



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

18 SEPT 2026

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 26-77, Reimbursing
Military Pay and Allowances for Defense Services [SAMM E-Change 847]

References: (a) Security Assistance Management Manual [Policy Memo 04-41](#), "Pricing Military
Personnel Reimbursement in Support of Foreign Military Sales (FMS)", 13 Sep
2004

(b) The Office of the Secretary of War – Comptroller (OSW-C), "[Military Personnel
Composite Standard Pay and Reimbursement Rates](#) (Tab K)," published annually.

This memorandum supersedes reference (a) and provides reimbursement guidance for
military personnel providing defense services priced in Foreign Military Sales (FMS) cases.
Military Pay and Allowances (MPA) are priced using a composite rate in accordance with
reference (b). Components must compare MPA reimbursement requests against their manning
document to ensure reimbursement requests are authorized. The policy in the attachment is
incorporated into the DSCA SAMM at <https://samm.dsca.mil>.

If you have questions on this memorandum, please contact the Office of Business
Operations, Financial Policy & Regional Execution Directorate, Financial Policy Division
(OBO/FPRE/FP) at dsca.ncr.obo.list.fpre-fp@mail.mil. Please reference the DSCA policy
number and memorandum subject.

For general questions about the SAMM, please contact the Office of Strategy, Plans, and Policy, Execution Policy and Analysis Directorate (SPP/EPA)) at dsca.ncr.spp.mbx.epa@mail.mil.

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Brian Watford
Acting Chief Operating Officer and
Chief Financial Officer

Attachment: SAMM E-Change 847 – Defense Security Cooperation Agency Policy
Memorandum 26-77, Reimbursing Military Pay and Allowances for Defense Services

Attachment: Security Assistance Management Manual E-Change 847
Defense Security Cooperation Agency Policy Memorandum 26-77, Reimbursing Military Pay and Allowances for Defense Services

1. Revise C9.4.3.3.:

From:

C9.4.3.3. Military Fringe Benefits. Military personnel services are priced using the applicable DoD Military Personnel Composite Rate plus an acceleration factor that covers medical health care costs of active duty personnel and their dependents. In addition, rates include a per capita normal cost for Medicare-Eligible Retiree Health Care (MERHC) accruals. These factors are published annually by OUSD(C) at [Department of Defense Fiscal Year \(FY\) Reimbursable Rates](#) webpage. Military fringe benefits consist of quarters (family housing), subsistence, medical (hospital), and other personnel support (e.g., commissary and exchanges). The costs are applicable to both direct and indirect military salaries and are computed by applying the acceleration factors for officer and enlisted personnel. These costs are included for all military personnel allocated to the training course. Tuition rates D and E exclude both direct and indirect military salaries; therefore, military fringe benefits are excluded as well. Military fringe benefits costs, used as part of base operating support (BOS) costs and allocated to training courses, are used as indirect costs in the tuition rates. The costs must not be duplicated in the tuition rates by also being included as direct and indirect costs under Pay and Fringe Benefits.

To:

C9.4.3.3. ~~Military Fringe Benefits~~ Military Composite Rates and Fringe Benefits. Military personnel services are priced using the applicable DoD Military Personnel Composite Rate plus an acceleration factor that covers medical health care costs of active duty personnel and their dependents. In addition, rates include a per capita normal cost for Medicare-Eligible Retiree Health Care (MERHC) accruals. These factors are published annually by OUSD(C) at [Department of Defense Fiscal Year \(FY\) Reimbursable Rates](#) webpage. Military fringe benefits consist of quarters (family housing), subsistence, medical (hospital), and other personnel support (e.g., commissary and exchanges). The costs are applicable to both direct and indirect military salaries and are computed by applying the acceleration factors for officers and enlisted personnel. These costs are included for all military personnel allocated to the training course. Tuition rates D and E exclude both direct and indirect military salaries; therefore, military fringe benefits are excluded as well. Military fringe benefits costs, used as part of base operating support (BOS) costs and allocated to training courses, are used as indirect costs in the tuition rates. The costs must not be duplicated in the tuition rates by also being included as direct and indirect costs under Pay and Fringe Benefits.

2. Add C9.4.3.3.1.:

C9.4.3.3.1. Military Pay and Allowance Reimbursement. Implementing Agencies (IA) will calculate the actual dollar amount of manpower expended on the FMS case line(s) based on the rates listed in [Section C9.4.3.3.](#) IAs will utilize the G-Invoicing solution (see [Section C14.9.](#)), or comparable process, to reimburse the MILPERS account for pay and allowances. For health benefits/accrual, IAs will use the [Standard Form \(SF\) 1080](#), Voucher for Transfers Between Appropriations and/or Funds, to transfer funds from the FMS case to the required accounts. Any office receiving FMS Administrative Surcharge funds or FMS Case funds shall maintain a current manpower report for its military, civilian, and contracted FMS personnel. The report should be in accordance with the [AECA, Section 25\(a\)\(6\) \(22 USC 2765\(a\)\(6\)\)](#) and should include the estimate of expected reimbursement for Military Pay and Allowances and closely align with the IA's authorized military reimbursable positions.