

Headquarters
United States Forces Korea
Unit #15237
APO AP 96205-5237

United States Forces Korea
Regulation 37-5

26 September 2007

Financial Administration

SPECIAL MEASURES AGREEMENT PROCESS

***This is the first edition of United States Forces Korea Regulation 37-5**

For the Commander:

DAVID P. VALCOURT
Lieutenant General, USA
Chief of Staff

Official:



F.W. MORRIS
Chief of Publications and
Records Management

Summary. This regulation establishes policy and procedure for United States (U.S.) forces and Department of Defense (DOD) activities stationed in the Republic of Korea (ROK) to develop requirements for host nation funding support that correspond with the Services' and host nation budget cycle. This regulation also establishes a process for U.S. Forces and DOD activities to submit requirements for host nation funding support to the Commander, United States Forces Korea (USFK), for review and prioritization. Finally, this regulation establishes responsibilities and reporting requirements in preparation for negotiations with the ROK government.

Summary of Change. Not applicable, first edition of this regulation.

Applicability. This regulation applies to all U.S. Forces and DOD activities, stationed in the ROK, that receive host nation contributed funds.

Supplementation. Further supplements to this regulation by subordinate commands are prohibited unless prior approval is obtained from Headquarters (HQ) USFK (FKJ5-J), Unit #15237, APO AP 96205-5237.

Forms. USFK forms are available at www.usfk.mil.

Records Management. Records created as a result of processes prescribed by this regulation must be identified, maintained, and disposed of according to governing service regulations. Record titles and descriptions are available on the Army Records Information System website at: <https://www.arims.army.mil>.

Suggested Improvements. The proponent of this regulation is HQ USFK (FKJ5-J). Users are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) to HQ USFK (FKJ5-J), Unit #15237, APO AP 96205-5237.

Distribution. Electronic Media Only (EMO).

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GLOSSARY

1. PURPOSE. This regulation establishes policy and procedures for U.S. forces and DOD activities stationed in the ROK to develop requirements for host nation funding support. The provisions of this regulation are intended to:

- a. Provide a process for USFK and DOD activities to develop requirements for host nation funding support that corresponds with the Services' and host nation budget cycle.
- b. Provide a process for USFK and DOD activities to submit requirements for host nation funding support to the Commander, USFK, for review and prioritization.
- c. Ensure that host nation cost sharing requirements and distributions are aligned with USFK Commander's guidance.
- d. Assist appropriate agencies in cost sharing negotiations with the ROK government.

2. REFERENCES.

- a. 10 U.S.C. 2350(j), Burdensharing contributions by designated countries and regional organizations
- b. 10 U.S.C. 2350(k), Relocation within host nation of elements of armed forces overseas
- c. Public Law 104-201, Section 1084 Defense Burdensharing (1997 National Defense Authorization Act)
- d. DOD Directive 5530.3, International Agreements, 21 November 2003
- e. DOD Directive 4270.34, Host Nation-Funded Construction Programs in the U.S. Pacific Command Area of Responsibility, 24 April 2007
- f. DOD Directive 4270.5, Military Construction, 12 February 2005
- g. DOD Directive 7045.14, The Planning, Programming, and Budgeting System, 21 November 2003
- h. DOD Financial Management Regulation 7000.14-R, Volume 2B, Chapter 6, Military Construction/Family Housing Appropriations, June 2006
- i. USFK Regulation 37-2, ROK Labor Cost Sharing Program, 29 April 2004
- j. USFK Regulation 415-1, Host Nation Funded Construction (HNFC) in Korea, 11 February 2004

3. ABBREVIATIONS. Abbreviations and terms used in this regulation are explained in the glossary.

4. BACKGROUND.

a. Reference (c) establishes four contribution categories for which U.S. Allies receive burdensharing credit:

1. Increase in the level of defense spending
2. Contributions to multi-national military operations
3. Provision of foreign assistance
4. Contributions to the cost of stationing U.S. forces (cost sharing)

b. The ROK Government provides cost sharing contributions to USFK through the Special Measures Agreement (SMA) process. Reference (a) establishes U.S. domestic authority to accept ROK contributions for 1) Compensation for local national employees of DOD, 2) Military construction projects of the DOD and 3) Supplies and services of the DOD.

c. In reference (c) Congress set specific goals for host nation burdensharing contributions and DOD reporting requirements. Congress established 75% as the appropriate host nation share of U.S. Non-Personnel Stationing Cost (NPSC). Congress also directed DOD to submit an annual report on Allied Contributions to the Common Defense. The Department of Defense set 50% of U.S. NPSC as its cost sharing goal for all Allies in the 2003 report to Congress.

d. In addition to direct SMA contributions, the ROK provides a variety of direct and indirect cost sharing to the U.S., such as Foregone Rents and Taxes, Korean Military Augmentee Labor, Relocation Construction, and Vicinity Improvements, which are considered non-negotiated contributions and not pursuant to SMA negotiations. These additional contributions are included in the Allied Contributions to the Common Defense report.

e. ROK SMA contributions are negotiated as direct cost sharing. Under the SMA, the ROK government contributes direct cost sharing funds to the U.S. in three categories: Construction, Labor, and Logistics.

1. Construction. HNFC provided through SMA contributions consists primarily of the ROK Funded Construction (ROKFC) program. ROKFC provides funding for quality of service, mission support, and warfighting projects, but does not fund clubs, theaters, golf courses, and bowling centers.

a) The majority of ROKFC support is paid in cash by the ROK Ministry of National Defense (MND) to USFK for both design and construction. A small percentage of ROKFC contributions may be provided "in-kind." Cash and "in-kind" funding levels are determined through the negotiating process.

b) The Defense Construction Agent (DCA) for Korea designs, contracts, and supervises construction of all ROKFC projects, which is performed by local Korean contractors. The ROKFC "in-kind" program allows the ROK to participate in project design and manage construction with DCA providing all design work and construction management oversight.

c) Under a separate program, Combined Defense Improvement Projects (CDIP), the ROK government can construct facilities for use by U.S. forces "in-kind" with design costs paid in cash.

d) USFK Engineer (FKEN) is the ROKFC and CDIP Program Manager for USFK.

2. Labor. Labor is a cash program that helps USFK finance Korean national (KN) employees' compensation. ROK contributions fund a majority of the wages for KN employee wages. The hiring organization programs and budgets for the remainder. The contribution levels are determined through negotiations. USFK Resource Management (FKRM) is the KN Labor Cost Sharing Program Manager for USFK.

3. Logistics. The Logistics Cost Sharing (LCS) program is entirely "in-kind," with no cash provided to USFK for execution. Assistant Chief of Staff (ACS), J4, is the LCS Program Manager for USFK. The U.S. may seek to negotiate for additional categories, such as force protection materials and services, or expand the categories listed below through subsequent SMA negotiations with the ROK government:

- a) Munitions Storage, Transportation and Other Services
- b) Equipment Repair and Maintenance Services
- c) Transportation Services
- d) Vehicles, Equipment, and Material Purchases
- e) Bulk Petroleum Delivery and Storage Services
- f) Facility Sustainment Services
- g) Leases

5. OVERVIEW. USFK employs a four-phase process to determine and prioritize requirements and allocate SMA funds: planning, programming, budgeting, and

execution. In the *planning* phase, Service Components and DOD activities determine requirements for desired host nation funding support, and report these requirements to USFK Program Managers. In the next phase, *programming*, Program Managers combine and prioritize requirements in each SMA category. The programming phase concludes with a General Officer Steering Committee (GOSC) that proposes an SMA funding level to the Commander, USFK. During the third phase, *budgeting*, the Commander, USFK, allocates SMA funds based on the amount of ROK SMA contribution and the GOSC recommendation. In the last phase, *execution*, the Service Components execute SMA allocations, and Program Managers meet all reporting requirements to both the ROK and U.S. government.

a. Planning. Service Components and DOD activities determine requirements for host nation funding support that are not funded by the Services or DOD. Service Components and DOD activities:

1. Submit requirements for the next budget year and five additional program years not later than 31 AUG. Requirements for the next budget year establish USFK's Minimum Operating Budget (MOB), and form the basis for the Commander's prioritization of requirements and allocation of SMA funds. Projected requirements for the five additional program years are used for SMA negotiations with the ROK government.

2. Establish requirements based on the calendar year. While Service Components build requirements for Service Program Objective Memorandum/Budget Estimate Submission (POM/BES) input based on the fiscal year, the SMA process, in keeping with the ROK government method of accounting, is based on the calendar year.

3. Provide requirements at the Brigade Combat Team (BCT), Wing, or equivalent level.

4. Identify those requirements that are intended for use by more than one Service Component, to include Executive Agent (EA) responsibilities and Army Support to Other Services (ASOS).

5. Reporting Requirements. Service Components and DOD activities submit Component and Agency Requirement Plans (CARP), Appendix A. The CARP includes only those projects which Service Components and DOD activities seek to fund using host nation contributions. Service Components and DOD activities submit CARP to Program Managers listed below not later than 31 AUG:

a) USFK Engineer (FKEN). Current year, next budget year and five year projection of the following requirements, using the sample memorandum format provided in Appendix A1 (FKEN will issue a "call" letter to the Service Components and DOD activities not later than 1 JUL):

1) New construction projects (operational, mission support, community support, and family housing)

2) New improvements to facilities that cost more than \$749K

b) USFK Resource Management (FKRM). Current employment level, next budget year and five year projection of KN labor employment requirements, using the sample memorandum format provided in Appendix A2.

c) USFK ACS J4 (FKJ4). Current year, next budget year and five year projection of logistics cost sharing requirements, using the sample memorandum format provided in Appendix A3.

b. Programming. Program Managers collect and consolidate the CARP reports from all ROK-based Service Components and DOD activities by SMA category.

1. Program Managers individually convene a Council of Colonels for each program incorporating Service Components and DOD activities, as necessary, to consolidate and prioritize requirements.

2. ACS, J5 (FKJ5) convenes a GOSC not later than 30 OCT to establish an SMA Funding Proposal, which includes reprioritized requirements and recommended SMA category funding levels. FKJ5 and Program Managers present the SMA Funding Proposal to the Commander, USFK, for consideration.

3. Reporting Requirements.

a) Program Managers submit the following reports to USFK J5 Strategy and Policy Division (FKJ5-J) not later than 15 OCT for review and action at the GOSC.

1) USFK Resource Management (FKRM). Consolidated KN Labor requirements list.

2) USFK Engineer (FKEN). Consolidated Construction requirements list.

3) USFK ACS J4 (FKJ4). Consolidated Logistics Cost Sharing requirements list.

b) FKJ5 and Program Managers present the GOSC SMA Funding Proposal to the Commander, USFK, not later than 1 DEC.

c. Budgeting. Commander, USFK, prioritizes projects and determines funding levels for the SMA categories.

1. FKJ5 coordinates with the International Policy Bureau, ROK MND, to receive ROK government funding recommendations.

2. FKJ5 prepares a funding decision brief for Commander, USFK that includes the SMA Funding Proposal, established at the GOSC, and recommendations from MND. Commander, USFK, reviews and if necessary reprioritizes the SMA Funding Proposal and allocates SMA funds into each of the three SMA categories: Labor, Construction, and Logistics.

3. FKJ5 schedules the Joint Cost Sharing Committee (JCSC) meeting with ROK MND within 30 days of the entering into force of the SMA and not later than 1 FEB for current year allocations. The JCSC is co-chaired by the ACS, J5, and the Director General, International Policy Bureau, ROK MND. The FKJ5 informs MND of the USFK Commander's funding decision and releases the Commander's Funding Decision Letter.

4. FKJ5 reports the Commander's final SMA category funding decision, in the USFK CDRs Funding Decision Letter, to the Program Managers, Service Components, and DOD activities.

5. For those requirements the USFK Commander does not fund with SMA funds, Service Components and DOD activities will seek funding through the Service POM/BES at the component commander's discretion as required or reschedule the unfunded requirements into the next budget year requirements for host nation funding support.

6. Reporting Requirements.

a) FKJ5 releases the Commander's Funding Decision Letter to the ROK MND at the JCSC within 30 days of the entering into force of the SMA and not later than 1 FEB for current year allocations.

b) FKJ5 reports the Commander's final SMA category funding decision to Program Managers, Service Components, and DOD activities.

d. Execution. Service Components execute allocated SMA funds in accordance with (IAW) applicable regulations – reference (i) for KN Labor Cost Sharing, reference (j) for HNFC, and FKJ4 standard operating procedures for LCS allocations. Program Managers and FKJ5 submit required reports to the ROK and U.S. governments.

1. As directed, Service Components, DOD activities, and Program Managers review program execution at appropriate venues, such as the Transformation GOSC, Commander Focus Sessions, or USFK Component Commander Conferences.

2. Program Managers will make all program execution reports available to Service Components and DOD activities. Program Managers will also establish processes that allow Service Components and DOD activities to maintain visibility on the progress of fund execution.

3. Internal Review and Audit Compliance (FKCS-IR) reviews the management controls for at least one SMA funding program each year to ensure compliance with applicable regulations and agreements. FKCS-IR ensures that all SMA funding programs are reviewed over a two-year period, and coordinates external audits and reviews as necessary.

a) FKCS-IR presents findings of any audits or reviews conducted relating to SMA funding issues at the GOSC, which FKJ5 convenes not later than 30 OCT to determine SMA Funding Proposal for Commander, USFK.

4. Reporting Requirements.

a) FKRM submits an annual KN Labor execution report for the previous year to the MND Programming and Budgeting Bureau not later than 1 FEB. FKRM submits a copy of the report to FKJ5 IAW the same suspense.

b) FKEN submits copies of all construction contracts awarded with HNFC contributions to the Military Installations Bureau, ROK MND.

c) FKEN submits ROKFC quarterly execution reports to the Military Installations Bureau, ROK MND. Quarterly execution reports shall be in accordance with the format developed by both parties. FKEN submits a copy of the report to FKJ5 IAW the same suspense.

d) FKJ5 calculates previous year NPSC and prepares the five year NSPC Estimate (NPSCE) using Appendices C and D. Program Managers complete required coordination and submit the following reports to FKJ5 not later than 15 JAN:

1) FKRM submits Operations and Maintenance (O&M) and Family Housing Operations Portion of NPSCE (Appendix B1), for the previous year, current year, and a five year projection to FKJ5.

2) FKEN submits Facility Sustainment, Restoration and Modernization, Utilities and Lease Expenses Portion of NPSCE (Appendix B2) for the previous year, current year, and a five year projection, to FKJ5. FKEN gains FKRM concurrence before submitting the report.

4) FKEN submits Military Construction (MILCON) and Family Housing Construction Portion of NPSCE (Appendix B3) for the previous year, current year, and a five year projection to FKJ5. Although Family Housing Construction is a subset of MILCON, those requirements should be annotated separately to assist reporting requirements.

5) FKJ5 completes Host Nation Portion of NPSCE (Appendix B4). FKJ5 requests MND proposed estimate of Foregone Rents and Taxes, Korean Military

Augmentee Costs, Relocation Construction, and Vicinity Improvements for the previous year, current year, and a five year projection.

e) FKJ5 prepares and submits to the American Embassy Seoul the ROK cost sharing portion of the Allied Contributions to the Common Defense report not later than 15 FEB.

e. Negotiations. The Department of State (DOS) is the lead agency for negotiating international agreements. USFK provides recommendations and technical assistance to DOS for SMA negotiations with the ROK government.

1. The Deputy Commander, USFK, is the USFK lead for SMA negotiations, supported by FKJ5.

2. After coordinating with the Commander, USFK, the Deputy Commander issues negotiating guidance to the staff.

a) Additive subcategories to current SMA architecture require the negotiated agreement of both the ROK and U.S. Governments.

b) Additional subcategory items such as force protection materials and services, training range cost sharing, and base service contracts can be incorporated based on the Commander's priorities and negotiated bilateral agreement.

6. RESPONSIBILITIES.

a. USFK. The Commander, USFK, has authority and responsibility for the management and allocation of SMA funds.

b. Service Components (Eighth U.S. Army, U.S. Air Forces-Korea, U.S. Marine Corps Forces-Korea, U.S. Naval Forces-Korea, and U.S. Special Operations Command-Korea) and DOD activities.

1. Submit CARP (current year, next budget year, and projected five year requirements for host nation funding support) to Program Managers not later than 31 AUG. Use sample memoranda formats provided in Appendix A1, A2 and A3.

2. Prioritize requirements IAW established program criteria.

3. Execute SMA fund allocations IAW Para 5(d).

c. Assistant Chief of Staff, J5 (FKJ5).

1. Establish policy and procedure for the SMA process.

2. Receive Consolidated KN Labor, Construction, and Logistics requirements lists from Program Managers not later than 15 OCT.

3. Convene GOSC not later than 30 OCT to establish the SMA Funding Proposal for the Commander, USFK.

4. Coordinate with International Policy Bureau, ROK MND for ROK government SMA funding level recommendations.

5. Prepare SMA funding brief for Commander, USFK, that incorporates GOSC SMA Funding Proposal and ROK government recommendations.

6. Schedule the JCSC meeting with ROK MND within 30 days of entering into force of the SMA and not later than 1 FEB, to release the Commander's Funding Decision Letter.

7. Report Commander's final SMA category funding decision to the Service Components, DOD activities, and Program Managers.

8. Prepare Host Nation Portion of NPSCE (Appendix B4).

9. Prepare and submit the ROK cost sharing portion of the Allied Contributions to the Common Defense report to American Embassy, Seoul, not later than 15 FEB.

10. Consolidate USFK staff inputs and recommendations and provide them to DOS in order to assist DOS in complying with the Circular 175 procedures.

11. Coordinate with International Policy Bureau, ROK MND, for drafting and signing of an SMA Implementation Arrangement (IA) that governs allocation and use of SMA funds.

d. Assistant Chief of Staff, J4 (FKJ4).

1. Program Manager for Logistics Cost Sharing.

2. Receive CARP (current year, next budget year and projected five year requirements for host nation funding support) for Logistics from Service Components and DOD activities not later than 31 AUG.

3. Convene Service Component Council of Colonels as necessary to create consolidated Logistics Cost Sharing requirements list.

4. Submit consolidated Logistics Cost Sharing requirements list to FKJ5 not later than 15 OCT.

5. Execute Logistics Cost Sharing program IAW Para 5(d).

6. Coordinate Logistics Cost Sharing IA with appropriate agencies IAW Para 5(e).
- e. Assistant Chief of Staff, Engineer (FKEN).
1. Program Manager for Host Nation Funded Construction.
 2. Receive CARP (current year, next budget year and projected five year requirements for host nation funding support) for new construction projects and new improvements to facilities (> \$749K) from Service Components and DOD activities not later than 31 AUG.
 3. Convene Service Component Council of Colonels as necessary to create consolidated Construction requirements list.
 4. Submit consolidated Construction requirements list to FKJ5 not later than 15 OCT.
 5. Prepare and submit Facility Sustainment, Restoration and Modernization, Utilities and Lease Expenses Portion of NPSCE report to FKJ5 not later than 15 JAN. Use sample memorandum format provided in Appendix B2.
 6. Prepare and submit MILCON and Family Housing Construction Portion of the NPSCE report to FKJ5 not later than 15 JAN. Use sample memorandum format provided in Appendix B3.
 7. Execute HNFC program IAW Para 5(d).
 8. Submit ROKFC quarterly execution reports and copies of all construction contracts awarded with HNFC contributions to the Military Installations Bureau, ROK MND. Provide a copy of the quarterly execution report to FKJ5 and FKRM.
- f. Resource Management (FKRM).
1. Program Manager for KN Labor Cost Sharing.
 2. Receive CARP (current year, next budget year and projected five year requirements for host nation funding support) for KN Labor from Service Components and DOD activities not later than 31 AUG.
 3. Convene Service Component Council of Colonels as necessary to create consolidated KN Labor requirements list.
 4. Submit consolidated KN Labor requirements list to FKJ5 not later than 15 OCT.

5. Prepare and submit required cost sharing report to Defense Finance and Accounting Service (DFAS) and Comptroller, Office of the Secretary of Defense, not later than 30 OCT.

6. Prepare and submit O&M and Family Housing Operations Portion of NPSCE report to FKJ5 not later than 15 JAN. Use sample memorandum format provided in Appendix B1.

7. Review FKEN Appendix B NPSCE submissions.

8. Execute KN Labor Cost Sharing program IAW Para 5(d).

9. Submit annual KN Labor execution report for the previous year to the Programming and Budgeting Bureau, ROK MND, not later than 1 FEB; provide a copy of the report to FKJ5.

g. Internal Review and Audit Compliance (FKCS-IR).

1. Review the management controls for at least one SMA funding program each year to ensure compliance with applicable regulations and agreements, and ensure that all SMA funding programs are reviewed over a two-year period.

2. Coordinate external audits and reviews as necessary.

APPENDIX A

Sample Component and Agency Requirement Plan Memoranda

A-1

(Component/Agency)

MEMORANDUM FOR United States Forces, Korea, (FKEN), Unit #15237, APO AP 96205-5237

SUBJECT: Host Nation-Funded Construction Component/Agency Requirement Plan

- 1. Point of contact:
- 2. Comments on Priorities:
- 3. Host Nation Funded Construction:
 - a. Previously Programmed Projects:

Project	Program Number	Current Year	Budget Year	Budget Year+1	Budget Year+2	Budget Year+3	Budget Year+4	Budget Year+5
1	_____	_____	_____	_____	_____	_____	_____	_____
2	_____	_____	_____	_____	_____	_____	_____	_____
n	_____	_____	_____	_____	_____	_____	_____	_____

- b. Proposed Future Projects:

Project Description	Current Year	Budget Year	Budget Year+1	Budget Year+2	Budget Year+3	Budget Year+4	Budget Year+5
1	_____	_____	_____	_____	_____	_____	_____
2	_____	_____	_____	_____	_____	_____	_____
n	_____	_____	_____	_____	_____	_____	_____

4. Instructions. Provide narrative description for new projects proposed for host nation funded construction; provide supporting documentation (list of projects by Service, etc.) as required. Services may submit a separate report for joint requirements (EA, ASOS).

5. AUTHORITY LINE:

Approving Official:

A-2

(Component/Agency)

MEMORANDUM FOR United States Forces, Korea, (FKRM), Unit #15237, APO AP 96205-5237

SUBJECT: KN Labor Component/Agency Requirement Plan

- 1. Point of contact:
- 2. Comments on Priorities:
- 3. KN Labor:

	Current Year	Budget Year	Budget Year+1	Budget Year+2	Budget Year+3	Budget Year+4	Budget Year+5
Number of KN Employees	_____	_____	_____	_____	_____	_____	_____
Required SMA Labor Funds*	_____	_____	_____	_____	_____	_____	_____
Total KN Labor Costs*	_____	_____	_____	_____	_____	_____	_____

*Note: Do not use inflation factors in cost projections.

4. Instructions. Categorize employees and costs by type (Appropriated Fund, Non Appropriated Fund, Defense Working Capital); include supporting documentation (labor report, etc.) as necessary. Services may submit a separate report for joint requirements (EA, ASOS).

5. AUTHORITY LINE

Approving Official:

A-3

(Component/Agency)

MEMORANDUM FOR United States Forces, Korea, (FKJ4), Unit #15237, APO AP 96205-5237

SUBJECT: Logistics Component/Agency Requirement Plan

1. Point of contact:
2. Comments on Priorities:
3. Logistics:
 - a. Previously Funded:

Contract	Current Year	Budget Year	Budget Year+1	Budget Year+2	Budget Year+3	Budget Year+4	Budget Year+5
<u>1</u>	_____	_____	_____	_____	_____	_____	_____
<u>2</u>	_____	_____	_____	_____	_____	_____	_____
<u>n</u>	_____	_____	_____	_____	_____	_____	_____

- b. New Logistics Proposals:

Contract	Current Year	Budget Year	Budget Year+1	Budget Year+2	Budget Year+3	Budget Year+4	Budget Year+5
<u>1</u>	_____	_____	_____	_____	_____	_____	_____
<u>2</u>	_____	_____	_____	_____	_____	_____	_____
<u>n</u>	_____	_____	_____	_____	_____	_____	_____

4. Instructions. Provide narrative description for new contracts proposed for logistics cost sharing; provide supporting documentation (list of projects by category, etc.) as required. Services may submit a separate report for joint requirements (EA, ASOS).

5. AUTHORITY LINE:

Approving Official:

Appendix B

Sample Non-Personnel Stationing Cost Estimate Memoranda

B-1

FKRM

MEMORANDUM FOR United States Forces, Korea, (FKJ5), Unit #15237, APO AP 96205-5237

SUBJECT: The O&M and Family Housing Operations Portion of Non-Personnel Stationing Cost Estimate (NPSCE)

1. POM O&M for all Components and Agencies stationed in the ROK:

LINE A (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

2. Portion of O&M for US Civilian Pay:

LINE B (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

3. Portion of O&M for KN Labor:

LINE C (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

4. Family Housing Operations:

LINE D (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

5. Portion of O&M for Logistics:

LINE E (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

6. Point of contact information.

AUTHORITY LINE:

Encl:
Supporting documents

Certified By (FKRM):

B-2

FKEN

MEMORANDUM THRU: United States Forces, Korea, (FKRM), Unit #15237, APO AP 96205-5237

FOR United States Force, Korea, (FKJ5), Unit #15237, APO AP 96205-5237

SUBJECT: The Facility Sustainment, Utilities and Lease Expense Portion of Non-Personnel Stationing Cost Estimate (NPSCE)

1. Portion of O&M for Facility Sustainment:

LINE F (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

2. Portion of O&M for Restoration and Modernization:

LINE G (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

3. Portion of O&M for Utilities:

LINE H (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

4. Portion of O&M for Leases:

LINE I (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

5. Point of contact information.

AUTHORITY LINE:

Encl:
Supporting documents

Certified By (FKEN)

Concurrence By (FKRM)

B-3

FKEN

MEMORANDUM THRU: United States Forces, Korea, (FKRM), Unit #15237, APO AP 96205-5237

FOR United States Force, Korea, (FKJ5), Unit #15237, APO AP 96205-5237

SUBJECT: The MILCON and Family Housing Construction Portion of Non-Personnel Stationing Cost Estimate (NPSCE)

1. Proposed MILCON budget Minus Family Housing Construction for all Components and Agencies stationed in the ROK:

LINE J (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

2. Proposed MILCON budget for Family Housing Construction for all Components and Agencies stationed in the ROK:

LINE K (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

3. Point of contact information.

AUTHORITY LINE:

Encl:
Supporting documents

Certified By (FKEN):

Concurrence By (FKRM):

B-4

FKJ5-J

MEMORANDUM FOR United States Forces, Korea, (FKJ5), Unit #15237, APO AP 96205-5237

SUBJECT: Host Nation Portion of Non-Personnel Stationing Cost Estimate (NPSCE)

1. Projected Funding in Host Nation Funded Construction:

LINE L (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

2. Projected Funding in Labor Cost Sharing:

LINE M (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

3. Projected Funding in Logistics Cost Sharing:

LINE N (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

4. Projected portion of Logistics Cost Sharing to be used for Facility Sustainment:

LINE O (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

5. Projected portion of Logistics Cost Sharing to be used for Utilities [currently not authorized]:

LINE P (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

6. Projected portion of Logistics Cost Sharing to be used for Leases:

LINE Q (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

7. Projected rents coordinated with MND and FKEN:

LINE R (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

8. Projected KATUSA costs coordinated with MND:

LINE S (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

9. Projected Relocation Construction costs coordinated with MND:

LINE T (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

10. Projected Vicinity Improvements costs coordinated with MND:

LINE U (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

11. Projected Foregone Rents coordinated with MND and FKEN:

LINE V (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

12. Projected Foregone Taxes coordinated with MND:

LINE W (PY , CY , BY , BY+1 , BY+2 , BY+3 , BY+4 , BY+5)

13. Point of contact information.

14. AUTHORITY LINE:

Encl:
Supporting documents

Certified By (FKJ5-J)

Glossary

Section I ACRONYMS

ACS	Assistant Chief of Staff
ASCC	Army Service Component Command
ASOS	Army Support to Other Services
BCT	Brigade Combat Team
BES	Budget Estimate Submission
BY	Budget Year
CARP	Component and Agency Requirement Plan
CDIP	Combined Defense Improvement Projects
CY	Current Year
DCA	Defense Construction Agent
DFAS	Defense Finance and Accounting Service
DOD	Department of Defense
DOS	Department of State
EA	Executive Agent
GOSC	General Officer Steering Committee
HNFC	Host Nation Funded Construction
IA	Implementation Arrangement
IAW	in accordance with
JCSC	Joint Cost Sharing Committee
KN	Korean National
LCS	Logistics Cost Sharing

MILCON	Military Construction
MND	Ministry of National Defense
MOB	Minimum Operating Budget
NPSC	Non-Personnel Stationing Cost
NPSCE	Non-Personnel Stationing Cost Estimate
POM	Program Objective Memorandum
PY	Previous Year
ROK	Republic of Korea
ROKFC	Republic of Korea Funded Construction
SMA	Special Measures Agreement
USFK	United States Forces Korea

Section II

TERMS

Army Support to Other Services. Support to other Services and multinational forces typically provided by the Army Service Component Command (ASCC), as directed by the Combatant Commander, within a specific area of responsibility.

Burdensharing. Allied sharing of the full range of mutual security responsibilities in the common defense; credited contributions are assessed relative to an Allied country's ability to contribute, and include defense spending, military modernization, mobility and logistics forces, multinational peace operations, as well as host nation support in the form of cost sharing.

Cost Sharing. Allied cash assistance and in-kind contributions in support of stationed U.S. forces; can take the form of direct contributions, such as direct payment for facilities improvement, or indirect foregone rents and waived tax revenue.

Executive Agent. The head of a DOD Component to whom the Secretary of Defense or the Deputy Secretary of Defense has assigned specific responsibilities, functions, and authorities to provide defined levels of support for operational missions, or administrative or other designated activities that involve two or more of the DOD Components.

Family Housing Operations. Costs associated with maintaining and managing housing for U.S. Servicemembers and families.

In Kind. Cost sharing contributions provided by the host nation that are not paid in cash; a U.S. logistics contract awarded by the ROK government, in which the contractor is paid by the ROK government in won, is an example of an “in-kind” contribution for which the ROK government receives cost sharing credit.

Military Construction. Costs associated with major construction projects to include design, construction, supervision, and administration of design and construction. Major construction projects include operational, mission support, community support, and family housing.

Non Personnel Stationing Cost (NPSC). The cost of stationing U.S. forces in the host nation not including military personnel pay and allowances. It is the criteria used to compute the percentage of ROK cost sharing contribution, and consists of Operations and Maintenance, Family Housing Operations, and Military Construction costs.

Operations and Maintenance (O&M). Annual appropriations for the operation and maintenance support of the Service. O&M appropriations are divided into Budget Activities corresponding to major force programs. O&M is divided into the following categories for NPSC reporting purposes:

a. *Logistics:* Activities such as ammunition storage, line haul, depot-level repair of wheeled and tracked vehicles, rotary and fixed-wing aircraft, and non-tactical vehicle purchase and repair.

b. *Sustainment, Restoration, and Modernization (SRM):* Activities that maintain real property on USFK camps and installations; improvements to infrastructure to include roads; facility modernization cost.

c. *Utilities:* Fees paid to Korean utility companies for services at USFK camps and installations.

d. *Leases:* Expenditures by U.S. forces for the use of facilities and areas in Korea.

e. *U.S. civilian employee wages:* Pay and allowances for U.S. government civilians.

f. *Korean National (KN) Labor wages:* Pay and allowances for USFK KN employees.

g. *Residual O&M:* Mission support (TDY funding, ranges, etc.); Base Operations Support (installation management and services); Army ground and air OPTEMPO; and the Air Force Flying Hour program.