

**SUMMARY OF MAJOR CHANGES TO
DoD 7000.14-R, VOLUME 11B, CHAPTER 14
“MOBILIZATION COSTS”**

All changes are denoted by blue font

Substantive revisions are denoted by a ★ preceding the section,
Paragraph, table or figure that includes the revision

Hyperlinks are denoted by *underlined, bold, italic, blue font*

PARA	EXPLANATION OF CHANGE/REVISION	PURPOSE
140302.A.2	Deletes requirement that costs of maintaining underutilized plant and equipment will be reimbursed by funds from customer rates and will not be financed from direct appropriations.	Delete
140404.B	Replaces reference to the Military Traffic Management Command (MTMC) with the Surface Deployment and Distribution Command (SDDC).	Update

★TABLE OF CONTENTS

MOBILIZATION COSTS

1401	Applicability
1402	Scope
★1403	Definitions
★1404	Funding
1405	Accounting
1406	Reporting

CHAPTER 14

MOBILIZATION COSTS1401 APPLICABILITY

The policy contained herein applies to all Defense Working Capital Fund (DWCF) activity groups and covers the requirement for a separate appropriation for peacetime costs to maintain a mobilization capability. This requirement shall hereafter be referred to as mobilization requirement.

1402 SCOPE

Each DWCF activity group must plan for and maintain the capability to expand or alter operations, or to provide extraordinary supply or other functional area support necessary, to satisfy mobilization conditions when required. The nature and extent of the costs to be paid by a separate appropriation rather than charged to other customers through the rates shall be in accordance with policy and procedures outlined below.

1403 DEFINITIONS

140301. Mobilization Capability Costs. Mobilization capability costs include the costs to maintain a surge capacity, to procure and maintain approved war reserve material levels, and/or to maintain other assets, functions, or capabilities required to meet an operational contingency as documented in Defense Planning Guidance or operational plans.

140302. Surge Capacity

★ A. An activity group's total surge capacity most often manifests itself in facilities and equipment that are unutilized or underutilized during normal peacetime operations. Unutilized (Reserve) plant and equipment capacity is that part of a DWCF activity's assets including plant and equipment that is held in a standby, idle, or lay away status or for war reserve storage.

B. Unutilized capacity associated with the ability to satisfy a projected surge capability is considered a mobilization requirement eligible for separate appropriation funding if it is, or is expected to be, utilized in a given month or if utilized only 20 percent or less of available workdays in a month. The DWCF rates shall not include the cost of unutilized capacity. Instead, the host activity will budget direct appropriated fund support (labor, materials, contractual support, and overhead) for the unutilized capacity and will reimburse the DWCF activity for costs it incurred.

C. Unutilized capacity associated with the ability to provide capability in excess of any known or projected requirement is not a mobilization requirement.

140303. War Reserve Materiel. War reserve materiel includes secondary items procured and/or stored in support of wartime scenarios established in Defense Planning Guidance or contingency operations identified in specific Operational Plans.

1404 FUNDING

140401. Operations. All elements of cost required to maintain unutilized plant and equipment capacity shall be funded by the DWCF. The portions of direct, indirect, and general and administrative (G&A) costs supporting the maintenance of this capacity shall be separately accumulated. When a portion of a DWCF activity's plant is purposely set aside as idle capacity, a direct appropriation to the Component operation and maintenance shall be requested to pay for the cost of essential operation and maintenance for that portion of the plant and idle equipment as well as an allocated portion of G&A costs. The percentage of G&A costs allocated to the cost center for the unutilized plant capacity shall be the same as the percentage of G&A costs allocated to other cost elements of the activity. Separate cost centers shall be maintained for all such costs.

140402. War Reserve Materiel. The purchase of secondary items of supply as War Reserve Materiel shall be funded from a direct appropriation. Such appropriated amounts shall be reflected as a separate goal within the applicable Supply Management or Commissary Resale activity group Annual Operating Budget. Items such as ammunition and/or principal and major end items procured for war reserve shall not be funded with DWCF, but shall be funded through amounts available to Component/Defense Agency procurement appropriations.

140403. Capital Investments. New capital asset investments at DWCF activities necessary to satisfy a mobilization requirement shall be funded from component procurement appropriations. The DWCF activity groups shall assume ownership of such assets. New capital assets to satisfy a mobilization requirement (as well as other, older capital assets laid away for use in mobilization) need not be depreciated. However, if such assets are depreciated the depreciation expense shall be recorded and reported as unfunded depreciation.

140404. United States Transportation Command (USTRANSCOM). Because a capability must be maintained by the USTRANSCOM Transportation activity group to expeditiously respond to requirements to transport personnel, material, or other elements required to satisfy a mobilization condition, direct appropriation funding will be provided for:

A. Air Mobility Command (AMC). Airlift flying hours and associated costs are based on the requirement to maintain the capability of the airlift system, including crew training (and concurrent mobilization) requirement. The airlift system training generated capacity is used by the Department of Defense (DoD) to move air eligible cargo and passengers. In order to extend air eligibility and increase capacity utilization, rates are generally established to be competitive with commercial carriers. However, resulting contributed revenue does not cover the costs of operations due to the mobilization requirement. This requirement will be recorded/budgeted as follows:

1. The costs for military personnel will be recorded (at the civilian equivalency rate) in accordance with the policy on Military Personnel Expense in Chapter 12, “Expenses,” of this volume. Military personnel within the AMC will be direct funded by a Military Personnel appropriation. Although the cost shall be recorded as a DWCF cost, it shall be recorded so that it is not required to be recovered in customer rates.

2. The balance of the mobilization requirement costs will be funded through a direct appropriation to the Air Force and will be placed as an order with the DWCF. This will assure that revenue is reflected to offset the costs.

★ B. [Surface Deployment and Distribution Command \(SDDC\)](#). The SDDC shall plan for and maintain a Reserve Industrial Capacity (RIC) to transport personnel resources, material and other elements required to satisfy a mobilization requirement. The costs of RIC will be funded by Army Operation and Maintenance.

1405 ACCOUNTING

140501. A cost center capability shall be established to separately account for all costs applicable to the continuance of a mobilization requirement. Where necessary, such costs shall be maintained to the function or task level, as necessary to segregate costs between normal operating costs and mobilization costs.

140502. Purchases of DWCF-funded War Reserve items shall be accounted for at the same level of detail as items procured for peacetime requirements. Amounts shall be recorded in separate general ledger accounts, or appropriate subaccounts, to retain separate visibility of such assets. Inventory levels funded by such amounts are not available for sale; therefore, cost shall be separately maintained and reported to ensure that the unit cost targets for the Supply Management activity group are not affected.

1406 REPORTING

The DWCF activities shall record and report financial information on the maintenance of a mobilization capability in accordance with the DoD accounting and reporting requirements specified for the DWCF. The Monthly Report of Operations (AR 1307) shall be prepared to include a footnote which identifies the amount of the mobilization requirement costs which are funded through direct appropriations or reimbursable orders accepted specifically for mobilization requirements.