



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

17 FEB 2016

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

SUBJECT: Change in Attrition Rate DSCA Policy 16-13 [SAMM E-Change 300]

Reference: Office of the Under Secretary of Defense Comptroller (OUSD(C)) Memorandum,
Approval to Reduce the Attrition Rate for Foreign Military Sales Training to Zero
Percent, Effective Fiscal Year 2017, February 8, 2016

This memorandum implements the approval of OUSD(C) to reduce the current one percent attrition factor to zero percent effective October 1, 2016. This reduction is based on a review of the current balance in the Attrition Surcharge Account and expenditures against that account. As clarification, the attrition rate is not eliminated; it may be increased if analysis of the account warrants such.

Training Tuition Rate A is impacted by this change. Training Tuition Rates B-D will continue to use the liability statement on the Letter of Offer and Acceptance (LOA). Non-tuition based training that involves the use of training equipment or operational equipment used as training aids will include the liability statement on the LOA. Dedicated training programs that have a negotiated attrition factor are excluded from this change. If there is no negotiated attrition factor, the liability statement must be included in the LOA.

The Security Assistance Management Manual and Department of Defense Financial Management Regulation will be updated to reflect this change (see Attachment).

Should you have any questions, please contact is Ms Rita Chico, DSCA DBO/FPA, rita.chico.civ@mail.mil.



James Worm
Principal Director
Business Operations

cc:

USAFRICOM
USCENTCOM
USEUCOM
USNORTHCOM
USSOUTHCOM
USPACOM
USTRANSCOM
USSOCOM
STATE/PM-RSAT
USASAC
SATFA
TRADOC
NAVSUP WSS
NETSAFA
AFSAC
AFSAT
DISAM
MARCOR IP
SCETC
USCG International Affairs (G-CI)

Attachment 1 - E-SAMM Changes, Chapter 9

Change from:

C9.4.3.5. Attrition Charges for FMS Training. Attrition charges are included in tuition Rate A for flying and/or non-flying training courses whenever the training or educational course includes the use of training equipment or operational equipment used as training aids. For all other FMS tuition rates (e.g., Rates B, C, and D), the liability statement, as provided in [DoD 7000.14.-R, Volume 15, Chapter 7](#), is applied. Attrition charges are recorded directly into the attrition account. DSCA must approve use of these funds. When equipment is damaged beyond repair due to FMS student error, a report of the loss and request for funding to cover procurement of the replacement items is submitted for DSCA (Business Operations Directorate) approval. After DSCA approval is obtained, the MILDEP forwards a request (with a copy of the DSCA approval) to DFAS Indianapolis to process the payment from the attrition account to the appropriate recipient(s).

To read:

C9.4.3.5. Attrition Charges for FMS Training. Attrition charges are included in tuition Rate A for flying and/or non-flying training courses whenever the training or educational course includes the use of training equipment or operational equipment used as training aids. For all other FMS tuition rates (e.g., Rates B, C, and D) and non-tuition based training that includes the use of training/operational equipment as training aids, the liability statement, as provided in [DoD 7000.14.-R, Volume 15, Chapter 7](#), is applied. For dedicated training programs, provisions of the LOA must state whether an attrition factor is charged or some other arrangement has been made concerning the destruction of equipment in the liability statement. Attrition charges are recorded directly into the attrition account. DSCA must approve use of these funds. When equipment is damaged beyond repair due to FMS student error, a report of the loss and request for funding to cover procurement of the replacement items is submitted for DSCA (Business Operations Directorate) approval. After DSCA approval is obtained, the MILDEP forwards a request (with a copy of the DSCA approval) to DFAS Indianapolis to process the payment from the attrition account to the appropriate recipient(s).

Insert into table C9.T4.:

Table C9.T4. Table of Charges

Charge	Description	How Priced	Applied by - for billing	References
Attrition / Liability Statement	To recover the cost of training/operational equipment used as training aids lost as the result	Include as a percentage as part of tuition Rate A: <ul style="list-style-type: none"> • 1% for flying and non-flying training courses (effective FY 96 – FY 16) 	Implementing Agency	DoD FMR , Volume 15, Chapter 3, 030408.D., and Chapter 7, 071002.D.3.a.

Charge	Description	How Priced	Applied by - for billing	References
	of student negligence.	<ul style="list-style-type: none"> • 0% effective beginning with FY17 tuition rates <p>Include the liability statement for:</p> <ul style="list-style-type: none"> • Tuition Rates B, C, and D • Dedicated training programs unless a negotiated percentage is specifically stated in program documentation • Non-tuition based training that includes training/operational equipment used as training aids 		

Attachment 2 - Department of Defense Financial Management Regulation Changes:

Volume 15, Chapter 7, paragraph 071002.D.3.a.

Change from:

Attrition Rate/Liability Statement. Tuition Rate A in Table 7-3 includes an attrition rate of 1 percent for courses whenever the training or education course includes the use of training equipment or operational equipment used as training aids. All other FMS tuition rates will include a liability statement on the LOA: “The Purchaser is liable for any damages to U.S. Government equipment caused by negligence on the part of the student.” [AECA, Section \(a\)\(1\)\(C\)](#) states the full cost of the service must be paid by the purchaser.

To read:

Attrition Rate/Liability Statement. Tuition Rate A (Table 7-3) includes an attrition factor (refer to [SAMM, Chapter 9, Table C9.T4.](#)) whenever the training or education course includes the use of training equipment or operational equipment used as training aids. All other FMS tuition rates and non-tuition based training that involves the use of training/operational equipment used as training aids, will include the following liability statement on the LOA: “The Purchaser is liable for any damages to U.S. Government equipment caused by negligence on the part of the student.” [AECA, Section \(a\)\(1\)\(C\)](#) states the full cost of the service must be paid by the purchaser. For dedicated training programs, provisions of program documentation/LOA must state whether an attrition factor is charged or some other arrangement has been made concerning the destruction of equipment (e.g., the liability statement).

Volume 15, Chapter 3, paragraph 030408.D.

Change from:

Attrition Surcharge Account. Assess a one-percent attrition surcharge for applicable training cases. The IAs will identify the amounts earned as they distribute collections for tuition. Credit the attrition portion and report it to DFAS SCA by country, case, and line. Expenditures from this account represent orders to the DoD Components to fund the cost of replacing damaged or destroyed equipment associated with student training. DFAS SCA will maintain cumulative records of these deposits by country, case, and line item. Fund withdrawal from the attrition account requires prior written approval from the DSCA Comptroller. Reimburse the cost of replacing damaged or destroyed equipment in full from the attrition account.

To read:

Attrition Surcharge Account. Assess the attrition factor ([SAMM, Chapter 9, C9.T4.](#)) for applicable training cases. The IAs will identify the amounts earned as they distribute collections for tuition. Credit the attrition portion and report it to DFAS SCA by country, case, and line. Expenditures from this account represent orders to the DoD Components to

fund the cost of replacing damaged or destroyed equipment associated with student training. DFAS SCA will maintain cumulative records of these deposits by country, case, and line item. Fund withdrawal from the attrition account requires prior written approval from the DSCA Comptroller. Reimburse the cost of replacing damaged or destroyed equipment in full from the attrition account.