



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
FINANCIAL MANAGEMENT AND COMPTROLLER
109 ARMY PENTAGON
WASHINGTON, D.C. 20310-0109

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MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Army Financial Management Guidance in Support of Contingency Operations

1. Purpose

a. This memorandum supersedes all previously published guidance to Army commands and activities concerning responsibilities for executing Army financial management functions in support of named contingency operations (CONOPS). This is a standing policy memorandum and, effective immediately, applies to all commands and activities that receive CONOPS funding. Updates will be published only for substantive changes to policy, procedures, or processes.

b. This memorandum incorporates all related CONOPS funding guidance from the Office of the Under Secretary of Defense (Comptroller).

c. This memorandum does not provide guidance for direct or reimbursable Army missions in support of U.S. civil authorities, including response to domestic natural disasters or international disaster relief efforts. The Army POC for reimbursable support to other governmental agencies for contingency operations (domestic natural disasters and acts of terrorism) within CONUS is the ARNORTH Reimbursement Cell (ARC) 210-221-9507. Specific guidance for such support will be provided by separate action and posted on the ASA(FM&C) website <http://www.asafm.army.mil/>.

d. This memorandum does not provide guidance for Overseas Contingency Operations (OCO) Temporary Change of Station (TCS) procedures. Effective 1 October 2007, the Department of the Army suspended the use of the Open Specified Allotment for units deploying on Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF)(now Operation New Dawn (OND)) OCO TCS orders. The U.S. Army Installation Management Command (IMCOM) is the program manager for OCO TCS funding for Active and Reserve Component Soldiers and units. Specific guidance for such support is provided in the Department of the Army Personnel Policy Guidance (PPG) for Contingency Operations in Support of OCO, Chapters 8 and 11 (reference 2p. below).

2. References

a. DFAS-IN Regulation 37-1, Finance and Accounting Policy Implementation
<http://www.asafm.army.mil/offices/BU/Dfas371.aspx?OfficeCode=1200>

b. DFAS-IN Manual 37-100-XX, The Army Management Structure (AMS), updated annually
<http://www.asafm.army.mil/offices/BU/Dfas37100.aspx?OfficeCode=1200>

c. DoD Financial Management Regulation 7000.14-R, Volume 12, Chapter 23
http://comptroller.defense.gov/fmr/12/12_23.pdf

d. Federal Acquisition Regulation (FAR) <https://www.acquisition.gov/FAR>

e. AR 715-9, Army Contractors Accompanying the Force, 29 October 1999

f. DoD Directive 5101.1, DoD Executive Agents, 21 November 2003
<http://www.dtic.mil/whs/directives/corres/pdf/510101p.pdf>

g. DoD Instruction 3020.41, Contractor Personnel Authorized to Accompany the U.S. Armed Forces, 3 October 2005
<http://www.dtic.mil/whs/directives/corres/pdf/302041p.pdf>

- h. Memorandum of Agreement between Department of State and Department of Defense for Support to Provincial Reconstruction Teams (PRT) in Iraq, 22 February 2007
- i. Assistant Secretary of the Army (Financial Management & Comptroller) memorandum, 27 April 2007, subject: Active Duty for Operational Support Orders
- j. Installation Management Command Policy for Soldier and Family Appreciation Day Celebrations, 2 June 2008
- k. DoD Directive 1235.10, Activation, Mobilization, and Demobilization of the Ready Reserve, 26 November 2008 <http://www.dtic.mil/whs/directives/corres/pdf/123510p.pdf>
- l. HQDA Execution Order (EXORD): RESET (FY09), 22 December 2008 and subsequent updates and FRAGOs
- m. Office of Management and Budget (OMB) Letter to USD(C), Criteria for War/Overseas Contingency Operations Funding Requests, 9 September 2010 <http://asafm.army.mil/offices/BU/GeneralInfo.aspx?OfficeCode=1200>
- n. Assistant Secretary of the Army (Financial Management & Comptroller) memorandum, 29 March 2009, subject: GWOT/Contingency Temporary Change of Station (TCS) Soldiers Funding Issue
- o. Office of the Under Secretary of Defense (Comptroller) memo, Intra-theater Transportation Payments in Support of Operations Enduring Freedom (OEF) and Iraqi Freedom (OIF), 3 September 2009
- p. Department of the Army Personnel Policy Guidance (PPG) for Contingency Operations in Support of OCO, 1 DEC 2009
- q. Assistant Secretary of the Army (Financial Management & Comptroller) Standard Operating Procedures (SOP) : Investment Contingency Operations Execution Reporting (CONOPS Report), 13 January 2010
- r. Assistant Secretary of the Army (Financial Management & Comptroller) Standing Operating Procedure (SOP) for Overseas Contingency Operations (OCO) Cost Reporting, February 2010

3. Background and Scope

a. Contingency Operations (CONOPS). A contingency operation is a military operation that is either designated by the Secretary of Defense as a contingency operation or becomes a contingency operation as a matter of US law (10 USC 101[a][13]). It is a military operation that:

(1) Is designated by the Secretary of Defense as an operation in which members of the Armed Forces are or may become involved in military actions, operations, or hostilities against an enemy of the United States or against an opposing force; or

(2) Is created by definition of law. Under 10 USC 101 (a)(13)(B), a contingency operation exists if a military operation results in (1) the call-up to, or retention on, active duty of members of the uniformed Services under certain enumerated statutes (10 USC Sections 688, 12301(a), 12302, 12304, 12305, 12406 or 331-335, or (2) the call-up to, or retention on, active duty of members of the uniformed Services under the (non-enumerated) statutes during war or national emergency declared by the President or Congress.

b. There are currently two primary CONOPS for which Army is the Financial Management Executive Agent:

(1) Operation New Dawn (OND). OND, as used in this guidance, represents those missions that support the transition to a secure environment and stable Iraqi government. Execution of tasks in support of these missions may occur in the Continental United States (CONUS) or Outside of the Continental United States (OCONUS).

(2) Operation Enduring Freedom (OEF). OEF, as used in this guidance, represents all Overseas Contingency Operations (OCO) missions, with the exception of OND. Execution of tasks in support of these missions may occur in CONUS or OCONUS. The specific area of operation where the majority of the mission is conducted further identifies the OEF mission, e.g., OEF-Afghanistan (OEF-A), OEF-Philippines (OEF-P), OEF-Horn of Africa (OEF-HOA). Operations at the Expeditionary Legal Complex at U.S. Naval Station Guantanamo Bay, Cuba, are considered part of OEF. Current OMB guidance restricts OCO funding to geographic areas in which combat or direct combat support operations for OEF or OND occur: Iraq, Afghanistan, Pakistan, Kazakhstan, Tajikistan, Kyrgyzstan, the Horn of Africa, Persian Gulf and Gulf nations, Arabian Sea, the Indian Ocean, the Philippines, and other countries on a case-by-case basis.

c. At the time of this publication, there are three ongoing small-scale CONOPS in addition to OND and OEF. Operation Noble Eagle, Operation Joint Guardian, and Operation Joint Forge are funded through the base program.

(1) Operation Noble Eagle (ONE). ONE, as used in this guidance, includes only those missions in response to a specific Army Execute Order (EXORD) or Deployment Order (DEPOD) that supports Homeland Defense (HLD) within the United States. The ground Air Defense component of the National Capital Region (NCR) Integrated Air Defense System (IADS) is the primary Army ONE mission. ONE does not include normal garrison security or antiterrorism and force protection initiatives. Effective FY 2006 and per guidance from the Office of the Secretary of Defense (OSD), ONE missions are considered base program missions for all military departments.

(2) Operation Joint Guardian is the North Atlantic Treaty Organization (NATO)-led Kosovo Force (KFOR) mission. It is the product of United Nations Security Council Resolution 1244 and a military technical agreement with the Serbian forces.

(3) Operation Joint Forge is the residual element of the NATO-led Stabilization Force (SFOR) mission to deter hostilities, stabilize the peace, and contribute to a secure environment in accordance with the provisions of the Dayton Peace Accords. Major U.S. Army participation ended in November 2004. In FY 2007 the United States closed all of its Forward Operating Sites and Bases (FOS/FOB) in Bosnia and Herzegovina. The United States continues to provide personnel to man the internationally agreed-to percentage of the NATO Headquarters, Sarajevo. The United States also provides national support to those individuals and a Personal Security Detachment to the U.S. General Officer commanding the NATO headquarters.

d. Funding guidance for emergent operations not covered in this policy memo will be addressed in subsequent HQDA EXORDs.

4. Mission. The financial management mission at all levels is to adequately resource commands to execute directed missions in support of national interests. Inherent in the execution of that mission is the legal, ethical, and cost-effective use of financial resources by all commanders and their financial/resource managers. Army commands must consider cost in validating requirements, executing limited resources, recording execution properly in the accounting systems, and ensuring proper and effective management controls are in place. One hundred percent visibility, accountability, transparency, oversight, and controls are required for all contingency operations dollars. Additionally, HQDA reporting requirements will be adhered to strictly.

5. CONOPS / OCO Funding

a. Army commands will submit incremental funding requirements (i.e., those not supported through the Army base budget) for CONOPS to the Army Budget Office (ABO) in accordance with published data calls. All submissions for incremental funding must identify the supported operation (i.e., OND, OEF, OEF-A, OEF-P, etc.).

Operational Needs Statements (ONS) or other emerging requirements must be validated by the Army Requirements and Resources Board (AR2B) to be considered for CONOPS funding. Requirements that do not support tasks, missions, or activities assigned by a DEPOD, HQDA EXORD, or other directive must be validated first through the respective Army functional proponent and then must be validated by the AR2B. The AR2B does not have funding with which to resource emerging requirements. The AR2B validates emerging requirements, which are then forwarded to the Budget, Requirements, and Program (BRP) Board for funding consideration. In theater requirements are managed by the Corps Acquisition Review Board (CARB) process in accordance with ARCENT policy and the guidance of U.S. Forces-Iraq (USF-I) and U.S. Forces-Afghanistan (USFOR-A).

b. Army Commands (ACOM), Army Service Component Commands (ASCC), Direct Reporting Units (DRU), staff agencies, and activities will ensure that requests for CONOPS funds are directly related to readiness, deploying forces, and mission requirements in support of CONOPS in accordance with OMB ground rules (see reference paragraph 2m). Specific instructions for submitting requirements are distributed each year by the Army Budget Office (ABO), U.S. Army Reserve, and Army National Guard appropriation sponsors.

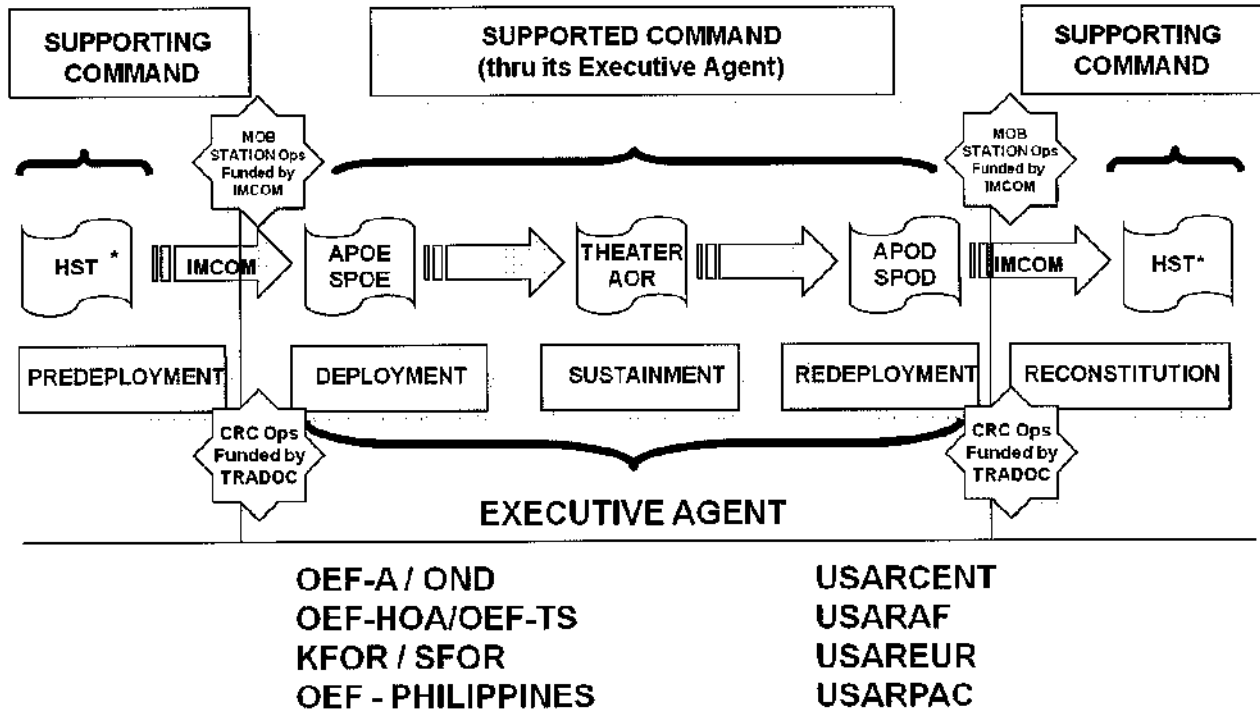
6. CONOPS Funding Roles and Responsibilities

a. Financial Management Executive Agent. Most CONOPS will be tasked to a Combatant Command (COCOM) by order of the Chairman of the Joint Chiefs of Staff. Unless otherwise specified in a HQDA EXORD, the COCOM's ASCC is the Army financial management executive agent for the specified operation. In that role the ASCC coordinates with ABO and the COCOM comptroller to ensure financial management functions for the operation are conducted in accordance with current fiscal law, DoD guidance, and Army financial management policy.

b. Supporting vs. Supported Commands. At times, a COCOM may be tasked to provide support within another COCOM's area of responsibility. Unless otherwise specified in a HQDA EXORD, funds the "supporting" COCOM's Army component command is the *supporting* Army command. In its role as the *supporting* Army command, the resource manager coordinates with the *supported* Army command, the Army Budget Office, and the COCOM's comptroller to ensure financial management functions for the operation are conducted in accordance with current fiscal law, DoD guidance, and Army financial management policy.

Funding Responsibilities by Operational Phase

Force Flow to an Area of Responsibility (AOR)



*Home Station Training (HST)

c. Operational Phases. Funding responsibilities are delineated by the following five operational phases.

(1) Pre-deployment

(a) The supporting Army organization funds the costs of pre-deployment training and preparation, including funding the costs of supplies and equipment requisitioned to bring Prescribed Load Lists (PLL) to appropriate levels and the costs of required certification training. Army commands will ensure units and individuals are prepared for deployment while exercising appropriate stewardship of the Army's limited funding resources. Non-Unit Related Personnel (NRP) will go through the CONUS Replacement Center (CRC) to receive specific training and equipment before deploying to theater. Contractors go through the CRC (if directed) to receive specific training and equipment before deploying to theater.

(b) The standard rotation cycle for Active Component (AC) is two-month pre-deployment, 12-month sustainment, and three-month reconstitution (2-12-3). The standard rotation cycle for Reserve Component (RC) is two-month pre-deployment, nine-month sustainment, and one-month reconstitution (2-9-1). However, for Reset, the planning timeline is 180 days for the active component and 12 months for the Reserve Component. Due to the dynamic nature of contingency operations, actual timelines must be time- and conditions-based to account for the variety of operational situations.

(2) Deployment. The Army financial management executive agent for each operation will pay all TRANSCOM and other movement costs for deployment of Army personnel, supplies, and equipment into the theater from the Aerial Port of Embarkation (APOE) or Sea Port of Embarkation (SPOE), with the exception of Army Special Operations Forces (ARSOF), which are responsible for their own deployment (inter-theater only). For all contingencies listed in paragraphs 3b and 3c, IMCOM will pay all transportation costs from the Active Component (AC) permanent duty station to the APOE or SPOE including OCONUS locations. For all contingencies listed in paragraphs 3b and 3c, IMCOM will pay all transportation costs from the Reserve Component (RC) unit's home station (HS) or Equipment Concentration Site (ECS) to the mobilization station and from the mobilization station to the APOE or SPOE. Costs associated with the movement of non-Army DoD personnel and equipment will be funded by the parent military department or agency that owns the personnel or equipment. For emerging contingencies, the Army command responsible for the contingency will contact the Army G-4 at tac.coordinator@hqda.army.mil to establish a contingency-specific Transportation Account Code (TAC) (or multiple TACs) for the purpose of funding all equipment transportation costs from Home Station to Mobilization Station to contingency and all return legs. IMCOM will then retain responsibility for funding all personnel movements to the APOE/SPOE and after return to the APOE/SPOE.

(3) Sustainment. The Army Financial Management Executive Agent resources operation and sustainment costs for all Army units once they arrive in theater. Supporting Army commands are responsible for resourcing all other requirements unless specified in this memorandum or an EXORD/DEPOD. The supporting Army commands fund those sustainment costs incurred outside the theater but in their respective Areas of Responsibility (AORs). These sustainment costs include but are not limited to civilian temporary hires and/or contract personnel needed to perform functions normally performed by Soldiers who are deployed (e.g., truck drivers, equipment operators, postal clerks, legal personnel, supply room personnel, etc.) or to augment work normally performed by Soldiers. Sustainment costs that are above the established sustainment standard and specific to Special Operations Forces (SOF) are the responsibility of the SOF. Supplies and equipment purchased in theater with OCO funds will remain in theater until the end the operation and proper disposition can be determined. OCO funding should not be used to maintain rear detachment equipment, because that requirement doesn't meet OMB criteria for OCO. Rear detachment equipment is different than Left Behind Equipment as described in paragraph 9.j(2). When a unit loses its base OPTEMPO dollars while deployed, it must coordinate with the Army Budget Office to fund these requirements.

(4) Redeployment. The Army financial management executive agent for each operation will pay all TRANSCOM and other related movement costs for redeployment of Army personnel, supplies, and equipment from the theater to the Aerial Port of Debarkation (APOD) or Sea Port of Debarkation (SPOD), with the exception of Army Special Operations Forces (ARSOF) which are responsible for their own redeployment (inter-theater only). For all contingencies listed in paragraphs 3b and 3c, IMCOM will pay all transportation costs to the Active Component (AC) permanent duty station from the APOD or SPOD, including OCONUS locations. For all contingencies listed in paragraphs 3b and 3c, IMCOM will pay all RC transportation costs from the APOD or SPOD to the mobilization station and from the mobilization station to the RC unit's home station (HS) or Equipment Concentration Site (ECS). Costs associated with the movement of non-Army DoD personnel and equipment will be borne by the parent military department or agency that owns the personnel or equipment.

(5) Reconstitution. The supporting Army commands resource the costs of reconstitution upon return to home station. Reconstitution encompasses the activities to bring the unit back to operational readiness. These include but are not limited to unit level repair of

equipment, repair or replacement of tentage, replacing Prescribed Load List (PLL), etc. Commercial Off The Shelf (COTS) may be included in reconstitution; however, an organization must be able to demonstrate that the expense is an incremental cost of deployment (e.g., advanced wear due to deployment conditions that accelerated the need for life cycle replacement). All automation purchases must be approved by HQDA G-3 through the Goal 1 waiver process. Reset of equipment as a subset of reconstitution is critical to maintain the Army's strategic operational readiness and depth. HQDA G-4 policy will dictate Army commands' responsibilities and the maintenance standards required for all equipment returned from deployment. Comprehensive guidance is provided in reference specified in paragraph 2l.

7. Mobilization of U.S. Army Reserve (USAR) and Army National Guard (ARNG) Units

a. Operation and Maintenance, Army Reserve (OMAR) and Reserve Personnel, Army (RPA) appropriations fund costs incurred to the date of mobilization for USAR units. Operation and Maintenance, Army National Guard (OMNG) and National Guard Personnel, Army (NGPA) appropriations fund costs incurred to the date of mobilization for ARNG units.

b. Operation and Maintenance, Army (OMA) and Military Personnel, Army (MPA) appropriations fund costs incurred from the date of mobilization, to include costs associated with the muster prior to movement to the mobilization station. First Army (thru FORSCOM) will be required to fund OMA for rear detachment RC mobilized in Title 10 status in order to support the specified rear detachment mission.

(1) The mobilization station is responsible for funding unit operations from the date of mobilization through the date of deployment to the theater or handoff to the gaining major command employing the unit. For the duration of the deployment, the IMCOM installation will fund household goods shipment / storage, POV storage, and the costs incurred when the unit has directed Soldiers and units to meet collectively for administration and support purposes (upon mobilization until arrival at the mobilization station). Units will coordinate with their designated mobilization stations for funding support of mobilization requirements after the date of mobilization. The mobilization station will coordinate with the IMCOM installation to obtain funding for mobilizing units.

(2) When an RC unit returns to a mobilization station after deployment, that mobilization station is responsible for funding the unit's demobilization operations at the demobilization station through the date of demobilization.

(3) Upon mobilization, the supporting mission command is responsible for funding:

(a) All mission training requirements needed to certify the unit prior to deployment. These may include but are not limited to: transportation of personnel and equipment to support the training event if it takes place at a location other than the mobilization station; providing contract support for the training event; purchasing training aids, repair parts and fuel to support equipment used during pre-deployment training events, and Mission Rehearsal Exercise (MRX/MRE) or Command Post Exercise (CPX).

(b) Pre-deployment incremental supply and equipment requirements for units / individuals to support a deployment based on a CJCS or/HQDA EXORD. These may include but are not limited to: general supplies, equipment, medical kits/outfits, automation approved through the HQDA Goal 1 Waiver process, etc. Requirements are based on MTOE / MEEL shortfalls, a HQDA approved ONS, or an approved JUONS. Supply and equipment requisitions

will be executed in accordance with the Combatant Commander's operational requirements and guidance.

(c) Some base support requirements are the host installation's responsibility. These may include but are not limited to: in and around transportation, life support (laundry, dining facility, lodging); administrative support to issue Organizational Clothing and Individual Equipment (OCIE) or equipment for training; communications and printing support, and labor (through the Director of Logistics (DOL)) to maintain equipment of mobilized units during the training period.

(4) For unit personnel activated in advance of the unit's mobilization, pay and allowances and supporting O&M costs are charged to the appropriate Reserve Component appropriation. Once the unit personnel are mobilized, MPA and OMA appropriations are to be used.

(5) To the maximum extent possible, individual replacements will arrive at the CRC and units will arrive at the mobilization station with all required Organizational Clothing and Individual Equipment (OCIE). If Soldiers arrive lacking deployment OCIE, CIFs will provide OCIE to authorized levels. CIFs will use OCIE Central Management Office funding for replenishment of stocks. Soldiers are responsible for the replacement of lost or damaged OCIE.

8. Execution

a. Intent. Resource managers will continue to exercise prudent control measures, allocate funds based on validated requirements, and use all available resources to support the Army's priorities.

b. Funds Distribution

(1) OCO Targets (OMA). Initial OCO targets for the Operation and Maintenance, Army (OMA) appropriation are based on the current and projected level of operations and validated requirements submitted by Army commands in response to HQDA data calls. Once each OCO appropriation is enacted, and as requirements and priorities are reassessed during annual midyear reviews, ABO rebalances accounts to restore any amounts used to cashflow operations, assesses revised requirements, and adjusts OCO funding targets.

(2) CONOPS Funding by SAG. With limited exceptions, ABO will provide OMA funding for valid incremental CONOPS and Reset costs in Sub-Activity Groups (SAGs) 135, 136, 137, 411, and 421. Beginning in FY12, OCO O&M will use selected base SAGs in addition to these five SAGs.

c. Reimbursable Support. Reimbursable CONOPS support may be provided to other services, U.S. federal agencies, other troop-providing nations, or organizations such as NATO or the United Nations. If this occurs, the Army command providing the support will create the bill and submit payment in accordance with existing procedures contained in DoD Regulation 7000.14-5, Volume 12, Chapter 23. Billings will be submitted by the Army commands through applicable DFAS centers. DFAS will submit required information or documents to the Army Budget Office, Budget Execution, Policy, and Funds Control Division (SAFM-BUC-E).

d. Government Purchase/Travel Cards. Resource managers must establish prudent procedures before, during, and after CONOPS to ensure positive control and proper use by cardholders and to ensure that OCO funding is used only for authorized OCO expenses as

described in this guidance. Requisite training, appointment letters, certifications, and approvals must be in place.

e. Cost Management/Cost Controls. Resource managers must seek out, coordinate, and implement cost management/cost control procedures to account for OCO execution, create efficiencies, instill a cost culture, and enable commanders to make resource informed decisions.

9. Tasks to Army Organizations

a. U.S. Army Forces Command (FORSCOM)

(1) FORSCOM is responsible for funding all mission training requirements needed to support a unit prior to deployment: i.e., general supplies, fuel, equipment, and Class IX repair parts for AC deploying units and mobilized RC deploying units processing at a FORSCOM mission station or at a mobilization station during the pre-deployment and reconstitution phases.

(2) FORSCOM is responsible for funding all pre-deployment incremental supply and equipment requirements for units/individuals to support a deployment based on a CJCS or HQDA EXORD. These may include but are not limited to: general supplies, equipment, medical kits/outfits, etc. Requirements are based on MTOE / MEEL shortfalls or a HQDA approved ONS or JUONS.

(3) FORSCOM is responsible for transportation costs related to training equipment to include Pre-Deployment Training Equipment (PDTE). Maintenance cost responsibilities will be specified by HQDA G-4 policy published separately.

b. U.S. Army Europe (USAREUR)

(1) U.S. Army Europe is the Army financial management executive agent for KFOR and SFOR, responsible for deployment, sustainment, and redeployment of Army units in the Area of Operations.

(2) OEF/OND

(a) For assigned units, USAREUR is responsible for funding all mission training requirements needed to support a unit prior to deployment, i.e., general supplies, fuel, equipment and Class IX repair parts for AC deploying units.

(b) For assigned units, USAREUR is responsible for funding all pre-deployment incremental supply and equipment requirements for units/individuals to support a deployment based on a JCS or HQDA EXORD. These may include but are not limited to: general supplies, equipment, medical kits/outfits, etc. Requirements are based on MTOE / MEEL shortfalls or on a HQDA approved ONS.

c. U.S. Army Central (ARCENT)

(1) U.S. Army Central is the Army financial management executive agent for OND and OEF-A, responsible for deployment, sustainment, and redeployment of Army units in the CENTCOM Area of Operations. Additionally, USARCENT will budget and pay for all intra-theater surface transportation (to include ocean transportation) for contingency operations in the CENTCOM AOR.

(2) Rest & Recuperation (R&R). Resource Services - Washington (RS-W) funds the main leg of travel from theater to the APOD and from the APOD back to theater. ARCENT is responsible for funding the additional R&R travel from the APOD to the Soldier's designated leave address and travel back to the APOD.

(3) Commander's Emergency Response Program (CERP). The Army is the executive agent for the appropriated CERP funding executed by the U.S. Forces Iraq (USF-I) and U.S. Forces Afghanistan (USFOR-A). Office of the Secretary of Defense (OSD) and Army guidance, provided under separate cover, govern CERP execution and reporting requirements.

(4) Lift and Sustainment. ARCENT provides transportation and logistical support to coalition forces supporting U.S. military operations in Iraq and Afghanistan.

d. U.S. Army Pacific (USARPAC)

(1) OEF-P.

(a) USARPAC is the Army's financial management executive agent for Operation Enduring Freedom – Philippines (OEF-P), responsible for funding all deployment, sustainment, and redeployment of Army units in the Area of Operations.

(b) Deployment/redeployment. USARPAC will budget and pay for all intra-theater surface transportation (to include ocean transportation) of Army units tasked to support OEF-P contingency operations.

(c) Sustainment. USARPAC, as the ASCC to USPACOM, is responsible for the incremental sustainment costs supporting OEF-P Casualty Evacuation/Rotary Wing Operations. Sustainment requirements beyond the scope of CASEVAC/Rotary Wing Operations will be resourced based upon the requirements validation process (AR2B) and/or EXORD/DEPORD directive. Sustainment costs that are specific to Special Operations Forces are the responsibility of the SOF.

(2) OEF-A/OND

(a) USARPAC is responsible for funding all mission training requirements needed to certify the unit prior to deployment (i.e., general supplies, fuel, equipment and Class IX repair parts) for AC deploying units and RC mobilized deploying units while processing at a USARPAC mission station during the pre-deployment and reconstitution phases.

(b) USARPAC is responsible for funding all pre-deployment incremental supply and equipment requirements for units/individuals to support a deployment based on a CJCS or HQDA EXORD. These may include but are not limited to: general supplies, equipment, medical kits/outfits, etc. Requirements are based on MTOE / MEEL shortfalls or on a HQDA approved ONS or on a JUONS.

e. U.S. Army Africa (USARAF). USARAF, as the Army Service Component Command (ASCC) to US Africa Command (AFRICOM), is the Army financial management executive agent for OEF-HOA and responsible for deployment, sustainment, and redeployment of Army units in the Area of Operations.

f. U.S. Army Criminal Investigation Command (CIDC). CIDC is the Army executive agent for the Criminal Investigation Task Force (CITF). CIDC is responsible for adhering to the Memorandum of Agreement for CITF signed 18 March 2002 by Army and Navy comptroller

representatives. IAW the memorandum of agreement, CIDC is responsible for CITF mission-related costs on U.S. Naval Station Guantanamo Bay, Cuba. In an effort to minimize Army lodging expenses in the National Capital Region (NCR), all CITF personnel (Army, Navy, Marine, and Air Force) will be transferred into the Lodging Success program. The Central Reservation Center/Army Lodging, also known as the Lodging Success Program, will issue Statements of Non-Availability (SNA) for all CITF personnel (Army, Navy, Marine, and Air Force). The SNA will cover lodging and meals & incidentals (M&IE).

g. U.S. Army Special Operations Command (USASOC)

(1) USASOC, as the Army Service Component Command (ASCC), is responsible for funding all Army Special Operations Force (ARSOF) specific requirements for ARSOF units / activities.

(2) USASOC is responsible for the deployment and redeployment of ARSOF in and out of the areas of operation (inter-theater).

h. Training and Doctrine Command (TRADOC). TRADOC is responsible for funding all mission training support requirements for mobilized RC deploying units (i.e., general supplies, fuel, equipment and Class IX repair parts) while processing at a TRADOC mission station during the predeployment and reconstitution phases. Requirements are based on MTOE / MEEL shortfalls or HQDA approved ONS or JUONS. Although HQDA G-1 is the executive agent for the CRC, TRADOC is the Army executing agent for operations. TRADOC is responsible for funding all mission training requirements needed to certify individual personnel processing through the CRCs during the predeployment and reconstitution phases.

i. Installation Management Command (IMCOM). IMCOM is responsible for installation-level (garrison, mobilization station, deployment center) support to individual Soldiers and units deploying/redeploying, mobilizing/demobilizing in support of CONOPS.

(1) IMCOM has funding responsibility for OND/OEF personnel deployments for Active and Reserve Components for all travel except APOE/SPOE to theater and return leg from theater to APOD/SPOD. For contingencies other than OND/OEF, IMCOM will continue to process the orders; however, funding for all personnel travel will be provided by the designated command primarily responsible for funding the contingency.

(2) For all contingencies, IMCOM installations fund all incremental costs associated with base operations in support of deploying/redeploying and mobilizing/demobilizing individuals and/or units, to include: transportation of personnel and equipment; blocking, bracing, and tie down equipment at railheads; billeting and feeding; DOL labor; household goods and POV storage, and other base support costs at mobilization stations. Upon mobilization, base support type costs incurred at the RC unit home station are an IMCOM responsibility. These costs include meals and lodging, per diem, and other incremental costs for the unit to mobilize and demobilize.

(3) Installations housing Soldiers or units in support of a valid OCO CONUS or OCONUS mission are encouraged to maximize on-post housing. If contract lodging is used, resource managers will pursue the most cost effective methods to house Soldiers off-post, to include the use of contract group transportation to and from contracted lodging facilities. Agencies will need to contact the IMCOM for the line of accounting.

(4) See reference 2p for TCS guidance.

j. Army Materiel Command (AMC)

(1) AMC is the lead for Reset of redeployed equipment. AMC is responsible for sustainment level maintenance, training equipment, Aviation Special Technical Inspection and Repair (STIR), Left Behind Equipment (LBE) parts and labor, Army Prepositioned Stock (APS), Theater Provided Equipment (TPE), Forward Repair Activity (FRA), and the Tactical Wheeled Vehicle (TWV) programs IAW HQDA Army G-8/G-4 policy.

(2) Left Behind Equipment (LBE). LBE is defined as equipment that remains at home station after a unit deploys. The LBE program is designed to relieve the forward unit commander of the responsibility for management and readiness of the non-deployed equipment. There are three types of LBE: equipment left in motor pools, equipment transferred from a deployed unit to a next deploying unit, and equipment to be inducted in the depot maintenance program. LBE is used as a source to equip deploying units and transforming units, and to support short-term training requirements for deploying units and other ARFORGEN requirements. AMC has funding responsibility for labor and Class IX parts required to maintain the equipment at TM 10/20 standards as well as readiness reporting IAW HQDA policy. This includes OCONUS locations, with the exception of the Theatre Logistics Support Center – Europe (TLSC-E) because USAREUR is responsible for funding LBE requirements for TLSC-E.

(3) Pre-deployment Training Equipment (PDTE). AMC is responsible for PDTE maintenance and equipment accountability when AMC (through ASC) has the PDTE in its care. Once the unit hand receipts the PDTE from ASC, the unit is responsible for the accountability and maintenance of the PDTE. It is the unit's responsibility to return the PDTE to ASC in the same condition as it was received. Maintenance cost responsibilities will be specified by HQDA G-4 policy published separately.

k. Resource Services - Washington (RS-W) (OA-22)

(1) RS-W is responsible for funding the main leg of R&R travel from the CENTCOM Area of Responsibility (AOR) to the APOD and travel back from APOE to theater. ARCENT is responsible for funding the additional R&R travel from the APOD to the Soldier's designated leave address and back to the APOE.

(2) The centrally-managed Second Destination Transportation (SDT) program funds over-ocean movement of equipment and supplies, including AAFES products, APO mail, subsistence, GSA items, ammunition, medical supplies and equipment for TOE units, replacement equipment, war reserve stocks, and secondary items shipped into the AOR.

l. Joint Force Headquarters, National Capital Region (JFHQ-NCR). Combatant commands, services, and defense agencies provide forces and support to JFHQ-NCR to conduct Homeland Defense (HLD) and Civil Support (CS) operations in the NCR Joint Operations Area (JOA). Commander, Military District Washington (MDW) is designated the Commander, JFHQ-NCR, OPCON to the United States Northern Command (USNORTHCOM), in providing planning and coordinating HLD and CS operations in the JOA.

m. U.S. Army – North (ARNORTH). As the Army Service Component Command (ASCC) to U.S. Northern Command, ARNORTH is the Army financial management executive agent to HLD and Civil Support (CS) operations.

n. U.S. Army South (USARSO). USARSO is the Army financial management executive agent for detainee operations at U.S. Naval Station Guantanamo Bay, Cuba. USARSO is responsible for programming and budgeting for detainee operations. Naval Station –

Guantanamo (NAVSTA-GTMO) provides base operations support on a reimbursable basis IAW an inter-service support agreement between JTF-GTMO and NAVSTA-GTMO for BASOPS which became effective 1 October 2004.

o. Acquisition Support Center (ASC). ASC will fund the Program Executive Officers (PEOs) / Program Managers (PMs) for incremental CONUS and OCONUS OCO requirements. In coordination with Assistant Secretary of the Army (Acquisition, Logistics, and Technology) (ASA (ALT)), ASC will develop, validate, and submit requirements to the ABO. PMs will include pre-deployment, deployment, sustainment, redeployment, and reconstitution costs of contract logistics personnel in their OCO funding requests.

10. Other Special Interest Areas

a. Coalition Support. When ordered, select commands will provide specified support to coalition support forces. Only designated Army commands will provide support to coalition forces and only when the Troop Contributing Nation (TCN) has an Acquisition and Cross-Servicing Agreement (ACSA) or other authorizing agreement with the U.S. government.

b. Welcome Home Ceremonies. CONOPS funds are available only to support the readiness, warfighting, operational, and reconstitution aspects of an operation. Appropriated funds should not be used to fund entertainment, food, and other MWR-type activities. Entertainment should be funded through the Army Family and MWR Command (AFMWRC) or other activities whose missions includes entertainment. Army Community Services funds should be used to fund the logistics of hosting a large event for Army personnel, e.g., festival tents, bleachers, portable latrines, bus transportation, parking, etc.

c. Provincial Reconstruction Teams

(1) Provincial Reconstruction Teams (PRT) are a joint Department of State (DoS) and Department of Defense (DoD) mission. PRTs are critical elements in achieving the goals of the United States Government in Iraq and Afghanistan. As such, they will be provided the highest level of support available. PRT support will be provided IAW Memorandum of Agreement between Department of State and Department of Defense for support to Provincial Reconstruction Teams.

(2) Reimbursement is coordinated directly between DoS and USARCENT based upon theater-reported costs.

(3) DoS will be responsible for providing, or reimbursing for, all operational and life support for PRTs. "Operational Support" means necessary facilities and services (e.g., office space, office supplies, and related equipment and services), logistics and infrastructure support, and basic utility services. "Life Support" includes lodging, food, water, bath and sanitation, and any morale, recreation and welfare facilities or services (e.g., laundry services, postal operations, check cashing, and Army & Air Force Exchange Services (AAFES) mail order service).

(4) On a non-reimbursable basis, DoD will provide all in-theater air and ground transportation support to PRTs. Additionally, DoD will be responsible for providing all medical support, including primary care, to PRTs co-located with U.S. military units, as well as medical evacuation and mortuary services regardless of locations.

d. Operational Mentor Liaison Teams (OMLT). FORSCOM will fund all requirements for OMLT's during activation and pre-deployment (Phase 0 and 1). USAREUR will fund TDY and life support requirements for OMLT assigned to the EUCOM theater for the 2-6 months of training with their European counterparts prior to arriving in Afghanistan (Phase 2). USAREUR will provide life support to OMLTs through the use of Acquisition and Cross-Servicing Agreements (ACSA). IMCOM will fund OMLT TCS orders for deployment to theater.

e. Reset. Funds identified as Reset are available for intended purposes only and may not be reapplied to any effort outside of Reset. Reset is defined throughout DoD as "actions taken to restore units to a desired level of combat capability commensurate with the units' future mission. It encompasses maintenance and supply activities that restore and enhance combat capability to unit and pre-positioned equipment that was destroyed, damaged, stressed, or worn out beyond economic repair due to combat operations by repairing, rebuilding, or procuring replacement equipment."

(1) Operation & Maintenance. Reset accounting structure has been established to closely track funding distribution and execution.

(a) Funding for Reset will be issued in the established SAG 137.

(b) Each Reset FAD will explicitly identify the Reset primary category and component category for which the funding is provided.

(2) Procurement. Funding provided for Reset must be obligated within 12 months of appropriation. Field activities will set up separate cost or other accounts to collect Reset obligations and disbursement data to report execution progress to ABO.

f. Military Training. CONOPS funding will not be used for expenses related to military schooling that would normally be part of an officer, warrant officer, or non-commissioned officer's military development (i.e. Officer Basic Course, Captain Career Course, Sergeant Major Academy, etc.) All professional development courses and their associated expenses (to include travel to/from training) will be paid with base budget funding.

g. Managing Financial Resources for Civilian Deployments. DoD and the Army have given a priority to increasing the civilian deployment capacity.

(1) IAW this intent, funding will not limit the support for these deployments. ACOMs and ASCCs will alert their ABO command analyst prior to denying a deployment due to lack of funding.

(2) The ACOM/ASCC Supporting Command will fund the salary and benefits portion of any of their civilian(s) selected for deployment. The ACOM/ASCC may request CONOPS funding for backfill of the deploying civilian(s).

(3) Incremental costs will be funded by the gaining command, using CONOPS funds. Incremental costs may include premium pay, travel/PCS costs, pre-deployment training, etc.

(4) Supported Commands may request CONOPS funding for all costs (base salary, premium pay, travel/PCS, pre-deployment training, etc.) if the deploying civilian is a "new" government hire. This situation may occur when a deploying civilian is hired as part of the Civilian Expeditionary Workforce.

h. Military Intelligence Program (MIP). CONOPS funding for programs, projects, or activities that support the Army's intelligence, counterintelligence, and related intelligence missions are to be identified as a part of the Military Intelligence Program (MIP). All requests for MIP CONOPS resources must be submitted to the Army MIP Manager, ODGS, G-2 (DAMI-RI). This includes procurement of equipment, as well as the incremental resources needed to sustain Intelligence capabilities already deployed in support of CONOP. DAMI-RI will consolidate the MIP request for all appropriations and submit to ASA(FM&C) for inclusion in the total Army request. All MIP resources must be aligned within an OSD Program Element with an SPC Code of 365. Further, MIP O&M CONOPS resources must be categorized in SAG 411. Execution of all MIP resources must be reported through the Army MIP Manager to the Office of the Undersecretary of Defense, Intelligence (OUSDI).

i. Travel in Theater. TDY into theater, to include Pre-Deployment Site Surveys (PDSS), visits, assistance, training, and certifications, will be arranged and funded by the sending (supporting) organization. The ASCC performing as the executive agent will fund TDY when it directly supports operations in theater and has been properly validated and coordinated with the supported unit through a FRAGO from the supported unit in theater.

j. Information Operations. CONOPS funding will not be used for expenses related to Information Operations (IO) unless the organization receives a funding target from HQDA specifically identifying funds for IO. Any organization obligating funding for IO will establish proper accounting structure to track obligations in the financial systems. Any organization seeking additional guidance should contact the Army Budget Office through their normal OMA funding distribution channels.

11. Special Funding

a. Iraq Security Forces Fund (ISFF). ISFF is used to provide assistance to Iraq's security forces. The Commander, USF-I is assigned the overall responsibility for providing assistance to Iraq's security forces utilizing ISFF. The Commander, USF-I will develop and submit budget requests, justification materials, and financial and activity plans through CENTCOM to the Under Secretary of Defense (Comptroller) [USD(C)]. Army is responsible for funds distribution and financial reporting.

b. Afghanistan Security Forces Fund (ASFF). ASFF is used to provide assistance to Afghanistan's security forces. The Commander, Combined Security Transition Command Afghanistan (CSTC-A) is assigned the overall responsibility for providing assistance to Afghanistan's security forces utilizing ASFF. The Commander, CSTC-A will develop and submit budget requests, justification materials, and financial and activity plans through CENTCOM to the Under Secretary of Defense (Comptroller) [USD(C)]. Army is responsible for funds distribution and financial reporting.

c. Task Force for Business and Stability Operations (TFBSO). TFBSO is authorized to carry out projects to assist the commander of United States Forces-Afghanistan and the Ambassador of the United States Mission in Afghanistan to reduce violence, enhance stability, and support economic normalcy in Afghanistan through strategic business and economic activities. Funds provided for the Commanders' Emergency Response Program (CERP) may not be utilized to support or carry out projects of the Task Force for Business and Stability Operations.

12. Overseas Contingency Operations (OCO) Cost Reports

a. Cost Reports. Accurate reporting is a key to auditability, accountability, and to justifying future OCO funding requests. Army reporting agencies will submit monthly cost reports to the Army Budget Office IAW separately published guidance. Reports are required from all Army activities incurring direct appropriated fund costs to support named CONOPS missions.

b. Incremental costs. Army reporting agencies are required to capture and report the obligation of all funds (regardless of source) to cover the incremental costs for all contingency operations. Incremental costs are those above the base budget training, operations, and personnel costs that occur as a result of a contingency operation.

12. Proponent. The Army Budget Office, Budget Integration and Evaluation Division (SAFM-BUC-I) is the proponent for this guidance. The CONOPS Cell can be reached at 703-692-5886/6840 (DSN 222-) or 703-614-4771 (DSN 221-).

Encl



PHILLIP E. MCGHEE
Major General, U.S. Army
Director of Army Budget

DISTRIBUTION:

Comptroller, Army National Guard
Comptroller, Office of the Chief Army Reserve
DRM, Acquisition Support Center
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J-8, European Command
J-8, Southern Command
G-8, Surface Deployment and Distribution Command
DCSRM, Training and Doctrine Command
G-8, United States Army Central
G-8, United States Army North
G-8, United States Army Pacific
G-8, United States Army South
G-8, United States Army Special Operations Command
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Assistant Chief of Staff for Installation Management



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

September 9, 2010

The Honorable Robert Hale
Under Secretary of Defense (Comptroller)
1100 Defense Pentagon
Washington, D.C. 20301-1100

Dear Mr. Hale:

In early 2009 OMB and the Department developed criteria for deciding whether funding properly belongs in the base budget or in the budget for overseas contingency operations (OCO). These criteria have been very successful in delineating between these two sources of funding and have facilitated the development of coherent and defensible OCO funding requests. Since then, and in close collaboration with Comptroller representatives, we have developed updated criteria that build on our experience in the subsequent two budget cycles. This update clarifies language, eliminates areas of confusion and provides guidance for areas previously unanticipated.

The enclosure to this letter contains the updated criteria and replaces the 2009 criteria. OMB will use these updated criteria when reviewing the Department's budget submissions.

We recognize that in developing these updated criteria several policy issues arose that remain unresolved. These will be addressed in the FY 2012 budget review.

Please contact Mark Cancian at 202-395-3879 if you have any questions about these criteria.

Sincerely,

A handwritten signature in black ink that reads "Steven M. Kosiak".

Steven M. Kosiak
Associate Director for
Defense and Foreign Affairs

Enclosure

Criteria for War/Overseas Contingency Operations Funding Requests

Item	Definition of Criteria
Geographic area covered/ "Theater of operations" (for non-classified war/overseas contingency operations funding)	Geographic areas in which combat or direct combat support operations occur: Iraq , Afghanistan, Pakistan, Kazakhstan, Tajikistan, Kyrgyzstan, the Horn of Africa, Persian Gulf and Gulf nations, Arabian Sea, the Indian Ocean, the Philippines, and other countries on a case-by-case basis. Note: OCO budget items must also meet the criteria below.
<i>Inclusions</i>	
Major equipment (General)	Replacement of losses that have occurred but only for items not already programmed for replacement in the Future Years Defense Plan (FYDP) -- no accelerations. Accelerations can be made in the base budget. Replacement or repair to original capability (to upgraded capability if that is currently available) of equipment returning from theater. The replacement may be a similar end item if the original item is no longer in production. Incremental cost of non-war related upgrades, if made, should be included in the base. Purchase of specialized, theater-specific equipment. Funding must be obligated within 12 months.
Ground equipment Replacement	Combat losses and washouts (returning equipment that is not economical to repair); replacement of equipment given to coalition partners, if consistent with approved policy; in-theater stocks above customary equipping levels on a case-by-case basis.
Equipment modifications (enhancements)	Operationally-required modifications to equipment used in theater or in direct support of combat operations, for which funding can be obligated in 12 months, and that is not already programmed in FYDP.
Munitions	Replenishment of munitions expended in combat operations in theater. Training ammunition for theater-unique training events is allowed. Forecasted expenditures are not allowed. Case-by-case assessment for munitions where existing stocks are insufficient to sustain theater combat operations.
Aircraft Replacement	Combat losses, defined as losses by accident or by enemy action that occur in the theater of operations.
Military Construction	Facilities and infrastructure in the theater of operations in direct support of combat operations. The level of construction should be the minimum to meet operational requirements. At non-enduring locations, facilities and infrastructure for temporary use are covered. At enduring locations, construction requirements must be tied to surge operations or major changes in operational requirements and will be considered on a case-by-case basis.
Research and Development	Projects required for combat operations in these specific theaters that can be delivered in 12 months.

Item	Definition of Criteria
Operations	<p>Direct War costs:</p> <ul style="list-style-type: none"> • transport of personnel, equipment, and supplies to, from and within the theater of operations; • deployment-specific training and preparation for units and personnel (military and civilian) to assume their directed missions as defined in the orders for deployment into the theater of operations; <p>Within the theater, the incremental costs above the funding programmed in the base budget to:</p> <ul style="list-style-type: none"> • support commanders in the conduct of their directed missions (to include Emergency Response Programs); • build and maintain temporary facilities; • provide food, fuel, supplies, contracted services and other support; and, • cover the operational costs of coalition partners supporting US military missions, as mutually agreed. <p>Indirect War Costs: Indirect war costs incurred outside the theater of operations will be evaluated on a case-by-case basis.</p>
Health	Short-term care directly related to combat. Infrastructure that is only to be used during the current conflict.
Personnel (Incremental Pay)	Incremental special pays and allowances for Service members and civilians deployed to a combat zone; incremental pay, special pays and allowances for Reserve Component personnel mobilized to support war missions.
Special Operations Command	Operations and equipment that meet the criteria in this guidance.
Prepositioned Supplies and Equipment	Resetting in-theater stocks of supplies and equipment to pre-war levels – Excludes costs for reconfiguring prepositioned sets or for maintaining them.
Security Force Funding	Training, equipping, and sustaining Iraqi and Afghan military and police forces.
Fuel	War fuel costs, and funding to ensure that logistical support to combat operations is not degraded due to cash losses in DoD's baseline fuel program. Would fund enough of any base fuel shortfall attributable to fuel price increases to maintain sufficient on-hand cash for the Defense Working Capital Funds to cover seven days disbursements. (This would enable the Fund to partially cover losses attributable to fuel cost increases.)
<i>EXCLUSIONS from war/overseas contingency funding – Appropriately funded in the base budget</i>	
Training equipment	Training vehicles, aircraft, ammunition, and simulators. Exception: training base stocks of specialized, theater-specific equipment that is required to support combat operations in the theater of operations, and support to deployment-specific training described above.
Equipment Service Life Extension Programs (SLEPs)	Acceleration of SLEPs already in the FYDP.
Base Realignment and Closure (BRAC)	BRAC projects.
Family Support Initiatives	Family support initiatives to include the construction of childcare facilities; funding private-public partnerships to expand military families' access to childcare; and support for service members' spouses professional development.
Industrial Base Capacity	Programs to maintain industrial base capacity (e.g. "war-stoppers").
Personnel	Recruiting and retention bonuses to maintain end-strength. Basic Pay and the Basic allowances for Housing and Subsistence for permanently authorized end strength. Individual augmentees will be decided on a case-by-case basis.
Office of Security Cooperation	Support for the personnel, operations, or the construction or maintenance of facilities, at U.S. Offices of Security Cooperation in theater
<i>Special Situations</i>	
Reprogrammings and paybacks	Items proposed for increases in reprogrammings or as payback for prior reprogrammings must meet the criteria above.