



DEFENSE SECURITY COOPERATION AGENCY
2800 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-2800

11 AUG 2016

MEMORANDUM FOR DEPUTY UNDER SECRETARY OF THE AIR FORCE FOR
INTERNATIONAL AFFAIRS
DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR
DEFENSE EXPORTS AND COOPERATION
DEPUTY ASSISTANT SECRETARY OF THE NAVY FOR
INTERNATIONAL PROGRAMS
DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY
DIRECTOR DEFENSE FINANCE AND ACCOUNTING SERVICE,
SECURITY COOPERATION ACCOUNTING
DIRECTOR, DEFENSE INFORMATION SYSTEMS AGENCY
DIRECTOR, DEFENSE LOGISTICS AGENCY
DIRECTOR, DEFENSE LOGISTICS INFORMATION SERVICE
DIRECTOR, DEFENSE REUTILIZATION AND MARKETING
SERVICE
DIRECTOR, DEFENSE THREAT REDUCTION AGENCY
DIRECTOR, MISSILE DEFENSE AGENCY
DIRECTOR, NATIONAL GEOSPATIAL-INTELLIGENCE
AGENCY
DEPUTY DIRECTOR FOR INFORMATION ASSURANCE,
NATIONAL SECURITY AGENCY

SUBJECT: Definition of Costs Considered "Additional Costs" in the Pricing of Training for
International Students, DSCA Policy 16-50

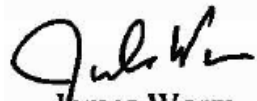
- References:** (a) Office of the Under Secretary of Defense (Comptroller) (OUSD(C))
memorandum, Definition of Costs Considered "Additional Costs" in the Pricing
of Training for International Students, August 3, 2016
- (b) Arms Export Control Act, Public Law 90-629, as amended, codified as Title 22,
United States Code, sections 2751 et seq
- (c) Foreign Assistance Act, Public Law 87-195, as amended, codified as Title 22,
United States Code 2151 et seq
- (d) Department of Defense, Financial Management Regulation, Volume 15,
Chapter 7, "Pricing," January 2014

Reference (a) memorandum provides a comprehensive definition of the pricing of
"additional costs" applicable to Department of Defense (DoD) military and civilian personnel in
the training of international students authorized by (b) and (c) above. Pending its receipt from

OUSD(C), separate guidance will be issued concerning training costs for international students under DoD Building Partner Capacity authorities.

The memorandum clarifies those costs applicable in accordance with Reference (b) and Reference (c) as “additional cost” as they relate to training tuition rates C, D, and E, international-specific training courses or programs, and to training teams.

Should you require further information, please contact Floyd Baker, 703-697-9726, homer.f.baker.civ@mail.mil.



James Worm
Principal Director
Business Operations

Attachment
As stated

cc:

STATE/PM-RSAT
DISAM
USASAC
SATFA TRADOC
USACE
NAVICP
NETSAFA
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OFFICE OF THE UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-1100

03 AUG 2016

MEMORANDUM FOR ASSISTANT SECRETARIES OF THE MILITARY DEPARTMENTS
(FINANCIAL MANAGEMENT AND COMPTROLLER)
DIRECTORS OF THE DEFENSE AGENCIES

SUBJECT: Definition of Costs Considered "Additional Costs" in the Pricing of Training for
International Students

- References: (a) Arms Export Control Act, Public Law 90-629, as amended, codified as Title 22,
United States Code, sections 2751 et sequentes
- (b) Foreign Assistance Act, Public Law 87-195, as amended, codified as Title 22,
United States Code 2151 et sequentes
- (c) Department of Defense, Financial Management Regulation, Volume 15, Chapter
7, "Pricing," January 2014

This memorandum provides a comprehensive definition of the pricing of "additional costs" in reference (c), applicable to Department of Defense (DoD) military and civilian personnel in the training of international students authorized by references (a) and (b). Guidance concerning training costs for international students under DoD Building Partner Capacity authorities will be provided under separate correspondence.

Section 21(a)(1)(C) of reference (a) provides for the recoupment of the full cost of defense services (including training), except when a country is concurrently receiving International Military Education and Training (IMET) assistance or is categorized as a high-income foreign country under reference (b). For the latter, the country is to pay only those additional costs incurred by the U.S. Government (USG) in furnishing such defense services (including training). Section 546(b) of reference (b) designates Austria, Finland, the Republic of Korea, Singapore, and Spain as high-income foreign countries.

The following guidelines apply to the pricing of "additional costs" for training provided under references (a) and (b), as set out in reference (c).

Tuition-based Training Courses (Reference (C) Table 7-3. Rates C, D, and E). U.S. Government (USG) and international students may attend the same course of instruction taught by the same instructor and supported by the same direct support staff members. While generally most instructor and staff costs may be considered "sunk costs," when pricing additional costs of the USG, it is understood that there may, in fact, be additional billets required over those necessary to train USG students as a result of the inclusion of international students. These instructor/staff personnel, although not required for the USG-only student load, may be utilized

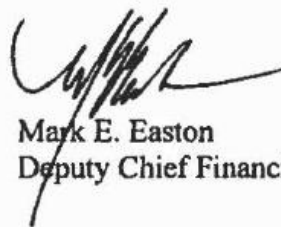
in the training/support of USG students, as well as international students, just as those required for USG students only may also be utilized in the training/support of international students. To the extent that additional instructors and staff are required, those billets are "additional costs" to international training. Military pay/entitlements are excluded from Reference (c) Table 7-3, Rates D and E.

International-specific Training & Courses or Programs. Where billets are being dedicated to the training of international students only (no USG student participation), to the extent it can be documented that the instructors/staff are 100 percent reimbursable for such training, those costs are "additional costs." Military pay/entitlements are not charged under Foreign Military Financing and IMET.

Training Teams (i.e., Mobile Training Teams). To the extent a military member is filling a reimbursable billet, is called to active duty (if a Guard or Reserve member), or is assigned to a Defense Working Capital Fund function, those costs are additional costs. In all other instances, the only additional costs related to pay that may be charged are hazardous duty pay and family separation pay, if applicable. All costs for civilian employees are "additional costs." In all cases, travel and per diem costs are "additional costs."

It is understood that implementing the new definition is potentially a significant undertaking. Therefore, these procedures will apply effective with the pricing of the Fiscal Year (FY) 2018 tuition rates, FY 2017 international-specific training courses or programs, and training teams effective October 1, 2016.

My staff point of contact is Mr. Anthony Wisdom. Reach him at 703-571-1675 or anthony.a.wisdom.civ@maiJ.mil.



Mark E. Easton
Deputy Chief Financial Officer