



DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

SEP 13 2004

In reply refer to:  
I-04/012090-FPS

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Pricing Military Personnel Reimbursement in Support of Foreign Military Sales (FMS) (DSCA 04-41)

On 3 Sep 2004, USD(C) issued the attached memorandum revising the policy for pricing military personnel services reimbursement in support of an FMS case. Effective 1 Oct 2004, the Annual Department of Defense Composite Rate which includes permanent change of station (PCS) expense will be used to price these reimbursements and adjustments to collect actual PCS expenses will not be required. This change will be included in the next update to the Department of Defense Financial Management Regulation, Volume 15, Chapter 7.

The DSCA point of contact is Ms. Patricia Higgins, (703) 604-6570, DSN 664, [patricia.higgins@dscamail](mailto:patricia.higgins@dscamail).

A handwritten signature in black ink, appearing to read "Keith B. Webster", is positioned above the printed name.

Keith B. Webster

Director

Business Operations/Comptroller

Attachment:  
As Stated

DISTRIBUTION LIST

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FOR DEFENSE EXPORTS AND COOPERATION  
DEPARTMENT OF THE ARMY  
ATTN: SAAL-NP

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COMPTROLLER

UNDER SECRETARY OF DEFENSE  
1100 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1100

SEP 3 2004

MEMORANDUM FOR BUSINESS OPERATIONS/COMPTROLLER, DEFENSE  
SECURITY COOPERATION AGENCY

SUBJECT: Pricing Military Personnel Reimbursements in Support of Foreign Military  
Sales (FMS)

Effective with fiscal year (FY) 2005, military personnel services reimbursement in support of a FMS case shall be priced using the Annual Department of Defense Composite Rate that includes permanent change of station expense (PCS) and shall no longer be adjusted to collect actual PCS expense, see attached example. For PCS moves that started in a previous FY, actual PCS expense shall be used for that FY and the composite rate adjusted accordingly.

This change in policy will be codified in the next update of the "Department of Defense Financial Management Regulation," Volume 15, Chapter 7, subparagraph 070203. Please ensure that this change in policy is given widest distribution to the FMS community.

My point of contact is Ms. Becky Allen. She can be contacted via email at [becky.allen@osd.mil](mailto:becky.allen@osd.mil) or phone at 703-697-0718.

A handwritten signature in black ink, appearing to read "R. Henke", is positioned above the typed name.

Robert J. Henke  
Principal Deputy and Deputy  
Under Secretary of Defense  
(Management Reform)

Attachment:  
As stated

**MILITARY PERSONNEL SERVICES PRICE COMPUTATION  
FMS CASE - FULL TIME FMS WITH PCS**

Assumptions: Navy O-4 and E-7 performing full-time services for two years at an overseas location  
FY 2004 and FY 2005.

**FY 2004**

	<u>O-4</u>	<u>E-7</u>	<u>Total</u>
Annual DoD Composite Rate (note 1)	\$126,240.00	\$78,918.00	
Other Personnel Support Costs Acceleration Rate	8%	16%	
Other Personnel Support Costs (note 2)	\$10,099.20	\$12,626.88	
Subtotal	<u>\$ 136,339.20</u>	<u>\$ 91,544.88</u>	
Less PCS factor included in Composite Rate	<u>\$ 3,909.00</u>	<u>\$ 1,543.00</u>	
Subtotal		<u>\$ 90,001.88</u>	

**Actual PCS to Installation:**

Outbound Trip Transportation of Member and Family	\$ 5,000.00	\$ 5,000.00	
Outbound Trip Movement of Household Goods	\$ 16,000.00	\$ 16,000.00	
Subtotal for FY 2004	<u>\$153,430.20</u>	<u>\$111,001.80</u>	

**FY 2005**

Annual DoD Composite Rate (note 1)	\$137,459.00	\$83,708.00	
Other Personnel Support Costs Acceleration Rate	8%	16%	
Other Personnel Support Costs (note 2)	\$10,996.72	\$13,393.28	
Subtotal for FY 2005 (note 3)	<u>\$148,455.72</u>	<u>\$97,101.28</u>	
FMS Selling Price (note 4)	<u>\$301,885.92</u>	<u>\$208,103.16</u>	<u>\$509,909.08</u>

- Notes:
1. Refer to <http://www.dod.mil/comptroller/rates/index.html> to obtain the current annual DoD composite rate. To compute hourly rate multiply Annual DoD Composite Rate by .00055 which includes a 14% leave and holiday factor.
  2. Accelerate total military costs by 8% for officers and 16% for enlisted personnel for Other Personnel Support Costs. These costs are reimbursed to Defense Health Program (97\*0130)
  3. Effective FY 2005 the Annual DoD Composite Rate is no longer adjusted to reflect actual PCS expense.
  4. Administrative surcharge is additive to the FMS selling price.