Fund-9b as long as each project listed is below the threshold. The Fund-9b must contain a statement that no Minor Construction project exceeds the current MILCON threshold.

## Exhibit Fund-9a Activity Capital Investment Summary (Continued)

b. All special categories of minor construction will be listed and justified separately (such as Navy R&D). 10 U.S.C. § 2805, paragraph (d) [authorizes activities to use up to of funds available for operation and maintenance for unspecified minor construction projects for laboratory revitalization and recapitalization](#). However, Congressional notification is still required for projects exceeding the threshold.

1. Section 1.4, Policy, provides specific guidelines for inclusion or exclusion of an item in the capital budget, and the necessary analysis required to substantiate a capital budget request.

2. Definitions for these capital budget categories are provided below:

A. Non-ADPE Equipment exceeding the capitalization threshold will be capitalized and depreciated. Equipment should be aggregated into projects by like-types. There is no limit on the number of projects that may be used.

B. ADPE and Telecommunications Equipment having a system unit cost [exceeding the capitalization threshold](#) will be capitalized and depreciated.

(1) ADPE and telecommunications resources consist of computer hardware, operating system software (including utility and communications software) and telecommunications equipment as defined in OMB Circular A-11.

(2) ADPE costs will be displayed in five parts: (1) Computer Hardware (Production), (2) Computer Hardware (Network) (3) Computer Software (Operating System), (4) Telecommunications, and (4) Other Support Equipment. The last category includes investments such as uninterrupted power sources and air conditioning that must be purchased to support computer and telecommunications resources.

C. Software Development/Modernization with a system unit or lifecycle cost [exceeding the capitalization threshold](#) will be capitalized and depreciated. Internally developed software and externally developed Software will be listed separately.

(1) Software development includes the actual development and acquisition of the information system as defined in OMB circular A-11. This category does not include software developed for a customer for use in a weapon system.

(2) Software development/modernization will be budgeted by project. A project is defined as any change, modernization, or improvement to a system, subsystem or severable module of a system that by itself will provide an economic benefit or improvement in a business process. This must include all changes or improvements needed to interface or integrate with other ancillary systems. A project has a start and stop date, a specific amount of funds, and results in a usable end product.

## Exhibit Fund-9a Activity Capital Investment Summary (Continued)

(3) Software development/modernization projects will exclude CIP ADPE investments. These will be identified separately in the ADPE and telecommunications section of the Fund-9a and Fund-9b.

D. Minor Construction projects financed by the activity and exceeding the capitalization threshold will be capitalized and depreciated.

E. Column Entries

(1) Item Description. Enter the projects/item descriptive title of Software projects to be procured.

(2) Quantity. As applicable, enter the quantity of items procured/estimated to be procured during, as FY PY, FY CY, and FY BY.

(3) Amount should reflect all costs associated with program changes through the date of preparation of the exhibit regardless of whether such changes have been previously reported. Costs will be expressed in millions of dollars to at least the nearest tenth (i.e., \$2.6 million).

F. Capital Outlays – For each fiscal year, indicate the estimated total cash outlays for all capital budgeted items (above and below threshold) expended in that fiscal year regardless of the year in which the project was originally obligated.

G. Capital Investment Recovery (CIR) – For each fiscal year, show the estimated budget CIR that will be included in customer rates for all capital assets in that year. This amount will agree with the CIR reported on the Revenue and Expense Statement (Fund-14) and in the CIR Section of the Fund-1a.

Exhibit Fund-9b Activity Capital Purchase Justification

* ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)				A. Budget Submission						
B. Component / Business Area / Date		C. Line No. & Item Description				D. Activity Identification				
Element of Cost		FY PY			FY CY			FY BY		
		Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
Non-ADPE & Telecom										
ADPE and Telecommunications										
Software Development (line item -- by project)										
Minor Construction										

**Narrative Justification:**  
 This exhibit will provide detailed justification by line item in support of summary capital investment purchases shown on the Fund-9a Exhibit.

- Describe the enhancement afforded by the existing equipment/ADPE and telecommunications resources/software development/facility and the shortcomings inherent in the current situation.
- Describe the benefits to be realized from the proposed capital investment.
- Indicate whether an economic analysis or cost analysis has been performed and, if not, why not. Summarize the net present value advantages of the proposed investment over alternatives considered and discarded. Be prepared to provide a copy of supporting economic analysis upon request.
- For MILCON projects, provide a copy of the supporting Form 1391 for new projects not previously submitted or identified.
- Describe the impact of not making the proposed capital investment.
- For computer software, separately identify license fees.
- Alternatively, dollars in millions may be used out to three decimal places.

**Exhibit Fund-9b Activity Group Capital Purchase Justification**

## Exhibit Fund-9b Activity Capital Investment Justification (Continued)

Instructions for the Preparation of Exhibit Fund-9b  
Capital Investment Justification

## I. General

A. The purpose of this exhibit is to provide narrative justification in support of each project/line item detailed on the Fund-9a. A separate Fund-9b justification is required for each applicable software investments. For ADPE Telecommunication Equipment items that are equal to or greater than \$5,000,000, a separate Fund-9b is not required and may be summarized into the categories displayed in the Fund-9a. Software projects over \$5,000,000 and/or that need DoD CIO approval must be line itemed with individual Fund-9bs. It is important that the Fund-9b be completed and accurate as it is the primary justification for activity's capital purchases.

B. Separate Fund-9b exhibits will be submitted for each project/line item on the Fund-9a where there is an entry in either the current year or budget year(s) columns. Prior year capital investments do not require Fund-9bs for projects with only a PY entry.

## II. Headings

A. For the PBR, insert "FY XX OSD/OMB submission" (XX is used for illustration purposes only. Insert the applicable fiscal year in lieu of XX).

B. Identify the applicable DoD Component/DWCF activity for the proposed capital investment. Use the approved DWCF activity name. Identify the activity that will benefit from the capital item, if possible.

C. For each project/line item (e.g., forklifts), indicate the item description contained in Exhibit Fund-9a.

D. Project/Item Description. Enter a line item identification number to cross-reference the corresponding entry on the Fund-9a along with a description of the investment.

## III. Column Entries

A. Element of Cost. For items purchased under the Project/Line Item, provide applicable subcategories (i.e., vehicles may be broken down into cars, trucks, buses, etc.). For Software provide the item, and if applicable, break into module delivery subcategories.

B. Quantity. Provide the approximate number of items to be purchased under the subcategory or as applicable for software.

C. Per Unit Cost. Enter the actual or estimated unit cost, when appropriate, for each element listed. Express unit costs in thousands of dollars, to the nearest tenth (i.e., \$20.1 thousand). Unit costs should be expressed in terms of "the year" costs.

## Exhibit Fund-9b Activity Capital Investment Justification (Continued)

D. Total Costs. Enter the total cost of Element of Cost and where applicable, taking into consideration the quantity to be estimated to be procured and the unit costs.

IV. Narrative Justification

A. Provide complete narrative description for each applicable project/line item. This narrative justification should include sufficient information to serve as the sole justification for funding the project/line item. Include a brief description for special interest items such as ADPE Equipment equal to or great than \$5,000,000. The narrative description should include, but not be limited to:

1. The nature, purpose, and intended use of the project or item(s).
2. Indicate whether an economic analysis was performed (all items within a project require the appropriate analysis).
3. Indicate the dollar value of estimated savings/cost avoidance after the equipment is installed or the project is complete and the fiscal year when the savings/cost avoidance should begin. If no savings/cost avoidance should result from the purchase, an explanation must be provided to indicate why.



Exhibit Fund-9c Capital Budget Execution

Department of (Component Name)

Activity: \_\_\_\_\_

FY 20\_\_

FY 20\_\_ \_\_\_\_\_ Program/Budget Submission

(Dollars in Millions)

Major Category	Initial Request	Current Proj Cost	Approved Change	Explanation
Non-ADPE				
ADPE and Telcom				
Software Development				
Minor Construction				
Total FY ____				

Instructions:

Complete for each fiscal year required in the Program/Budget Submission (i.e., PY, CY, and FY preferably all on one page), summarized by major category. The “Current Projected Column” is the program approved in the current President’s Budget submission.

Initial Request. For the PY, this will be the CY column of the previous year’s President’s Budget. For the CY, this will be the BY column of the previous year’s President’s Budget. For the BY, only the “Initial Request Column” will be filled in (the BY will be displayed for comparison purposes).

Current Projected Costs. For the PY, this is the amount approved at the end of the fiscal year. For the CY, this is the amount in the current President’s budget. The delta between the Initial Request and Current Projected Costs will be displayed in the “Approved Change” column. The BY is only used for display purposes.

Explanation. Provide a brief and concise explanation why the changes needed to occur.

## Exhibit Fund-11 Source of New Orders &amp; Revenue

**ACTIVITY ANALYSIS  
COMPONENT/ACTIVITY:  
SOURCE OF NEW ORDERS AND REVENUE  
(Dollars in Millions)**

<u>BY</u>	<u>FY PY</u>	<u>FY CY</u>	<u>FY</u>
1. New Orders			
a. Orders from DoD Components: Own Component Appn 1 Continue List by Appropriation Other Services (List by Appropriation)			
b. Orders from other Fund Activities (List by Activity)			
c. Total DoD			
d. Other Orders: Other Federal Agencies Trust Fund Non Federal Agencies Foreign Military Sales			
Total for New Orders			
2. Carry-In Orders			
3. Total Gross Orders			
4. Revenue (-)			
5. End of Year Work-in-Process (-) (a)			
6. Foreign Military Sales, Base Realignment and Closure, Other Federal, and Non-Federal orders (-) (b)			
7. Funded Carry-over			
(a) The application of the percentage-of-completion method of revenue recognition should result in the elimination of most work-in-process. Please give a detailed explanation why Work In Process would not have been billed by September 30 <sup>th</sup> .			
(b) See exhibit 11a for a complete list of orders to be excluded.			
<u>Supply activities use the following: to complete the Fund - 11</u>			
4. Carry-Out Orders (-)			
5. Gross Sales (-)			
6. Credit (-)			
7. Net Sales			

## Exhibit Fund-11 Source of New Orders &amp; Revenue (Continued)

Instructions for the Preparation of Exhibit Fund-11  
Source of [New Orders](#) & Revenue

This Exhibit will identify the customers of each DWCF activity by DoD Component and the appropriation level. Be specific as to the source of funding by listing the appropriation name. Entries such as OSD or Army are not acceptable on this Exhibit. Lack of specificity will indicate that the funding source is unknown and may not be considered as a legitimate source of funding. The identification will be on the basis of funded orders so that DWCF activity may be linked to the appropriations for goods and services.

For line 1.a (Orders from DoD Components), show the amounts by appropriation (i.e., Operation and Maintenance, Army National Guard; RDT&E, Army; etc.) for orders accepted within the submitting Service/Component. For orders accepted from other DoD Components, show the appropriation detail for significant customers.

For line 1.b (Orders from Other Fund Activities), show the orders accepted from other Defense WCF activities. Be specific as to the activity.

The Total for New Orders on Line 1 must match data provided on other reconciling exhibits.

For line 2, Carry-In Orders, display the carry-in orders from prior fiscal years. For the Supply Management activities, carry-in orders represent back orders. [This is line 3090 on the SF-133 "Uncollected Federal Payments" less accounts receivable. Accounts receivable is typically displayed on the sub-activity SF-133 as supplemental information.](#)

For line 3, Total Gross Orders, add the sum of lines 1, Total for New Orders, and line 2, Carry-In Orders.

Line 4, Revenue, will equal total gross sales shown on the Revenue and Expense Statement.

Line 5, End of Year Work-in-Process, should equal orders from line 3, Total Gross Orders that will not be sold in the current year. For Supply Management activities, this line should equal backorders.

Components will submit summary Fund-11 exhibits for activities that have subdivisions and will submit a summary Fund 11 at the Component level.

\*Exhibit Fund-11a Carryover Reconciliation

**ACTIVITY ANALYSIS  
COMPONENT/ACTIVITY:  
CARRYOVER RECONCILIATION  
(Dollars in Millions)**

FY PY   FY CY   FY BY

**Part A. Carryover Calculation Categories**

1. Total New Orders
2. Net Carry-In Orders
3. **Total Gross Orders (Line 1 + 2)**
4. Revenue
5. **Carryout (Line 3 - 4)**
6. Workload Completed per Month (Line 4 ÷ 12)
7. **Months of Carryover (Line 5 ÷ Line 6)**

<b>Carryover Legend:</b>	≤3	>3 and <5	≥5 and <7	≥7 and <8	≥8
--------------------------	----	-----------	-----------	-----------	----

FY PY   FY CY   FY BY  
\$ months   \$ months   \$ months

**Part B. Carryover \$ Value & Months by Location**

1. Activity 1
2. Activity 2
3. Activity 3
1. Total (Sum of all Activities)

FY PY   FY CY   FY BY

**Part C. Carryover \$ Value by Appropriation & Service**

1. Operation & Maintenance
  - a. Army
  - b. Navy
  - c. Marine Corps
  - d. Air Force
  - e. Other
2. Procurement
3. Research & Development
4. Other DoD
5. Non DoD
6. No-Year Appropriation
7. Total (Sum of all Appropriations)

Narrative Justification:

Note: Carryover \$ Value by Service & Appropriation – Include orders from other Services and Customers.

## Exhibit Fund-11a Carryover Reconciliation (Continued)

Instructions for Carryover Calculations  
for the Preparation of Exhibit Fund-11a, Carryover Reconciliation

The reporting of carryover will be accomplished on the Fund 11a exhibit, Carryover Reconciliation. The Fund-11a exhibit, Carryover Outlay Calculation, displays and reconciles the detail of the Fund-11 exhibit by providing revenue, customer orders, and months of carryover by fiscal year, appropriation.

Carryover calculation. All DoD Components should pay close attention to their carryover amounts as reported on the AR(M) 1307 as “unfilled customer orders”. Components must budget to end each fiscal year with between five and seven months of carryover. The following metrics will be used to assess each fiscal year in the budget exhibit:  $\geq 5$  and  $< 7$  of carryover is green (within range);  $> 3$  and  $< 5$  and  $\geq 7$  and  $< 8$  months of carryover is yellow (at risk);  $\leq 3$  or  $\geq 8$  months of carryover is red (out of range). Components must include justification for carryover that is rated yellow or red. The justification for a yellow or red rating for each year must include the mitigating actions that will be taken to get to green including a timeline for when that will occur.

## PART A - Carryover Calculation Categories.

- Line 1 (Total New Orders) displays the new orders projected to be received during the fiscal year.
- Line 2 (Net Carry-in Orders) displays the orders projected to be carried into the fiscal year from the prior fiscal year.
- Line 3 (Total Gross Orders) is the sum of lines 1 and 2.
- Line 4 (Revenue) displays the revenue projected to be earned during the fiscal year.
- Line 5 (Carryout) equals line 3 minus line 4 and displays the carryout projected at the end of the fiscal year.
- Line 6 (Workload Completed Per Month) equals line 4 divided by 12 and calculates the average revenue per month.
- Line 7 (Months of Carryover)

## PART B.- Carryover \$ Value &amp; Months by Location Activity

- Line 1 (Activity 1) Enter the Fund-11 projected dollar value of carryover and months of carryover for Activity 1
- Line 2 (Activity 2) Enter the Fund-11 projected dollar value of carryover and months of carryover for Activity 2
- Line 3 (Activity 3) Enter the Fund-11 projected dollar value of carryover and months of carryover for Activity 3

Continue with as many Activities that are within your Component.

Total. Sum the projected dollar value of carryover for all Activities

## PART C. - Carryover \$ Value by Appropriation &amp; Service

On each line, enter the projected dollar value of carryover for the appropriation.

Total. Sum the projected dollar value of carryover for all appropriations.

The total value of carryover from Part C and Part B must equal the total value of carryout from Line 5 of Part A.

\*Exhibit Fund-12 Customer Orders to Customer Funding Reconciliation

1. New Orders	Source of New Orders			Customer Funding			Delta					
	PY	CY	BY	PY	CY	BY	PY	PY	CY	CY	BY	BY
<b>a. Orders from DoD Components:</b>	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
<b>Army</b>	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Operations & Maintenance	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Army	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Recovery Act, Army	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Army Reserve	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Recovery Act, Army Reserve	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Army National Guard	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Research Development Testing & Evaluation	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Army	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Recovery Act, Army	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Procurement	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Aircraft Procurement, Army	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Missile Procurement, Army	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Weapons & Tracked Vehicles, Army	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Ammunition, Army	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Other, Army	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Military Construction	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Army	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Army Reserve	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Army National Guard	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Military Personnel	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Army	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Army Reserve	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Army National Guard	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Family Housing	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Construction, Army	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Operations & Maintenance, Army	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Other	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Salaries and Expenses, Cemeterial Expenses	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Wildlife Conservation, etc., Military Reserve	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Chemical Agents and Munitions Destruction, Army	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
National Science Center, Army	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Afghanistan Infrastructure Fund	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Iraq Security Forces Fund	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Iraq Train and Equip Fund, Army	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Foreign Military Financing, Funds	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Appropriated to the President	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Army Other	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%

Exhibit Fund-12 Customer Orders to Customer Funding Reconciliation (Continued)

	Source of New Orders			Customer Funding			Delta					
	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
<b>Navy</b>	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Operations & Maintenance	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Navy	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Navy Reserve	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Research Development Testing & Evaluation	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Navy	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Procurement	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Aircraft Navy	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Weapons Navy	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Ammunition, Navy & Marine Corps	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Navy Other	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Military Construction	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Construction, Navy & Marine Corps	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Shipbuilding, Navy	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Military Personnel	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Navy	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Navy Reserve	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Family Housing	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Operations & Maintenance, Navy & Marine Corps	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Other	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Other Navy Appropriations	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
National Defense Sealift Fund, Navy	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
General Gift Fund, Navy	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Wildlife Conservation, etc. Military	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Reservations, Navy	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
<b>Air Force</b>	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Operations & Maintenance	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Air Force	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Air Force Reserve	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Air National Guard	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Research Development Testing & Evaluation	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Research, Development, Testing & Evaluation, Air Force	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Procurement	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Air Force Procurement Accounts	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Aircraft, Air Force	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Missile, Air Force	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Other, Air Force	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Military Construction	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Military Personnel	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Air Force	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Air Force Reserve	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Air Force National Guard	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Family Housing	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Other	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
International Military Education and Training	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Air Force Other	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%

Exhibit Fund-12 Customer Orders to Customer Funding Reconciliation (Continued)

	Source of New Orders			Customer Funding			Delta					
	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
<b>Marine Corps</b>	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Operations & Maintenance	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Marine Corps	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Marine Corps Reserve	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Research Development Testing & Evaluation	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Procurement	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Military Construction	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Military Personnel	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Military Personnel	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Reserve Personnel	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Family Housing	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Other	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
<b>Defense-Wide</b>	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Operations & Maintenance	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Research Development Testing & Evaluation	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Procurement	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Procurement, Defense-wide	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
National Guard and Reserve Equipment, Defense-	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Military Construction	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Military Personnel	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Family Housing	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Other	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Defense Health Program, Defense-wide	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
DoD, Base Closure Account, 1990	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
DoD, Base Closure Account, 2005	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
DoD, Base Closure Account	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Defense Emergency Response Fund, Defense-wide	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Support for International Sporting Competitions, Defense-wide	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Employee & Employer Contributions, Foreign	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Government Social Security & Related Programs,	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Chemical Agent & Munitions Destruction, Defense-	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
OSD Appropriated	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
DoD, Acquisition Workforce Development Fund	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%



Exhibit Fund-12 Customer Orders to Customer Funding Reconciliation (Continued)

	Source of New Orders			Customer Funding			Delta					
	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
<b>b. Orders from other Fund Activities</b>	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Army	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Army Working Capital Funds	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Navy	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Navy Working Capital Funds	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Air Force	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Air Force Working Capital Funds	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Marine Corps	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Defense-wide	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Civil Corps of Engineers	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
OSD, Defense Working Capital Fund	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Defense Agencies, Defense Working Capital Fund	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
DLA, Defense Working Capital Fund	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
DFAS, Defense Working Capital Fund	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
DECA, Defense Working Capital Fund	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
National Defense Stockpile Transaction Fund	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Pentagon Reservation Maintenance Revolving Fund	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Other	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Other Working Capital Funds	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Global HIV/AIDS Initiative	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Global Health Programs, State	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
DoD-VA Health Care Sharing Incentive Fund	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Lease of DoD Real Property	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Other DoD	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
<b>c. Total DoD</b>	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
<b>d. Other Orders:</b>	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Exchange Activities	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Trust Funds	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%
Non-Federal Agencies												
Federal Agencies												
Foreign Military Sales												
<b>Total for New Orders</b>	\$	\$	\$	\$	\$	\$	\$	%	\$	%	\$	%

**Exhibit Fund-12 Customer Orders to Customer Funding Reconciliation (Continued)****Instructions for the Preparation of Exhibit Fund-12**

The source of new orders section displays data directly from the Fund-11. The customer funding section displays data from the Program Resources Collection Process (PRCP) system entered by the DoD Components consisting of funding levels for each sub-object class related to each Component's Working Capital Fund Activity Group. The delta section displays the value and percentage difference between the source of new orders section and the customer funding section. Customer funding – source of new orders = delta (\$). Delta (\$) / customer funding = delta (%).

Exhibit Fund-13 Cash Management Plan

**CASH MANAGEMENT PLAN**  
**Component:**  
**Activity Group:**  
**(Dollars in Millions)**

Incremental Cumulative	Fiscal Year:							Total Change in Cash	Cash Balance
	Operations			Financing		Appropriation			
	Disbursements	Collections	Net Outlays	Transfers Out	Transfers In				
Balances:									
October									
November									
December									
January									
February									
March									
April									
May									
June									
July									
August									
September									

Provide a monthly and cumulative phasing for each and every activity group displaying disbursements, collections, transfers in, transfers out, appropriations, net outlays, and beginning and ending cash balances for the prior, current, and budget year(s). Put each year on a separate page.

Cash balance at the beginning of the FY (+/-) Total Change in Cash = Cash Balance at the end of the FY.

Submit Excel workbook (by activity including total fund roll up) to the OUSD(C) Revolving Funds Directorate’s cash manager.

\*Exhibit Fund-13b Cash Requirements

CASH REQUIREMENT  
 Component:  
 Activity Group:  
 (Dollars in Thousands)

	Cash Requirement	Fiscal Year: _____
<b>1.</b>	<b>Rate of Disbursement</b> (Average Amount Disbursed per Collection Cycle)	
1a.	Total Disbursements	
1b.	Number of Collection Cycles	
<b>2.</b>	<b>Range of Operation</b>	
2a.	Upper Estimate of Expected Operating Range	
2b.	Lower Estimate of Expected Operating Range	
<b>3.</b>	<b>Risk Mitigation</b> (Identify amounts held to mitigate specified risk categories)	
3a.		
3b.		
<b>4.</b>	<b>Reserves</b> (Identify amounts held to meet specified future requirements)	
4a.		
4b.		

The Fund 13b exhibit provides each activity group’s average rate of disbursement and stratifies its cash requirement based on the amount of cash held for current year operations, subsequent operations and risk mitigation.

Submit Excel workbook to the OUSD(C) Revolving Funds Directorate’s cash manager.

## Exhibit Fund-13b Cash Requirements (Continued)

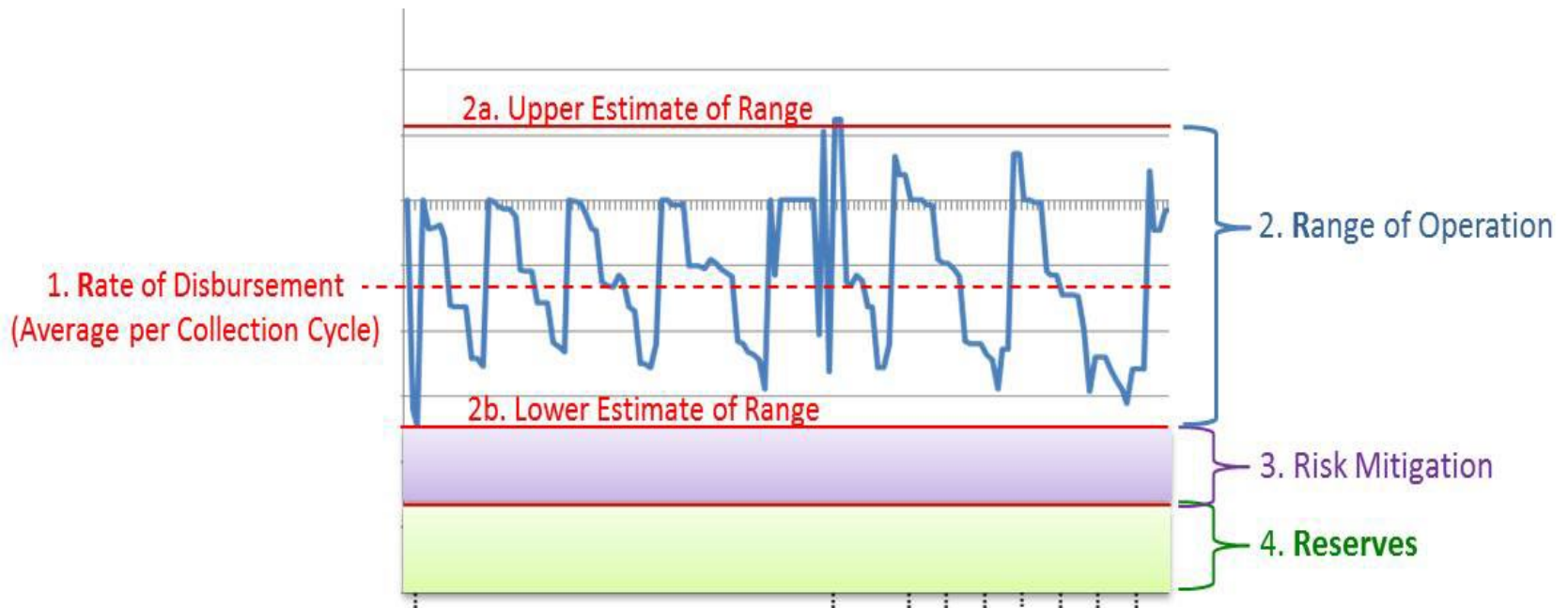
## Instructions for Cash Requirements

1. Rate of Disbursement (Average Amount Disbursed per Collection Cycle) = Result of dividing Line 1a divided by Line 1b.
  - 1a. Total Disbursements – total amount budgeted for disbursement from the exhibit Fund-13.
  - 1a. Number of Collection Cycles – the total number of collections cycles planned for the year.
2. Range of Operation – header, no entry required
  - 2a. Upper Estimate of Expected Operating Range – The maximum cash level expected based on budgeted assumptions and historical trends.
  - 2b. Lower Estimate of Expected Operating Range – The lowest cash level expected based on budgeted assumptions and historical trends. Provide an explanation if the lower bound does not equal the sum of Line 3 and Line 4.
3. Risk Mitigation (Cash held to mitigate specified risks) – Total amount of cash held for risk mitigation. The specific risks for which cash is being reserved should be provided along with amounts on lines 3a., 3b., etc. Examples of specified risks include, but are not limited to, items such as budget estimation error and commodity price fluctuation.
4. Reserves (Cash held to meet specified future requirements) – Total amount of cash held through the fiscal year to meet specified requirements in subsequent years. A description of the requirements for which cash is being held should be provided along with amounts on lines 4a., 4b., etc. Examples include, but are not limited to, unexpended appropriations, planned capital investments, and funds retained to support the return of accumulated operating results (AOR) in subsequent fiscal years.
5. For further explanation of each of the four major elements of the cash requirement, see paragraphs 090103.A.4.d-g.
6. A narrative is required describing the methodology and makeup of 1 through 4 above as appropriate.

Note: A graphic display of the elements included in the exhibit, Fund-13b, Cash Requirements, is provided on the following page.

Exhibit Fund-13b Cash Requirements (Continued)

Graphic Display of Elements included in Exhibit 13b, Cash Requirements



\*Exhibit Fund-14 Revenue and Expenses

**DEFENSE WORKING CAPITAL FUND  
COMPONENT/ACTIVITY  
REVENUE AND COSTS**

	(Dollars in Millions)			<i>Do not print this column for instructions</i>
	FY PY	FY CY	FY BY	<i>Note</i>
<b>Revenue</b>				
Gross Sales	125.0			A
Operations	110.0			
Capital Surcharge	5.0			B
Capital Investment Recovery	10.0			
Other Income	6.0			C
Refunds/Discounts (-)	-25.0			
<b>Total Income</b>	<b>106.0</b>			
<b>Costs</b>				
Cost of Materiel Sold from Inventory	65.0			D
Salaries & Wages	10.0			
Military Personnel Compensation & Benefits	2.0			
Civilian Personnel Compensation & Benefits	8.0			
Travel & Transportation of Personnel	5.0			
Materials & Supplies for internal operations	1.0			
Equipment	2.0			
Other Purchases from Revolving Funds	1.0			
Transportation of Things	5.0			
Capital Investment Recovery	10.0			E
Printing & Reproduction	0.5			
Advisory & Assistance Services	0.5			
Rent, Communication, Utilities & Misc. Charges	2.0			
Other Purchased Services	1.0			
<b>Total Expenses</b>	<b>103.0</b>			
<b>Operating Result</b>	<b>3.0</b>			F
Adjustments affecting NOR (specify)	-5.0			G
Capital Surcharge	-5.0			
<b>Net Operating Result</b>	<b>-2.0</b>			H
PY AOR	2.0			
<b>Other Changes Affecting AOR</b>				
Non-Recoverable AOR	-1.0			
Deferred AOR				
AOR for Budget Purpose				

## Exhibit Fund-14 Revenue and Expenses (Continued)

Instructions for Statement of Revenue and Costs  
Keyed to Statement Footnotes

Note: Information on this exhibit should reconcile to other exhibits that display Revenue and Costs (Fund-7, Customer Rate Computations; SM-5a, OP-32 Price Change; Fund-11, Source of Revenue; Fund-1/1a, Summary/Details of Price, Program, and Other Changes).

A. For supply management activities, the line should reflect **Gross** sales. Credit returns should be displayed in the Refunds/Discounts line.

B. Capital Surcharge represents the increase in prices (and projected revenue) due to surcharging the capital budget requirement to provide sufficient cash to support the capital budget. This line is blank if a capital surcharge is not included in price (also see note F).

C. Other income is to include pass-through revenue such as direct reimbursable.

D. Cost of materiel sold from inventory includes the MAC value of materiel sold from inventory and the cost of repair. Both wholesale and retail costs should be included. **For Supply activities, this figure does not represent required budgetary resources for inventory. If additional resources are required, a surcharge pricing element should be added on the SM-5a and an "Inventory Retention" category as an operating adjustment should be identified on the Fund-14. At the discretion of the Supply activity, "Inventory Retention" may also be used to display the difference of Total Materiel Costs on the SM-5a and Materiel Costs without inflation. In either case, the final NOR should be the same.**

E. Capital Investment Recovery (CIR) reflects the estimated **recoupment** of all assets defined by the capital program in terms of recoupment of outlays.

F. This represents the "gross" result from operations, prior to adjustments.

G. Includes all "Other Adjustments" to NOR; multiple lines may be used. For example, Capital Surcharge reservation here should offset capital surcharge in revenue. Include any appropriations realized to offset current period costs (e.g., pass-through appropriations to cover underutilized plant capacity). Appropriations for war reserve materiel do not offset current period expenses, do not affect NOR, and should be subtracted if reported as part of revenue or be reported as an adjustment below NOR. This includes:

Transfers to correct for prior period over- or under-pricing;

1. Other approved transfers for collections from customers for which an expense has not been recorded;

2. Other collections (that are not transferred out, but placed in some sort of reserve) from customers for which an expense has not been recorded; or,

3. Unfunded expenses resulting from a policy change, which must be deleted prior to determining NOR.

4. Changes in Work-in-Process or Inventory for **activity retention**.



## Exhibit Fund-14 Revenue and Expenses (Continued)

H. The NOR is the fiscal year gain or loss from operations. The NOR will be carried into Accumulated Operating Results (inception to date) in the equity portion of the balance sheet. NOR and AOR are key performance indicators. Sufficient unobligated and cash resources must be available to return AOR. If not, then the minimum cash retention becomes a non-recoverable adjustment. Likewise, non-supply activities must have sufficient PY unobligated balances to return AOR. If not, then AOR must be retained and a non-recoverable cash surcharge may be required in order to generate sufficient budgetary resources. In addition, CIR for DWCF activities do not typically represent the total CIP cash requirement.

I. The Deferred AOR are revenue, expenses, gains, or loss transactions that impact WCF cash and are temporarily deferred in the budget to be recovered/returned in a future year.

J. The Non-Recoverable AOR are revenue, expenses, gains, or loss transactions that do not impact WCF cash and are permanent (though they could be reversed if necessary). Common examples of non-recoverable is the depreciation of real property purchased with MILCON and reported by the WCF activity or equipment purchased with appropriated funds and then transferred without reimbursement to a Depot for use. The Depot records the depreciation but does not include those costs when developing their rates.



## Exhibit Fund-15 Fuel Data (Continued)

## Instructions for the Preparation of Exhibit Fund-15 Fuel Data

The purpose of Fund-15, Fuel Data, exhibit is to provide reconciliation between the Defense Logistics Agency (DLA) [Energy](#) activity, and the customer budgets. Prepare the Fund-15 exhibit for the prior year actual, current year, and budget year. The DLA [Energy activity](#) will prepare the exhibits for both petroleum and aerospace fuel products. Prepare the exhibit for each division that procures petroleum fuel products and a consolidated exhibit. Instructions for preparation of Fund-15, Fuel Data:

1. Barrels. Use 42 gallons per barrel. Show barrels in nearest tenth of million barrels.
2. Cost per Barrel. Use cost in dollars and cents per barrel.
3. Extended Price. Multiply number of barrels by cost per barrel. Use dollars in millions and display results in tenths of a million.
4. Product. List by product.
5. Stabilized Price. Show current approved stabilized price.

The USTRANSCOM must submit separate Fund 15 exhibits for its Organic, Commercial and Military airlift missions.

Exhibit Fund-16 Materiel Inventory Data

**DEFENSE WORKING CAPITAL FUND  
COMPONENT/DWCF ACTIVITY:**

**MATERIEL INVENTORY DATA**

(Dollars in Millions)  
FISCAL YEAR

**Total      Mobilization      ----- Peacetime -----  
Operating      Other**

**Materiel Inventory BOP**

Purchases

- A. Purchases to Support Customer Orders (+)
- B. Purchase of long lead items in advance of customer orders (+)
- C. Other Purchases (list) (+)
- D. Total Purchases

Materiel Inventory Adjustments

- A. Materiel Used in Maintenance (and billed/charged to customer orders) (-)
- B. Disposals, theft, losses due to damages (-) \*
- C. Other reductions (list) (-)
- D. Total inventory adjustments

**Materiel Inventory EOP**

Materiel inventory for the purposes of this exhibit is inventory that will be consumed in production to complete a finished product (i.e., bolts, screws, clamps, metal plates, etc.). It does not include operating materials such as pens, pencils, paper, staples and toner cartridges.

Complete one exhibit for each fiscal year (i.e., PY, CY, and BY) for the non-supply activities (i.e., depot maintenance, etc.). Inventory pricing will be based on current policy on inventory valuation.

\*This would also include reductions due to obsolescence. All other reasons for inventory reductions would be listed in item C.

Exhibit Fund-19 Military Personnel Strength

**Military Personnel  
By Average Strength**

Service or Agency: \_\_\_\_\_

Activity: \_\_\_\_\_

**Personnel Summary:**

	<u>FY PY</u>	<u>FY CY</u>	<u>FY BY</u>	<u>Change CY/BY</u>
<b>Active Military Average Strength</b>				
Army				
Officer				
Enlisted				
Navy				
Officer				
Enlisted				
Marine Corps				
Officer				
Enlisted				
Air Force				
Officer				
Enlisted				
<b>Total Active Military Average Strength</b>				

**Instructions:** For each fiscal year, show the average strength of active military personnel, including those participating in the Personnel Force Innovation program, performing work for the WCF. Display the increase or decrease in average strength from the current year to the budget year in the “Change CY/BY” column.

Exhibit Fund-22 Summary of Base Support

DEPARTMENT OF (COMPONENT NAME)

Activity: \_\_\_\_\_

Summary of Base Support  
(\$ in Millions)

	<u>FY.PY</u>	<u>FY.CY</u>	<u>FY.BY</u>
Chapel & Chaplain Services			
Command Element			
Common Use Facility Operations,			
Maintenance, Repair, & Construction			
Disaster Preparedness			
Environmental Compliance			
Fire Protection			
Libraries			
Morale & Fitness Support			
Police Services			
Safety			
Shuttle Services			
Admin Services			
Audio/Visual Services			
ADP/Automation Services			
Civilian Personnel Services			
Clubs			
Communication Services			
Community Support Services			
Confinement & Detention Centers			
Custodial Services			
Education Services			
Engineering Support			
Equipment, Operation, Maintenance, & Repair			
Explosive Ordnance			
Facilities & Real Property Support			
Facility Maintenance & Repair			
Finance & Accounting			
Food Services			
Health Services			
Housing & Lodging Services			
Information Services			
Installation Retail Supply & Storage Operation			
Laundry & Dry Cleaning			
Legal Services			
Military Personnel Support			
Mobilization Support			
Mortuary Services			
Printing & Reproduction			
Purchasing & Contracting Services			
Refuse Collection & Disposal			
Resource Management			
Training Services			
Transportation Services			
Utilities			
Weather Services			
Other Support			
<b>TOTAL</b>			

Provide narrative explanations of changes in levels of support that, as a tenant, is a reimbursable cost of operation paid to a host activity or, as the host activity, is financed as a direct cost of operation.

## Exhibit Fund-24 Summary of Personnel Data

**DEPARTMENT OF (COMPONENT NAME)**  
**ACTIVITY: \_\_\_\_\_**

**Summary of Civilian Personnel Data - Part I**

**FY PY    FY CY    FY BY**

**Direct Labor Production:**

Regular Hours  
 Paid Leave Hours  
 Overtime Hours  
 Total Hours

FTEs

Show civilian personnel data in hours,  
 Compute FTEs by dividing the applicable total  
 number of hours by the number of hours in a  
 work year.

Show the percent of total FTEs which are direct  
 labor, production overhead, general &  
 administrative, and the sum of production  
 overhead plus general and administrative FTEs.

**Indirect Labor Production:**

Regular Hours  
 Paid Leave Hours  
 Overtime Hours  
 Total Hours

FTEs

Show the number of hours per FTE used to  
 convert hours to FTEs for each fiscal year.

**General & Administrative (G&A) (Overhead):**

Regular Hours  
 Paid Leave Hours  
 Overtime Hours  
 Total Hours

Full-time Equivalencies (FTEs)

**Total:**

Regular Hours  
 Paid Leave Hours  
 Overtime Hours  
 Total Hours

**Total FTEs:**

Percent Direct Labor  
 Percent Production Overhead  
 Percent G&A Labor  
 Percent Production Overhead  
 and General and Administrative

**Hours per FTE**

Exhibit Fund-28 Execution Performance Analysis

EXECUTION PERFORMANCE ANALYSIS

Quarter: \_\_\_\_\_  
Page X of Y

(Component and Activity Name)

PERFORMANCE MEASURES

First Quarter Actual	Annual Plan	Projected End of Year	Projected Variance
----------------------	-------------	-----------------------	--------------------

UNIT COST (\$)

TOTAL NEW ORDERS RECEIVED: Actual through quarter and end-of-fiscal year projection only.

ACCUMULATED OPERATING RESULTS: Actual through quarter and end-of-year projection. For all activities, including Supply, provide the reconciliation between December’s AOR reported on the 1307 report and the amount you use for budget purposes.

NOR (\$M)

-----

Revenue (\$M)

Costs (\$M)

OUTLAYS

-----

Collections

Disbursements

CASH BALANCE WITH TREASURY: Actual through quarter and estimated end-of-year projection.

Accounts Receivable

Total Unliquidated Advance Billings

(Liability)

ANALYSIS and RECOMMENDED ACTIONS  
YEAREND PROJECTIONS AND ASSUMPTIONS



Exhibit Fund-28 Execution Performance Analysis (Continued)

**EXECUTION PERFORMANCE ANALYSIS**

Quarter: \_\_\_\_\_  
Page X of Y

**(Component and Activity Name)**

**MILITARY AND CIVILIAN PERSONNEL DATA**

**END STRENGTH**  
**PLAN      ACTUAL**

**WORK YEARS (FTE's)**  
**PLAN      ACTUAL**

As of 9/30/PY  
As of 12/31/CY  
Projected 9/30/CY

RIF's (E/S and date)  
(Cost \$ in millions)

VSIP/VERA (E/S and date)  
(Cost \$M)

ATTRITION RATE (Plan vs. Actual)

Total DLHs Worked: Not required for Supply, DeCA, DISA, or USTRANSCOM Business Areas.

**Regular DLHs**  
**Overtime DLHs**

**CAPITAL INVESTMENT PROGRAM OBLIGATIONS and OUTLAYS: FY to date and end-of-year projection only.**  
**ANALYSIS and RECOMMENDED CORRECTIVE ACTIONS:**

## Exhibit Fund-28 Execution Performance Analysis (Continued)

Instructions for the Preparation of Exhibit Fund-28  
Execution Performance Analysis

The OUSD(C) P/B Revolving Funds Directorate conducts first, second, and third quarter Budget Execution Reviews (BERs) each fiscal year for the DWCF, PRMRF/BMF, and DCSA WCF. Each Component is required to complete the Fund-28, Execution Performance Analysis, for each of their business areas and is expected to be prepared to discuss, by separate business areas [on the items presented in the Fund-28](#). An official BER announcement memorandum is sent out each of the three quarters with instructions, suspense dates, and any changes to the list.

All Components must complete a Fund-28 Execution Performance Analysis, for each of their activity groups. The Accounting Report (Monthly) 1307 or Standard Form (SF) 133, Report on Budget Execution and Budgetary Resources, should be the source for the financial data. If another source is used, identify the source and provide the actual documents as supplemental information. Components will also identify any areas of concern and examples of improving efficiency or effectiveness of operations, either realized or planned. Use the narrative tab for your write-up.

**BER Reporting will include the following:**

1. The FY CY phasing plans for cash and NOR found in the FY BY President's Budget.
2. Must utilize the SF-133 and 1307 report data for the reporting periods December (Q1) /March (Q2)/June (Q3) for the FY.
3. Cash levels by business activity, and EOY projections as for the reporting period.
4. Total New Orders vs. Plan and EOY projections.
5. Financial data variances from plan and EOY projections.
6. Obligations, Revenues, Costs, Collections, Disbursement, Net Operating Result (NOR), and Accumulated Operating Result (AOR) actual data for the reporting period.

## Exhibit Fund-30 Underutilized Plant Capacity

**Unutilized and Underutilized Plant Capacity (UPC)  
Industrial Mobilization Capacity (IMC)**

**Component:**

**ACTIVITY:** \_\_\_\_\_ **DATE:** \_\_\_\_\_

(\$ in Millions)

**FY PY      FY CY      FY BY**

- 1 Ammunition Storage
  - A. Required Maximum Containers
  - B. Number of Funded Containers
  - C. Non-Utilization Rate (1-B/A)
  - D. Applicable Overhead
  - E. Funding Requirement (C\*D)
  - F. Funded
- 2 Ammunition Production
  - A. Total Number of Production Lines
  - B. Total Square Footage of all Production Lines
  - C. Unutilized Production Lines (20% or less)
  - D. Total Square Footage of Unutilized Production Lines
  - E. Percent of Unutilized Square Footage (D/B)
  - F. Applicable Overhead Costs
  - G. Allowable Overhead Costs (E\*F)
  - H. Percent of Unutilized Production Lines (C/A)
  - I. Funding Requirement (G\*H)
  - J. Funded
- 3 Maintenance Facilities
  - A. Total Number of Work Stations
  - B. Unutilized Work Stations (20% or less)
  - C. Non-Utilization Rate (B/A)
  - D. Applicable Overhead
  - E. Funding Requirement (C\*D)
  - F. Funded
- 4 Manufacturing Facilities
  - A. Total Number of Work Stations
  - B. Unutilized Work Stations (20% or less)
  - C. Non-Utilization Rate (B/A)
  - D. Applicable Overhead
  - E. Funding Requirement (C\*D)
  - F. Funded
- 5 Real Property Maintenance
- 6 Equipment Maintenance
- 7 Utilities
- 8 Other (specify)
- TOTAL**

## Exhibit Fund-30 Underutilized Plant Capacity (Continued)

Instructions for the Preparation of Exhibit Fund-30  
Unutilized and Underutilized Plant Capacity (UPC)**PART I.**

The purpose of this exhibit is to determine capacity indices and mobilization funding requirements for DWCF industrial activities. Unutilized (Reserve), Underutilized Plant Capacity and Industrial Mobilization Capacity costs should be excluded from the DWCF rate structure. Overburdening the customer for costs associated with idle expansion capability is not a fair reflection of operating costs associated with workload. In many cases, these costs must be incurred by a federal facility where the private sector can choose to downsize its operations.

Appropriated funding supports equipment that is utilized 20 percent or less of capacity (hereafter referred to as “unutilized”) and has a requirement to support surge and/or replenishment. It is not excess capacity; it is necessary to support core industrial maintenance requirements.

This exhibit may apply to all industrial activities (mostly Depots and Ordnance activities) whether or not the respective Service is identifying UPC funding as part of the topline submission in the O&M budget submission. Thus, at a minimum, the capacity-related indices for items numbered one through three should be completed for each industrial activity.

There are four types of facilities that may qualify:

1. Ammunition Storage
2. Ammunition Production
3. Maintenance
4. Manufacturing

Each qualifying facility must be identified and listed separately.

**PART II.**

For each activity with an amount in the Funded UPC (i.e., 1.F., 2.J., 3.F., 4.F.) category identified in the exhibit Fund 30 format, the following is required:

- A. Narrative describing the nature of these UPC costs being incurred at the activity. Provide justification as to what is being accomplished with these funds.
- B. Breakdown of costs by element.

\*Exhibit PB-32 Summary of Price and Program Changes

INSTRUCTIONS FOR PREPARATION OF  
THE SUMMARY OF PRICE AND PROGRAM CHANGES (EXHIBIT PB-32)

The PB-32 Rates Changes exhibit provides a breakout of the detailed price and program that drive the rate changes from prior year (PY), current year (CY), and budget year (BY), by sub-object classification, as applicable.

1. For the OSD/OMB budget review, prepare the PB-32 to show the rate (percent) of price and program growth for the various object sub classifications.

2. The price growth column should show the amount of price growth for various object sub-classifications. The rate of price change for lines 401, 411-415, 502-506, 601-693, and 701-721 should agree with applicable rates approved by OSD.

3. Program amounts should be consistent with Fund purchases included in Object Class 25.3. For, AMC, MSC, and MTMC costs displayed for items; 702, 703, 705, 706, 707, 708, 711, 714, 718, 719, 720, and 771 should include all purchases from these transportation funds. These amounts should exclude all non-Defense Working Capital Fund purchases such as reimbursement to MTMC of non-Defense Working Capital Fund (overseas) port operations.

4. Line 703 JCS Exercises includes only those services in support of JCS exercises and paid only by The Joint Staff (TJS).

5. Includes centrally managed items procured by the Defense Working Capital Fund from sources other than Defense Working Capital Fund or non-Defense Stock Funds.

6. Budget year (BY) program amounts should reflect stabilized rates as requested by the Service (OSD submission) or as approved by OSD (President's Budget), as applicable, to include the impact of biennial budget years' pay raises.

## C. Exhibit PB-32 Summary of Price and Program Changes (Continued)

Object Sub-Class	Object Sub-Class Title	Prior Year (CY Actuals)	Price Growth Percent amount	Program and Other Changes	Current Year (CY)	Price Growth Percent amount	Program and Other Changes	Budget Year (BY)
101	Executive, General and Special Schedules							
103	Wage Board							
104	Foreign National Direct Hire (FNDH)							
105	Separation Liability (FNDH)							
106	Benefits to Former Employees							
107	Voluntary Separation Incentive Pay							
110	Unemployment Compensation							
111	Disability Compensation							
121	PCS Benefits							
308	Travel of Persons							
401	DLA Energy (Fuel Products)							
411	Army Supply							
412	Navy Managed Supplies & Materials							
413	Marine Corps Supply							
414	Air Force Consolidated Sustainment AG (Supply)							
416	GSA Managed Supplies & Materials							
417	Local Purchase Managed Supplies & Materials							
418	Air Force Retail Supply (General Support Division)							
419	Air Force Retail Supply (Medical-Dental Division)							
420	Air Force Retail Supply (AF Academy Division)							
421	DLA Materiel Supply Chain (Clothing & Textiles)							

## Exhibit PB-32 Summary of Price and Program Changes (Continued)

Object Sub-Class	Object Sub-Class Title	Prior Year (CY Actuals)	Price Growth Percent amount	Program and Other Changes	Current Year (CY)	Price Growth Percent amount	Program and Other Changes	Budget Year (BY)
422	DLA Materiel Supply Chain (Medical)							
423	DLA Materiel Supply Chain (Subsistence)							
424	DLA Materiel Supply Chain (Weapon Systems)							
425	Flying Hour Air Force Consolidated Sustainment (Supply)							
426	Flying Hour AF Retail Supply Chain (General Support Division)							
506	DLA Materiel Supply Chain (Construction and Equipment)							
507	GSA Managed Equipment							
601	Army Industrial Operations							
603	DLA Distribution							
610	Naval Air Warfare Center							
611	Naval Surface Warfare Center							
612	Naval Undersea Warfare Center							
613	Naval Fleet Readiness Centers (Aviation)							
614	Space & Naval Warfare Center							
620	Navy Transportation (Combat Logistics Force)							
621	Navy Transportation (Afloat Prepositioning Force Navy)							
623	Navy Transportation (Special Mission Ships)							
624	Navy Transportation (Joint High Speed Vessels)							
625	Navy Transportation (Service Support)							

## Exhibit PB-32 Summary of Price and Program Changes (Continued)

Object Sub-Class	Object Sub-Class Title	Prior Year (CY Actuals)	Price Growth Percent amount	Program and Other Changes	Current Year (CY)	Price Growth Percent amount	Program and Other Changes	Budget Year (BY)
630	Naval Research Laboratory							
631	Naval Facilities Engineering and Expeditionary Warfare Center							
633	DLA Document Services							
640	Marine Corps Depot Maintenance							
647	DISA Enterprise Computing Centers							
661	Air Force Consolidated Sustainment Activity Group (Maintenance)							
671	DISN Infrastructure Services (DISN-IS)							
672	PRMRF Purchases							
675	DLA Disposition Services							
676	Defense Commissary Operations							
677	DISA Telecommunications Services - Reimbursable							
678	DISA IT Contracting Services							
680	Purchases from Building Maintenance Fund							
683	Purchases from DWCF Defense Counterintelligence & Security Agency							
691	DFAS Financial Operations (Army)							
692	DFAS Financial Operations (Navy)							
693	DFAS Financial Operations (Air Force)							
694	DFAS Financial Operations (Marine Corps)							



## Exhibit PB-32 Summary of Price and Program Changes (Continued)

Object Sub-Class	Object Sub-Class Title	Prior Year (CY Actuals)	Price Growth Percent amount	Program and Other Changes	Current Year (CY)	Price Growth Percent amount	Program and Other Changes	Budget Year (BY)
695	DFAS Financial Operations (DLA)							
696	DFAS Financial Operation (Other Defense Agencies)							
697	Refunds							
702	AMC SAAM (Fund)							
703	JCS Exercises							
705	AMC Channel Cargo							
706	AMC Channel Passenger							
707	AMC Training							
708	MSC Chartered Cargo							
709	MSC Surge Sealift (Reduced Operating Status)							
710	MSC Surge Sealift (Full Operating Status)							
711	MSC Chartered Cargo (Fund)							
714	MSC Pol Tankership							
718	SDDC Liner Ocean Transportation							
719	SDDC Cargo Operation (Port Handling)							
720	DCS Pounds Delivered							
722	MSC Afloat Prepositioning Army							
723	MSC Afloat Prepositioning Air Force							
724	MSC Afloat Prepositioning DLA							
771	Commercial Transportation							
901	Foreign National Indirect Hire (FNIH)							
902	Separation Liability (FNIH)							
912	Rental Payments to GSA (SLUC)							

## Exhibit PB-32 Summary of Price and Program Changes (Continued)

Object Sub-Class	Object Sub-Class Title	Prior Year (CY Actuals)	Price Growth Percent amount	Program and Other Changes	Current Year (CY)	Price Growth Percent amount	Program and Other Changes	Budget Year (BY)
913	Purchased Utilities (Non-Fund)							
914	Purchased Communications (Non-Fund)							
915	Rents (Non-GSA)							
917	Postal Services (U.S.P.S)							
920	Supplies & Materials (Non-Fund)							
921	Printing & Reproduction							
922	Equipment Maintenance By Contract							
923	Operation and Maintenance of Facilities							
924	Pharmaceutical Drugs							
925	Equipment Purchases (Non-Fund)							
926	Other Overseas Purchases							
927	Air Defense Contracts & Space Support (AF)							
928	Ship Maintenance By Contract							
929	Aircraft Reworks by Contract							
930	Other Depot Maintenance (Non-Fund)							
933	Studies, Analysis, & evaluations							
934	Engineering & Technical Services							
935	Training and Leadership Development (Advisory & Assistance Services)							
936	Training and Leadership Development (Other Contracts)							
937	Locally Purchased Fuel (Non-Fund)							
955	Medical Care							
957	Land and Structures							

## Exhibit PB-32 Summary of Price and Program Changes (Continued)

<b>Object Sub-Class</b>	<b>Object Sub-Class Title</b>	<b>Prior Year (CY Actuals)</b>	<b>Price Growth Percent amount</b>	<b>Program and Other Changes</b>	<b>Current Year (CY)</b>	<b>Price Growth Percent amount</b>	<b>Program and Other Changes</b>	<b>Budget Year (BY)</b>
958	Investments and Loans							
959	Insurance Claims and Indemnities							
960	Interest and Dividends							
961	Unvouchered							
962	Undistributed							
964	Subsistence and Support of Persons							
984	Equipment Contracts							
985	Research and Development Contracts							
986	Medical Care Contracts							
987	Other Intra-Government Purchases							
988	Grants, Subsidies and Contributions							
989	Other Services							
990	IT Contract Support Services							
991	Foreign Currency Variance							
993	Other Services - Scholarships							
998	SOCOM Use Only							