

Headquarters
United States Forces Korea
Unit #15237
APO AP 96205-5237

United States Forces Korea
Regulation 37-5

23 June 2010

Financial Administration

SPECIAL MEASURES AGREEMENT PROCESS

***This regulation supersedes USFK Regulation 37-5, dated 26 September 2007.**

FOR THE COMMANDING GENERAL:

JOSEPH F. FIL, JR.
Lieutenant General, USA
Chief of Staff

OFFICIAL:



GARRIE BARNES
Chief, Publications and
Records Management

Summary. This regulation establishes policy and procedure for United States (U.S.) forces and Department of Defense (DOD) activities stationed in the Republic of Korea (ROK) to develop requirements for host nation cost sharing support that corresponds with DOD and ROK government budget cycles. This regulation also establishes a process for U.S. forces and DOD activities to submit requirements for host nation cost sharing support to the Commander, United States Forces Korea (USFK), for review, prioritization, and approval. Finally, this regulation establishes responsibilities and reporting requirements in preparation for negotiations with the ROK government over the value of cost sharing funds to be given USFK.

Summary of Changes. Procedures and timelines have been modified to reflect programmatic changes made in the five-year (2009-2013) Special Measures Agreement that was signed on 15 January 2009.

Applicability. This regulation applies to all U.S. forces and DOD activities stationed in the ROK that receive host nation cost sharing funds.

Supplementation. Further supplements to this regulation by subordinate commands are prohibited unless prior approval is obtained from Headquarters (HQ) USFK (FKJ5-J), Unit #15237, APO AP 96205-5237.

Forms. USFK forms are available at www.usfk.mil.

Records Management. Records created as a result of processes prescribed by this regulation must be identified, maintained, and disposed of according to governing Service regulations. Record titles and descriptions are available on the Army Records Information System website at: <https://www.arims.army.mil>.

Suggested Improvements. The proponent of this regulation is HQ USFK (FKJ5-Policy). Users are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) to HQ USFK (FKJ5-Policy), Unit #15237, APO AP 96205-5237.

Distribution. Electronic Media Only (EMO).

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Glossary

1. Purpose

This regulation establishes policy and procedures for U.S. forces and DOD activities stationed in the ROK to develop requirements for host nation cost sharing support. Cost sharing support comes in the form of cash and in-kind transfers and is one component of the larger entity referred to as burdensharing (see Section II of this regulation's glossary). The provisions of this regulation are intended to:

- a. Provide a process for USFK and DOD activities to develop requirements for host nation cost sharing support that corresponds with the Services' and ROK Government's budget cycles.
- b. Provide a process for USFK and DOD activities to submit requirements for host nation cost sharing support to the Commander, USFK, for review, prioritization, and approval.
- c. Ensure that cost sharing requirements and distributions are aligned with the USFK Commander's priorities and guidance.
- d. Assist appropriate USFK organizations and DOD activities in cost sharing negotiations with the ROK government.

2. References

Required and related publications are listed in Appendix A.

3. Explanation of Abbreviations

Abbreviations and terms used in this regulation are explained in the glossary.

4. Background

a. In an effort to increase allied burdensharing, Public Law 104-201, Section 1084, called upon nation's that have cooperative military relations with the U.S. to take one or more of the following actions:

- (1) Increase annual budgetary outlays for national defense as a percentage of their gross domestic product
- (2) Increase annual budgetary outlays for foreign assistance
- (3) Increase the amount of military assets contributed to multinational military activities worldwide
- (4) Increase contributions to the payment of non-personnel costs incurred by the U.S. Government for stationing U.S. military personnel in their nation

b. The ROK Government provides cost sharing contributions to USFK through the Special Measures Agreement (SMA) process (see Appendix A, Reference (j)). Cost sharing is defined as the cash assistance and in-kind contributions allies make toward the support of U.S. forces stationed in their nation. It is one component of the larger entity referred to as burdensharing. Reference (a) established U.S. domestic authority to accept ROK contributions for payment of the following costs: 1) compensation for local national employees of the DOD; 2) military construction projects of the DOD; and 3) supplies and services of the DOD.

c. In addition to direct SMA contributions, the ROK provides a variety of indirect cost sharing contributions to USFK, such as foregone rents and taxes, Korean military augmentee labor, relocation construction, and vicinity improvements, which are considered non-negotiated contributions and not pursuant to SMA negotiations and the SMA process.

d. On 15 January 2009 the U.S. and ROK signed a five-year SMA that covers the 2009 to 2013 time period (see reference (j)). Cost sharing contributions made by the ROK under the five-year SMA are categorized into three cost sharing categories: ROK Funded Construction, Labor Cost Sharing, and Logistics Cost Sharing.

(1) ROK Funded Construction. ROK Funded Construction (ROKFC) is one component of the larger entity called host nation funded construction. It consists of ROK cost sharing contributions in the form of cash and in-kind transfers that are used for U.S. military construction and military construction-like requirements. Over the course of the 2009-2013 SMA, ROKFC shall be gradually shifted into the form of in-kind transfers and in the year 2011 be completely in the form of in-kind transfers except for expenses associated with facility design and construction oversight (which will continue to be paid in cash). As noted in reference (l), during the years 2011 to 2013 eighty-eight (88) percent of the ROKFC contribution provided by the ROK shall be in the form of in-kind transfers. ROKFC will not be used to construct, expand, repair, or manage clubs, golf courses, theaters, and bowling alleys.

(a) As specified in reference (l), the U.S. – in consultation with the ROK – selects and prioritizes in-kind projects based on military needs. From 2011, the ROK awards in-kind construction contracts and constructs projects in accordance with timelines identified and developed during project design. The U.S. is responsible for in-kind project design and provides the ROK with design documents and a list of pre-qualified acceptable contractors to construct the projects.

(b) USFK Engineer (FKEN) is the ROKFC Program Manager for USFK.

(2) Labor Cost Sharing. Labor Cost Sharing contributions are paid in cash. Contributions of this type provided by the ROK shall be used for salaries and benefits of Korean National (KN) employees working for USFK but will not exceed 71% of the total cost in this area during a given year as specified in the 2009-2013 SMA Implementation Agreement (see reference k). The hiring organization of KN labor programs and budgets for the remainder. Each year's labor cost sharing payments shall be made in three equal payments on or before 1 APR, 1 JUN, and 1 AUG of that year. USFK Resource Management (FKRM) is the Labor Cost Sharing Program Manager for USFK.

(3) Logistics Cost Sharing. ROK Logistics Cost Sharing (LCS) contributions are provided in-kind. Under the LCS category, the ROK will furnish USFK with logistics equipment, supplies, and services in areas such as ammunition storage and maintenance, transportation, the repair and maintenance of equipment, non-tactical vehicles to include rail cars, certain agreed leases (excluding family housing), and sustainment of USFK facilities. USFK shall order supplies and services based on contracts negotiated by USFK and awarded by the ROK Ministry of National Defense (MND). The Assistant Chief of Staff, J4, is the LCS Program Manager for USFK.

e. Specific details for implementation of the five-year (2009-2013) SMA are contained in reference (k).

5. Overview

USFK employs a four-phase process to determine and prioritize requirements for and the allocation of SMA funds. The four phases are: planning, programming, budgeting, and execution. In the *planning* phase, Service Components and DOD activities determine requirements for host nation cost sharing support and report these requirements to USFK Program Managers (ROKFC, labor, and logistics). In the next phase – *programming* – Program Managers combine and prioritize requirements in each SMA cost sharing category (ROKFC, labor, and logistics). The programming phase concludes with a General Officer Steering Committee (GOSC) that recommends a cost sharing allocation Course of Action to the Commander, USFK. During the third phase, *budgeting*, the Commander, USFK, allocates SMA cost sharing contributions based on the total value of funds available for the next calendar year and the GOSC recommendation. The procedure to calculate the total value of ROK SMA cost sharing contributions during a given calendar year is specified in reference (j). In the last phase – *execution* – the Service Components (Eighth U.S. Army, U.S. Air Forces Korea, U.S. Naval Forces Korea, and U.S. Marine Forces Korea) execute SMA cost sharing contributions and Program Managers meet all reporting requirements to both the ROK and U.S. governments.

a. Planning. Service Components and DOD activities determine requirements for host nation cost sharing support that are not funded by the Services or DOD. Service Components and DOD activities:

(1) Submit requirements for the next budget year and five additional program years not later than 30 MAR. Requirements for the next budget year establish USFK's Minimum Operating Budget (MOB) and form the basis for the Commander's prioritization of requirements and allocation of SMA cost sharing funds. Projected requirements for the five additional program years are used for long-term planning purposes.

(2) Establish requirements based on the calendar year. While Service Components build requirements for Service Program Objective Memorandum and Budget Estimate Submission (POM/BES) input based on the fiscal year, the SMA process, in keeping with the ROK government method of accounting, is based on the calendar year.

(3) Provide requirements at the Brigade Combat Team (BCT), Wing, or equivalent level. ROKFC requirements must be initiated by a DD Form 1391 at the installation level and must be provided by the Service Component.

(4) Identify those requirements that are intended for use by more than one Service Component to include Executive Agent (EA) responsibilities and Army Support to Other Services (ASOS).

(5) Reporting Requirements. Service Components and DOD activities submit Component and Agency Requirement Plans (CARP); examples of CARPs for each of the cost sharing categories appear at Appendix B. The CARP includes only those projects which Service Components and DOD activities seek to fund using host nation-cost sharing funds. Service Components and DOD activities submit CARP to Program Managers listed below not later than 30 MAR:

(a) USFK Engineer (FKEN). Current year, budget year and five year projection of military construction requirements, using the sample memorandum format provided in Appendix B-1 (FKEN will issue a "call" letter to the Service Components and DOD activities not later than 1 JAN).

(b) USFK Resource Management (FKRM). Current employment level of KNs and the next budget year and five year projection of KN labor employment requirements using the sample memorandum format provided in Appendix B-2.

(c) USFK Assistant Chief of Staff, J4 (FKJ4). Current year, next budget year, and five year projection of logistics cost sharing requirements using the sample memorandum format provided in Appendix B-3.

b. Programming. Program Managers collect and consolidate the CARP reports from all ROK-based Service Components and DOD activities by SMA cost sharing category.

(1) Program Managers individually convene a Council of Colonels for each program incorporating Service Components and DOD activities as necessary to consolidate and prioritize requirements.

(2) USFK Assistant Chief of Staff, J5 (FKJ5), convenes a GOSC not later than 1 JUN to establish an SMA Funding Course of Action that includes prioritized requirements and a recommendation on the distribution of host nation cost sharing contribution across the cost sharing categories. FKJ5 and Program Managers present the SMA Funding Course of Action to the Commander, USFK, for consideration, possible revision, and ultimate approval.

(3) Reporting Requirements.

(a) Program Managers submit the following reports to FKJ5-Policy not later than 24 APR so that an estimate on the distribution of cost sharing contribution across cost sharing categories can be provided to ROK MND by 30 APR (see reference (k)) and reports can be reviewed prior to the GOSC.

- i. FKRM. Consolidated KN labor requirements list.
- ii. FKEN. Consolidated construction requirements list.
- iii. FKJ4. Consolidated Logistics Cost Sharing requirements list.

(b) FKJ5 and Program Managers present the GOSC SMA Funding Course of Action to the Commander, USFK, not later than 1 JUL.

c. Budgeting. Commander, USFK, prioritizes projects and determines final funding levels for the three SMA cost sharing categories.

(1) FKJ5 receives any recommendations the ROK government might have over the distribution of cost sharing contributions across cost sharing categories.

(2) Per references (j) and (k), FKJ5 will calculate the total value of ROK cost sharing contributions for the next calendar year of execution and produce an estimate of how this contribution will be allocated across the three SMA cost sharing categories by 30 APR of the year before actual execution. This estimate will be provided to the International Policy Bureau, U.S. Policy Division, ROK Ministry of National Defense (MND).

(3) FKJ5 prepares a funding decision brief for Commander, USFK, which includes the SMA Funding Course of Action established at the GOSC and any recommendations that might have been received from ROK MND. The Commander, USFK, reviews and, if deemed necessary,

reprioritizes elements of the SMA Funding Course of Action and allocates SMA cost sharing funds across each of the three cost sharing categories (ROKFC, labor, and logistics).

(4) FKJ5 schedules a Joint Cost Sharing Committee (JCSC) meeting with ROK MND not later than 5 SEP. The JCSC is co-chaired by the Assistant Chief of Staff, J5, and the Director General, International Policy Bureau, ROK MND. Representatives from each USFK SMA program management office (ROKFC-FKEN; labor-FKRM; and logistics-FKJ4) attend the JCSC meeting. At the JCSC, the FKJ5 informs MND of the USFK Commander's final decision over the allocation of cost sharing contributions across the three cost sharing categories for the next calendar year and releases the Commander's Funding Decision Letter that formally relays this information to ROK MND. FKJ5, as well as all SMA program managers, stand ready to answer any questions and address any issues ROK MND might raise during the JCSC meeting.

(5) FKJ5 reports the Commander's final SMA cost sharing category funding decision contained in the USFK Commander's Funding Decision Letter to the Program Managers, Service Components, and DOD activities.

(6) For those requirements the USFK Commander does not support with cost sharing funds during a given SMA cycle, Service Components and DOD activities will seek funding through the Service POM/BES at the component commander's discretion as required or resubmit the unfunded requirements during formulation of a subsequent year's request for host nation cost sharing support.

(7) Reporting Requirements.

(a) FKJ5 releases the Commander's Funding Decision Letter to ROK MND at the JCSC no later than 5 SEP. This funding decision letter covers the allocation of host nation cost sharing funds across categories during the next calendar year.

(b) FKJ5 reports the Commander's final SMA cost sharing funding decision to Program Managers.

d. Execution. Service Components execute allocated SMA cost sharing funds in accordance with (IAW) applicable regulations – reference (h) for KN labor cost sharing, references (i) and (l) for ROKFC, and reference (m) for logistics. Program Managers and FKJ5 submit required reports to the ROK and U.S. governments.

(1) As directed, Service Components, DOD activities, and Program Managers review program execution at appropriate venues such as the Transformation GOSC, Commander Focus Sessions, or the USFK Component Commanders Conference.

(2) Program Managers will make all program execution reports available to Service Components and DOD activities. Program Managers will also establish processes that allow Service Components and DOD activities to maintain visibility on the progress of cost sharing execution.

(3) Eighth U.S. Army Internal Review and Audit Compliance (FKCS-IR) reviews the management controls for the SMA program to ensure compliance with applicable regulations and agreements. FKCS-IR coordinates external audits and reviews as necessary.

(4) Reporting Requirements.

(a) FKRM submits an annual KN labor execution report for the previous year to the ROK MND Programming and Budgeting Bureau not later than 1 MAR. FKRM submits a copy of the report to FKJ5 IAW the same suspense.

(b) FKEN submits copies of all construction contracts awarded with ROKFC contributions to the Military Installations Bureau, ROK MND.

(c) FKEN submits ROKFC quarterly execution reports to the Military Installations Bureau, ROK MND. Quarterly execution reports shall be in accordance with the format developed by both parties. FKEN submits a copy of the report to FKJ5 IAW the same suspense.

(d) If requested by the DOD, U.S. Department of State, U.S. Congress, or other appropriate U.S. government organization, FKJ5 calculates previous year Non-Personnel Stationing Costs (NPSC) and prepares the five year NPSC Estimate (NPSCE) using Appendices C and D of this regulation. Program Managers upon tasking complete required coordination and submit the following reports to FKJ5 not later than 15 JAN:

i. FKRM submits Operations and Maintenance (O&M) and Family Housing Operations Portion of NPSCE (Appendix C-1), for the previous year, current year, and a five year projection to FKJ5.

ii. FKEN submits Facility Sustainment, Restoration and Modernization, Utilities and Lease Expenses Portion of NPSCE (Appendix C-2) for the previous year, current year, and a five year projection, to FKJ5. FKEN gains FKRM concurrence before submitting the report.

iii. FKEN submits Military Construction (MILCON) and Family Housing Construction Portion of NPSCE (Appendix C-3) for the previous year, current year, and a five year projection to FKJ5. Although Family Housing Construction is a subset of MILCON, those requirements should be annotated separately to assist reporting requirements.

iv. FKJ5 completes Host Nation Portion of NPSCE (Appendix C-4). FKJ5 requests MND proposed estimate of Foregone Rents and Taxes, Korean Military Augmentee Costs, Relocation Construction, and Vicinity Improvements for the previous year, current year, and a five year projection.

(e) If requested, FKJ5 prepares and submits to the American Embassy Seoul the ROK cost sharing portion of the Allied Contributions to the Common Defense report.

e. Negotiations. The Department of State (DOS) is the lead agency for negotiating international agreements and thus assumes the lead role in negotiating SMA agreements. USFK will provide recommendations and technical assistance to DOS in the process of conducting SMA negotiations with the ROK government.

(1) The Deputy Commander, USFK, is the USFK lead for SMA negotiations, supported by FKJ5.

(2) After coordinating with the Commander, USFK, the Deputy Commander issues negotiating guidance to the USFK staff.

(a) Additive subcategories to current SMA architecture require the negotiated agreement of both the ROK and U.S. Governments.

(b) Additional subcategory items such as force protection materials and services, training range cost sharing, and base service contracts can be incorporated based on the Commander's priorities and negotiated bilateral agreement.

6. Responsibilities

a. USFK. The Commander, USFK, has authority and responsibility for the management and allocation of SMA cost sharing funds.

b. Service Components (Eighth U.S. Army, U.S. Air Forces-Korea, U.S. Marine Corps Forces-Korea, U.S. Naval Forces-Korea, and U.S. Special Operations Command-Korea) and DOD activities.

(1) Submit CARP (current year, next budget year, and projected five year requirements for host nation cost sharing funding support) to Program Managers not later than 1 MAR. Use sample memoranda formats provided in Appendix B-1, B-2 and B-3.

(2) Prioritize requirements IAW established program criteria.

(3) Execute SMA cost sharing funds IAW Para 5(d).

c. FKJ5.

(1) Establish policy and procedure for the SMA process.

(2) Receive consolidated KN labor, ROKFC, and logistics requirements lists from Program Managers not later than 24 APR.

(3) Per reference (k), notify ROK MND by 30 APR the total value of the host nation cost sharing contribution it will make during the next calendar year per the methodology established to determine this value in reference (j) and provide ROK MND with an estimate of the distribution of this host nation cost sharing contribution across cost sharing categories (ROKFC, labor, and logistics).

(4) Convene GOSC not later than 1 JUN to establish the SMA Funding Course of Action for consideration by the Commander, USFK.

(5) Coordinate with the International Policy Bureau, U.S. Policy Division, ROK MND, for ROK government SMA funding recommendations.

(6) Prepare SMA cost sharing funding brief for Commander, USFK, which incorporates GOSC SMA Funding Course of Action and ROK government recommendations. Obtain from the Commander final decisions over the prioritized use of host nation cost sharing contributions and the distribution of these contributions across cost sharing categories.

(7) Schedule the JCSC meeting with ROK MND not later than 5 SEP for formal release of the Commander's Funding Decision Letter.

(8) Report the Commander's final cost sharing category funding decision to Program Managers.

(9) If requested by the appropriate authority, prepare the host nation portion of NPSCE (Appendix C-4).

(10) If requested by the appropriate authority, prepare and submit the ROK cost sharing portion of the Allied Contributions to the Common Defense report to American Embassy, Seoul.

(11) If need be, consolidate USFK staff inputs and recommendations and provide them to DOS in order to assist that organization comply with Circular 175 procedures.

d. FKJ4

(1) Serve as program manager for Logistics Cost Sharing.

(2) Receive CARP (current year, next budget year and projected five year requirements for host nation cost sharing support) for logistics from Service Components and DOD activities not later than 1 MAR.

(3) Convene Service Component Council of Colonels as necessary to create consolidated Logistics Cost Sharing requirements list.

(4) Submit consolidated Logistics Cost Sharing requirements list to FKJ5 not later than 24 APR.

(5) Execute Logistics Cost Sharing program IAW Para 5(d).

e. FKEN

(1) Serve as program manager for ROKFC.

(2) Receive CARP (current year, budget year and projected five year requirements for host nation cost sharing report) for military construction requirements from Service Components and DOD activities not later than 1 MAR.

(3) Convene Service Component Council of Colonels as necessary to create consolidated ROKFC requirements list.

(4) Submit consolidated ROKFC requirements list to FKJ5 not later than 24 APR.

(5) If requested, prepare and submit Facility Sustainment, Restoration and Modernization, Utilities and Lease Expenses Portion of NPSCE report to FKJ5 not later than 15 JAN. Use sample memorandum format provided in Appendix C-2.

(6) If requested, prepare and submit MILCON and Family Housing Construction Portion of the NPSCE report to FKJ5 not later than 15 JAN. Use sample memorandum format provided in Appendix C-3.

(7) Execute ROKFC program IAW Para 5(d).

(8) Submit ROKFC quarterly execution reports and copies of all construction contracts awarded with cost sharing contributions to the Military Installations Bureau, ROK MND. Provide a copy of the quarterly execution report to FKJ5 and FKRM.

f. FKRM.

- (1) Serve as program manager for KN labor cost sharing.
- (2) Receive CARP (current year, next budget year and projected five year requirements for host nation cost sharing support) for KN labor from Service Components and DOD activities not later than 1 MAR.
- (3) Convene Service Component Council of Colonels as necessary to create consolidated KN labor requirements list.
- (4) Submit consolidated KN labor requirements list to FKJ5 not later than 24 APR.
- (5) Prepare and submit required cost sharing report to Defense Finance and Accounting Service (DFAS) not later than 10 OCT.
- (6) Execute KN Labor Cost Sharing program IAW Para 5(d).
- (7) Submit annual KN labor execution report for the previous year to the Programming and Budgeting Bureau, ROK MND, not later than 1 MAR; provide a copy of the report to FKJ5.

g. Eighth U.S. Army Internal Review and Audit Compliance (FKCS-IR).

- (1) Review the management controls for the SMA cost sharing funding program to ensure compliance with applicable regulations and agreements.
- (2) Coordinate with external audit organizations to review the management controls for the SMA cost sharing funding program, as necessary.

Appendix A References

- a. 10 U.S.C. 2350(j), Burdensharing contributions by designated countries and regional organizations
- b. Public Law 104-201, Section 1084 Defense Burdensharing (1997 National Defense Authorization Act)
- c. DOD Directive 5530.3, International Agreements
- d. DOD Directive 4270.34, Host Nation-Funded Construction Programs in the U.S. Pacific Command Area of Responsibility
- e. DOD Directive 4270.5, Military Construction
- f. DOD Directive 7045.14, The Planning, Programming, and Budgeting System
- g. DOD Financial Management Regulation 7000.14-R, Volume 2B, Chapter 6, Military Construction/Family Housing Appropriations
- h. USFK Regulation 37-2, ROK Labor Cost Sharing Program
- i. USFK Regulation 415-1, Host Nation Funded Construction (HNFC) in Korea
- j. Agreement between the United States of America and the Republic of Korea Concerning Special Measures Relating to Article V of the Agreement under Article IV of the Mutual Defense Treaty between the Republic of Korea and the United States of America Regarding Facilities and Areas and the Status of United States Armed Forces in the Republic of Korea, 15 January 2009
- k. Implementation Arrangement for Special Measures Agreement, 24 March 2009
- l. Exchange of Notes on In-Kind Contribution of the Republic of Korea Funded Construction under the Agreement Concerning Special Measures Relating to Article V of the Agreement under Article IV of the Mutual Defense Treaty between the United States of America and the Republic of Korea Regarding Facilities and Areas and the Status of United States Armed Forces in the Republic of Korea, 15 January 2009
- m. Implementing Agreement between the United States Forces Korea and the Republic of Korea Ministry of National Defense Concerning Logistics Cost Sharing (2009-2013), 21 October 2009

**Appendix B
Sample Component and Agency Requirement Plan Memoranda**

B-1. ROK-Funded Construction

(Component/Agency)

MEMORANDUM FOR United States Forces, Korea, (FKEN), Unit #15237, APO AP 96205-5237

SUBJECT: ROK-Funded Construction Component/Agency Requirement Plan

1. Point of contact:
2. Comments on Priorities:
3. ROK Funded Construction:

a. Previously Programmed Projects:

| Project | Program Number | Current Year | Budget Year | Budget Year+1 | Budget Year+2 | Budget Year+3 | Budget Year+4 | Budget Year+5 |
|----------|----------------|--------------|-------------|---------------|---------------|---------------|---------------|---------------|
| <u>1</u> | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| <u>2</u> | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| <u>n</u> | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |

b. Proposed Future Projects:

| Project Description | Current Year | Budget Year | Budget Year+1 | Budget Year+2 | Budget Year+3 | Budget Year+4 | Budget Year+5 |
|---------------------|--------------|-------------|---------------|---------------|---------------|---------------|---------------|
| <u>1</u> | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| <u>2</u> | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| <u>n</u> | _____ | _____ | _____ | _____ | _____ | _____ | _____ |

4. Instructions. Provide narrative description for new projects proposed for host nation cost sharing funded construction; provide supporting documentation (list of projects by Service, etc.) as required. Services may submit a separate report for joint requirements (EA, ASOS).

5. AUTHORITY LINE:

Approving Official:

B-2. Korean National (KN) Labor

(Component/Agency)

MEMORANDUM FOR United States Forces, Korea, (FKRM), Unit #15237, APO AP 96205-5237

SUBJECT: Korean National (KN) Labor Component/Agency Requirement Plan

- 1. Point of contact:
- 2. Comments on Priorities:
- 3. KN Labor:

| | Current Year | Budget Year | Budget Year+1 | Budget Year+2 | Budget Year+3 | Budget Year+4 | Budget Year+5 |
|------------------------------|-------------------------|------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Number of KN Employees | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Required SMA Labor Funds* | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Total KN Labor Costs* | _____ | _____ | _____ | _____ | _____ | _____ | _____ |

4. Instructions. Categorize employees and costs by type (Appropriated Fund, Defense Working Capital); include supporting documentation (labor report, etc.) as necessary. Services may submit a separate report for joint requirements (EA, ASOS).

5. AUTHORITY LINE

Approving Official:

B-3. Logistics

(Component/Agency)

MEMORANDUM FOR United States Forces, Korea, (FKJ4), Unit #15237, APO AP 96205-5237

SUBJECT: Logistics Component/Agency Requirement Plan

- 1. Point of contact:
- 2. Comments on Priorities:
- 3. Logistics:
 - a. Previously Funded:

| Contract | Current Year | Budget Year | Budget Year+1 | Budget Year+2 | Budget Year+3 | Budget Year+4 | Budget Year+5 |
|-----------------|---------------------|--------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <u>1</u> | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| <u>2</u> | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| <u>n</u> | _____ | _____ | _____ | _____ | _____ | _____ | _____ |

- b. New Logistics Proposals:

| Contract | Current Year | Budget Year | Budget Year+1 | Budget Year+2 | Budget Year+3 | Budget Year+4 | Budget Year+5 |
|-----------------|---------------------|--------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <u>1</u> | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| <u>2</u> | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| <u>n</u> | _____ | _____ | _____ | _____ | _____ | _____ | _____ |

4. Instructions. Provide narrative description for new contracts proposed for logistics cost sharing; provide supporting documentation (list of projects by category, etc.) as required. Services may submit a separate report for joint requirements (EA, ASOS).

5. AUTHORITY LINE:

Approving Official:

Appendix C
Sample Non-Personnel Stationing Cost Estimate Memoranda

C-1. The O&M and Family Housing Operations Portion

FKRM

MEMORANDUM FOR United States Forces, Korea, (FKJ5), Unit #15237, APO AP 96205-5237

SUBJECT: The O&M and Family Housing Operations Portion of Non-Personnel Stationing Cost Estimate (NPSCE)

1. POM O&M for all Components and Agencies stationed in the ROK:

LINE A (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

2. Portion of O&M for US Civilian Pay:

LINE B (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

3. Portion of O&M for KN Labor:

LINE C (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

4. Family Housing Operations:

LINE D (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

5. Portion of O&M for Logistics:

LINE E (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

6. Point of contact information.

AUTHORITY LINE:

Encl:
Supporting documents

Certified By (FKRM):

C-2. The Facility Sustainment, Utilities and Lease Expense Portion

FKEN

MEMORANDUM THRU: United States Forces, Korea, (FKRM), Unit #15237, APO AP 96205-5237

FOR United States Force, Korea, (FKJ5), Unit #15237, APO AP 96205-5237

SUBJECT: The Facility Sustainment, Utilities and Lease Expense Portion of Non-Personnel Stationing Cost Estimate (NPSCE)

1. Portion of O&M for Facility Sustainment:

LINE F (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

2. Portion of O&M for Restoration and Modernization:

LINE G (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

3. Portion of O&M for Utilities:

LINE H (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

4. Portion of O&M for Leases:

LINE I (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

5. Point of contact information.

AUTHORITY LINE:

Encl:
Supporting documents

Certified By (FKEN)

Concurrence By (FKRM)

C-3. The MILCON and Family Housing Construction Portion

FKEN

MEMORANDUM THRU: United States Forces, Korea, (FKRM), Unit #15237, APO AP 96205-5237

FOR United States Force, Korea, (FKJ5), Unit #15237, APO AP 96205-5237

SUBJECT: The MILCON and Family Housing Construction Portion of Non-Personnel Stationing Cost Estimate (NPSCE)

1. Proposed MILCON budget Minus Family Housing Construction for all Components and Agencies stationed in the ROK:

LINE J (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

2. Proposed MILCON budget for Family Housing Construction for all Components and Agencies stationed in the ROK:

LINE K (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

3. Point of contact information.

AUTHORITY LINE:

Encl:
Supporting documents

Certified By (FKEN):

Concurrence By (FKRM):

C-4. Host Nation Portion

FKJ5-J

MEMORANDUM FOR United States Forces, Korea, (FKJ5), Unit #15237, APO AP 96205-5237

SUBJECT: Host Nation Portion of Non-Personnel Stationing Cost Estimate (NPSCE)

1. Projected Funding in Host Nation Funded Construction:

LINE L (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

2. Projected Funding in Labor Cost Sharing:

LINE M (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

3. Projected Funding in Logistics Cost Sharing:

LINE N (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

4. Projected portion of Logistics Cost Sharing to be used for Facility Sustainment:

LINE O (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

5. Projected portion of Logistics Cost Sharing to be used for Utilities [currently not authorized]:

LINE P (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

6. Projected portion of Logistics Cost Sharing to be used for Leases:

LINE Q (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

7. Projected rents coordinated with MND and FKEN:

LINE R (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

8. Projected KATUSA costs coordinated with MND:

LINE S (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

9. Projected Relocation Construction costs coordinated with MND:

LINE T (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

10. Projected Vicinity Improvements costs coordinated with MND:

LINE U (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

FKJ5-J

SUBJECT: Host Nation Portion of Non-Personnel Stationing Cost Estimate (NPSCE)

11. Projected Foregone Rents coordinated with MND and FKEN:

LINE V (PY, CY, BY, BY+1, BY+2, BY+3, BY+4, BY+5)

12. Projected Foregone Taxes coordinated with MND:

LINE W (PY, CY, BY, BY+1, BY+2, BY+3, BY+4, BY+5)

13. Point of contact information.

14. AUTHORITY LINE:

Encl:
Supporting documents

Certified By (FKJ5-J)

Glossary

Section I. Abbreviations

| | |
|--------|--|
| ACS | Assistant Chief of Staff |
| ASCC | Army Service Component Command |
| ASOS | Army Support to Other Services |
| BCT | Brigade Combat Team |
| BES | Budget Estimate Submission |
| BY | Budget Year |
| CARP | Component and Agency Requirement Plan |
| CY | Current Year |
| DCA | Defense Construction Agent |
| DFAS | Defense Finance and Accounting Service |
| DOD | Department of Defense |
| DOS | Department of State |
| EA | Executive Agent |
| GOSC | General Officer Steering Committee |
| IA | Implementation Arrangement |
| IAW | in accordance with |
| JCSC | Joint Cost Sharing Committee |
| KN | Korean National |
| LCS | Logistics Cost Sharing |
| MILCON | Military Construction |
| MND | Ministry of National Defense |
| MOB | Minimum Operating Budget |
| NPSC | Non-Personnel Stationing Cost |
| NPSCE | Non-Personnel Stationing Cost Estimate |

| | |
|-------|---------------------------------------|
| POM | Program Objective Memorandum |
| PY | Previous Year |
| ROK | Republic of Korea |
| ROKFC | Republic of Korea Funded Construction |
| SMA | Special Measures Agreement |
| USFK | United States Forces Korea |

Section II. Terms

Army Support to Other Services. Support to other Services and multinational forces typically provided by the Army Service Component Command (ASCC) as directed by the Combatant Commander within a specific area of responsibility.

Burdensharing. Allied sharing of the full range of mutual security responsibilities in the common defense; credited contributions are assessed relative to an Allied country's ability to contribute and include defense spending, military modernization, mobility and logistics forces, multinational peace operations, as well as host nation support in the form of cost sharing.

Cost Sharing. Allied cash assistance and in-kind contributions in support of stationed U.S. forces; can take the form of direct contributions such as direct payment for facilities improvement or indirect foregone rents and waived tax revenue.

Executive Agent. The head of a DOD Component to whom the Secretary of Defense or the Deputy Secretary of Defense has assigned specific responsibilities, functions, and authorities to provide defined levels of support for operational missions, or administrative or other designated activities that involve two or more of the DOD Components.

Facility. A building, structure, or other improvement to real property.

Family Housing Operations. Costs associated with maintaining and managing housing for U.S. Servicemembers and families.

In-kind. Cost sharing contributions provided by the host nation that are not paid in cash; a U.S. logistics contract awarded by the ROK government in which the contractor is paid by the ROK government in won is an example of an "in-kind" contribution for which the ROK government receives cost sharing credit.

Military Construction. Any construction, development, conversion, or extension of any kind carried out with respect to a military installation, whether to satisfy temporary or permanent requirements.

Military Construction Project. Includes all military construction work necessary to produce a complete and usable facility or a complete and usable improvement to an existing facility.

Military Installation. A base, camp, post, station, yard, center, or other activity, in the case of an activity in a foreign country, under the operational control of the Secretary of a military department or the Secretary of Defense, without regard to the duration of operational control.

Non Personnel Stationing Cost (NPSC). The cost of stationing U.S. forces in the host nation not including military personnel pay and allowances. It is the criteria used to compute the percentage of ROK cost sharing contribution and consists of Operations and Maintenance, Family Housing Operations, and Military Construction costs.

Operations and Maintenance (O&M). Annual appropriations for the operation and maintenance support of the Service. O&M appropriations are divided into Budget Activities corresponding to major force programs. O&M is divided into the following categories for NPSC reporting purposes:

a. *Logistics:* Activities such as ammunition storage, line haul, depot-level repair of wheeled and tracked vehicles, rotary and fixed-wing aircraft, and non-tactical vehicle purchase and repair.

b. *Sustainment, Restoration, and Modernization (SRM):* Activities that maintain real property on USFK camps and installations; improvements to infrastructure to include roads; facility modernization cost.

c. *Utilities:* Fees paid to Korean utility companies for services at USFK camps and installations.

d. *Leases:* Expenditures by U.S. forces for the use of facilities and areas in Korea.

e. *U.S. civilian employee wages:* Pay and allowances for U.S. government civilians.

f. *Korean National (KN) Labor wages:* Pay and allowances for USFK KN employees.

g. *Residual O&M:* Mission support (Temporary Duty (TDY) funding, ranges, etc.); Base Operations Support (installation management and services); Army ground and air Operations Tempo (OPTEMPO); and the Air Force Flying Hour program.