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SOURCES OF FUNDS FOR ARMY USE

(OTHER THAN TYPICAL ARMY APPROPRIATIONS)

OFFICE OF THE
ASSISTANT SECRETARY OF THE ARMY
FOR
FINANCIAL MANAGEMENT AND COMPTROLLER

RESOURCE ANALYSIS AND BUSINESS PRACTICES

SAFM-RB

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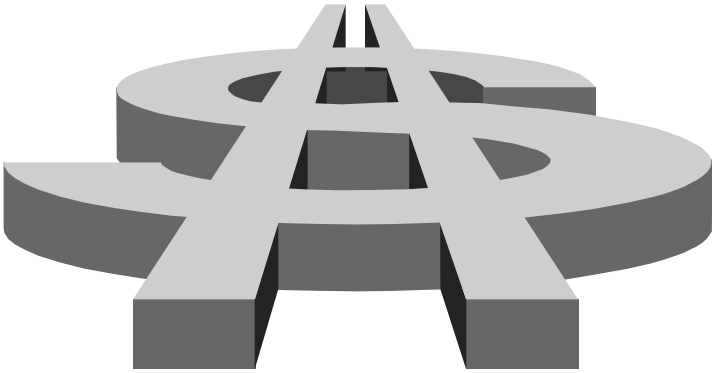

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SOURCES OF FUNDS FOR ARMY USE
(Other than Typical Army Appropriations)

Chapter 1~~INTRODUCTION

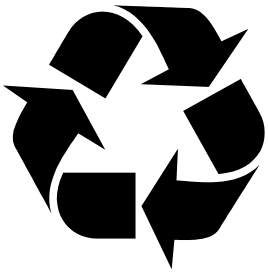
1.1 Purpose of this Guide. Major Commands, Installation Management Activity, Garrison, and Reserve component personnel are familiar with funding from typical appropriations, such as Operation and Maintenance; Research, Development, Test and Evaluation (RDTE); Other Procurement, Army (OPA); and others, and the program/budget process required to obtain them. However, these personnel may require more information about other available sources of funds that potentially may be obtained to supplement the more common Army appropriations. The purpose of Part I of this Guide is to provide information about these other sources of funds, including descriptions of the funds or the programs that generate the funds, pertinent laws and regulations, the money flow, and the functional proponents for the programs or funds. This Guide is an overview of the programs or funds and is not intended to substitute for the numerous regulations and various program/budget instructions governing the programs.

To provide a more complete picture of resources available to installations (other than typical Army appropriations), Part II of this Guide includes information on Nonappropriated Funds (NAF) and Morale, Welfare, and Recreation commercial sponsorships. In addition, Part II includes a chapter on NAF Public-Private Ventures, which can help increase the buying power of available funds from all sources. Part III of this guide describes legislative proposals submitted to the Congress, which could result in additional sources of funds.

1.2 Proponent of this Guide. The proponent organization for this Guide is the Assistant Secretary of the Army for Financial Management & Comptroller, Resource Analysis and Business Practices, Business Practices Directorate, SAFM-RBA. Users may refer questions or suggested improvements by using the form on our web site: http://www.asafm.army.mil/rabp/contact/rabpother-contact.asp.We also encourage users who may be aware of additional sources of funds to provide information on them to SAFM-RB. We will include them in the next update of this Guide.

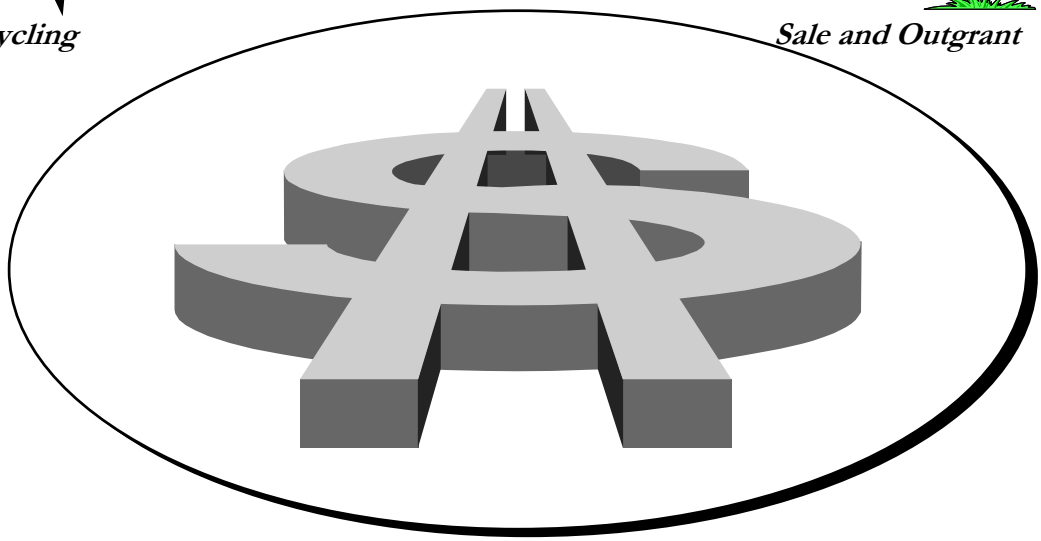
Part I~~CURRENT SOURCES OF FUNDS

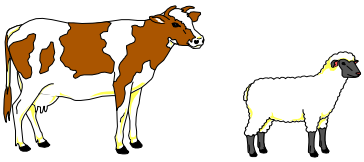
Royalties



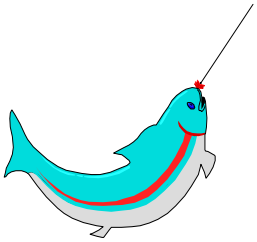
Recycling

Sale and Outgrant





Agriculture and Grazing



Fish and Wildlife Conservation

Chapter 2~~AGRICULTURAL AND GRAZING LEASES

2.1 Description of the Funds or Program that Generates the Funds. Land that is required to support the Army military mission may also be outleased (also called outgranted) for agricultural and grazing purposes. Outleasing provides opportunity for planning and managing the landscape to fit the needs of the mission. Outleasing shall be conducted in such a manner to support mission operations, support conservation compliance, and execute natural resources stewardship. Agricultural and grazing uses also must be compatible with national conservation and environmental policies. Money rentals received from leases for agriculture and grazing may be retained and spent in such amounts as the Secretary of the Army considers necessary to cover the administrative expenses of leasing and to cover the financing of natural resources management programs at any installation under the jurisdiction of the Secretary. Some specific examples of appropriate use of the proceeds are: to cover administrative expenses of leasing, to finance improvement of lands currently or not currently leased for agricultural and grazing purposes, and to cover expenses associated with natural resources management, e.g., wildlife habitat improvement, erosion control. Consideration may be in cash or in-kind. In-kind work is performed by the lessee and can include improvements, construction, restoration, and other services.

2.2 Pertinent Laws and Regulations. 10 U.S.C. 2667, Section (d)(4), permits Army retention and expenditure of money rentals received from Agriculture and Grazing leases. AR 200-3, Natural Resources-Land, Forest, and Wildlife Management, sets forth policy, procedures, and responsibilities for management of natural resources and requirements for outleases for agricultural and grazing purposes. AR 405-80, Management of Title and Granting Use of Real Estate, provides authority and implementing instructions for leasing of agriculture and grazing. DFAS-IN Reg. 37-1, Finance and Accounting Policy Implementation, prescribes financial policies and procedures for this program. Memorandum, DAIM-ED-N, 17 Aug 1999, subject: Army Regulatory Guidance for Reimbursable Agricultural/Grazing and Forestry Programs, provides most recent guidance.

2.3 Illustration of Money Flow. This is an automatic reimbursable authority program. Army Corps of Engineers (USACE) district finance and accounting offices deposit proceeds received from the lessee for agricultural and grazing leases in a centrally managed DA Suspense Account (21F3875.3950 08-C S99999), reference DFAS-IN Manual 37-100-FY, Financial Management, The Army Management Structure. DFAS-IN transfers funds between the suspense account and the operating appropriations. The Director of Environmental Programs provides annual authority to Installation Management Agency, National Guard Bureau, and USACE districts based on submission of annual work plans. Obligations are reimbursed by DFAS-IN. Army disbursing stations report proceeds collected to DFAS-IN on a monthly basis, to establish the basis for review of the program.

2.4 Magnitude of Dollars. From this program, Army received approximately $4M per year for FY95-FY00. Collections for FY01 and FY02 were $3.3M and $3.0M, respectively. FY 03 collections are expected to be $3.0M.

2.5 Functional Proponent for the Program or Funds. The Director of Public Works (or Environment) Natural Resources Manager is the local program proponent. The USACE districts are the local leasing proponents. The HQDA proponent is the Office of the Assistant Chief of Staff for Installation Management (OACSIM), Director of Environmental Programs, DAIM-ED-T, (703) 693-0680 or DSN 223-0680. HQDA proponent for leasing guidance is the Chief of Engineers (COE), CERE-M, (202) 761-7423 or DSN 763-7423.

Chapter 3~~RECYCLING

3.1 Description of the Funds or Program that Generates the Funds. The Defense Logistics Agency's (DLA) Defense Reutilization and Marketing Service (DRMS) administers the Resource Recovery and Recycling Program (RRRP). DRMS will return 100 percent of the proceeds from sales of recyclable materials to installations with Qualifying Recycling Programs (QRP) (see AR 200-1, para 5-10b and AR 429-49, Chapter 3). This program does not apply to Army Working Capital Fund operations. Latest DoD recycling policies include installation direct marketing of their recyclable materials and designation of certain scrap metals as recyclable materials, including firing range scrap (expended brass and mixed metal gleaned from firing range clearance). Proceeds must first be used to reimburse installation level costs incurred in operation of the recycling program. The installation commander may use up to 50 percent of the remaining sale proceeds for pollution abatement, energy conservation, and occupational safety and health activities. Remaining sale proceeds may be transferred to the nonappropriated morale, welfare and recreation (MWR) account of the installation. Additional financial benefits of the QRP, beyond the revenue generated, are reduction of current year solid waste handling and landfill costs, extension of landfill capacity, and avoidance/deferral of future landfill costs.

3.2 Pertinent Laws and Regulations. 10 U.S.C. 2577 governs the sale of recyclable materiel. AR 200-1, Environmental Protection and Enhancement, and AR 429-49, Chapter 3, Solid Waste Management, require installations to establish or expand their recycling programs. DoD Financial Management Regulation DoD 7000.14R, Vol 11a, Chapter 5, prescribes procedures for disposition of and accounting for the proceeds from sale of recyclable solid waste materiel.

3.3 Illustration of Money Flow. DRMS deposits proceeds received from the sale of recyclable materiel with the servicing Defense Finance and Accounting Service Office (DFASO), to the Budget Clearing Account (Suspense), U.S. Army 21F3875.1111. The fiscal station and the name of the installation that is to receive the proceeds are clearly identified on the DD Form 1131, Cash Collection Voucher. The DFASO notifies the fiscal station and the installation regarding the proceeds. The installation credits the proceeds to funds available for operation and maintenance at the installation. Proceeds must be used as indicated above. Unused balances, up to $2 million may be carried over to the next FY.

3.4 Magnitude of Dollars. The Army received gross receipts from recycling sales through DRMS during the period FY92-FY95 of approximately $60M. Beginning in FY96, installations were authorized to sell recyclable materials directly, per DoD Instruction 4715.4. With direct sales authority, information on the volume of installation sales and the amount of revenue generated was not centrally maintained from FY96 to FY99. In FY00, the Army began to use the Solid Waste Annual Report (SWAR) to track recycling revenue. SWAR data indicates Army installations reported $3M in gross receipts in FY00, $5.7M in FY01, and $1.3M in FY02.

3.5 Functional Proponent for the Program or Funds. Installation engineers are the local proponents of this program; however, the installation commander may designate the MWR or other non-engineer activity to operate the QRP. Office of the Assistant Chief of Staff for Installation Management and Directors of Resource Management are the Army and Defense level proponents. Further information may be obtained from HQDA points of contact, DAIM-FDF-UE, (703) 428-7078 or DSN 328-7078, and DAIM-ED-S, (703) 693-0078 or DSN 223-0078.

Chapter 4A~~SALE AND OUTGRANT PROGRAM 50/50 LEGISLATION

4.1A Description of the Funds or Program that Generates the Funds. The Army is allowed to retain proceeds from the sale of excess non-BRAC real property and outgrants of non-excess real and personal property. Real property outgrants include leases, easements, licenses, and permits. This program provides an incentive to implement a business-like approach to asset management. The Army must charge fair market value for sales and outgrants. Fifty percent of the funds are made available to the installation that generated the revenue and 50 percent is available to the Military Department.

4.2A Pertinent Laws and Regulations. 10 U.S.C. 2667, 10 U.S.C. 2668, 10 U.S.C. 2669, general administrative authority, authority implied from other authorities, and 40 U.S.C. 485(h), as amended, provide the sale and outgrant authority. National Defense Appropriation Acts permit Defense to use the funds generated under this program. Section 2812 also states that the proceeds from easements under 10 U.S.C. 2668 and 10 U.S.C. 2669 and from temporary use of military property, i.e. licenses and permits, are deposited into the special accounts. AR 405-80, Management of Title and Granting Use of Real Estate, governs outgrants of real property. AR 405-90, Disposal of Real Estate, governs sale of real property. AR 700-131, Loan and Lease of Army Materiel, governs leasing of personal property. DFAS-IN Reg 37-1, Finance and Accounting Policy Implementation, prescribes accounting and reporting procedures.

4.3A Illustration of Money Flow. Either "In-Kind" consideration or cash equal to fair market value must be received for the outgrant of real property. In the case of "In-Kind" the Office of the ACSIM is currently evaluating the Integrated Facility System (IFS) to capture and report such information. In the case of cash, Army Corps of Engineers (USACE) district finance and accounting offices deposit proceeds from the sale and outgrant of real property in the Special Treasury Accounts, 97R5188 and 97R5189. Outgrant and sale documents must clearly state the authority and the transmittal should cite the 50/50 account or else the proceeds could be placed into the miscellaneous receipts account of the Treasury. Installation property officers are responsible for depositing proceeds from lease of personal property in 97R5189. Deposits must clearly identify the installation that generated the revenue by using the proper location code. Office of the Secretary of Defense withdraws the money from the special Treasury Accounts and provides it to HQDA via an Obligation Document. HQDA provides the funds to the MACOMs, Installation Management Agency and the reserve components via Funding Authorization Documents (FADs), The funds are no-year funds available for expenditure beyond the fiscal year end. Additional information on the use of funds generated from sale and out grant may be found on our web site:
www.asafm.army.mil/rabp/info/sop.asp

4.4A Magnitude of Dollars. The Army earned the following cash amounts: FY98-$16.8 M, FY99-$8.6M, FY00-$13.4 M, FY01 $15.0M, and FY02 $7.6M. This **excludes** in-kind consideration.

4.5A Functional Proponent for the Program or Funds. The Director of Public Works and property book officers are the local proponents for real property sale and outgrant and for lease of personal property, respectively. USACE districts have an integral role in this process and are the local disposal and outgranting proponents. HQDA proponent for disposal and outgrant guidance is the Chief of Engineers (COE). The point of contact for technical real estate questions is CERE-M, (202) 761-0483 or DSN 763-0483. The HQDA POC for requirements is the Office of the Assistant Chief of Staff of the Army for Installation Management, DAIM-MD,
(703) 692-9259 or DSN 222-9259.

Chapter 4B~~ANTENNA SITES

4.1B Description of the Funds or Program that Generates the Funds. Section 704c of the Telecommunications Act of 1996 directs federal departments/agencies to make available property for use by new telecommunications services and allows reasonable fees to be charged for use of the property. The extensive requirements for antenna sites by providers of wireless communications provide an opportunity for installations to lease sites to telecommunications companies for placement of antennas and other equipment. Using the provisions of the Sale and Outgrant, installations can generate revenue from antenna sites. In some situations an easement (10 U.S.C. 2668) may be used.

4.2B Pertinent Laws and Regulations. Section 704c of the Telecommunications Act of 1996 resulted in a GSA Notice titled "Placement of Commercial Antennas on Federal Property" (FR Doc. 96-7666) that outlines the Federal Government's policies regarding the siting of mobile communications services antennas. Using the authorization of the Sale and Outgrant Program, services may use available land to generate funds for facility maintenance and repair and environmental restoration. Under FPMR D-242, the outgrantee may pay associated administrative fees or perform required environmental and other studies with Corps approval. Memorandum, OASD(C3I)/Comm, 15 December 1997, subject: Placement of Commercial Telecommunications Services on Federal Property, amends current policy to add coordination of requests with Department of Defense's (DoD's) Joint Spectrum Center (JSC). Interim guidance to Major Commands (MACOMs) is as follows: All new and ongoing requests for commercial telecommunications sites should be evaluated by JSC. This evaluation should be done once a site(s) has been identified. The JSC will evaluate the proposed antenna siting for potential electromagnetic interference to the existing or planned telecommunications operations of the affected government facility. The installation/higher headquarters use the results of the assessment to make decisions to grant the request. The requester pays for the JSC evaluation which averages between $12-$25K each.

4.3B Illustration of Money Flow. Corps of Engineers (USACE) district finance and accounting offices deposit proceeds from the outgrant of real property in the Special Treasury Account, 97R5189. Deposits must clearly identify the installation that generated the revenue by using the proper location code. Periodically, Headquarters, Department of the Army (HQDA) requests the funds from Office of the Secretary of Defense, who withdraws the money from the special Treasury Account and provides it to HQDA via an Obligation Document. HQDA provides the funds to MACOMs via Funding Authorization Documents (FADs), indicating the installations that generated the revenue. Funds are no-year funds and are available for expenditure beyond the fiscal year end.

4.4B Magnitude of Dollars. Revenue from antenna leases and other telecommunications equipment are included in the amounts from Sale and Outgrant proceeds, and cannot be identified separately. However, the dollars from this area are expected to increase dramatically.

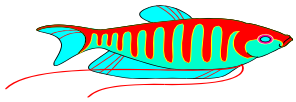
4.5B Functional Proponent for the Program or Funds. The Director of Public Works is the local proponent. Inquiries about leases or easements should be referred to the appropriate USACE district, who has an integral role in this process and are the local outgranting proponents. HQDA proponent for outgrant guidance is the Chief of Engineers (COE). Questions related to technical real estate should be directed to CERE-M, (202) 761-0483 or DSN 763-0483. The HQDA POC for requirements is DAIM-MD, (703) 692-9217 or DSN 222-9217.

Chapter 5~~FISH AND WILDLIFE CONSERVATION PROGRAM

5.1 Description of the Funds or Program that Generates the Funds. Installations having suitable land and water areas are required to establish Fish and Wildlife Management Programs, with emphasis on the maintenance and restoration of habitats favorable to the production of indigenous fish and wildlife. In cooperation with appropriate State and Federal fish and wildlife agencies, installations may establish fees for special hunting, fishing, or trapping permits that are in addition to State licenses and Federal stamps. These fees are used on the installation from which they are collected for the protection, conservation, and management of fish and wildlife, including habitat improvement and related activities, but for no other purpose. Fees collected at installations being closed by Base Realignment and Closure actions may be transferred to specified installations and used for the same required purposes.

5.2 Pertinent Laws and Regulations. 10 U.S.C. 2671 directs that all hunting, fishing, or trapping on Army installations or facilities will be in accordance with the fish and game laws of the State or territory in which it is located, participants will obtain appropriate licenses, and the state or territory conservation officers will have access to the installation or facility. 16 U.S.C. 670a-670f, allows installations, in cooperation with State and Federal agencies, to establish fees for hunting, fishing, or trapping. The law also requires Integrated Natural Resources Management Plans and prescribes the use of proceeds from fees. The 1997 Sikes Act Improvements Amendments changed 16 U.S.C. 670a to allow fees collected at installations that are subsequently closed to be made available to other installations for the same required purposes. AR 200-3 prescribes policy, procedures, and responsibilities for management of natural resources. DFAS-IN Reg. 37-1, Finance and Accounting Policy Implementation, prescribes policies and procedures for accounting and reporting of proceeds and expenses for the fish and wildlife conservation program. Message 061330Z July 1999, subject: Wildlife Conservation, Military Reservations, Account 21X5095, provides clarification on management of the funds. Memorandum, DAIM-ED-N, 8 Jan 02, Subject: Army Policy Guidance for Fish and Wildlife Conservation Fund, 21X5095, provides most recent guidance.

5.3 Illustration of Money Flow. Fees collected from individuals for hunting, fishing, and



trapping permits are credited to special receipt account 21R5095. Revenues generated remain available for obligation indefinitely. Appropriation 21X5095 is subject to apportionment for the budget year fee collections. Authority to obligate these funds is limited to unobligated balances plus current FY apportionment or collections, which ever is less. Receipts, obligations and expenses must be reported to Headquarters, Department of the Army (HQDA).

5.4 Magnitude of Dollars. From this program, Army received the following dollars: FY96-$1.5M FY97-$1.4M FY98-$1.5M, FY99-$1.6M, FY00-$1.6 M, FY01-$1.8M, and FY02-$1.4M.

5.5 Functional Proponent for the Program or Funds. The Natural Resources Manager of the Director of Public Works (or Environment) is the installation point of contact for this program. The HQDA proponent is the Office of the Assistant Chief of Staff for Installation Management (OACSIM), Office of the Director of Environmental Programs, DAIM-ED-N, (703) 693-0673 or DSN 223-0673.

Chapter 6~~PRODUCTION AND SALE OF FOREST PRODUCTS

6.1 Description of the Funds or Program that Generates the Funds. The objectives of forest management are to provide for the enhancement of the military mission and the total forest ecosystem. Net proceeds from the sale of forest products produced on a military installation equals the amount received from the sale less expenses incurred. Authorized expenses are those directly related to the integrated management of reimbursable forests and include: Forest management, forestry equipment, forest fire protection, forest access roads, reforestation, and forestry support. Forty percent of the net proceeds of an installation are provided to the States in which the installation is located and the remaining Army balance is deposited into the Department of Defense (DoD) Forestry Reserve Account. In general, installations are responsible for forestry management and Corps of Engineers (USACE) district commanders are responsible for selling forest products.

6.2 Pertinent Laws and Regulations. The primary disposal and management authority for military timber is Title 10 USC 2665, also known as the Sykes Act. Among other things, this act authorizes Army to sell timber and other forest products from military installation land. The timber and forest products do not have to be determined excess. Therefore, timber may be disposed of as part of a sustained yield program or other management prescriptions. 10 U.S.C. 2665 provides that appropriations of military departments may be reimbursed for costs of production of forest products from sale proceeds on lands it owns or leases. In very rare instances, timber could be considered excess. If so, the Department of the Army, as the holding agency, is the disposal agency for excess standing timber without the underlying land (See 41 CFR 101-47.302-2) and a disposal report would be prepared, similar to sand and gravel. 16 U.S.C. 620 et seq. directs that any unprocessed timber sold from Army land lying west of the 100th meridian will not be used for export. AR 200-3, Natural Resources--Land, Forest, and Wildlife Management, sets forth policy, procedures, and responsibilities for management of natural resources. AR 405-90, Disposal of Real Estate, prescribes Army delegation of sale authority for timber. DFAS-IN Reg. 37-1, Finance and Accounting Policy Implementation, prescribes policies and procedures for accounting and reporting of proceeds and expenses for the production and sale of forest products. Memorandum, DAIM-ED-N, 17 August 1999, subject: Army Regulatory Guidance for Reimbursable Agricultural/Grazing and Forestry Program provides most recent guidance.

6.3 Illustration of Money Flow. This is an automatic reimbursable program. USACE districts deposit proceeds into the U.S. Army General Fund Budget Clearing Account, 21F3875.3960 20-C S99999 (see DFAS-IN Manual 37-100-FY, Financial Management, The Army Management Structure). The Director of Environmental Programs provides annual authority to Installation Management Agency, National Guard Bureau, and engineer districts based on submission of annual work plans. Obligations are reimbursed by DFAS-IN. DFAS-IN will compute and provide 40% of the net proceeds to the appropriate States and deposit the remaining Army balance into the DoD Forestry Reserve Account. Balances in the DoD Forestry Reserve Account (21X5285) are made available for military services, for use in CONUS, for improvements of forest lands, unanticipated contingencies in the administration of forest lands, and natural resources management that implements approved plans and agreements.

6.4 Magnitude of Dollars. From this program, Army receipts were FY97-$16.8M; FY98-$17.6M; FY99- $19.2M; FY00-$19.2M; FY01-$15M, and FY02 $17.3M. Estimated receipts for FY03 are $17.4M.

6.5 Functional Proponent for the Program or Funds. The Director of Public Works (or Environment) Natural Resources Manager is the local proponent for this program. The USACE district is the local program manager for the sale of forest products. HQDA proponent for disposal guidance is the Chief of Engineers (COE). Questions pertaining to real estate should be directed to CERE-R, (202) 761-7423 or DSN 763-7423. The HQDA program proponent is Office of the Assistant Chief of Staff Installation Management (OACSIM), Director of Environmental Programs, DAIM-ED-T, (703) 693-0680 or DSN 223-0680.

Chapter 7~~DoD OVERSEAS MILITARY FACILITY INVESTMENT RECOVERY ACCOUNT (DOMFIRA)

7.1 Description of the Funds or Program that Generates the Funds. The DOMFIRA account was established to deposit the receipts from host nations for the fair market value of real property or improvements to real property made by the United States at overseas military installations. This reimbursement may occur after the facilities are returned, in whole or in part, to the host countries. The funds deposited into the DOMFIRA account are available, as provided in Appropriations Acts, only for purposes of maintenance and repair (worldwide) and environmental compliance at facilities in and outside the U.S. as specified in the law. Funds in the Account shall remain available until expended.

7.2 Pertinent Laws and Regulations. Public Law 101-510, the FY91 National Defense Authorizations Act, Section 2921, Closure of Foreign Military Installations, established DOMFIRA for collection of payments from host nations for the fair market value of real property or improvements to real property made by the U.S. at returned overseas installations, and restricted use of the funds to facility maintenance and repair and environmental restoration at CONUS installations. The statute was later amended to expand use of the funds to include maintenance and repair and environmental compliance at OCONUS installations. DoD 7000.14-R, Volume 12, Chapter 13, Fiscal Policy for Base Closure and Realignment, governs deposit, accounting, and funds release procedures. Volume 2B, Chapter 8 of the regulation also provides the OP-29, Overseas Military Facility Investment Recovery Account, budget exhibit to be used in the appropriations process to effect release and use of the funds.

7.3 Illustration of Money Flow. Cash receipts obtained from host nations are deposited into the DOMFIRA, 97X5193. Army may request release of funding, based on verifiable deposits, by memorandum to the OSD Comptroller, Director for Construction. Budget Estimate Submission Exhibit, OP-29, must be completed to explain collections and document proposed projects to be financed from the proceeds deposited into this account.

7.4 Magnitude of Dollars. Proceeds deposited on behalf of Army for DOMFIRA are the following: FY95-$36.5M; FY96-$33.3M; and for FY97-FY02-$122K.

7.5 Functional Proponent for the Program or Funds. The OSD Comptroller, Director of Construction is the proponent for this program, DSN 227-4133 or commercial 703-697-4133. The Army proponent for this program is the Office of the Assistant Chief of Staff for Installation Management, Resources Division, DAIM-ZR, 703-692-9255, or DSN 222-9255.

Chapter 8~~REIMBURSEMENT FOR TRAINING

8.1 Description of the Funds or Program that Generates the Funds. Legislation allows the Army to train employees from other federal agencies and state and local government employees that attend Army training programs, accept payments from the federal agency, state or local government for the training, and credit those payments to the appropriation or fund used to finance the cost of the training. Training facilities are encouraged to charge amounts that cover the full cost (both direct and a share of the overhead) of providing the training. This program is intended for those Army installations that have a schoolhouse training function as part of their primary mission. It should not be misinterpreted to justify the creation of a training program where one does not currently exist, or where the Army mission will not be supported by the creation of such a program.

8.2 Pertinent Laws and Regulations. Section 302 of the Intergovernmental Personnel Act of 1970, Public Law 91-648 [codified at 42 U.S.C. 4742(b)], federal agencies may train state and local employees who enroll in the agency's training programs, accept payments from the state or local government for the training, and credit these payments to the appropriation or fund used for providing the training. See Ms. Comp. Gen. B-241269 (Feb 28, 1991). In addition, the Government Employees Training Act, 5 U.S.C. 4104, authorizes federal agencies to provide training to personnel from other federal agencies on a reimbursable basis and retain and credit to their appropriation any fees collected from interagency training.

8.3 Illustration of Money Flow. Receipts, as established by the training facility, are collected from the federal agency or state or local government and credited to the appropriation or fund that financed the cost of the training.

8.4 Magnitude of Dollars. Specific data concerning the funds received as a result of charging outside agencies for training provided is not available. An estimate of the future potential revenue from this program is difficult to gauge because it is affected by many uncontrollable factors such as excess classroom capacity and outside demand for a particular training course.

8.5 Functional Proponent for the Program or Funds. The Office of the Assistant Secretary of the Army for Financial Management and Comptroller, Resource Analysis and Business Practices is the point of contact. Further information may be obtained from HQDA, OASA(FM&C), SAFM-RB, 703-692-4993 or DSN 222-4993.

Chapter 9~~LEGACY RESOURCE MANAGEMENT PROGRAM

9.1 Description of the Funds or Program that Generates the Funds. The Legacy Resource Management Program was created and funded by the FY91 Department of Defense (DoD) Appropriations Act to enhance the stewardship of natural and cultural resources on over 25 million acres of land under DoD jurisdiction. Legacy's goal is to help DoD determine how to better integrate the conservation of irreplaceable biological, cultural, and geophysical resources with the dynamic requirements of military missions. To achieve this goal, the Legacy Program gives high priority to inventorying, protecting, and restoring these resources in a comprehensive, cost-effective manner, in partnership with federal, state, and local agencies, and private groups. Legacy is not intended to be a substitute source of funds for routine natural and cultural resources activities, but instead funds projects based on their potential to find new or better approaches, methods, or techniques to accomplish stewardship.

9.2 Pertinent Laws and Regulations. Public Law 101-511, the FY91 DoD Appropriations Act created the Legacy program. Memorandum, DAIM-ED-N, 29 December 1999, subject: Department of Defense Legacy Resource Management Program – Army Procedures provides specific procedures, a delinquent list, and areas of emphasis. Army regulations currently do not cover Legacy; however, Army regulations related to the program are: AR 200-3, Land, Forest, and Wildlife Management; AR 200-1, Environmental Protection and Enhancement; and AR 200-4, Cultural Resources Management. The web address for more information and submittal of proposals is: **www.dodlegacy.org**.

9.3 Illustration of Money Flow. Each year the Office of the Deputy Under Secretary of Defense (Environmental Security) (ODUSD(ES)) calls for project proposals for the upcoming fiscal year. Projects are then reviewed within the chain of command. Funding for approved proposals is awarded from Operation and Maintenance, Defense, 97*0100.1101 09******. OSD provides funds to military departments through the Army Corps of Engineers. All funds must be obligated by 30 September.

9.4 Magnitude of Dollars. From this program, Army received the following dollars: FY95-$15M; FY96-$3M; FY97-$2 M; FY98-$3M; FY99-$1M FY00- $1M; FY01-$1M; FY02-$.5M. Funding level for FY03 estimated at $.7M

9.5 Functional Proponent for the Program or Funds. ODUSD (ES) has overall responsibility for this program. The Army proponent is Office of the Assistant Chief of Staff for Installation Management, Office of the Director of Environmental Programs (ODEP),
(703) 693-0677 or DSN 223- 0677.

Chapter 10A~~OPERATION AND MAINTENANCE, ARMY (OMA)/MILITARY PERSONNEL, ARMY (MPA) FOREIGN CURRENCY FLUCTUATION (FCF)

10.1A Description of the Funds or Program that Generates the Funds. The purpose of the Foreign Currency Fluctuation, Defense (FCF,D) Account, 97X0801, is to maintain the intended level of operations for appropriations affected by foreign currency fluctuations and eliminate substantial gains and losses to such appropriations. Over the last several years, appropriations have experienced substantial net losses or gains due to foreign currency fluctuations. This results from the combined effect of projecting foreign currency rates up to two years prior to the year of execution and not completing disbursements for contracts obligated in the year of execution until three or four years later. The myriad of external forces that cause foreign currency rates to fluctuate can be expected to continue. The FCF, D Account is replenished by the transfer of unobligated Operation and Maintenance, Army (OMA) and Military Personnel, Army (MPA) account balances for two years after expiration of the appropriations.

10.2A Pertinent Laws and Regulations. The DoD Appropriations Act for 1979 funded the FCF, D Account. Section 791 of the Joint Resolution making continuing appropriations for FY83 provided that unobligated operation and maintenance account balances could be transferred into FCF, D Account for two years after expiration of the appropriations. Section 911 of the National Defense Authorization Act for FY 1996 added authority for MPA to use the FCF,D account. DFAS-IN Reg 37-1, Finance and Accounting Policy Implementation, prescribes procedures for using the FCF, D appropriation.

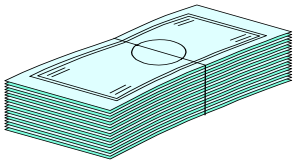
10.3A Illustration of Money Flow. Obligations payable in foreign currencies must be recorded as obligations based on budgeted exchange rates. Adjustments that reflect foreign currency fluctuations will be recorded as disbursements are made. Differences between the budget and current rates are charged directly to the applicable Centrally Managed Allotment (CMA) account described in DFAS-IN Manual 37-100-FY, Financial Management, The Army Management Structure. DFAS determines the total foreign currency unliquidated obligations at the budget rate for each appropriation (OMA, MPA, MCA, and AFH). The variances (the difference between the budget rate and the actual exchange rate) are charged to the applicable CMA by virtue of an SF 1151, Non-Expenditure Transfer Authorization. Foreign Currency Funds are automatically apportioned. Funds are transferred from the FCF, D Account to the CMA to cover losses due to currency fluctuation.

10.4A Magnitude of Dollars. For OMA, this has varied widely by fiscal year, from a net gain of $110M in FY99 to a net loss requiring a transfer from FCF,D of $135M in FY02. In FY99, there was a transfer of $110M from OMA to FCF,D due to gains in the OMA appropriation. In FY 01, OMA transferred $128M to the FCF, D due to a gain. In FY98, MPA transferred $114M to the FCF,D. In FY99, MPA showed a net loss of $53M and net transfer to FCF, D of $19M. In FY 00, MPA transferred $214M to FCF, D. In FY01 MPA showed a net loss of $62M.

10.5A Functional Proponent for the Program or Funds. OSD manages the FCF, D Account. Within Army, the Army Budget Office is the proponent is, SAFM-BUO-C, for OMA, (703) 693-2545 or DSN 223-2545, for MPA, SAFM-BUO-M, (703) 692-9835 or DSN 222-9835.

Chapter 10B~~MILITARY CONSTRUCTION (MILCON) AND ARMY FAMILY HOUSING (AFH) FOREIGN CURRENCY FLUCTUATION (FCF)

10.1B Description of the Funds or Program that Generates the Funds. The Foreign Currency Fluctuation, Construction, Defense (FCF,C,D) Account, 97X0803, serves the same purpose for the MILCON appropriations that the OMA Foreign Currency Fluctuation Account provides for the Operation and Maintenance accounts. Appropriations impacted by the FCF,C,D Account are the MILCON, Family Housing Operations and Maintenance, Family Housing Construction, and NATO Infrastructure appropriations.



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10.2B Pertinent Laws and Regulations. The FY87 DoD Military Construction Appropriations Act established the FCF,C,D Account. Initially, unobligated balances from the Military Construction, Family Housing Operations and Maintenance, and Family Housing Construction appropriations could be transferred to the FCF,C,D Account for up to two fiscal years after they expired to capitalize and maintain the Account. Section 122, Public Law 102-136 extended the time period from two to five years to reflect the changed rules on availability of appropriations and procedures on closing account balances. The FCF,C,D legislation limits the use of funds provided in this appropriation solely to losses sustained owing to unfavorable foreign currency fluctuations. The Account is not available to finance cost increases resulting from changes in the scope of construction, inflation increases, or other such changes.

10.3B Illustration of Money Flow. The money flow is similar to that for the OMA Foreign Currency Fluctuation Account. Centrally managed allotments (CMA) were established for the Military Construction, Family Housing Construction, Family Housing Operations and Maintenance, and NATO infrastructure appropriations. Each CMA is subject to the provisions of the Antideficiency Act.

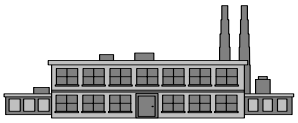
10.4B Magnitude of Dollars. In FY97, Army transferred into the FCF,C,D $6M and $32 M for the MILCON and AFH programs, respectively. In FY98, Army transferred into the FCF,C,D $9M and $41M for the MILCON and AFH programs, respectively. In FY99, Army transferred into the FCF,C,D $25M and $131M for the MILCON and AFH programs, respectively. In FY00, Army transferred into the FCF,C,D $27M and $66M for the MILCON and AFH programs, respectively. In FY01, Army transferred into the FCF,C,D $13M and $68M for the MILCON and AFH programs, respectively. In FY02, Army transferred into the FCF,C,D $16M and $77M for the MILCON and AFH programs, respectively.

10.5B Functional Proponent for the Program or Funds. OSD manages the FCF, C, D Account. Within Army, the Army Budget Office is the proponent. The point of contact for the MILCON and Family Housing foreign currency fluctuation is SAFM-BUI-F, (703) 692-4416 or DSN: 222-4416.

Chapter 11~~ARMAMENT RETOOLING & MANUFACTURING SUPPORT (ARMS)

11.1 Description of the Funds or Program that Generates the Funds. The ARMS program has created a business model that gives the Army a viable government-owned, contractor-operated ammunition industrial base through commercialization. ARMS has created over 3,400 jobs from over 170 different commercial companies. The net result has been over $177M in ownership cost savings, $160M in private investment modernizing our facilities, and providing over $395M in annual economic impact to local communities. ARMS allows each participating facility contractor to attract commercial or other government tenants to reuse the existing idle industrial capacity. This asset management technique allows the Army to increase the residual value of each facility through improvements to government property by both the government and the tenant. This commercialization strategy enables the Army to achieve production efficiencies through lower production costs, and facility/process consolidation. Commercialization achieves two benefits for the Army: a) overhead cost allocation against multiple contracts (Government and commercial) reduces Government production costs; and b) reduced maintenance costs through the acceptance of other than monetary consideration and credits. Through commercialization and product diversification, ARMS fulfills key program objectives -- to reduce ownership costs; maintain industrial readiness; sustain a skilled work force; and sustain socio-economic community development. A report provided to Congress in January 2000 detailed efforts to preserve ammunition facilities and cost savings achieved by facilities receiving ARMS. FY01 legislative gains included the authority to use leases and other contractual instruments as well as the authority to accept non-monetary consideration to include maintenance, protection, repair, and restoration. This legislation in essence allows the Army to manage these facilities as commercial properties.

11.2 Pertinent Laws and Regulations. In FY 01, the National Defense Authorization Act, 10 USC 4551-4555 codified the original FY 1993 legislation and authorized the Army to add reduction of environmental liability as a program purpose; use of leases and other contractual instruments; and allow maintenance based activity as consideration.



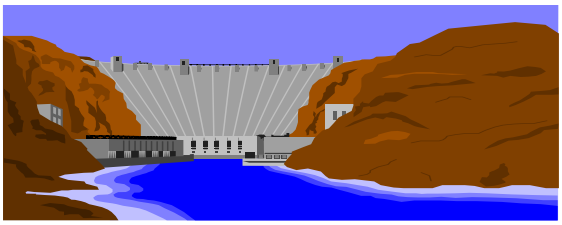
11.3 Illustration of Money Flow. Office of the Secretary of Defense (OSD) provides funding from the Procurement Ammunition, Army (PAA) appropriation. Funding flows through OASA(FM&C) through PEO Ammunition, to the Joint Munitions Command to support the ARMS program. An SD 440, Investment Program/Fund Approval for Direct Obligation was received in FY 1994. Funding has supported the financial incentives, administrative support, and loan guarantee categories.

11.4 Magnitude of Dollars. Congress has appropriated $276.6M (FY93-$100M, FY96-$45M, FY97-$30, FY98-$24.4M, FY99-$5M, FY00-$26.4M, FY01-$19.6M, FY02-$14.7M, and FY03 $11.5M).

11.5 Functional Proponent for the Program or Funds. The point of contact is the Program Director for ARMS-Installations at the U.S. Army Operational Support Command, Rock Island Arsenal, Illinois, AMSOS-AM, (309)782-1611, DSN 793-1611.

Chapter 12~~DEFENSE EMERGENCY RESPONSE FUND (DERF)

12.1 Description of the Funds or Program that Generates the Funds. The DERF was established to provide obligation authority to appropriations of the DoD Components upon a determination by the Secretary of Defense that immediate action was necessary in response to natural or manmade disasters; and in anticipation of reimbursable orders from other Federal departments/agencies and state and local governments. The purpose of the Fund is to prevent an adverse impact on DoD mission accomplishment that could result from use of mission funds to finance disaster relief. Reimbursements received for support provided are deposited in the DERF. Assistance provided for disasters or emergencies is prescribed in DoD Directive 3025.1, "Military Support to Civil Authorities."



12.2 Pertinent Laws and Regulations. Public Law 101-165, DoD Appropriations Act of FY 1990, Title V, Emergency Response Fund, established the DERF as a revolving fund for the purposes described above. Public Law 103-139 amended it to permit use of the DERF to fund DoD expenses incurred in providing supplies or services in response to natural or manmade disasters, in addition to the supplies or services themselves. DoD Directive 3025.1 designates the Secretary of the Army as Executive Agent for directing efforts to be financed by the DERF. DoD implementation policies for the DERF can be found in DoD FMR Vol. 12, Ch. 6.

12.3 Illustration of Money Flow. As the executive agent, Army estimates the amount of funds required for DoD's response to emergency conditions and requests program authority from the DoD Deputy Comptroller (Program/Budget). Upon approval, DoD issues a fund authorization release letter to the Army. Amounts appropriated to the Fund are direct program authority. Amounts reimbursed to the Fund have reimbursable program authority and are used first. Reimbursable task orders are issued to the DoD Components requested to provide assistance. Performing activities request reimbursement from the Fund through use of SF 1080s or SF 1081s. Defense Finance and Accounting Service submits requests for Federal Emergency Management Agency reimbursement of Fund expenditures. Collections of funded costs recovered for disaster assistance are deposited to the credit of the DERF (97X4965). DFAS is responsible for follow-up of uncollected reimbursement requests made to FEMA.

12.4 Magnitude of Dollars. The DERF has not been used recently due to the fact that most natural disasters have been designated as such by the President in a very timely manner. Therefore, the use of the DERF as a bridging mechanism to provide DoD support prior to disaster declaration has not been needed.

12.5 Functional Proponent for the Program or Funds. The Office of the Under Secretary of Defense (Comptroller) is the proponent for the DERF. In the Army, the Director of Military Support (DOMS) is the program proponent for directing actions supported by the DERF. The Army Budget Office (SAFM-BUC-I) provides financial management support of the program for the Army. Questions regarding the Army participation in the DERF may be addressed to OASA(FM&C), SAFM-BUC-I at (703) 692-6209 or DSN 222-6209.

Chapter 13~~DRUG INTERDICTION AND COUNTERDRUG ACTIVITIES

13.1 Description of the Funds or Program that Generates the Funds. Public Law 100-456, the FY 1989 National Defense Authorization Act, legislated that the Department of Defense (DoD) become the lead federal agency for detecting and monitoring aerial and maritime transit of illegal drugs into the United States. In March 1990, the Deputy Secretary of Defense directed that consolidated counterdrug Program Objective Memorandums (POM) and centralized budgets be prepared and submitted to the DoD Comptroller. Concurrently, the Drug Interdiction and Counterdrug Activities Defense Account, a central transfer account, was established to provide funding for Secretary of Defense approved counterdrug activities and projects.

13.2 Pertinent Laws and Regulations. In addition to the responsibility designated above, the FY89 National Defense Authorization Act specified two other DoD responsibilities. DoD would: 1) integrate command, control, communications and intelligence (C^3I) federal assets dedicated to drug interdiction into an effective network, and 2) approve and fund state governors' plans for expanded use of the National Guard in support of drug interdiction and enforcement operations by drug law enforcement agencies. The FY90 National Defense Appropriations Act requires a separate DoD submission for counterdrug missions.

13.3 Illustration of Money Flow. Congress appropriates Counterdrug funding into the Drug Interdiction and Counterdrug Activities Account. DoD reprograms funding from this central transfer account, 97*0105, to the separate services and DoD agencies for approved counterdrug projects. The Services and DoD agencies forward the funding to subordinate levels via Funding Authorization Documents. Counterdrug funding is fenced for use only in approved counterdrug projects.

13.4 Magnitude of Dollars. The total Army counterdrug program, to include funding for the US Army Reserve and the Army National Guard, was $250M in FY95, $230M in FY96, $267M in FY97, $262M in FY98, $291M in FY99, $230M in FY00, $243M in FY01 and $333M in FY02. It is estimated to be approximately $340M in FY03.

13.5 Functional Proponent for the Program or Funds. The Deputy Assistant Secretary of Defense (Drug Enforcement Policy and Support) is the DoD functional proponent and is responsible for budget and POM submissions, to include operation and maintenance, procurement, RDT&E, and military construction requirements. The Army functional proponent is the Counterdrug Division, Office of the Deputy Chief of Staff for Operations. Questions may be addressed to DAMO-ODL-CD, (703) 602-7571 or DSN 332-7571. The Army Budget Office POC is SAFM-BUC-I, (703) 614-3253-5088 or DSN 224-3253.

Chapter 14~~USE OF TEST AND EVALUATION INSTALLATIONS BY COMMERCIAL ENTITIES

14.1 Description of the Funds or Program that Generates the Funds. Currently there are two sections of Title 10, United States Code (USC), which allow Army test activities to perform testing for commercial entities. Their applicability is dependent on whether or not the test activity is designated as an element of the Major Range and Test Facility Base (MRTFB). MRTFB activities are identified in DoD Directive 3200.11. A MRTFB is governed by Section 2681 of Title 10, USC. Under this statute, the Secretary of Defense is authorized to enter into contracts with commercial entities desiring to conduct commercial test and evaluation activities at a MRTFB. A non-MRTFB activity is governed by Section 2539b of Title 10, USC. This statute provides the Department of Defense (DoD) with the authority to sell test services to commercial concerns. The philosophy behind these two statutes is to promote research and development within the commercial sector of the U.S. economy, transfer of technology from the military to the commercial sector, and provide increased access to DoD's unique test and evaluation facilities by U.S. commercial users. Both statutes include provisions allowing the test activities to retain the fees received from commercial customers.

14.2 Pertinent Laws and Regulations. U.S.C. Title 10 2539b, U.S.C. Title 10 2681, DoDD 3200.11 , DoD 7000.14-R., AR73-1.

14.3 Illustration of Money Flow. Funds (as established by the contract) are collected from commercial users and credited to the appropriation accounts (RDTE) under which the costs for the test and evaluation activities were incurred or supplies and materials purchased.

14.4 Magnitude of Dollars. Army test ranges have been performing reimbursable test and evaluation activities for commercial entities for several years. About $6M per year is generated from use of Army test ranges by commercial entities.

14.5 Functional Proponent for the Program or Funds. The Developmental Test Command, a subordinate activity of the U.S. Army Test and Evaluation Command is the functional proponent for this program. Further information can be obtained from CSTE-DTC-TT-B, Test Business Management Division, (410) 278-1417 or DSN 298-1417.

Chapter 15~~PATENT AND ROYALTY INCOME

15.1 Description of the Funds or Program that Generates the Funds. To promote transfer of Federal Technology, The Federal Technology Transfer Act of 1986, as amended, authorizes U.S. Government laboratories to license their inventions to the private sector and U.S. Government inventors and Federal laboratories to receive royalties and other income from these license agreements as incentives. Previously, royalty income was deposited into the Miscellaneous Receipts Account of the Treasury, 21R3210. Under this law, a percentage of the royalties and other income from license agreements must be disbursed to the inventor(s). As per Army interpretation of DoD Instruction 5535.8, yearly each authorized inventor will receive an equal share of the first $2,000.00 times the total number of discrete inventors named on inventions licensed under a patent license agreement and a pro rata share (based on inventive contribution) of 20% thereafter, of royalty or other payments received by the agency for the invention licensing. The majority share of the residual monies must be distributed to the Army Laboratory or Center where the invention occurred, and any remaining portion may be distributed to, or used on behalf of, other Army laboratories or centers. The laboratories may use the monies to reward scientific, engineering, and technical employees at that activity; to further scientific exchange among other activities within the Army; for education and training consistent with the Army R&D missions or laboratory; for payment of expenses incidental to administration and licensing of intellectual property; and for scientific R&D consistent with the laboratory R&D missions.

15.2 Pertinent Laws and Regulations. Public Law 99-502, the Federal Technology Transfer Act of 1986, established the program. 15 U.S.C. 3710c requires that payments of royalties to an employee will not exceed $150,000 per year without Presidential approval. 5 U.S.C. 4504 provides Presidential authority for payments above $150,000. 15 U.S.C. 3710c, DoD Instruction 5535.8, DoD Technology Transfer (T2) Program, May 14, 1999, and AR 70-57, dated 25 July 1991, prescribe use of the monies by Army laboratories. AR 70-57 has not been revised since the amendments to 15 U.S.C 3710c and DoD 5535.8 which take precedence. DFAS-IN Reg 37-1 prescribes accounting policy.

15.3 Illustration of Money Flow. Private sector licensees send royalty checks directly to the DFAS at Rock Island, IL, the central point for receipt, disbursement, and transfer of royalty monies. DFAS deposits the royalty receipts to account 21F3875.3953, advises the appropriate laboratory's Office of Research and Technology Applications (ORTA) of receipt and requests disbursement instructions. The ORTA confirms the inventors or inventors' address(es) and appropriate distributive share and provides DFAS with the appropriation in which the monies will be used by the laboratory. Inventors receive either a check or an electronic fund transfer. The laboratories receive SF1080s or SF1081s from DFAS-RI establishing automatic reimbursable orders in the appropriation that will incur the obligations. After fiscal year close, following two complete fiscal years after the fiscal year of initial receipt by the Army, unobligated balances are transferred to the Miscellaneous Receipts Account.

15.4 Magnitude of Dollars. Royalty income is: FY94-$110K; FY95-$100K; FY96-$335K; FY97-$255K; FY98-$429K, FY99-$536K, FY00-$866K, FY01-$856K and FY02-$768K.

15.5 Functional Proponent for the Program or Funds. Office of Command Counsel, HQ, U.S. Army Materiel Command, and ATTN: AMCCC-B-IP, is the point of Contact, (703) 617-2552 or DSN 767-2552.

Chapter 16~~ENERGY CONSERVATION INVESTMENT PROGRAM (ECIP)

16.1 Description of the Funds or Program that Generates the Funds. The ECIP is a Department of Defense (DoD) program established to improve the energy efficiency of existing DoD facilities while reducing associated utility energy and non-energy related costs. The program is accomplished through energy-saving projects funded with Military Construction, Defense Agencies (MCDA). ECIP is a primary part of the Defense Energy Plan and can play an important role in implementing Presidential Executive Order 13123 to increase energy efficiency in federal buildings. Army installations and Major Commands (MACOMs) should use ECIP, along with other resource programs for energy, to assist in implementing Army energy reduction goals (such as, reducing facilities energy consumption by 35% by the year 2010, as compared to levels in 1985). For funding consideration, installations submit DD 1391 documentation for project proposals and forward them through MACOMs to Headquarters, Department of the Army (HQDA). The projects must be aimed at reducing energy use through the construction of new, high efficiency energy systems and the improvement or modernization of existing Army systems, buildings, or facilities. Since projects are ranked by savings to investment ratio, an economic analysis must be included. Comprehensive project descriptions are also important, since non-energy cost issues may impact the ranking of the projects (e.g., environmental benefits, maintenance or manpower savings, and use of alternate or renewable energy resources). Army expertise, such as at the Corps of Engineers Construction Engineering Research Laboratory, is available to help installations identify energy saving technology.

16.2 Pertinent Laws and Regulations. The following govern program policy: Executive Order 13123, Greening the Federal Government Through Efficient Energy Management, 3 June 1999; Defense Energy Program Policy Memorandum 91-2, Implementing Defense Energy Management Goals, 19 March 1991; DUSD(L/MRM), Energy Conservation Investment Program Guidance, 17 March 1993. AR 11-27, Army Energy Program, prescribes responsibilities for ECIP. Guidance on preparing projects for the program is contained in the DUSD memorandum and in current Army implementing instructions.

16.3 Illustration of Money Flow. Once projects and funding are approved, funds flow through the Army Budget Office to Corps of Engineers divisions and districts where the installations that developed the projects are located.

16.4 Magnitude of Dollars. DoD ECIP funding provided to Army has been: FY96-$10.9 M; FY97-$10.5M; FY98-$6.9M; FY99-$7.4M; FY00 (no appropriation), FY01-$5.4M, FY-02 $6.8M and FY03 $12.8M.

16.5 Functional Proponent for the Program or Funds. The HQDA proponent, Office of the Assistant Chief of Staff for Installation Management, is the overall energy proponent and the functional proponent for facilities-related energy matters including the ECIP program. Further information can be obtained from DAIM-FDF, (703) 428-7003, or DSN 328-7003.

CHAPTER 17~~Emergency Relief for Federally Owned (ERFO) Roads

17.1 Description of the Funds or Program that Generates the Funds. The ERFO Roads Program funds repair to Army installation roads or bridges damaged by natural disasters or catastrophic failures. We estimate over 80% of Army CONUS installations roads are open to the public and eligible for ERFO roads program funding when damaged by natural disasters or catastrophic failures. Army policy considers all installation roads open to public travel unless they are located in high security, permanently restricted areas of the installation all of the time. Most roads are open and are:

- Available for public use, except during scheduled periods, extreme weather, or emergency conditions, and
- Passable by four-wheel standard passenger cars.

Examples of natural disasters include floods, hurricanes, earthquakes, tornadoes, tidal waves, severe storms, or landslides. An example of a catastrophic failure is a road being destroyed or wiped out as a result of a landslide. Serious damage is heavy, major, or unusual damage to a road that severely impacts the safety, capacity, or usefulness of the road or results in road closures.

17.2 Pertinent Laws and Regulations. ERFO funding is authorized under Title 23, United States Code (USC), Section 125. The Federal Highway Administration (FHWA), Federal Lands Highway Office (FLHO), administers the ERFO program. It is intended to supplement the commitment of resources by other federal agencies to help pay unusually heavy expenses resulting from extraordinary conditions. This includes unexpected repairs of roadways that have been seriously damaged due to natural disasters, over a wide area, or catastrophic failures.

Military installation roads are considered to be public land highways and, therefore, eligible for ERFO funding. The roads are eligible for funding because they are owned by the Department of Defense (DOD), maintained by the installations, and the majority are open to public travel. Additionally, DOD has authority to construct installation facilities (such as roads) under 10 USC 2802. The Military Traffic Management Command Transportation Engineering Agency (MTMC-TEA) established DOD's eligibility for the ERFO program in May 1988 with FHWA.

17.3 Illustration of Money Flow. The ERFO program provides emergency relief funds from the Highway Trust Fund. The Federal share under the ERFO program is 100% of total costs. The combined damages for an individual disaster for all Federal agencies must exceed $500K unless serious damage beyond the scope of normal heavy maintenance or routine emergency repair can be demonstrated. If the combined damage does not meet the threshold, the Federal agencies are expected to fund the repair costs using emergency or routine procedures. Catastrophic failures resulting in damage less than $500K are not normally eligible for ERFO funding.

17.4 Magnitude of Dollars. The FHWA has programmed $15M to be available in both FY03 and FY04 for repairs to roads and bridges, if disasters require.

17.5 Functional Proponent for the Program or Funds. The Installation Director of Public Works is the local proponent for this program. The MTMC-TEA will provide technical support. When disasters cause damage, the installations shall notify the HQDA proponent, Office of the Assistant Chief of Staff for Installation Management, Facility Policy Division. The point of contact for oversight and implementation of the program is DAIM-FDF, (703) 428-6173 or DSN 328-6173.

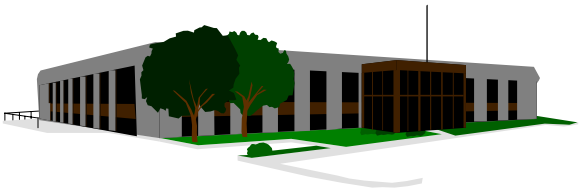
Chapter 18~~DAMAGED REAL PROPERTY

18.1 Description of the Funds or Program that Generates the Funds. Installations have two distinct but related authorities to collect and use funds on the basis of assigned liability for damage to real property. Installations are authorized to collect funds from service members to repair assessed damage to family or unaccompanied personnel housing (to include equipment and furniture) if the damage is the result of abuse or negligence on the part of the service member, family member, guest, or pet. Included in the definition of damage is the failure to adequately clean vacated quarters. Funds collected are credited to the appropriate account – Army Family Housing (AFH) if damage was to family housing, or maintenance and repair if the damage was to unaccompanied housing – and immediately available for use. Collections for damage to housing are limited to one month's pay unless the damage is the result of gross negligence. In addition to the authority cited above, installations may also collect assessed liability for damage to non-housing real property. Amounts collected may be credited to the repair and maintenance account of the installation. However, these funds can only be expended up to an amount provided in advance in Appropriations Acts. Both authorities are in keeping with one of the key goals of Reinventing Government, to replace regulations with incentives. The authorities do this by: a) Providing the incentive to thoroughly investigate damages and obtain reimbursement; and b) Increasing the incentive for users of government property to take proper care of the property or pay for damage.

18.2 Pertinent Laws and Regulations. 10 USC 2775 provides the authorization to collect and expend amounts for damage to military housing. This section has been in effect since 1982 and is also governed by AR 210-50, Housing Management, Appendix G. 10 USC 2782 provides the authority to collect and expend amounts for damage to all other types of real property. Section 2782 was enacted for FY96 for damage to "non-housing" real property and, as stated in the previous paragraph, includes language that requires appropriation of the collected amounts before they may be used. Language has not been approved to provide the requisite appropriation of funds. Claims are covered generally by AR 27-20, Claims and AR 405-15, Real Estate Claims.

18.3 Illustration of Money Flow. Funds collected under §2775 are credited directly to the installation account and take on the attributes of that appropriation. Funds collected under §2782 may also be credited to the installation repair and maintenance account but may not be obligated unless the funds are appropriated. Funds have not yet been appropriated.

18.4 Magnitude of Dollars. Since funds collected from damage to housing are deposited directly to installation funds, there is no means for determining the magnitude of this part of the program.



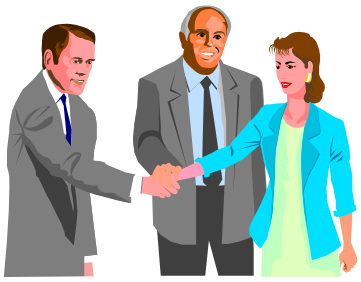
18.5 Functional Proponent for the Program or Funds. The Office of the Assistant Chief of Staff for Installation Management is the proponent for the housing program, DAIM-FDH, (703) 428-7518 or DSN 328-7518. For further information contact SAFM-BUI-F, (703) 692-4510 or DSN 222-4510. The Judge Advocate General, U.S. Army Claims Service, 410-677-7009 or DSN 923-7009, is the proponent for claims. The Chief of Engineers (COE) is the proponent for real estate claims, CERE-R, 202-761-7423 or DSN 763-7423. .

Chapter 19~~PARTNERSHIPS

19.1 Description of the Program. Partnerships, as used in this guide, are alliances or collaborative relationships between the installation and other parties and are not true legal partnerships. The partnerships extend beyond typical business relationships and provide a benefit to all parties. Examples include relationships between the installation and on-post labor unions, other federal agencies, surrounding communities, state and local governments, private businesses, and universities. Partnerships are included in this guide to illustrate one approach installations can use to increase the buying power of available funds from all sources. Partnerships generally do not result in the receipt or transfer of funds. An exception is lease agreements which use partnering principles. General fiscal law precludes installations from accepting funds from other than appropriated sources and using them for appropriated fund missions. This use would be considered improper augmentation of appropriations. Leases or licenses involve the sharing of land, facilities and equipment, exchanges of goods or services, or transactions in kind. Some examples of typical lease/license activities are the following: lease where the installation provides land for private construction or development of a school that can be used by the installation, or a community landfill that can be used jointly by the installation and the community; joint use of airfields; sharing of facilities, such as fire departments and libraries, or equipment such as fire trucks; exchanging services such as joint recycling or training programs for the mutual benefit of the installation and community. As installation funding and manpower resources are reduced for base operations and other purposes, public-private agreements are becoming increasingly important as a way to reduce costs and provide activities. They present another innovative business practice that will help improve operations and reduce costs. Partnering also builds good will between the installation and other parties, since combining resources often results in significant benefits and savings for all participants.

19.2 Pertinent Laws and Regulations. Partnering and cooperative agreements vary from installation to installation. In the legal sense, partnerships are not covered by existing public law. Specific laws do exist, however, for certain types of partnerships, such as partnerships between installations and utility companies and the recent Residential Communities Initiative (RCI) housing program. These laws are contained in the annual DoD appropriations and authorizations acts.

19.3 Functional Proponent for the Program or Funds. Partnerships are an emerging approach to doing business on installations during a period of increasingly reduced resources. In pursuing partnerships, installations should consult with the functional proponents for the area in which they wish to establish partnership arrangements. Legal offices should also be involved. Further general information on partnerships may be obtained from HQDA, SAFM-RBA, (703) 692-4993 or DSN 222-4993.



Chapter 20~~DISPOSITION OF UNCLAIMED PROPERTY

20.1 Description of the Funds or Program that generates the Funds. This program is an outgrowth of a demonstration project the Navy ran at the Naval Base and Naval Air Station, Norfolk, VA, to sell lost, abandoned, or unclaimed personal property. After the first year of the project, the Navy reported $98,000 in net revenues. Based on the success of that demonstration, implementing legislation was drafted by the Army and enacted in FY 1997. The law allows the installation to retain proceeds from the sale of any lost, abandoned, or unclaimed personal property found on a military installation. The proceeds will be used first to cover the cost of collecting, storing, transporting, and selling abandoned property, and secondly to support Morale, Welfare, and Recreation (MWR) activities on the installation where property was abandoned. Previously net proceeds were deposited as miscellaneous receipts of the Treasury. Installations are routinely faced with disposing of abandoned personal property, particularly automobiles. The installation is required to try to identify and contact the owner and store and care for the property before it can be sold. The installation can then either sell the property through the Defense Reutilization and Marketing Service or through direct sale. This legislation places the disposal function on a business-like basis and provides an incentive to the installation to obtain the best price when selling the property. Soldiers have five years to claim the abandoned property. The installation MWR single fund would be liable for payment of the claim up to the amount the MWR received. Although the MWR single fund on the installation can receive 80 percent of the proceeds, this program is not to be operated by MWR. The collection, storage, transportation, and selling of abandoned property is not an MWR mission.

20.2 Pertinent Laws and Regulations. Section 2575 of Title 10, as amended by Public Law 104-106, provides the authority to deposit net proceeds to the installation. DFAS-IN Reg 37-1, Finance and Accounting Policy Implementation, prescribes policies and procedures for Disposition of Proceeds from Sale of Unclaimed Property.

20.3 Illustration of Money Flow. Once the property is sold, the costs incurred for the handling and selling of abandoned personal property will be recognized as 20 percent of the gross sales. Any cost that exceeds 20 percent will be considered an extraordinary cost. Such costs must be defined and documented by the installation Provost Marshall Office (PMO) and provided to the MWR fund management. The installation commander is responsible for determining if the installation operation and maintenance account or the MWR single fund will bear the cost of any extraordinary cost. The gross amount of the sale will be credited to the installation operation and maintenance account (current year) as a refund of expense in current year. Eighty percent of the proceeds will be paid directly to the installation MWR single fund. These funds will not be used for any other program. The supporting accounting activity will provide a report showing the gross amount collected for each sale, the 20/80 split, and any extraordinary costs to the Installation MWR on a quarterly basis.

20.4 Magnitude of Dollars. The financial reporting mode for the activity became available during FY99. Revenue reported worldwide for this activity: FY99-$171K; FY00-$201K; FY01-$170K; and FY02- $323K.

20.5 Functional Proponent for the Program or Funds. The installation PMO is the functional proponent. For NAF Financial Management guidance contact, CFSC-FM-C, (703) 681-7299 or DSN 761-7299.

Chapter 21~~SALE OF SERVICES AT DOD LABORATORY, CENTER, RANGE, OR TESTING FACILITY

21.1 Description of the Funds or Program that Generates the Funds. It is the policy of the Department of Defense (DoD) to promote research and development within the commercial sector of the U.S. economy and the transfer of technology from the military to the commercial sector. These policies strengthen national security by promoting the development of a national industrial and technological base from which to sustain military technological superiority, while enhancing production capabilities for the nation overall. The law authorizes DoD to make available to any person or entity, at a prescribed fee, the services of any Department laboratory, center or other testing facility for the testing of materials, equipment, models, computer software, and other items. The results of tests performed with services at DoD facilities are confidential and may not be disclosed outside the Federal Government without the consent of the persons for whom the tests are performed. A fee or charge shall be imposed to recoup the total cost incurred by the government in providing the service. When approved by the laboratory/facility director/commander, prior to providing the service, all or a portion of the indirect costs may be eliminated from the fees or charges. Direct costs, at a minimum, must be charged. When less than full cost is charged, laboratory/facility directors/ commanders shall maintain adequate documentation that justifies and supports each decision. Such documentation should be available for review by higher authorities for audits or inspections. Under no circumstances may fees exceed the amount necessary to recoup total costs incurred.

21.2 Pertinent Laws and Regulations. Chapter 148, Section 2539B of title 10, United States Code, authorizes the DoD to make available the services of government laboratory, center, range or other testing facility on a reimbursable basis and retain and credit to the appropriations or other funds of the activity making such services available. DoD 7000-14-R, Chapter 14, VOL 11A outlines the financial policy and procedures; Chapter 4 provides specific guidance pertaining to the collection of fees.

21.3 Illustration of Money Flow. All fees or charges from private parties or agencies outside the U.S. Government must be collected in advance of the service being provided. Fees or charges received for services shall be credited to the appropriation, fund, or account that finances the activity making such services available.

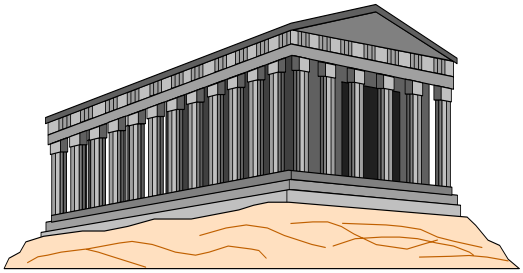
21.4 Magnitude of Dollars. Data is not yet available concerning the funds received as a result of non-government use of facilities. It is difficult to estimate the potential reimbursement from this program due to uncontrollable factors such as excess capacity and demand for services by third parties.

21.5 Functional Proponent for the Program or Funds. The functional proponent for the program is SAFM-BUI-A, (703) 614-9108 or DSN 224-9108.

Chapter 22~~HISTORIC PRESERVATION ACT AUTHORITIES

22.1 Description of the Funds or Program that Generates the Funds. Section 111 of the National Historic Preservation Act (16 U.S.C. 470h-3) authorizes federal agencies to lease or exchange historic real property not needed for current or projected agency purposes. Proceeds from leases under this act must be used to administer and maintain the agency's historic property.

22.2 Pertinent Laws and Regulations. Title 16, Section 470h-3, The National Historic Preservation Act of 1966, as amended in 1980 and 1992, authorizes the lease or exchange of federal agency historic real property, provided that applicable transactions adequately preserve the historic property. The use of this authority versus the use of 10 U.S.C. 2667, and its in-kind consideration, should be investigated. Refer to AR 200-4, Cultural Resources Management and AR 405-80, Management of Title and Granting Use of Real Property.



22.3 Illustration of Money Flow. The lease proceeds are to be returned to the agency or installation earning the funds. The funds can be used to defray the costs of administration, maintenance, repair, and related expenses incurred by the installation for properties that are on the

National Register of Historic Properties and are owned by or are under the jurisdiction or control of the installation. Funds earned under this statute expire at the end of the second fiscal year following the year in which the proceeds are received.

22.4 Magnitude of Dollars. The Army is only now actively exploring the use of this authority. An estimate of the future potential revenue from this program is difficult to predict at this time as it is impacted by external factors, including the level of demand for this type of property.

22.5 Functional Proponent for the Program or Funds. The Director of Public Works, USACE, and other organizations with proponency for authorizing lease or exchange of real property should be consulted before this provision is utilized. The HQDA proponent for historic property management is the Office of the Assistant Chief of Staff for Installation Management (ACSIM), DAIM-EDT (703) 693-0675 or DSN 223-0675.

Chapter 23~~ACCEPTANCE OF FUNDS TO COVER ADMINISTRATIVE EXPENSES RELATING TO CERTAIN REAL PROPERTY TRANSACTIONS

23.1 Description of the Funds or Program that Generates the Funds. 10 U.S.C. 2695 provides authority for the Military Departments to accept funds from parties to real property transactions as a reimbursement for the administrative expenses incurred in making the transaction. These reimbursements can be accepted only from non-Federal persons or entities. The types of real property transactions that are covered by this legislative change are: a) the exchange of real property; b) the grant of an easement over, in, or upon real property of the United States; c) the lease or license of real property of the United States, or d) disposal of real property where Army is the disposal agent. Qualifying administrative expenses include activities such as USACE district/installation engineering, environmental work, appraisal, legal reviews, document preparation, surveying, property inspections, and other specific costs directly attributable to the transaction.

23.2 Pertinent Laws and Regulations. The FY98 Defense Authorization Act added Section 2695 to Title 10, Chapter 159. This Section provides authority for the Military Departments to accept funds to cover administrative expenses relating to certain real property transactions. Department of Defense (DoD) 7000.14-R, DoD Financial Management Regulation, Volume 12, Chapter 14, provides financial management procedures for this program.

23.3 Illustration of Money Flow. Amounts collected as administrative costs will be credited to the currently available appropriation, fund, or account from which the expenses were paid. These amounts shall be merged with the funds in the appropriation, fund, or account and will be available for the same purposes and subject to the same limitations as the funds with which combined. This is considered a refund of expense in current period and reduces disbursements and obligations.

23.4 Magnitude of Dollars. Installations with significant numbers of qualifying real property transactions will profit most from this program. Current guidance does not include installation reporting requirements so the total magnitude of the funds may not be available in the future.

23.5 Functional Proponent for the Program or Funds. USACE district is the local disposal and outgranting proponent.. HQDA proponent for disposal and outgrant guidance is the Chief of Engineers (COE), CERE-R, 202-761-0483 or DSN 763-0483.

Chapter 24A~~USE OF FINANCIAL INCENTIVES PROVIDED AS PART OF ENERGY SAVINGS AND WATER CONSERVATION ACTIVITIES

24.1A Description of the Funds or Program that Generates the Funds. Army installations are authorized to accept financial incentives received from gas or electric utilities and from utilities for management of water demand or water conservation to be credited to an appropriation designated by the Secretary of Defense. The financial incentives are used by the private utilities to encourage military installations to participate in energy and water conservation programs. Allowing installations to retain financial incentives helps motivate installations to implement energy or water conservation projects.

The DoD and Army policies allow installations to apply rebate funds received to their Operation and Maintenance utility account for the current fiscal year or to apply the rebate as a credit to the utility bill.

24.2A Pertinent Laws and Regulations. The FY98 Defense Authorization Act amended 10 U.S.C. 2865 on energy savings and 10 U.S.C. 2866(b) on water conservation to allow financial incentives received from utility companies to be credited to an appropriation designated by the Secretary of Defense. DoD guidance was issued on 10 October 1995. Army provided that guidance to Army installations on 4 December 1995. DoD 7000.14-R, DoD Financial Management Regulation, Volume 12, Chapter 12, provides financial management policy and procedures for this program.

24.3A Illustration of Money Flow. Utility financial incentive programs vary by utility. Most utilities require funds be provided up-front by the Army, with rebates made after project implementation. Check with your local utility to determine their requirements.

24.4A Magnitude of Dollars. The rebate programs have been scaled back by utilities due to deregulation and are not a major source of funds for energy projects.

24.5A Functional Proponent for the Program or Funds. The HQDA POC is Office of the Assistant Chief of Staff for Installation Management (OACSIM), DAIM-FDF-UE, (703) 428-7001 or DSN 328-7001. OASA (FM&C) POC is SAFM-RB, (703) 692-7553, or DSN 222-7553.

Chapter 24B~~USE OF ENERGY SAVINGS PERFORMANCE CONTRACTS (ESPC) AND UTILITY PARTNERSHIPS FOR ENERGY SAVINGS AND WATER CONSERVATION PROJECTS

24.1B Description of the Funds or Program that Generates the Funds. Energy Savings Performance Contracting (ESPC) and Utility Partnerships enable the Army to leverage private sector money to implement projects to reduce energy consumption and improve facilities.

ESPC is a contracting methodology in which a private contractor, called an Energy Services Company (ESCO), performs services that include: building audits, technical evaluation, design, financing, acquisition, installation and maintenance of energy efficient equipment; operation and maintenance improvements; or technical services for the installation. The ESCO receives compensation based on the savings generated. Terms and conditions set forth in the contract determine the level of compensation to the ESCO; the remaining savings are retained by the installation.

ESPC allows the government to form a long-term partnership with the ESCO. As partners, we use the ESCO's technical expertise to design, improve, operate, and maintain efficient equipment. This allows our existing staff to address other critical mission needs. Army installations are allowed to enter into such contracts for their installations and/or facilities, including leased facilities.

Utility Partnerships are very similar to ESPC. The primary difference is that the installation contracts with the local utility company instead of an ESCO.

24.2B Pertinent Laws and Regulations. ESPC and Utility Partnerships are permitted by the Energy Policy Act of 1992. 10 U.S.C. 2865 and 10 U.S.C. 2866 authorize their use at military facilities. The Rules for Implementation of ESPC are found in 10 CFR 436. DoD 7000.14-R, DoD Financial Management Regulation, Volume 12, Chapter 12, provides financial management policy and procedures for this program. Revised Army guidance for use of ESPC was issued by the ACSIM on 30 September 1999.

24.3B Illustration of Money Flow. Once the Army enters into a contract, the ESCO (or utility company for Utility Partnerships) provides financing of services to be implemented. The installation will repay the ESCO out of the savings from its utility bill. Under ESPC, performance and therefore, savings is guaranteed. The ESCO does not get paid unless the installation realizes the savings. Savings are not necessarily guaranteed under Utility Partnerships.

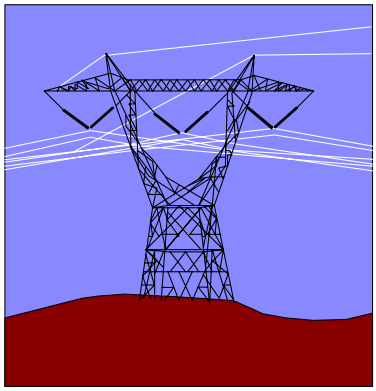
24.4B Magnitude of Dollars. Projects implemented have ranged in size from less than $1M to over $67M in capital investment. Payments to the ESCO (or utility company) will come from the installation's future utility bill savings.

24.5B Functional Proponent for the Program or Funds. The HQDA POC is Office of the Assistant Chief of Staff for Installation Management (OACSIM), DAIM-FDF-E, (703) 428-8030 or DSN 328-8030. OASA (FM&C) POC is SAFM-RB, (703) 614-3625 or DSN 224-3625.

Chapter 25~~PERMANENT AUTHORITY REGARDING CONVEYANCE OF UTILITY SYSTEMS

25.1 Description of the Funds or Program that Generates the Funds. This legislation provides permanent authority for the Secretary of a military department to convey a utility system, or part of a utility system, under his/her jurisdiction to a municipal, private, regional, district, or cooperative utility company or other entity. Prior to this legislative change, each instance of utility privatization on an installation required specific legislation to be enacted to authorize it. If more than one utility company or entity is interested in a conveyance under this law, the Secretary must carry out the conveyance through the use of competitive procedures. Consideration received in exchange for the utility must be for fair market value and may take the form of a reduction in charges for utility services over a period of time or a lump sum payment. Lump sum payments received under this law may be credited to an appropriation of the military department available for the purchase of the same utility services as are provided by the utility system conveyed; to an appropriation of the military department available for carrying out energy savings projects or water conservation projects; or to an appropriation of the military department available for improvements to other utility systems. The law includes a 21-day Congressional notice and wait requirement prior to conveying utilities and requires an economic analysis demonstrating benefit to the government.

25.2 Pertinent Laws and Regulations. 10 USC 2668 provides permanent authority for the Secretary of a military department to convey a utility system to a municipal, private or cooperative utility company. P.L. 106-65, Section 2812, National Defense Authorization Act for



FY00, amended 10 USC 2688 to authorize contracts for up to 50-years for utility services in connection with the privatization of a utility system.

25.3 Illustration of Money Flow. Consideration received in exchange for the utility must be for fair market value and may take the form of a reduction in charges for utility services over a period of time or a lump sum payment. Lump sum payments received in exchange for the utility would be deposited in appropriations of the military department as indicated in the description of the program above.

25.4 Magnitude of Dollars. The magnitude of Army dollars that could be received from this program is not available at this time.

25.5 Functional Proponent for the Program or Funds. The HQDA POC is the Office of the Assistant Chief of Staff for Installation Management (OACSIM), DAIM-FDF-UE, , (703) 428-7001 or DSN 328-7001. OASA (FM&C) POC is SAFM-RBA, (703) 692-7553, or DSN 222-7553.

Chapter 26~~SALE OF AIR POLLUTION EMISSION REDUCTION INCENTIVES—PILOT PROGRAM

26.1 Description of the Funds or Program that Generates the Funds. FY98 legislation authorized the Secretary of Defense (SECDEF), in consultation with the Administrator of General Services, to carry out a two-year pilot program, from FY98 to FY00, to assess the feasibility and advisability of the sale of economic incentives for the reduction of emission of air pollutants attributable to a non-BRAC facility of a military department. The National Defense Authorization Act for FY02, Public Law 107-107, Section 316, extends the program until 30 September 2003. The term "economic incentives for the reduction of emission of air pollutants" means any transferable economic incentives including marketable permits and emission rights necessary or appropriate to meet air quality requirements under the Clean Air Act (42 U.S.C. 7401 et seq.). Under the pilot program, the Secretary may sell economic incentives for the reduction of air pollutants only if the incentives are not otherwise required for the operations of the military department.

26.2 Pertinent Laws and Regulations. The FY98 National Defense Authorization Act, P.L. 105-85, Section 351, Pilot Program for the Sale of Air Pollution Emission Reduction Incentives, authorized this pilot program, and FY00 National Defense Authorization Act, P.L. 106-65, Section 325, extended the program. Under Secretary of Defense (Acquisition and Technology) memorandum, November 13, 1998, subject: Pilot Program for the Sale of Air Pollution Emission Reduction Incentives, delegates the following responsibilities: (1) The responsibilities assigned by Section 351(a) for the implementation of a pilot program to assess the feasibility and advisability of the sale of economic incentives are delegated to the Secretary of the Navy in its Executive Agent role for Clean Air Act matters. The authority given the SECDEF by section 351(b) to sell economic incentives for the reduction of air pollutants is delegated to the Secretaries of the Military Departments.

26.3 Illustration of Money Flow. The proceeds from sales of economic incentives attributable to a facility of a military department will be credited to the funds available to the facility for the costs of identifying, quantifying, or valuing economic incentives for the reduction of emission of air pollutants. The amount credited shall be equal to the costs incurred. If, after expenses are paid, a balance remains, the Secretary may allocate these amounts to the military departments for programs, projects, and activities necessary for compliance with Federal environmental laws, including the purchase of economic incentives for the reduction of emission of air pollutants. The law indicates that, to the extent practicable, amounts allocated should be made available to the facilities that generated the economic incentives. The total amount allocated under the pilot program in a fiscal year from sales of economic incentives must be under $500,000. Excess amounts must be deposited in miscellaneous receipts account.

26.4 Magnitude of Dollars. The magnitude of dollars is unknown.

26.5 Functional Proponent for the Program or Funds. Headquarters, Department of the Army (HQDA) POC is Office of the Assistant Secretary of the Army for Installation Management, DAIM-ED-C, (703) 693-0549 or DSN 223-0549. OASA (FM&C) POC is, SAFM-RB, (703)692-7553 or DSN 222-7553.

Chapter 27~~Technology Transfer Program-Cooperative Research and Development Agreements (CRADAs)

27.1 Description of the Funds or Program that Generates the Funds. The Army Domestic Technology Transfer Program seeks to promote the transfer of technology between Army laboratories and the non-Federal sector to enhance both the military capability and economic competitiveness of our country. Army laboratories are important partners with industry and academia in working toward these goals, and CRADAs are one mechanism that can be used for establishing collaborative relationships between these parties for the joint conduct of research and development (R&D). The Federal Technology Transfer Act of 1986 (Public Law 99-502) authorized Federal laboratories to enter into CRADAs. CRADAs may be used only to accomplish R&D consistent with the mission of the Federal laboratory. Work performed under CRADAs must not unduly compete with services already available in the private sector. There must be at least two parties to a CRADA: (1) a Federal laboratory, and (2) a non-Federal entity. There may also be additional parties. Federal laboratories may provide the following when performing R&D under CRADAs: personnel, services, equipment, facilities, intellectual property, and other resources. However, Federal laboratories may not directly provide Federal funds to non-Federal CRADA parties. Non-Federal parties may provide (and Federal laboratories may accept, retain, and use in furtherance of research and development under CRADAs): funds, personnel, services, equipment, facilities, intellectual property, and other resources. All CRADAs must be coordinated with the Federal laboratory's intellectual property attorney. The Assistant Secretary of the Army for Acquisition, Logistics and Technology, or his representative must approve CRADAs. Every Army laboratory has an Office of Research and Technology Applications (ORTA) whose primary responsibility is to actively seek technology transfer opportunities and serve as a point of contact for potential users of the laboratory's technology.

27.2 Pertinent Laws and Regulations. Public Law 99-502 established this program [15 U.S.C Section 3710a(a)(1)]. Public Law 104-113, the National Technology Transfer Act of 1995, and Public Law 106-404, the Technology Transfer Commercialization Act of 2000, amended previous laws to provide additional incentives encouraging technology commercialization for both industry and academic partners and federal laboratory inventors. DoD Directive 5535.3, "Department of Defense Technology Transfer (T2) Program", DoD Instruction 5535.8, "DoD Technology Transfer (T2) Program", and AR 70-57, "Military-Civilian Technology Transfer", provide guidance. The Army Materiel Command (AMC) published AMC Pamphlet 27-1 which provides a guide for employees involved in the negotiation of CRADAs.

27.3 Illustration of Money Flow. Resources provided by Federal Laboratories may be on reimbursable or non-reimbursable basis. If reimbursement is provided, the funds may be credited to the fund account initially charged for the expenditure or the Federal Laboratory may use the funds in furtherance of the CRADA and for R&D laboratory missions.

27.4 Magnitude of Dollars. Reimbursable funds received by Army laboratories were approximately $12M in both FY 01 and FY 02. Royalty income from licensing inventions under CRADAs is reported as Patent and Royalty income (see Chapter 15, para. 15.4).

27.5 Functional Proponent for the Program or Funds. The responsible office is the Army Domestic Technology Transfer Program Office, U.S. Army Research Laboratory, AMSRL-DP-T, (301) 394-2529 or DSN 290-2529.

Chapter 28~~ VENTURE CAPITAL INVESTMENT CORPORATION

28.1 Description of the Funds or Program that Generates the Funds. The Venture Capital Investment Corporation, authorized in the FY02 Defense Appropriations Act and expanded in FY03, provides a mechanism to gain access to new and innovative technologies that will help transform the Army. The objective of the first Venture Capital Investment Corporation (VCIC) is to improve the business relationship between the entrepreneurial community of high technology innovators and the U.S. Army. The Army will focus on companies developing power and energy technology applicable to the requirements of the individual soldier.

28.2 Pertinent Laws and Regulations. Section 8150 of the 2002 Defense Appropriations Act (Public Law 107-117) earmarked $25M of Research, Development, Test and Evaluation (RDT&E), Army funds to establish a Non-Profit VCIC. House Report 107-298 states that the intent of the House Committee on Appropriations is to model the VCIC on the Central Intelligence Agency's venture capital In-Q-Tel Corporation. Section 8105 of the FY 2003 Department of Defense Appropriations Act authorizes transfers of up to $20 million from unobligated balances remaining in Army RDT&E during the last fiscal year before the account closes. Amounts transferred are to be used for the continuation of the Venture Capital Fund demonstration. The transfer shall be made not later July 31 of each year. The funds transferred shall be merged with and shall be available for the same purposes and for the same time period as the appropriation to which it is transferred. The Army VCIC will be a not-for-profit corporation organized in accordance with Section 501 (c)(3) of Title 26, United States Code. The Army established a Board of Advisors to select a VC company to manage the VCIC. CECOM will be the Army agency to establish "Other Transactions" between the selected venture capital
company and the U.S. Army.

28.3 Reporting Requirements The Secretary of the Army shall provide an annual report to the House and Senate Appropriations Committees no later than 15 days prior to the annual transfer of funds. The report will include a description of the sources and amounts of funds proposed to be transferred, summarizing the projects funded under this demonstration program (including the name an location of project sponsors) to date, a description of the major program accomplishments to date and an overall assessment of the benefits of this demonstration program compared to the goals expressed in the legislative history accompanying Section 8150 of Public Law 107-117.

28.4 Functional Proponent for the Program or Funds. The functional proponent for the program is ASA (ALT), 703-601-1515, DSN 329-1515.

Chapter 29~~ GOVERNMENT TRAVEL CARD PROGRAM REFUNDS

29.1 Description of the Funds or Program that Generates the Funds. The General Services Administration's SmartPay master contract provides that Federal agencies may receive refunds from qualified contractors (Bank of America) for Department of Defense (DoD) employees' use of the government travel card. The amount of refunds generated is based on formulas provided in this contract. Public Law 106-259, section 8101, allows that refunds attributable to the use of the government travel card may be credited to operation and maintenance accounts of the DoD that are current when the refunds are received.

29.2 Pertinent Laws and Regulations. In addition to the authority shown above, refunds for the government travel card are discussed in DoD Financial Management Regulation Volume 9, Chapter 3.

29.3 Illustration of Money Flow. The DOD travel card contractor provides refunds on a quarterly basis to Army Major Commands (MACOM), based on the charge volume generated by their cardholders. These funds are electronically transferred to the long line of accounting established for each MACOM.

29.4 Magnitude of Dollars. During FY00, the Army received refunds totaling $2.4M from the current travel card contractor. It should be noted that the provisions for earning refunds under the current contract are not nearly as generous as those contained in the previous contract. This is a direct result of the high levels of cardholder delinquency within the Army and other DOD Components. Refunds earned under the current contract are further reduced by any delinquent amounts that the contractor must write off. During FY01, there were no refunds paid due to delinquent accounts that resulted in a large amount of dollars the bank was required to write-off. The amounts written off exceeded refunds earned causing negative balances to be carried forward to subsequent quarters. In FY02, Bank of America paid $390K in refunds. This means that negative account balances resulting from account write-offs have been satisfied for many MACOMs. Refunds should continue for commands with positive balances through FY 2003.

29.5 Functional Proponent for the Program or Funds. The Office of the Assistant Secretary of the Army (Financial Management and Comptroller) is the proponent for the travel card program, SAFM-FO, (703)693-3386 or DSN 223-3386.

Chapter 30~~U.S. ARMY MILITARY HISTORY INSTITUTE: FEE FOR PROVIDING HISTORICAL INFORMATION TO THE PUBLIC

30.1 Description of the Funds or Program that Generates the Funds. The Secretary of the Army is authorized to charge a fee for information requested from the United States Army Military History Institute. A fee may not be charged for information needed to carry out a duty as a member of the armed forces or an officer or employee of the United States or for a release of information under section 552 of title 5, Public Information, agency rules, opinions, orders, records, and proceedings. The fee charged to non-exempt users may not exceed the cost of providing information. The United States Army Military History Institute began collecting fees from non-exempt users on 01 October 2001.

The mission of the Military History Institute (MHI) is to preserve the Army's history by ensuring access to historical research materials. MHI serves as the primary research facility for the historical study of the U.S. Army in order to foster a greater understanding of the Army's role in our nation's history and in its future. To fulfill this mission, MHI collects, organizes, preserves, and makes available, source materials on American military history to the defense community, researchers, and scholars. MHI holds over nine million items relating to military history, including: books, periodicals, photographs, manuscripts (diaries, letter, memoirs), military publications and manuals, maps and oral histories. These materials make MHI one of the finest military research libraries in the United States and in the world.

30.2 Pertinent Laws and Regulations. Public Law 106-398, The National Defense Authorization Act for fiscal year 2001 included a provision in Section 1085, Fees for Providing Historical Information to the Public, which amended Chapter 437 of Title 10, United States Code by adding Section 4595, Army Military History Institute: fee for providing historical information to the public.

30.3 Illustration of Money Flow. Amounts received for providing information in any fiscal year will be credited to the appropriation or appropriations charged the costs of providing information to the public from the United States Army Military History Institute during the fiscal year.

30.4 Magnitude of Dollars. Funds were not collected in FY 01. Fees for service implemented on 1 October 2001 resulted in the collection of $40,928 with expenditures of $32,306 for FY 02. For 1st Quarter FY 03 $12,856 was collected with expenditures of $12,542.

30.5 Functional Proponent for the Program or Funds. The United States Military History Institute, an institute of the U.S. Army War College, is the functional proponent for this program, (717) 245-4483 or DSN 242-4483.

Chapter 31~~MATCHING BRIDGE INSPECTION FUNDING

31.1 Description of the Funds or Program that Generates the Funds. The Matching Bridge Inspection Funding is for Army owned bridges on installation roads open to the public in the 50 states and US territories. The Army policy considers all installation roads open to public travel unless they are located in high security, permanently restricted areas of the installation all of the time. Over 80% of all the Army roads are open and are:

- Available for public use, except during scheduled periods, extreme weather, or emergency conditions; and
- Passable by four-wheel standard passenger cars.

The funding available to installations is from the Federal Highway Administration (FHWA) to equally match the installation programmed funds for bridge inspection. The purpose is to help ensure safely of bridges on public roads under jurisdiction of the US Government.

31.2 Pertinent Laws and Regulations. The Assistant Chief of Staff Installation Management (ACSIM) signed a Program Agreement with FHWA on 3 June 1999 to establish the funding process. Title 23, United States Code, Section 151 authorizes the agreement for the National Bridge Inspection Standards (NIBS). The agreement and supporting Army policy is included in the AR 420-72 "Transportation Infrastructure and Dams".

Military installation roads are considered to be public lands highways and, therefore, eligible for FHWA funding. This is based on the facts that these roads are owned by the Department of Defense (DoD), maintained by the installations, and are open to public travel. Additionally, DoD has authority to construct installation facilities (such as roads) under 10 USC 2802. The Military Traffic Management Command Transportation Engineering Agency (MTMC-TEA) acts as an agent for DoD to provide technical support to the Army.

31.3 Illustration of Money Flow.
The Matching Bridge Inspection program provides funds from the FHWA to OACSIM for distribution. The funds are distributed to the Major Army Commands (MACOMs) for installations that have established bridge inspection plans and have programmed the 50% matching funding.

31.4 Magnitude of Dollars. In FY00, the first year of the program, the Army and FHWA funded $920K of bridge inspections. In FY01, the Army funded $900K. Together the Army and FHWA have $1.5M programmed to be available for each year of FY02 and FY03, and programmed $1.5M in FY04 for Army installation bridge inspections. The Army has 904 bridges on 28,772 miles of roads that require inspections every other year by Public Law.

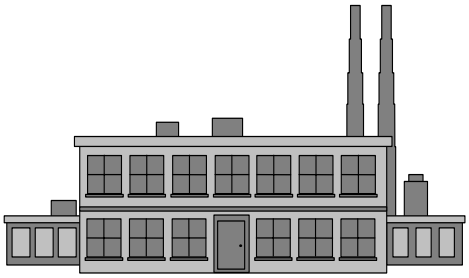
31.5 Functional Proponent for the Program or Funds. The installation Director of Public Works is the local proponent for this program. The MTMC-TEA will provide technical support. In the first quarter of the year, each MACOM shall forward the installation bridge inspection plan and confirm matching funding is available to the HQDA proponent, OACSIM Facility Policy Division. The point of contact for oversight and implementation of the program is DAIM-FDF, (703) 428-6173 or DSN 328-6173.

Chapter 32~~ARSENAL SUPPORT PROGRAM INITIATIVE

32.1 Description of the Funds or Program that Generates the Funds. Public Law 106-398 expands the Armament Retooling and Manufacturing Support Initiative with the Arsenal Support Program Initiative. This initiative requires the Army to conduct a two-year demonstration program during FY01 and FY02 to help maintain the viability of the Army manufacturing arsenals and the unique capabilities of these arsenals to support the national security interests of the United States.
The program was extended through FY 04. Through commercialization and product diversification, the Arsenal Support Program Initiative fulfills key program objectives -- to reduce ownership costs; maintain industrial readiness; sustain a skilled work force; and sustain socio-economic community development. Under this authority, the Secretary may enter into contracts with commercial firms to authorize the contractors consistent with section 4543 of title 10, USC, to use the arsenal, or a portion of the arsenal, and the skilled workforce at the arsenal to manufacture weapons, weapon components, or related products and to enter into subcontracts for the commercial use of the arsenal. The contractor must contribute toward the operation and maintenance of the Army manufacturing arsenal covered by the contract. The Secretary may also guarantee the repayment of any loan made to a commercial firm, within the amounts provided for in the law, to fund the establishment of a commercial activity at an Army manufacturing arsenal under this section.

This Arsenal Support Program Initiative applies to Pine Bluff, Rock Island and Watervliet Arsenals and expands 10 USC Section 4543, entitled: Army industrial facilities: sales of manufactured articles or services outside Department of Defense. Army must report to Congress on its implementation of this initiative. The report contains a comprehensive review of contracting at the Army manufacturing arsenals covered by the program and recommendations regarding changes to the program.

32.2 Pertinent Laws and Regulations. Section 343 of PL 106-398, The National Defense Authorization Act for fiscal year 2001 and Title 10 USC Section 4543, Army Industrial Facilities are the authorities for this program. Section 362 of PL 107-314 extends the program through FY 04.



32.3 Illustration of Money Flow. Office of the Secretary of Defense (OSD) provides funding from the Weapons and Tracked Combat Vehicles (WTCV) appropriation. Funding flows through OASA (FM&C) through Army Materiel Command, to the Joint Munitions Command to support the ASPI program.

32.4 Magnitude of Dollars. In FY02, $3.2M of OMA funding was available and in FY 03 $4.2M in WTCV was appropriated for the ASPI program.

32.5 Functional Proponent for the Program or Funds. The HQDA POC is Office of the Assistant Secretary of the Army (Acquisition, Logistics and Technology) (703) 681-7560 or DSN 761-7560. Program Director for ASPI Installations at the U.S. Army Joint Munitions Command, Rock Island Arsenal, Illinois, AMSJM-AM, (309) 782-1611, DSN 793-1611.

Chapter 33~~GIFTS AND DONATIONS--GENERAL GIFT FUNDS

33.1 Description of the Funds or Program that Generates the Funds. Title 10, U.S.C., Section 2601, General Gift Funds, provides authority for the Secretary of a military department to accept, hold, administer, and spend any gift, devise, or bequest of real or personal property, made on the condition that it be used for the benefit, or in connection with the establishment, operation, or maintenance, of a school, hospital, library, museum, cemetery, or other institution or organization under the jurisdiction of the Secretary. The Secretary may pay necessary expenses in connection with the conveyance or transfer of any gift, devise, or bequest of real or personal property. Gifts and bequests of money, and the proceeds of the sale of property, received are deposited in the Treasury in Department of the Army General Gift Fund and disbursed to the designated institution or organization subject to the donor terms. The Secretary may retain money, securities, and the proceeds from the sale of securities, in the gift fund, and invest the money and reinvest the proceeds of the sale of securities in that fund in securities of the United States or in securities guaranteed as to principal and interest by the United States. The securities interest and profits are deposited to the credit of the gift fund of the department concerned and are disbursed to the appropriate institution or organization. There is one exception to this authority for the US Military Academy (USMA). Title 10, U.S.C., Section 4356, permits the Superintendent to accept, hold, administer, invest, and spend any gift, devise, or bequest of personal property of a value of $500,000 or less made to the United States on the condition that such gift, devise, or bequest be used for the benefit of USMA.

33.2 Pertinent Laws and Regulations. 10 U.S.C. 2601 permits the Army to accept gifts. AR 1-100, Gifts and Donations, provides policy and procedures for accepting gifts under 10 U.S.C. 2601. AR 210-3, Nonstandard Activities of the USMA, Chapter 11, provides policies for the Military Academy-United States Corps of Cadets Gift Fund. DFAS-IN Reg. 37-1, Finance and Accounting Policy Implementation, prescribes financial policies and procedures for this program.

33.3 Illustration of Money Flow. The Secretary of the Army is the approval authority for acceptance of gifts and donations. The U.S. Army Total Personnel Command (PERSCOM) receives all written offers of gifts/donations (any checks that are part of the offer are made payable to the Treasurer of the United States) from Army activities for processing to the Secretary of the Army for formal approval and acceptance. TAPC forwards checks to DFAS for recording in budget clearing account 21F3875.0111 until the SA approves and accepts gifts/donations. DFAS-IN will allocate funds via Funding Authorization Documents (FADs) to the Operating Agency (OA) responsible for the organization designated as the gift recipient. If the gift offered is to construct a building or permanent structure, the plans must be approved by the Army installation facilities and approved by the MACOM engineer.

33.4 Magnitude of Dollars. The DA General Gift Fund new donations were: FY98-$39K, FY99-$281K , FY00-$23K FY01-$51K, and FY02-$3.5K. The USMA Gift Fund new donations were: FY98-$3.3M, FY99-$7.8M, FY00-$16.3M, FY 01-$15.5M, and FY 02 $5.5M.

33.5 Functional Proponent for the Program or Funds. The Program Manager is U.S. Total Army Personnel Command, TAPC-PDO-IP, (703) 325-4530. The DFAS POC may be contacted at (317) 510-7835 or DSN 699-7835.

Chapter 34~~ EFFICIENT FACILITIES INITIATIVE

34.1 Description of the Legislation that Would Generate the Funds. The FY2002 National Defense Authorization Act provides to the Secretary of Defense the authority to carry out a pilot program (to be known as the "Pilot Efficient Facilities Initiative") for purposes of determining the potential for increasing the efficiency and effectiveness in the operation of military installations. The Secretary of Defense may designate up to two military installations of each military department for participation in the initiative. Before designating a military installation, the Secretary shall consult with employees at the installation and communities in the vicinity of the installation regarding the initiative. The Secretary shall transmit to Congress written notification of the designation of a military installation to participate in the initiative not later than 30 days before taking any action to carry out the initiative at the installation. The Secretary shall include in the notification a description of the steps taken to comply with designating a military installation, consulting with employees at the installation and communities in the vicinity of the installation. As part of the notification required, the Secretary of Defense shall submit a management plan. The management plan shall include: 1) A description of each proposed lease, disposal and leaseback of real or personal property leased or disposed of. 2) A description of each proposed conversion of services at the installation from Federal Government performance to non-Federal Government performance, including performance by contract with a State or local government or private entity or performance as consideration for the lease or disposal of property at the installation. 3) Actions proposed to be taken to improve mission effectiveness and reduce the cost of providing quality installation support. 4) An estimate of savings to be achieved as a result of this action.

34.2 Pertinent Laws and Regulations. The The FY2002 National Defense Authorization Act, Section 2813 grants the Department of Defense and the Military Departments an opportunity to generate revenue by applying sound business practices. The legislation gives the authority to conduct two pilot tests for each Service and the opportunity to request additional authorities that may be needed to implement the Management Plan.

34.3 Money Flow. The Treasury will establish the "Installation Efficiency Initiative Fund" on its books. Deposits in the Fund will be cash rents, payments, reimbursements, proceeds and other amounts for leases, sales or other conveyances or transfers, joint activities and other actions taken under the Initiative. Amounts in the Fund shall be available to the Secretary of Defense for purposes of managing capital assets and providing support services at military installations participating in the Initiative. The Fund may be used in combination with other amounts authorized and appropriated. The Fund balance is available for five years. The Secretary of Defense shall submit to Congress a report of the Initiative containing a description of the actions taken and include any other information, including recommendations.

34.4 Functional Proponent for the Program or Funds. Headquarters Department of the Army (HQDA) proponent is the Office of the Assistant Chief of Staff for Installation Management, DAIM-MD (703) 692-9259, DSN 222-9259.

Chapter 35~~ RECOVERY AUDITS

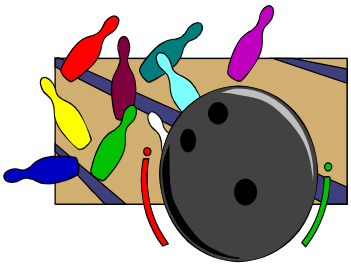
35.1 Description of the Funds or Program that Generates the Funds Section 354 of the FY96 National Defense Authorization Act mandated that the Department of Defense carry out a demonstration program to examine the feasibility of using private firms to identify overpayments to vendors. A program of an executive agency shall include recovery audits and recovery activities. The head of the executive agency shall determine, in accordance with guidance provided by the Office of Management and Budget (OMB) in subsection (c), the class of contracts to which recovery audits and recovery activities are appropriately applied. Additionally, in accordance with guidance provided by the Director of OMB under section 3561, the head of the executive agency may carry out a program for improving management processes within the executive agency to: 1) address problems that contribute directly to the occurrence of errors in the paying of contractors of the executive agency; or 2) improve the recovery of overpayments due to the agency.

35.2 Pertinent Laws and Regulations. Section 354 of the Fiscal Year 1996 National Defense Authorization Act mandated that the Department of Defense carry out a demonstration program to examine the feasibility of using private firms to identify overpayments to vendors. As a result of the demonstration, Chapter 35 of title 31, United States Code, was amended by adding Subchapter IV – Recovery Audits. This legislation requires that the head of each executive agency that enters into contracts with a total value in excess of $500M in a fiscal year shall carry out a cost-effective program for identifying any errors made in paying the contractors and for recovering any amounts erroneously paid to the contractors.

35.3 Money Flow. Funds collected under a program carried out under the provisions of section 3561 of this title shall be available to the executive agency to: 1) reimburse the actual expenses incurred by the executive agency in the administration of the program; 2) pay contractors for services under the program in accordance with the guidance issued under section 3561(c)(5) of this title. Any amounts erroneously paid by an executive agency that are recovered under such a program and are not used to reimburse expenses or pay contractors as noted above shall be credited to the appropriations from which the erroneous payments were made, shall be merged with other amounts in those appropriations, and shall be made available for the purposes and period for which such appropriations are available. If no such appropriation remains available, the funds shall be deposited in the Treasury as miscellaneous receipts.

35.4 Functional Proponent for the Program or Funds. Headquarters Department of the Army (HQDA) proponent is the Office of the Assistant Secretary of the Army (Financial Management & Comptroller), SAFM-RB, 703-692-7874 or DSN 222-7874.

Part II--NONAPPROPRIATED FUNDS (NAF), MWR COMMERCIAL SPONSORSHIPS, AND PARTNERSHIPS



MORALE, WELFARE, AND RECREATION (MWR)
AND
NONAPPROPRIATED FUND INSTRUMENTALITIES (NAFIs)

MWR COMMERCIAL SPONSORSHIPS

PARTNERSHIPS & PRIVATIZATION

Chapter 36~~NONAPPROPRIATED FUNDS (NAF)

36.1 Description of the Funds or Program that Generates the Funds. Nonappropriated funds (NAF) are generated through authorized patron use of MWR programs at local installations. These funds are in the form of user fees and charges. NAF is included in this guide to provide a more complete coverage of resources (other than typical Army appropriations) available to installations. It is not meant to indicate that NAF should be used to offset or replace appropriated funds (APF). Specifically, nonappropriated funds may **not** be used to augment appropriations and should **not** be used to fund mission activities. However, there is an important interrelationship between APF and NAF. Both APF and NAF support quality of life activities such as child development centers, arts and crafts shops, and recreation centers. Installation commanders must exercise caution in determining how both sources of funds are applied. Installation commanders must also weigh the benefits provided by each program against its associated costs or ability to generate additional funds. Recently instituted financial standards for MWR activities will place even greater emphasis on the reduction of operating costs and on overall financial performance.

36.2 Pertinent Laws and Regulations. Since NAF, by definition, are not appropriated by Congress, congressional control is primarily accomplished by the MWR panel of the House National Security Committee and the Senate Armed Services Committee counterpart. DoD instruction 7000.12 and numerous DoD directives provide overall guidance, which is implemented by Army Regulations 215-1 through 215-4. The MWR Board of Directors (BOD), whose members are the four-star commanders, the Commander, USARPAC, and the Sergeant Major of the Army (SMA), provide policy guidance and strategic direction for Army MWR operations.

36.3 Illustration of Money Flow. Installations receive NAF from a variety of sources. The overwhelming majority of NAF is generated on the installation from operation of business activities. The installation receives a share of income generated by AAFES in its exchanges, Class VI, and phone operations. These funds are paid as the Army Simplified Dividend. Other funds are earned and retained at the installation from MWR business activities. Major NAF construction projects are approved by the MWR BOD and generally funded from centralized NAF.

36.4 Magnitude of Dollars. FY02 field NAF instrumentalities generated $771M in total revenue (adjusted for USA income) with net income before depreciation of $104 M.

36.5 Functional Proponent for the Program or Funds. Either the Directorate of Personnel and Community Activities (DPCA) or the Directorate of Community Activities (DCA) is the local program proponent. At HQDA, the proponent is the Community and Family Support Center (CFSC). The CFSC point of contact is CFSC-FM, (703) 681-7300 or DSN 761-7300.

Chapter 37~~NAF PUBLIC-PRIVATE VENTURES

37.1 Description of the funds or Program that Generates the Funds. The public-private venture (PPV) concept entails pursuing a private developer or company to finance, design, construct, operate, and maintain an MWR facility on an Army installation. In addition to providing MWR services and facilities for the soldiers and family members, the private entity will be required to provide an equitable return to the installation MWR community in exchange for the opportunity to do business with traditional MWR patrons. The PPV process augments the traditional delivery of MWR services and facilities, offering installation commanders the opportunity to leverage and maximize the value of installation real estate through PPV partnerships for development of needed MWR services. The PPV request is initiated by an installation that has a requirement or desire for an MWR service but lacks funding. The installation submits the PPV request through its major Army command to the U.S. Army Community and Family Support Center (USACFSC) NAF Construction Directorate, Asset Management Office (CFSC-COA). CFSC-COA serves as a full service staff to provide technical expertise for the installations and the conduit for obtaining approvals, locating and negotiating developers, and facilitating the PPV process in support of installation objectives. If AAFES has primacy over the proposed project, their concurrence to pursue an initiative as an MWR project is required. A sample submission packet is available from USACFSC Asset Management Office.

37.2 Pertinent Laws and Regulations. Congressional oversight committees continue to press the DoD and Military Services to increase use of PPVs in delivering MWR services to military personnel. The legislation used to implement PPVs has its roots in two sources: real property outgranting authority and contracting authority. Real property outgranting (lease) authority (10 USC 2667) provides the Secretary of the Army with the means to outgrant Army non-excess real property when considered advantageous. DODI 1015.13 sets forth policy for using PPVs to provide MWR facilities. The acquisition authority and policy for purchases involving NAF is set forth in DODI 4105.67. In accordance with DODI 4105.67 and based on 10 USC 3013, NAF contracting authority for the Army is vested in the Secretary of the Army. The Army's implementation of DODI 4105.67 is published by USACFSC in AR 215-4, NAF Contracting.

37.3 Illustration of Money Flow. Developers obtain non-recourse financing for the PPV. No Army MWR funds or appropriated funds are obligated or committed to finance, construct and maintain the MWR program/service/facility. A negotiated return in the form of percentage of profits or service is provided to the MWR community. Further, installation expenses to maintain facilities may decrease in the process.

37.4 Magnitude of Dollars. Since the program inception in 1996, five PPV projects are in operation. The NAF construction savings to the Army total $32.2M. The first PPV projects have infused approximately $125K in funds to the installation's MWR fund for which they service.

37.5 Functional Proponent for the Program or Funds. The USACFSC is the sole Army agency authorized to negotiate and award contracts for the privatization of NAF projects. Their staff is available to help installations and regions with their PPV initiatives. The USACFSC point of contact is COA, (703) 681-7288, or DSN 761-7288.

Chapter 38~~MWR COMMERCIAL SPONSORSHIP

38.1 Description of the Funds or Program that Generates the Funds. Commercial sponsorship, authorized by the Office of the Assistant Secretary of Defense, is the exchange of value (cash, products or services) from a commercial sponsor for promotional and marketing opportunities within the Army community. A commercial sponsor may be an agency, association, company or corporation. Commercial sponsorship is either competitively solicited or unsolicited, and is authorized **only** for support of Army MWR programs and events and the NAF component of Army Family Team Building (AFTB) and Army Family Action Plan (AFAP). Commercial sponsorship is not a gift or donation. Companies use commercial sponsorship as an advertising or marketing tool to achieve specific business objectives. In exchange for a negotiated sponsorship fee (cash, products and/or services), the company receives a wide range of benefits, such as event signage, retail tie-ins, on-site displays, and verbal recognition. Many Army installations enhance MWR programs and events by participating in some form of commercial sponsorship. The sponsorship program is an opportunity for the Army to partner with Corporate America and generate revenue for MWR while providing a return on investment for the sponsor.

38.2 Pertinent Laws and Regulations. The MWR Commercial Sponsorship Policy is specified in AR 215-1 and DoDI 1015.10, Enclosure 9. The basic policy requires establishment of standard procedures to accomplish the program. The sponsor and the Army's obligations and entitlements must be incorporated into written agreements that receive legal review. Appropriate disclaimers are required in any public recognition or advertising media, since DoD does not endorse nor favor any commercial supplier, product, or service. The DoD component must maintain a record of all MWR sponsored events to include the sponsor's name and organization, the type and amount of the sponsor's assistance, funding, goods, or services provided within the MWR programs. The installation command, normally the DCA or equivalent, designates a sponsorship representative in writing. The sponsorship representative is responsible for all sponsorship actions and receives annual professional development training. The second edition of the Commercial Sponsorship Desk Reference was issued in June 1998. The primary change was the addition of a Key Management Control Checklist. Other references include examples of legal agreements, tips on sponsorship, sponsorship guidance, and key management controls. A third edition will be created in conjunction with the DoDI 1015.10 and AR 215-1 revisions.

38.3 Magnitude of Dollars. In FY02, sponsorship generated approximately $3.4M in cash and $5M in products and services for MWR.

38.4 Functional Proponent for the Program or Funds. The Community and Family Support Center (CFSC) is the functional proponent for the commercial sponsorship program. Their Commercial Sponsorship staff is available to assist regions and installations with their commercial sponsorship initiatives. Questions may be addressed to CFSC-SP, (703) 681-5278, or DSN 761-5278.

CHAPTER 39~~MWR COMMERCIAL ADVERTISING

39.1 Description of the Funds or Program that Generates the Funds. The Office of the Assistant Secretary of Defense has authorized commercial advertising. MWR and NAFIs may sell commercial advertising space in any media (printed, signs, electronic) produced for or prepared by them. Advertising may also be sold on commercial MWR websites, created and operated with only NAF. Commercial advertisers may include corporations, agencies and associations. All advertisements must include an appropriate disclaimer stating that the DoD does not endorse the company, product or service. If the advertiser is considered controversial, the installation commander will make the final decisions on acceptance of paid advertising and must consider public perceptions, impact on the local economy, and effect on the local civilian enterprise newspapers.

39.2 Pertinent Laws and Regulations. The Commercial Advertising Policy is specified in AR 215-1 and DoDI 1015.10, Enclosure 10. All commercial advertising sales are bound by similar standards that apply to civilian enterprise publications (AR 360-81). Paid commercial advertising is prohibited on APF electronic media, such as Armed Forces Radio and Television and the local commander's channel. Installation and regions are required to designate a commercial advertising POC in writing. Individual MWR program managers and policymakers are not authorized to perform commercial advertising sales.

39.3 Magnitude of Dollars. In FY02, advertising sales generated approximately $1.2M in cash for the MWR and the NAFI.

39.4 Functional Proponent for the Program or Funds. The Community and Family Support Center (CFSC) is the functional proponent for the commercial advertising program. Their Commercial Advertising staff is available to assist with region and installation initiatives. Questions may be addressed to CFSC-SP, (703) 681-5278, or DSN 761-5278.

Chapter 40~~UNIFORM FUNDING AND MANAGEMENT (UFM)

40.1 Description of the Funds or Program that Generates the Funds. Uniform Funding and Management (UFM) is the merging of appropriated funds (APF) and nonappropriated funds (NAF) for the purpose of providing morale, welfare, and recreation (MWR) services under the NAF set of rules and procedures. Formerly Uniform Resources Expanded Program (UREP), UFM is designed to facilitate procurement of goods and services, management of employees providing the services, and financial reporting and management. The concept was tested by DOD under the legislative requirements in the FY 1996 DOD Authorization Act. A two-year demonstration was conducted at six sites (2 Army, 2 Navy, 1 Air Force, 1 Marine Corps). Under the test, based upon agreed levels of funding, APF was transferred upfront to the NAFIs on a quarterly basis. Services were then provided using NAF rules and procedures. The NAF accounting system tracked the uses of APF that was transferred. In December 1999, DOD forwarded the test results to the Congress. The report found the concept yielded overall positive results in facilitating support services for MWR. Audit results indicated that test data were reasonably sufficient and accurate and that the demonstration provided a reasonable basis for decision-making. The Army took the lead to further develop the concept and to seek enabling Congressional legislation for future implementation.

40.2 Pertinent Laws and Regulations. The UFM enabling legislation is included in Section 323 of the "Bob Stump National Defense Authorization Act for fiscal Year 2003." While the UFM comprises the concept of an all NAF workforce, the legislation specifically prohibits involuntary conversions of incumbent APF personnel to NAF. The implementation plan will provide the mechanism for safeguarding the funding stream to the NAFIs for these former APF positions as they transition to NAF through voluntary conversion or attrition. The Army is preparing the implementation plan that requires OSD approval.

40.3 Related Initiative. As an interim process until the full implementation of UFM, the Army uses the MWR Utilization, Support, and Accountability (MWR USA) Practice. The MWR USA funding practice was authorized by OSD in July 1997. The MWR USA practice is similar to UFM in that it authorizes commanders to use NAF to provide APF authorized services in support of MWR programs with subsequent APF payments to the NAFI. The MWR USA practice can be used to finance personnel services, supplies, furniture, fixtures, and equipment, routine maintenance, and other operating expenses. Like UFM, it is limited to the operating accounts that support the installation base operations. Major differences between UFM and MWR USA are that 1) commanders may choose to execute all or just a portion of the MWR program through the MWR USA funding practice versus the entire program through UFM, and 2) the NAFI is paid after services are provided under the MWR USA funding practice versus being provided in advance under UFM. The MWR USA funding practice will cease in the Army when UFM is fully implemented. A complete description of MWR USA is contained in AR 215-1, and the Annual NAF Financial Operating Guidance (**www.armymwr.com**).

40.4 Functional Proponent for the Program. CFSC POC is CFSC-FM-M, (703) 681-7309 or DSN 761-7309.

Part III~~PROPOSED LEGISLATION FOR FUTURE SOURCES OF FUNDS

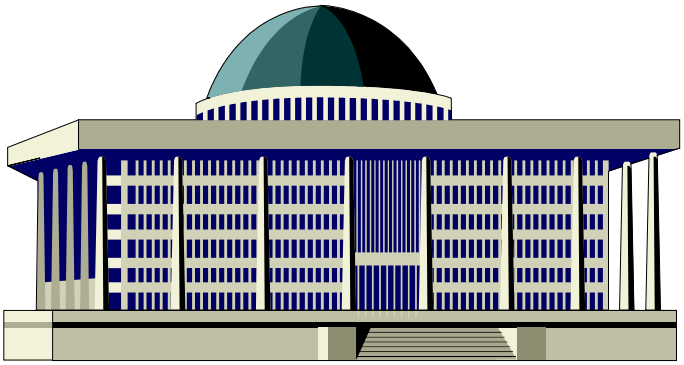
NEW CHAPTER 41~~ESTABLISHMENT OF MUSEUM CENTER OF THE NATIONAL MUSEUM OF THE UNITED STATES ARMY

41.1 Description of the Proposed Legislation that Would Generate the Funds.
This legislation would authorize the Secretary of the Army to establish a museum center at Fort Belvoir, Virginia, for the National Museum of the United States Army.

Under the agreement entered into by the Secretary of the Army, the Secretary may permit the Army Historical Foundation to contract for the design and construction of facilities for the museum center.

Once the facility is constructed and once all financial obligations are satisfied, the Secretary of the Army shall accept the facility from the organization and all right, title, and interest in the facility shall vest in the United States. Once the facility becomes property of the United States, the facility shall be under the jurisdiction of the Secretary of the Army.

The legislations will also authorize the Commander of the United States Army Center of Military History to receive gifts of a value of $250,000 or less for the benefit of the Museum Center.



41.2 Money Flow. Funds received shall be deposited into a special fund maintained by the Secretary of the Army for acquisition, preservation, and conservation of rare artifacts and other projects associated with the museum center.

41.3 **Functional Proponent for the Program.** The point of contact is the Director of Army Museums, DAMH-MD, 202-685-2451.

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