



DEFENSE SECURITY COOPERATION AGENCY

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WASHINGTON, D.C. 20301-2800

6 Jun 2023

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

SUBJECT: Defense Security Cooperation Agency Policy Memorandum 23-20, 21st Theater Sustainment Command Transportation Issue and Air Force Life Cycle Management Center

References: (a) Memorandum for the Record to the 21st TSC dated 11 August 2022

(b) Department of Defense Appropriated Building Partner Capacity (BPC) Accounting Interim Solution, [Defense Security Cooperation Agency \(DSCA\) Policy Memo 20-47](#), ESAMM Change 495

This memorandum supersedes reference (a) provided to the 21st Theater Sustainment Command (TSC) on August 11, 2022. Effective immediately, this policy provides the 21st TSC an interim solution to enable the continued movement of stalled cargo. By January 1, 2024, the 21st TSC will use the established Transportation Account Code (TAC) processes in accordance with transportation policies outlined in the Security Assistance Management Manual (SAMM) and the Defense Transportation Regulations (DTR).

DSCA issued reference (a) guidance to enable the 21st TSC to continue transportation operations following a cargo stoppage in March 2022. The 21st TSC transports non-commercial, Foreign Military Sales (FMS), and Building Partner Capacity (BPC) defense articles from Ramstein, Germany to partners in the European Command (EUCOM) region. The United States Transportation Command (USTRANSCOM) ceased funding the 21st TSC at the end of fiscal year (FY) 2021, as TRANSCOM maintains responsibility for inter-theater transportation, whereas EUCOM is responsible for intra-theater movement of organic assets. The 21st TSC used its Operation and Maintenance (O&M) funds to pay for the transportation of FMS and BPC materiel through March 2022.

Per reference (b), BPC cases ceased contributing funds to the below-the-line transportation accounts effective August 2020. For BPC movements in the interim and long-term, the 21st TSC should work with the appropriate DSCA Program Manager to obtain BPC funding for transportation expenses.

As an interim solution, and to ease challenges with stalled FMS-funded cargo, DSCA will consider an Exception to Policy (ETP) to allow the Implementing Agencies to move funds from below-the-line to above-the-line on impacted cases, and to do so via a modification vice an amendment. The Implementing Agency must submit the request for an ETP to the DSCA (Office of Strategy, Plans, and Policy (SPP)), citing SAMM Sections C6.7.4. and C7.12. as soon as possible. Upon receipt of the necessary approvals, the 21st TSC will establish with the IAs a process and the appropriate agreements (e.g., 7600A) to enable the transfer of funds from the IAs to the 21st TSC. Transportation expenses will be funded at actual cost once funding is moved from below-the-line to above-the-line. The following requirements must be met:

- The above-the-line charges must be based on actual costs and not estimates;
- The 21st TSC must have a process in place outside of the TAC process to accurately track costs; DSCA recommends using a Standard Form 1103, U.S. Government Bill of Lading (GBL) or Standard Form 1080, Voucher for Transfers between Appropriations and/or Funds;
- The charges may not include overhead expenses that were previously requested/funded through the FMS Transportation Account (L009); and
- The 21st TSC must seek FMS Administrative funding through EUCOM and the annual budget process for all FMS Admin funded functions.

This interim solution for FMS-funded cargo is valid only through January 1, 2024, after which time the 21st TSC will use the SAMM and DTR policy directed TAC process.

If you have questions regarding this guidance, please contact Derrick Lee, Financial Policy & Regional Execution Directorate, Financial Policy Division, (703) 501-0586, derrick.v.lee2.civ@mail.mil.

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J. Aaron Harding
Chief Operating Officer and Chief Financial Officer
Defense Security Cooperation Agency

Attachment:

- Memorandum for the Record to the 21st TSC - 11 August 2022

MEMORANDUM FOR THE RECORD

BACKGROUND

The 21st Theater Sustainment Command (TSC) transports non-commercial, Foreign Military Sales (FMS) and Building Partnership Capacity articles from Ramstein, Germany to European Command (EUCOM) partners. United States Transportation Command (TRANSCOM) ceased funding 21st TSC at the end of FY21, as TRANSCOM maintained responsibility solely for inter-theater transportation, whereas EUCOM is responsible for intra-theater movement of organic assets. After that time, the 21st TSC used Operation and Maintenance (O&M) funds to pay for their transportation of FMS and BPC materiel. The 21st TSC and U.S. Army Europe (USAREUR) expressed concerns about continuing use of O&M funds. In accordance with [Department of Defense 7000.14-R, Volume 14, Chapter 2](#), DSCA confirms and advises the use of these funds is not in violation of the Anti-deficiency Act (ADA). The 21st TSC does not have a process in-place to bill a Transportation Account Code (TAC). DSCA recommends the 21st TSC coordinate with their higher headquarters element to help address these funding issues.

ISSUE

As of March 2022, cargo has not moved, thus creating a work stoppage. The 21st TSC seeks DSCA assistance with both an interim solution and a long-term solution.

21st TSC PROPOSAL

The 21st TSC Interim and Long-Term Solution are based on how the unit historically received funds from TRANSCOM for these services. Both solutions rely on establishing a 7600A Interagency Agreement (IAA) and subsequent fund transfers via Military Interdepartmental Purchase Request (MIPR) directly from the FMS Transportation Account (L009).

Interim Solution. The 21st TSC requested DSCA establish a 7600A agreement to enable funding transfer via MIPR directly from the FMS Transportation Account (L009) for FY22 rendered services and immediate requirements. This solution would reimburse the 21st TSC for costs already incurred, as well as fund any near-term future deliveries. Per the 21st TSC, this interim solution would bridge the gap to support the payment of existing bills and get currently frustrated cargo moving again.

Long-term Solution. The 21st TSC requested DSCA approval to establish a 7600A agreement between the 21st TSC and the Implementing Agencies (IAs) to enable payment for future services and requirements via MIPR. This would enable funds to be transferred from either the below-the-line transportation account or from an above-the-line transportation line added to the case.

DSCA RESPONSE

The proposed interim solution is not advisable due to auditability concerns. Additionally, there is an established process by which the 21st TSC can be reimbursed for transportation services.

During a discussion with the 21st TSC on March 30, 2022, DSCA recommended the 21st TSC continue to use O&M funds in FY22 to support near-term requirements, while establishing a process to enable reimbursement from a TAC for eligible expenses for FMS movements. For BPC movements, DSCA recommends the 21st TSC contact the appropriate DSCA Program Manager to obtain guidance on how to receive BPC funding for transportation expenses. This option would avoid a work stoppage and enable the continued movement of assets.

It is DSCA's understanding that the 21st TSC wishes to use transportation funding to pay for civilian salaries, benefits, premium pay, and travel expenses for U.S military and Foreign Nationals employed by the U.S. Government to provide transportation services. These are not eligible expenses from the transportation account, and would more appropriately be reimbursed from the FMS Administrative Account. DSCA's annual Security Assistance Program and Budget Review is the mechanism by which an organization, through their appropriate Security Assistance channels, may request FMS Administrative funding for manpower support. Note, DSCA does not accept budget requests from individual units or components of the military departments. Therefore, to pursue this option the 21st TSC should coordinate with the appropriate EUCOM or Army higher headquarters element in their chain of command to determine next steps.

As part of the standard FMS process, each FMS and BPC case identifies the TAC that a Military Department should use to fund materiel movement from one specific point to another. This TAC is available for any DoD transportation provider to be used for reimbursement for eligible materiel movement expenses, per the Defense Transportation Regulations. Further, since August 2020, BPC cases ceased to contribute funding to the below-the-line transportation accounts. Transportation for BPC cases is now funded from an above-the-line transportation case established every fiscal year. Transportation providers seeking reimbursement for BPC shipments should contact DSCA for guidance to receive funding.

With regard to the IAs funding the 21st TSC via MIPR from the below-the-line transportation account, this is not a feasible option, as the IAs do not have access to the DSCA L009 account. Further, DSCA does not recommend the IAs establish an above-the-line transportation line on each case from which to fund the 21st TSC via MIPR. Neither of these options follow established processes that have been enacted to maintain internal controls and auditability of funds.

DSCA remains available to provide assistance to the 21st TSC in developing a process for TAC reimbursement, and if necessary, to obtain FMS administrative funding for manpower requirements.

DSCA POINTS OF CONTACT

If you have questions regarding this memorandum, please contact Mr. Derrick Lee, DSCA Financial Policy, at derrick.v.lee2.civ@mail.mil and 703-501-0586 – or Ms. Rita Chico, DSCA Financial Reporting & Compliance, at 571-201-2452 and rita.chico.civ@mail.mil.