OPNAV INSTRUCTION 4600.24E

From: Chief of Naval Operations

Subj: FUNDING POLICY FOR NAVY MATERIAL TRANSPORTATION

Ref: (a) NAVSO P-1000
     (b) OPNAVINST 4610.8H
     (c) OPNAVINST 5430.48E
     (d) Federal Acquisition Regulation
     (e) NAVFAC P-300
     (f) 22 U.S.C.

Encl: (1) Definitions
     (2) First Destination Transportation Funding Policy
     (3) Navy Working Capital Fund - Supply Management Funding Policy
     (4) Ammunition and Explosive Funding Policy
     (5) Activity (Organic) and Unique Funding Policy
     (6) Service-wide Transportation Funding Policy

1. Purpose

   a. To provide detailed guidance on the funding principles and responsibilities for material transportation, per references (a) through (f).

   b. This instruction is a complete revision and should be reviewed in its entirety. This revision captures responsibilities not covered in the previous issuance and provides a needed update to guidance that has evolved significantly since the last revision. Major changes are summarized in subparagraphs 1b(1) through 1b(3).

      (1) Removed transportation management responsibilities applicable to Navy passenger, personal property, cargo, and mail movements which are found in OPNAVINST 4610.8H, Transportation and Traffic Management.

      (2) Removed responsibilities for Deputy Chief of Naval Operations for Information Warfare (CNO (N2N6)) as a resource sponsor for first destination transportation (FDT) Other Procurement, Navy (OPN).

      (3) Added enclosures for definitions, FDT, Navy working capital fund (NWCF) - supply management (SM) funding, ammunition and explosives funding, activity (organic) and unique funding, and Service-wide transportation (SWT) funding policies.
2. **Cancellation.** OPNAVINST 4600.24D.

3. **Scope and Applicability.** This instruction applies to all Navy activities responsible for material transportation.

4. **Background.** Per reference (a), there are two major categories of material transportation: first and second destination. The responsibility for financing transportation charges is generally determined by the category of material, and the appropriation that is financing the procurement of the transported material. Definitions are found in Enclosure (1).

5. **Responsibilities.** The organizational responsibilities in subparagraphs 5a through 5f apply to the funding of Navy transportation.

   a. Deputy Chief of Naval Operations for Fleet Readiness and Logistics (CNO (N4)) is responsible for policy and guidance on transportation, distribution, and related logistics functions. CNO N4 is the requirements office and resource sponsor for SWT, FDT accounts in Aircraft Procurement, Navy (APN), and FDT accounts in Shipbuilding and Conversion, Navy (SCN), per references (a), (b), and (c).

   b. Deputy Chief of Naval Operations for Warfare Systems (CNO (N9)) is the resource sponsor for FDT OPN and FDT Weapons Procurement, Navy (WPN), per references (a) and (b).

   c. Commander, Naval Supply Systems Command (COMNAVSUPSYSCOM) will:

      (1) perform specific Navy transportation financial management, per reference (b);

      (2) manage the SWT program, including budget formulation and execution of each appropriation, per references (a) and (b);

      (3) manage NWCF-SM transportation funding;

      (4) serve as transportation account code (TAC) coordinator for the Navy; and

      (5) monitor expenditures against approved budget obligation and suspend TACs in the event expenditure rates indicate obligation will be exceeded.

   d. Naval component commanders of geographic combatant commanders will comply with reference (b).

   e. Commander, U.S. Fleet Forces Command; Commander, U.S. Pacific Fleet; Director, Strategic Systems Programs; Commander, Space and Naval Warfare Systems Command; Commander, Naval Special Warfare Command; Commander, Naval Reserve Force; Commander, Naval Air Systems Command (COMNAVAIRSYSCOM); Commander, Naval Facilities Engineering Command (COMNAVFAEYSCOM); Commander, Naval Sea Systems
Command (COMNAVSEASYSCOM); Chief of Naval Personnel; Chief, Bureau of Medicine and Surgery; Commander, Navy Installations Command; and Director, Field Support Activity will administer the financial management, funding, budget formulation, execution of FDT, and command specific second destination transportation (SDT) TACs, per references (a) and (b).

f. In addition to the requirements in subparagraph 5e, COMNAVAIRSYSCOM, COMNAVFACENGCOM, and COMNAVSEASYSCOM, will provide requirements, planning data, budget projections, and validate TACs under their cognizance (COG) symbol to assist COMNAVSUPSYSCOM in monitoring expenditure of SWT TACs, per reference (b).

6. Records Management

   a. Records created as a result of this instruction, regardless of format or media, must be maintained and dispositioned for the standard subject identification codes 1000 through 13000 series per the records disposition schedules located on the Department of the Navy/Assistant for Administration (DON/AA), Directives and Records Management Division (DRMD) portal page at https://portal.secnav.navy.mil/orgs/DUSNM/DONAA/DRM/Records-and-Information-Management/Approved%20Record%20Schedules/Forms/AllItems.aspx.

   b. For questions concerning the management of records related to this instruction or the records disposition schedules, please contact the local records manager or the DON/AA DRMD program office.

7. Review and Effective Date. Per OPNAVINST 5215.17A, Supply, Ordnance, and Logistics Operations Division (OPNAV N41) will review this instruction annually on the anniversary of its issuance date to ensure applicability, currency, and consistency with Federal, Department of Defense (DoD), Secretary of the Navy, and Navy policy and statutory authority using OPNAV 5215/40 Review of Instruction. This instruction will be in effect for 10 years, unless revised or cancelled in the interim, and will be reissued by the 10-year anniversary date if it is still required, unless it meets one of the exceptions in OPNAVINST 5215.17A, paragraph 9. Otherwise, if the instruction is no longer required, it will be processed for cancellation as soon as the cancellation is known following the guidance in OPNAV Manual 5215.1 of May 2016.

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Deputy Chief of Naval Operations
(Fleet Readiness and Logistics)

Releasability and distribution:
This instruction is cleared for public release and is available electronically only via Department of the Navy Issuances Web site, http://doni.documentservices.dla.mil/http://doni.daps.dla.mil
DEFINITIONS

1. **Accessorial Charges.** These are charges for services performed incident to a line haul shipment. Many carriers will provide accessorial services that include the charges in subparagraphs 1a through 1c.
   
   a. **Preparation Charges.** Examples include packing, marking, loading, crating, handling, blocking, bracing, disassembly, etc. Preparation charges are chargeable to the vendor or shipping activity’s funds.
   
   b. **In-transit Charges.** Examples include security service, escorts, permits, documentation fees, incidental material handling equipment services, stop-off, port handling, switching, flagmen, repairs to packages or containers, and other freight forwarder type service. Although these charges may be included in commercial carriers’ tariffs, tenders, or schedules, only in-transit charges may be paid with transportation funds.
   
   c. **Destination Charges.** Examples include, reassemble, prelodge, storage before unloading, etc. Destination charges are chargeable to the receiving activity’s mission operating funds. The only exception is for loading or off-loading of large equipment, e.g., shipyard portal cranes, at origin and destination when this cost is part of the total movement as defined in the agreement with the carrier. This may be paid by transportation funds initially and billed back to the echelon 2 command or activity that requested services at origin or destination in instances when the origin or destination activity did not have the capability to provide or perform services at the activity level.

2. **Cognizance (COG) Symbol.** COG is a two-digit alphanumeric code prefixed to national stock numbers to identify the responsible inventory manager, the stores account, and the type of material, per (Naval Supply Systems Command) NAVSUP Publication 485, volume II.

3. **First Destination Transportation (FDT)**
   
   a. **FDT** is the movement and cost of moving property (other than NWCF-SM) from free on board (FOB) point of origin to the point at which the material, in the form required for use, is first received for use or storage. The procurement source and first point of use or storage may be in continental United States (CONUS) or outside continental United States (OCONUS). The procurement source is any supplier outside the DoD supply system or DoD industrial activity that fabricates new material. Charges include those for freight drayage, cartage, port handling, and other in-transit costs incurred incident to the shipment of the material.
   
   b. **FDT** also includes transportation from point of origin to point of use or storage, when Navy-owned material or equipment is provided to a contractor incident to a research and development project, or a system or equipment acquisition or modification.
c. FDT is budgeted on an annual basis in the same appropriation as the end item or material being procured, which reflects transportation costs as an integral part of the procurement cost. Cost of FDT is the responsibility of the organization budgeting for the end item or material being procured.

d. FDT funding policy is in enclosure (2).

4. **Foreign Military Sales (FMS).** FDT charges from the supply system to the port of embarkation or the customer’s freight forwarder for FMS NWCF material, are included in the cost of the item. FDT charges are not applicable to components reworked by an industrial activity, or other activities not authorized to use FDT TACs, e.g., in-Service engineering agent, systems support activity, FMS, depot.

5. **Free on Board (FOB).** This term is used with the designation of a physical point (either origin or destination) to determine the responsibility and basis for payment of freight charges and, unless otherwise agreed, the point at which the title for supplies passes to the buyer or consignee. The policies on designation of contracts as FOB origin or FOB destination are set forth in reference (d), section 47.303.

   a. **FOB Origin.** The Government pays all transportation charges from the contractor’s facility to the delivery point. Shipping charges are not included in the unit cost of the item.

   b. **FOB Destination.** Shipping charges are included in the unit cost of the item.

6. **Freight Cartage.** Freight cartage, also known as haulage, is the inland carriage of cargo or containers between locations. When an activity is assigned area responsibility for cartage of consignments to shore-based activities, ships, or other mobile units, the local delivery costs, including commercial charges, will be funded from the operating resources of the activity that is assigned area responsibility.

7. **Navy Working Capital Fund (NWCF)-Supply Management (SM).** NWCF-SM material pertains to consumable and repairable spare and repair parts managed by COMNAVSUPSYSCOM Weapon System Support (WSS) (hereafter referred to a “NAVSUP WSS”), under odd COG symbols, and purchased by a revolving fund account. NWCF-SM funding policy is in enclosure (3).

8. **Ordnance Funding Policy.** Definition is in enclosure (4).

9. **Organic Material.** Organic materials are items on custody or plant account records of field activities or deployable units. Organizations’ or activities’ funding policies are in enclosure (5).

10. **Second Destination Transportation (SDT).** SDT is any transportation other than FDT. It pays for distribution of material within the supply system after completion of FDT. SDT
includes shipments required to fill requisitions; redistribute material; and return material for overhaul, rework, repair, or disposal action. SDT does not include the issue of Navy or Marine Corps-owned material incident to a system or equipment acquisition, modification, or a research and development project. Charges include those for CONUS port handling, freight drayage, cartage, and other costs incurred incident to the shipment of property.

11. Service-wide Transportation (SWT). SWT is a COMNAVSUPSYSCOM SDT centrally-managed operations and maintenance, Navy (O&MN) account with a discrete line in the Navy budget. The account was established to provide transportation funding for Navy cargo and mail movement that is clearly not the responsibility of an end use activity. SWT pays for supply system directed movement of even COG material that has reached its material support date including ordnance; aircraft engines; mission module packages; catapult and arresting gear; propellers; shafts; small boats and craft; civil engineering support equipment; safety and survival equipment; targets; drones; airborne armament; overseas mail (official and personal); and Navy Exchange Service Command (NEXCOM) merchandise shipped from CONUS to OCONUS locations. SWT funding policy is in enclosure (6).

12. Transportation Account Code (TAC). A TAC is a four-digit alphanumeric code used on all shipment documents to identify the proper funding source and appropriation. It is an abbreviation for a long line of accounting. TAC selection is based upon COG of material, appropriation financing the purchase of material, project code, or other factors. Navy TACs are established by NAVSUP WSS, Transportation and Distribution Directorate (N3), Norfolk, VA, and are discussed in DTR 4500.9-R, Defense Transportation Regulation, part II, appendix V-2, attachment V2, of May 2014, which is available the common access card-enabled Web site at: https://www.ustranscom.mil/dtr/dtrp2.cfm. Current and valid Navy TACs can be found at the following common access card-enabled Web site: https://beis-web.csd.disa.mil/tget/index.jsp. Information on obtaining access to the TAC system may be obtained at the common access card-enabled Web site, https://beis-web.csd.disa.mil/tget/index.jsp. Additional TAC assistance may be provided by contacting via e-mail TAC_Helpdesk@navy.mil.

13. Unique Shipments. Unique shipments are material that could be moved under another funding category but because of circumstances, i.e., contingency operations or FMS, are funded differently. Funding policy for unique shipments is in enclosure (5).
FIRST DESTINATION TRANSPORTATION FUNDING POLICY

1. **APN.** Transportation of material purchased by APN is paid by COMNAVAIRSYSCOM’s FDT APN funding per references (a) and (b).

2. **Commercial Vendor Shipments.** When FOB origin is specified, the Government is responsible for funding the cost of moving the material from the vendor’s location to the ultimate consignee as a separate charge. Procurement and contract administration personnel will ensure that FOB origin procurements cite transportation funding separately and advise the shipper accordingly. Under FOB origin, the FDT TAC to be cited is the TAC associated with the appropriation used to procure the material.

3. **Government-Furnished Material or Government-Furnished Equipment.** Shipments of Government-furnished material or Government-furnished equipment for use or consumption by contractors or industrial activities are chargeable to the appropriation that is funding the project or contract involved, and is considered new procurement (FDT).

4. **Military Construction (MILCON), Navy.** FDT of materials purchased by MILCON is paid for by COMNAVFACENGCOM from MILCON funding per references (a) and (b).

5. **O&MN.** FDT of material purchased when O&MN is used as the procurement appropriation per DoD 7000.14-R, volume 2A, chapter 1, of October 2008.

6. **OPN.** FDT of materials purchased by OPN is paid by the appropriate budget submitting office, per references (a) and (b).

7. **SCN.** FDT of materials purchased by SCN is paid by COMNAVSEASYSCOM SCN funding per references (a) and (b). Requests for funding must be approved by COMNAVSEASYSCOM comptroller.

8. **WPN.** FDT of material purchased by WPN is paid using FDT WPN funding, per references (a) and (b).
NAVY WORKING CAPITAL FUND - SUPPLY MANAGEMENT FUNDING POLICY

1. **Depot Repairables.** Depot repairables are identified as those assets where the cost of repairing the asset is less than the cost of producing a new asset. Repairable carcasses (not ready for issue (NRFI) assets) are returned to designated storage points or to designated overhaul points for repair and return to the wholesale stock system. The designated storage point or designated overhaul point and transportation mode are designated by the Master Repairable Item List. NWCF-SM funds the transportation to issue ready for issue (RFI) repairables, as well as retrograde of NRFI repairables (except FMS repairables).

2. **Excess or Surplus Material.** Transportation of excess NWCF-SM material approved for turn-in is chargeable to the applicable NWCF-SM TAC depending on the COG symbol of the material.

3. **Marine Corps Aviation Material.** Shipment of all Navy procured aviation odd COG spare and repair parts, including those in support of Marine Corps air units. Transportation of aviation ground support equipment for Marine Corps air units is funded by the Marine Corps.

4. **OCONUS Line Haul.** OCONUS line haul is the movement of material by surface common carrier from an aerial port of debarkation (APOD) or seaport of debarkation (SPOD) to the in-transit cargo facility servicing a Navy unit or ship when the facility is located beyond the drayage limits of the APOD or SPOD. The distance covered by line haul is typically greater than 30 miles. OCONUS line haul is chargeable to the same funding used to move the cargo to the APOD or SPOD. OCONUS line haul for shipments from Defense Logistics Agency (DLA) distribution depots is reimbursed to DLA by COMNAVSUPSYSCOM.

5. **Odd COG Material.** NWCF-SM reimburses transportation costs associated with shipment of NAVSUP WSS, odd COG managed material from DLA distribution depots to CONUS and OCONUS POD initially paid by DLA. Additionally, NWCF-SM pays transportation costs associated with retrograde shipment of NAVSUP WSS, odd COG managed NRFI repairables to wholesale storage or depot repair facilities.

AMMUNITION AND EXPLOSIVE FUNDING POLICY


2. **Port Handling**

   a. **CONUS** port handling costs associated with naval AA&E on-load or off-load at ports under the purview of the Navy are funded by Commander, U.S. Fleet Forces Command fleet ordnance support funds.

   b. **OCONUS** port handling costs are the funding responsibility of the major command operating the port. In the Pacific, port handling costs associated with naval AA&E on-load or off-load at ports under the purview of the Navy are funded by Commander, U.S. Pacific Fleet, fleet ordnance support funding.

   c. **OCONUS** port handling costs associated with naval AA&E on-load or off-load at ports **not** under the purview of the Navy will be handled on a case-by-case basis.

3. **Transportation.** CONUS and overseas commercial line haul, Military Sealift Command (MSC) ocean transportation, and Air Mobility Command (AMC) airlift transportation charges associated with the movement of AA&E are funded by SWT. See figure 1-1 for additional funding.
### AMMUNITION AND EXPLOSIVE TRANSPORTATION FUNDING

<table>
<thead>
<tr>
<th>ORDNANCE TYPE</th>
<th>CLARIFICATION</th>
<th>PROGRAM MANAGER FUNDING</th>
<th>NAVSUP SWT BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>MISSILES, TORPEDOES, AMMUNITION, AND EXPLOSIVES</td>
<td></td>
<td>Direct DEMIL</td>
<td>X</td>
</tr>
<tr>
<td>Issue of on-load</td>
<td>Typical ship fill or Non-Combat Expenditure Allocation requisition</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NRFI shipped directly from off-load</td>
<td>Assets ARE NOT picked up in stock by Navy Munitions Command, but are directly shipped during off-load</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>NRFI shipped from station stock</td>
<td>RFI assets downgraded by Notice of Ammunition Reclassification</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Maintenance Due Date</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>On-hand NRFI assets request to be shipped by Program Office</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Requested by Program Office</td>
<td>Ordnance Assessment</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Surveillance</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Government Furnished Equipment or Materials - containers/components needed for production maintenance</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td></td>
<td>Assets shipped back to contractor for warranty repair (recall)</td>
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<td>X</td>
</tr>
<tr>
<td></td>
<td>Conventional Ordnance Deficiency Report</td>
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<tr>
<td>Issue to FMS</td>
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<td>X</td>
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<tr>
<td>Issued to Replacement-In-Kind</td>
<td>As a result of an FMS case</td>
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<tr>
<td>Issued to Demilitarization (DEMIL)</td>
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<td></td>
</tr>
<tr>
<td>Off-load to &quot;T&quot; Level for reissue</td>
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<td></td>
<td>X</td>
</tr>
<tr>
<td>Off-load to &quot;T&quot; Level for maintenance</td>
<td>Only if assets leave station</td>
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<td>X</td>
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<tr>
<td>Off-load to &quot;D&quot; Level for maintenance</td>
<td>Only if assets leave station</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>New production to coastal for future issue</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Redistribution inland for deep stow</td>
<td>Not Program Office directed</td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

**CARTRIDGE ACTUATED DEVICES (CAD)**

| Issued to install                          |                                                                               |                         | X                 |
| Returned from maintenance                  |                                                                               |                         |                   |
| Returned for DEMIL                          |                                                                               |                         | X                 |
| Returned for Ordnance Assessment            |                                                                               |                         | X                 |

**NOTE:** For situations not covered by Figure 1-1, refer to OPNAV M-8000.16 for additional guidance.

Ammunition and Explosives Transportation Funding

Figure 1-1
ACTIVITY (ORGANIC) AND UNIQUE FUNDING POLICY

1. **Administrative Material.** Material consists of items such as: general correspondence, personnel records, payroll records, laboratory samples, electronic storage media, blueprints, legal, financial, recruiting, contracting or similar documents. Technical manuals not requisitioned through stock are funded by the activity requesting the shipment.

2. **Acquisition of Excess or Surplus Material.** For acquisition of excess or surplus material from Navy or other Government agencies, such as DLA, National Aeronautics and Space Administration, or DLA Disposition Services, transportation expenses are chargeable to the requesting activity and not to transportation funds that are centrally managed by COMNAVSUPSYSCOM. However, the requesting activity must obtain prior approval from the command responsible for budgeting and managing the funds cited, before citing the TAC chargeable to the command.

3. **Aircraft.** Shipment for routine maintenance, storage, or disposal will be funded by the applicable type commander.

4. **Antarctic Program.** Transportation of materials and mail in support of the United States Antarctic Program is chargeable to the National Science Foundation.

5. **Base Realignment and Closure.** Transportation costs associated with relocation of material incident to base realignment and closure or similar actions are the responsibility of the major command that funds the activity being disestablished or realigned. However, when an activity requests reassignment of material, which would otherwise be declared surplus, the requesting activity funds transportation costs for the material being relocated.

6. **Contingency Transportation Costs.** Contingency costs are not part of the budget baseline and will be provided, as needed, from the Supplemental Appropriation Bill if circumstances are warranted by the situation. Unit moves or force deployments conducted in support of a Secretary of Defense deployment order or execution order are normally funded by overseas contingency operations funding provided by Congress to the Services via the Office of Management and Budget and the Assistant Secretary of the Navy (Financial Management and Comptroller), Office of Budget. Unit moves or force deployments are normally documented in time-phased force deployment data and are supported via dedicated strategic modes of transportation. When moving via air, the Service that has the preponderance of the forces onboard is billed for the entire aircraft. Unit moves supported by strategic sustainment channels should also be reflected in the time-phased force deployment data, but are not supported via dedicated contingency missions, and are billed at the applicable air channel billing rate; the costs should be captured using the associated project code. Project codes will be used when assigned for transporting material to the respective contingency operation to assist in reporting this information to a higher authority.
7. **Deceased Beneficiaries.** The Navy Mortuary Branch within the Navy Casualty Assistance Division, Navy Personnel Command, funds the cost of transportation of the remains of deceased beneficiaries.

8. **Detention, Demurrage, and Container Per Diem.** Detention is a fee levied by a carrier for holding a truck or van beyond an established unloading and release time limit. Demurrage is the equivalent for rail cars or ships. Container per diem is the term frequently used for container detention. These are chargeable to the local activity or the ship responsible for causing the charge. SWT-funded O&MN TACs or NAVSUP WSS N3 managed NWCF-SM TACs will not be used to pay for these charges.

9. **Excess or Surplus Material.** Transportation of excess or surplus material turned into a reutilization site is chargeable to the activity that has accountability for the material. In cases where transfers are made to other DoD activities, transportation costs may be negotiated between the shipper and receiver. The cost of shipping surplus or excess material from reutilization sites or other authorized sources to Navy activities is normally chargeable to the requesting Navy activity.

10. **Fleet Exercises.** The operational commander directing the exercise is responsible for fleet exercise related transportation charges. Transportation costs related to joint exercises are funded by the Joint Chiefs of Staff.

11. **Fleet Hospitals (Expeditionary Medical Facilities).** Repositioning of prefabricated hospitals is a funding responsibility of the major command or management command directing the action.

12. **Fuel.** Defense working capital fund pays for all movement of bulk fuel until issued to the customer. Transportation of fuel removed from a ship bunker and transported to the nearest storage location is a type commander funding responsibility.

13. **Humanitarian Cargo.** Humanitarian cargo usually consists of privately donated (non-governmental source) goods or supplies meeting U.S. State Department approval. Humanitarian assistance cargo can be moved within the DoD transportation system after proper coordination. Humanitarian cargo is not chargeable to SWT; funding responsibility falls to the sponsoring Navy activity.

   a. **Project Handclasp.** Project Handclasp encompasses the collection and storage of donations from organizations and individuals throughout the United States. These donations are transported aboard fleet ships on a space-available basis for distribution by Navy and Marine Corps personnel stationed in the overseas areas or embarked on fleet units that visit these areas. See OPNAVINST 5726.3E for details.

   b. **Other Programs.** The Office of Humanitarian Assistance, Disaster Relief and Mine Action provides direction, supervision, and oversight of DoD humanitarian assistance and mine
action programs for the Defense Security Cooperation Agency, an operating organization of the
Under Secretary of Defense (Policy). Office of Humanitarian Assistance, Disaster Relief and
Mine Action manages the overseas humanitarian, disaster, and civic aid appropriation, which is
used to fund the following humanitarian programs: Humanitarian Assistance Program,
Humanitarian Mine Action Program, and Foreign Disaster Relief and Emergency Response.
Office of Humanitarian Assistance, Disaster Relief and Mine Action also manages the
Humanitarian and Civic Assistance Program, the non-lethal DoD Excess Property Program, and
two transportation programs: Denton Amendment (Space-A Program) and Funded
Transportation Program. DoD and Office of Humanitarian Assistance, Disaster Relief and Mine
Action humanitarian assistance activities are authorized pursuant to sections 401, 402, 404, 407,
2557, and 2561 of Title 10, United States Code.

14. Marine Corps Aviation Ground Support Equipment. Transportation of aviation ground
support equipment for Marine Corps air units is funded by the Marine Corps.

15. NEXCOM Material. Transportation and handling of all NEXCOM material within CONUS
is chargeable to NEXCOM funds. This includes freight drayage, cartage, port handling, and
other costs associated with the movement of NEXCOM material within CONUS. After initial
movement to OCONUS, any OCONUS redistribution is paid by NEXCOM. NEXCOM pays all
transportation costs associated with the movement of foreign procured merchandise.

16. OCONUS Line Haul. The costs associated with the use of rental trucks and cars to move
cargo or mail in lieu of common commercial carrier line haul are chargeable to unit operating
funds.

17. Organically Owned Equipment. Transportation of organic material incident to cross
decking or rotational deployment is the funding responsibility of the major command that directs
the movement. Organic material includes material on unit plant account records and items in the
custody of non-stock point units, such as small arms, unit equipment, and individual material
readiness list gear, test equipment, or support equipment.

18. Personal Property. Movement of civilian personal property (household goods and privately
owned vehicles) incident to permanent change of station orders are funded by the gaining
activity for recruitment actions and by the losing activity for a reduction in force. Personal
property movement of military personnel, incident to temporary duty, is funded by the local
activity; Reserve Personnel, Navy; or Military Personnel, Navy. All movement of military
personal property incident to permanent change of station orders is funded from Reserve
Personnel, Navy or Military Personnel, Navy appropriations.

19. Port Handling Services (except for ammunition discussed in enclosure (3)). Port handling
services include labor to load and unload material, rental of cranes, forklifts, lighterage, and
associated documentation charges. Funding is described in subparagraphs 19a through 19c.
a. CONUS and OCONUS ocean ports operated by the Army’s Military Surface Deployment and Distribution Command (SDDC): port handling costs are billed to the appropriation funding the ocean transportation.

b. CONUS and OCONUS non-DoD or Navy ocean ports: port handling costs are chargeable to the appropriation funding the ocean transportation though SDDC booking via accessorial charges.

c. CONUS and OCONUS non-DoD ocean ports and commercial air ports, for FOB destination shipments: port handling costs for delivery of material from a procurement source to the first point of use or storage for subsequent distribution within the supply system are chargeable to FDT.

20. **Prepay and Add.** Prepay and add is a procurement and financial procedure to allow the contracting officer to authorize a vendor to arrange and pay transportation costs to a domestic destination if advantageous to the Government. The vendor adds the cost to the bill for the item procured as a separate line item. Prepay and add can only be used when total transportation costs associated with the contract are $100.00 or less and the material is unclassified and shipped within CONUS. Under prepay and add contracts, the total weight limit for items being shipped on the contract cannot exceed 150 pounds for air movement or 1,000 pounds for surface movement. The appropriation that funded the procurement also funds the added transportation cost. The contracting officer should make every effort to specify the type of transportation the vendor must use to deliver the material to the CONUS customer, per reference (d).

21. **Regional Transportation (also called local delivery).** Regional transportation is movement of material by a Navy activity to activities or ships within a limited area, not to exceed a 100-mile radius. The activity may contract with commercial carriers, U.S. Government trucks, the local public works center, or share the delivery with other DoD activities. Funding is generally the responsibility of the local activity. However, programs such as naval express, which support regional maintenance concepts and benefit the NWCF, may be funded by COMNAVSUPSYSCOM at its discretion.

**Note:** Use of organic (Government) vehicles is authorized and encouraged for distances of 100 miles one way and below, when cost effective. Distances beyond 100 miles are considered line haul instead of regional transportation, and commercial carriers should be used. Use of organic (Government) assets for distances over 100 miles requires written authorization and justification signed by the activity commanding officer or an individual assigned signature authority, per reference (e).

22. **Research, Development, Test and Evaluation (RDT&E), Navy.** All FDT and SDT involving material for RDT&E, Navy projects are chargeable to the RDT&E, Navy appropriation.
23. **Organic Material Incident to Relocation or Rotational Deployment.** Transportation of organic material, i.e., items on the custody or plant account records of field activities or deployable units (excluding Seabee civil engineering support equipment), incident to relocation or rotational deployment is a funding responsibility of the major command or management command who directs the movement.

24. **Mine Countermeasure Equipment and Material.** Costs of second destination mine countermeasures equipment and material are funded by Commander, U.S. Fleet Forces Command.

25. **MSC Fleet Auxiliary Billings.** Costs related to MSC fleet auxiliary billings are funded by the responsible fleet commander.

26. **MSC and Commercial Ship Replenishment Programs.** Funding responsibilities and procedures for submitting underway replenishment requirements are contained in DoD Manual 4140.25, volume II, chapter 6, of 26 February 2009.

27. **Security Assistance Program** (see reference (f))
   
   a. **FMS Shipments**
      
      (1) Transportation charges for FMS issues of NWCF material, supplied from inventory, are funded by NWCF to the port of embarkation or FMS freight forwarders; receiving locations in Canada; and CONUS staging and assembly sites. This cost will be included in the unit price of the article and reimbursed by the foreign purchaser in this manner.
      
      (2) For FMS shipments that require U.S. Government management of the transportation to the overseas destination, the transportation costs for movement beyond the port of embarkation or freight forwarder will be charged to the foreign purchaser.
      
      (3) For FMS material shipped from contractor and financed by foreign country, transportation costs will be charged to the FMS customer as part of the contract price. If the contract terms are FOB origin, transportation will be by commercial collect bill of lading.
      
      (4) Under certain circumstances, material may be transferred to a foreign government on a grant basis and transportation costs may or may not be chargeable.
   
   b. **Foreign Assistance.** See reference (f), section 2151: Foreign Assistance Program, and section 2403: Foreign Assistance Act.
      
      (1) Part II of Reference (f): Military Assistance, Section 2311: General Authority. This section permits the President to authorize the grant transfer of defense articles to a foreign government for unforeseen international emergencies requiring immediate assistance.
Transportation costs are not reimbursed by the foreign government. If applicable, SDDC will absorb any port handling costs, and AMC or MSC will absorb any overseas transportation charges.

(2) Reference (f), Sections 2403(d) through 2403(f). This section permits the President to authorize the grant transfer of non-lethal excess defense articles and small arms for the protection of endangered plants or wildlife species. The United States can provide no-cost transportation on a space-available basis.

(3) Reference (f), Section 2403(g). This section permits the President to authorize the grant transfer of defense excess defense articles. It concerns defense modernization of countries on the southern flank of the North Atlantic Treaty Organization’s anti-narcotics activities, and defense modernization of countries eligible for foreign military funding programs. For each, the transportation cost is required to be reimbursed by the foreign government. Since transportation costs for NWCF are included in the item’s unit cost and there is no charge for the item, the systems command and case administrative officer managing the program, will be responsible for arranging reimbursement of transportation costs. Estimated actual costs may be charged per DoD 5105.38 Manual, volume 15, of 3 October 2003.

28. Service Life Extension Program. Transportation charges incident to the Service Life Extension Program are chargeable to the activity or program office directing the movement.

29. Special Assignment Airlift Mission (SAAM). SAAMs provide a means of moving cargo and passengers where special circumstances preclude use of normal AMC channel airlift or commercial carriers because of security, weight, size, or time constraints. Sustainment SAAMs (not initial deployment) to deployed forces are normally funded by fleet funds. In special or emergent circumstances, fleet-validated and approved SAAMs may be funded by SWT when approved by NAVSUP WSS N3. Refer to OPNAVINST 4630.26B for additional details on SAAMs.

30. Subsistence. Transportation incident to subsistence ordered via a husbanding service provider contract is the responsibility of the supporting fleet or type commander. The husbanding service provider contractor will coordinate port access for the subsistence provider.
SERVICE-WIDE TRANSPORTATION FUNDING POLICY

1. **Administrative Material Shipment.** Only administrative material consisting of whole blood and urine samples.

2. **Aircraft.** Transportation costs associated with downed aircraft from point of mishap to designated repair facility. Downed aircraft is defined as an aircraft (piloted or drone) that cannot be flown to a repair facility under its own power.

3. **Appropriated Purchases Account.** Appropriate purchases account even COG material movements to include redistribution, relocation, rotational deployment, overhaul, rework, repair, and disposal are paid by SWT funds, when directed by COMNAVSUPSYSCOM. SDT shipments of even COG material from DLA depots and COMNAVSUPSYSCOM fleet logistics centers or overhaul points that have reached the material support date are chargeable to SWT.

4. **Civil Engineering Support Equipment (CESE).** SWT will fund redistribution or relocation of serviceable and economically repairable CESE assets and centrally managed fleet mooring equipment by COMNAVFACENGCOM installations. CESE identified as COG symbol “2C” is defined as the Navy’s assets of construction, automotive, and specialized equipment, per reference (e). CESE includes sedans, trucks, bulldozers, generators, trailers, mobile cranes, tactical vehicles, and construction equipment to satisfy the Navy’s worldwide requirements. COMNAVFACENGCOM has the authority to use SWT funds for redistribution or relocation in its role as the 2C COG manager for the Navy, as delegated by COMNAVSUPSYSCOM. CESE is a part of a Navy expeditionary unit table of allowance unit equipment list.

5. **Diego Garcia Shuttle Vessel.** SWT will provide funding to MSC to operate the Diego Garcia shuttle vessel, annually.

6. **DLA Over Ocean Transportation**

   a. Reimburses DLA the costs for shipments from the United States (including Alaska and Hawaii) to overseas destinations, or from overseas destinations to the United States (including Alaska and Hawaii). DLA distribution is responsible for paying the charges for the shipment and seeks reimbursement for those charges.

   b. Reimburses DLA costs for consolidation and containerization points and theater consolidation and shipping points operations.

   c. Subsistence.

      (1) Reimburses DLA Troop Support, Philadelphia, PA, for OCONUS movement of worldwide inventory management of subsistence items ordered through the subsistence prime vendor contract.
(2) Fresh fruits, vegetables, dairy, frozen, and dry goods fulfilled by DLA Troop Support Pacific and other sources to OCONUS vendors for delivery to Diego Garcia.

7. **Government Furnished Material or Equipment.** Only CESE assets made available on loan to a contractor.

8. **Mail.** Movement of mail, both personal and official, between fleet post office gateways, and over AMC channels.

9. **Marine Corps Aviation Material.** SDT in support of Marine Corps air units for Navy procured aviation equipment to include ammunition.

10. **MILCON Navy.** SDT of materials purchased for MILCON and COMNAVFACENGCOM resupply (not deployment) to deployed forces.

11. **Naval Construction Force Equipment.** Only fleet-owned naval construction force equipment incident to deployments.

12. **NEXCOM Material.** The movement of NEXCOM material exported to OCONUS locations, which includes Alaska and Hawaii. This includes CONUS port handling, overseas transportation to OCONUS ports, and line haul costs from ports of debarkation to distribution and resale activities. All transportation costs associated with the movement of foreign procured merchandise are funded with NEXCOM funds.

13. **Service Level Bills.** U.S. Transportation Command (USTRANSCOM) and DLA bill the Services for costs that are not recovered through the normal rate structure. The process for reimbursing non-rate costs to SDDC was established by Program Budget Decision 410 (5 December 2003) issued by the Under Secretary of Defense (Comptroller). Bills are established via SDDC’s budget submitted to USTRANSCOM and charged to SWT via SF 1144 Support Agreement from USTRANSCOM or SDDC.

   a. **Traffic Management.** Reimburses SDDC for essential traffic management functions, such as freight management, Transportation Engineering Agency, Defense Transportation Tracking System, and other support services.

   b. **Port Readiness.** Reimburses SDDC for functional costs of port readiness, such as global port operations; coordinating capability for seaports; ensuring cargo documentation capabilities exist for all ports; IT system support; National Port Readiness Network participation; port surveys; stevedoring; and battalion level or below port activities related to the movement of cargo, that does not include the physical handling of cargo.

   c. **Radio Frequency Identification.** Reimburses USTRANSCOM for radio frequency identification tags and associated program costs that support the entire DoD logistics system.
d. **Distribution Process Owner Management.** Reimburses USTRANSCOM for distribution process owner integration and management support such as analysis of distribution system performance, conduction of business case analysis, improvement of performance metrics, development of robust partnerships, and distribution portfolio management.