



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

05 December 2025

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 INFORMATION SYSTEMS AGENCY
DIRECTOR, DEFENSE LOGISTICS AGENCY
DIRECTOR, DEFENSE THREAT REDUCTION AGENCY
DIRECTOR, MISSILE DEFENSE AGENCY
DIRECTOR, NATIONAL GEOSPATIAL-INTELLIGENCE
AGENCY
DIRECTOR, SECURITY COOPERATION ACCOUNTING
DIRECTORATE, DEFENSE FINANCE AND ACCOUNTING
SERVICE, INDIANAPOLIS OPERATIONS
DIRECTOR OF CYBERSECURITY DIRECTORATE AND DEPUTY
NATIONAL MANAGER FOR NATIONAL SECURITY
SYSTEMS, NATIONAL SECURITY AGENCY

SUBJECT: Defense Security Cooperation Agency Policy Memorandum 25-87, Embedded
Manpower [SAMM E-Change 784]

References: (a) Defense Security Cooperation Agency, DoDD 5105.38-M Security Assistance
Management Manual [Glossary](#).

(b) DoD Financial Management Regulation, [Volume 15, Chapter 7](#), Section 20.0
“Pricing of Personnel Services”

Effective immediately, the Security Assistance Management Manual (SAMM) is updated to clarify and expand the embedded manpower definition and pricing methodology. Currently, embedded manpower is defined as resource requirements priced within materiel costs. This definition is hereby expanded to include manpower that is linked to a fixed service provided internally (e.g. Interagency Agreements) or externally (i.e. through contracts). An example would be Special Assignment Airlift Mission (SAAM) flights where the airlift requirement for special pickup or delivery is billed as a line item on the Letter of Offer and Acceptance (LOA). Another example would be an aircraft ferry mission where the full cost of the service is billed as a line item on the LOA. This manpower is delivered using either an Interagency Agreement or

through a contract and cannot be broken out to the level of fidelity required to complete a Manpower Travel Data Sheet (MTDS).

When incorporating embedded manpower into a case line, the price must not include acceleration factors such as Fringe Benefits and Unfunded Retirement. These factors are already included in the embedded personnel costs. The pricing of DoD personnel services that are embedded and in support of the Foreign Military Sales (FMS) program must be calculated in accordance with the DoD Financial Management Regulation, Volume 15, Chapter 7, Section 20.0 (reference b). When determining the price of embedded personnel services, every attempt should be made to use actual costs. If actual cost data is not available, estimated pricing is acceptable. The costs must be substantiated by a reliable audit trail.

Embedded manpower within a materiel line can consist of DoD-provided Engineering Services that are required to verify performance validation or address issues encountered during a production run. These costs must be allocated to the FMS purchaser or Building Partner Capacity (BPC) Benefitting Partner based upon the number of items that are in production. This is considered the pro-rata share cost that is added to the contractor cost which makes up the final unit price reflected on the LOA. Additionally, assembly labor costs may be incorporated into the unit price. Such costs must be assessed in accordance with reference (b) when items are procured for an FMS purchaser or BPC Benefitting Partner and need to be assembled by DoD personnel.

If you have questions regarding this memorandum, please contact DSCA (Office of Business Operations, Financial Policy & Regional Execution Directorate, Financial Policy Division (OBO/FPRE/FP)) at dsxa.ncr.obo.list.fpre-fp@mail.mil. For general questions about the SAMM, please contact DSCA (Office of Strategy, Plans and Policy, Execution Policy and Analysis Directorate (SPP/EPA)) at dsca.ncr.spp.mbx.epa@mail.mil.

WATFORD.BRIAN.T.

Digitally signed by
WATFORD.BRIAN.T.
Date: 2025.12.11 09:13:53 -05'00'

Brian Watford
Acting Chief Operating Officer and Chief Financial
Officer

Attachment:

- Security Assistance Management Manual E-Change 784

Security Assistance Management Manual E-Change 784

1. Update E-SAMM Glossary:

From:

TERM	DEFINITION	Link
Embedded Manpower	The manpower requirements priced within materiel costs that cannot be separated from the unit price. Example: Letter of Request requests 100,000 ammunition from vendor. Vendor manufactures 1,000,000 ammunition for multiple Letters of Offer and Acceptance. The manpower cost is included in the unit cost of manufacturing. The ammunition and that manpower cost cannot be separated out.	N/A

To:

TERM	DEFINITION	Link
Embedded Manpower	Resource requirements that are linked to a fixed service provided internally (e.g. Interagency Agreements) or externally (i.e. through contracts). Example: Special Assignment Airlift Mission (SAAM) flights where the airlift requirement for special pickup or delivery is billed as a line item on the Letter of Offer and Acceptance (LOA). The resource requirements can also be priced within materiel costs that cannot be separated from the unit price. Example: Letter of Request requests 100,000 ammunition from vendor. Vendor manufactures 1,000,000 of ammunition for multiple LOAs Letters of Offer and Acceptance. The manpower cost is included in the unit cost of manufacturing. The ammunition and that manpower cost cannot be separated out.	N/A

2. Update SAMM Section C9.4.9.1.3.3.:

From:

C9.4.9.1.3.3. Lines with Embedded Manpower. As an example, Army ammo lines may be reflected on the LOA with SoS “P”; however, the RP069 – Document Pricing Calculations, must reflect the two separate PCCs – one for procurement action and one for manpower costs.

To:

C9.4.9.1.3.3. Materiel Lines with Embedded Manpower. ~~As an example, Army ammo lines may be reflected on the LOA with SoS “P”; however,~~ The DSAMS RP069 – Document Pricing Calculations must reflect either one single PCC or two PCCs (one for procurement action and one for manpower costs). One PCC may be used if the manpower is truly embedded and cannot be broken out from the materiel costs. Two separate PCCs may be

used to separate manpower costs from materiel costs. In this instance, the manpower PCC must not include any accelerating factors such as fringe benefits or Unfunded Retirement given the costs reflected in the manpower PCC should be the fully burdened costs. IAs must override fringe benefits or Unfunded Retirement IPCs to zero. ~~the two separate PCCs one for procurement action and one for manpower costs.~~

3. Update SAMM Section C9.4.2.4.4.:

From:

C9.4.2.4.4. Manpower Travel Data Sheets Exemptions. The following items are exempt from the MTDS requirement:

1. Manpower provided as a membership in the USG-sponsored groups identified in [Row #SA2 of Table C9.T2A.](#);
2. Manpower provided by the Working Capital Fund (WCF) as long as the manpower is part of the final Materiel total cost and cannot be separated from the unit price (e.g., organic costs). However, if only services are being provided by the WCF, an MTDS is required;
3. Lines involving blanket order CONUS training, Outside the Continental United States (OCONUS) Security Assistance Teams provided training, or schoolhouse-provided training where manpower costs are embedded within the course/tuition rates;
4. Contractor Logistics Support (CLS) using Military Articles and Services List (MASL) number R9A-0761000000CLS;
5. Repair and Return programs;
6. Refurbishment/Overhaul programs;
7. Embedded manpower (e.g., pro-rata share of engineering support) that is part of the materiel cost and cannot be separated from the unit price;
8. Number of Work Years and travel costs for contracted manpower, if unknown;
9. Cases in Supply/Services Complete (SSC) status and the amendment or modification is being processed in preparation for full case closure.
10. DSCA Managed Case Funds for Kuwait and Taiwan support cases.
11. Worldwide Warehouse Redistribution Services seller lines.

To:

C9.4.2.4.4. FMS Manpower Travel Data Sheets Exemptions. The following items are exempt from the MTDS requirement:

1. Manpower provided as a membership in the USG-sponsored groups identified in [Row #SA2 of Table C9.T2A.](#);
2. Manpower provided by the Working Capital Fund (WCF) as long as the manpower is part of the final Materiel total cost and cannot be separated from the unit price (e.g., organic costs). However, if only services are being provided by the WCF, an MTDS is required;
3. Lines involving blanket order CONUS training, Outside the Continental United States (OCONUS) Security Assistance Teams provided training, or schoolhouse-provided training where manpower costs are embedded within the course/tuition rates;
4. Contractor Logistics Support (CLS) using Military Articles and Services List (MASL) number R9A-0761000000CLS;

5. Repair and Return programs;
6. Refurbishment/Overhaul programs;
7. Embedded manpower (e.g., pro-rata share of engineering support) that is part of the materiel cost or part of a fixed service cost (e.g. special airlift missions, aerial refueling, above-the-line transportation, etc.); ~~and cannot be separated from the unit price;~~
8. Number of Work Years and travel costs for contracted manpower, if unknown;
9. Cases in Supply/Services Complete (SSC) status and the amendment or modification is being processed in preparation for full case closure;
10. DSCA Managed Case Funds for Kuwait and Taiwan support cases;
11. Worldwide Warehouse Redistribution Services seller lines.