



PERSONNEL AND
READINESS

OFFICE OF THE UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

November 21, 2018
Incorporating Change 1, November 5, 2020

MEMORANDUM FOR CHIEF MANAGEMENT OFFICER OF THE DEPARTMENT OF
DEFENSE

SECRETARIES OF THE MILITARY DEPARTMENTS
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
UNDER SECRETARIES OF DEFENSE
CHIEF OF THE NATIONAL GUARD BUREAU
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DEFENSE
ASSISTANT SECRETARY OF DEFENSE FOR LEGISLATIVE
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ASSISTANT TO THE SECRETARY OF DEFENSE FOR PUBLIC
AFFAIRS
DIRECTOR OF NET ASSESSMENT
DIRECTORS OF DEFENSE AGENCIES
DIRECTORS OF DOD FIELD ACTIVITIES

SUBJECT: Directive-type Memorandum (DTM) 18-007 – Conversion of DoD Temporary Duty and Permanent Change of Station Lodging to Fully Nonappropriated Fund Operations, Maintenance, and Construction

References: See Attachment 1.

Purpose. In accordance with the authority in DoD Directive 5124.02, this DTM:

- Establishes policy, assigns responsibilities, and provides procedures for the conversion of temporary duty (TDY) and permanent change of station (PCS) Military Department lodging and associated support functions to fully nonappropriated fund (NAF) operations. The conversion will be effective October 1, 2019.

- Supersedes the December 4, 2007, Principal Deputy Under Secretary of Defense for Personnel and Readiness memorandum, but only with respect to the memorandum's guidance on TDY lodging facilities.
- Is effective November 21, 2018; it must be incorporated into DoD Instructions (DoDIs) 1015.11, 1015.12, and 1015.15 and supersedes any conflicting portions of these issuances. This DTM will expire effective November 21, 2021.

Applicability. This DTM applies to OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the Department of Defense.

Definitions. See Glossary.

Policy.

- In alignment with the February 17, 2017, Secretary of Defense memorandum to make business operations more efficient and free up funds for higher priority programs, the Military Departments will take immediate action to transition all TDY and PCS lodging operations and associated support functions to all-NAF operations.
- This guidance applies only to TDY and PCS lodging and operations, including operations at locations outside the 48 contiguous United States. It excludes morale, welfare, and recreation recreational lodging; military treatment facility lodging, to include Fisher Houses; and lodging facilities that are privatized or that are operating on a DoD installation under an enhanced use lease pursuant to Section 2667 of Title 10, United States Code.
- TDY and PCS lodging operation support requirements (e.g., utilities, lawn maintenance, police protective services, as applicable), facility operations, sustainment, repair, recapitalization, and construction costs currently paid with appropriated funds (APF) will now be paid with NAF generated from lodging operations. Lodging room rates are service charges and will be established at the minimum amount necessary to cover the full cost of providing official lodging – to include cash-flow, operations, maintenance, construction, and recapitalization requirements – to meet and maintain DoD lodging adequacy standards and ensure the long-term viability of the lodging programs.
- Effective October 1, 2019, lodging programs will no longer be able to use MIPR-like reimbursable Memorandums of Agreement to pay for base support services provided by the host installation. The host installation will require actual cash payments before its account will recognize the increased budgetary resources. To comply with this requirement, lodging programs will arrange for appropriate Service-specific payment processes.

- This guidance applies to the following lodging facility and lodging support facility costs, as applicable, but only to the same extent as required of lodging facilities that are privatized. This list may not be all-inclusive.
 - Facility construction, operations, sustainment, repairs, renovations, demolition of facilities purpose-built as lodging facilities when constructed (does not include demolition of dormitories, housing, or other facilities that were later converted for use as lodging), and recapitalization, to include lodging room maintenance and repair. APF may be authorized to fund facility construction (major and minor) determined by the Military Services to be required to establish, activate or expand a military installation, including Base Realignment and Closure and global re-stationing requirements; relocation of facilities for convenience of the Government; replacement of facilities funded by country-to-country agreements; and restoration of facilities and improvements destroyed by acts of God, fire, or terrorism. As defined in DoDI 1015.15, expansion must be the result of a mission change or influx of new units or systems and result in a 25 percent increase in authorized and assigned personnel strength within a two-year time span.
 - Utilities (electric power, steam, compressed air, water, natural gas).
 - Sewage and trash collection and disposal.
 - Recycling collection and disposal.
 - Grounds maintenance and landscaping to include tree trimming.
 - Pest and rodent control.
 - Snow and ice removal to include the portion of parking lots exclusively used for lodging guest parking.
 - Voice and communications services including phone, internet/WiFi, cable television, etc.
 - Firefighting and fire protection services.
 - Law enforcement and physical security protection.
 - Real estate leases.
 - Laundry and dry cleaning.
 - Pool maintenance, if applicable.

- Except for fire, emergency, and police protective services, as applicable, the services listed in the previous sub-bullets will be obtained by the lodging operation from the most cost-effective source to the lodging operation (to include NAF and non-DoD sources), except where use of such sources is detrimental to installation security or prohibited by law or international treaty or agreement.
- All manpower directly supporting TDY and PCS lodging will be NAF-funded except for any portion of foreign national manpower funded by the host nation per established agreements and government civilian employees who do not consent to conversion to NAF employment. The conversion of APF-funded government civilians will be addressed in accordance with Section 2491(c) of Title 10, United States Code. An APF employee may be converted to an NAF employee only if the employee consents to the conversion. Absent such consent, APF will remain the funding source for those employees. As APF-funded positions are vacated, replacements will be hired as NAF employees. Military personnel will no longer be assigned to lodging programs. Military Services may use TDY and PCS NAF lodging assets for military personnel training purposes, as required.
- To ensure full accountability of all TDY and PCS lodging costs, the Military Services must establish or maintain complete TDY and PCS lodging NAF financial accounting statements separate from morale, welfare, and recreation, exchange, or other NAF programs, to include itemized costs for all operations, overhead and back-office support, maintenance, sustainment, repairs, recapitalization, and profits and losses.
- All construction or major renovation projects that are designed after the effective date of this memorandum of DoD facilities specifically built for lodging TDY or PCS personnel, located on or outside of DoD installations, whether funded by APF or NAF, or third party financed and constructed, will comply with DoD Unified Facilities Criteria and Unified Facilities Guide Specifications applicable at the time of facility construction or major renovation, but only to the same extent as lodging facilities that are privatized.

Responsibilities. The Secretaries of the Military Departments:

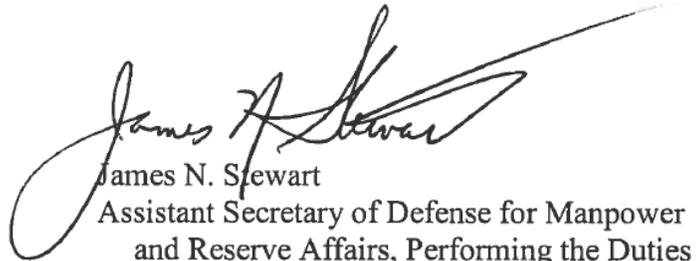
- Ensure that their respective TDY and PCS lodging programs and supporting DoD entities implement the requirements of this DTM by October 1, 2019.
- Take immediate action to identify all Military Department and Service publications related to, or that may be affected by, TDY and PCS lodging programs.
- Update identified publications and, as necessary and appropriate, publish new guidance consistent with the policies and procedures in this DTM.

Summary of Change 1. The changes to this DTM are administrative and extend the expiration date.

Procedures. The Military Services and supporting DoD entities will:

- Use NAF to finance costs specifically associated with TDY and PCS lodging operations.
- Adjust lodging room rates to the minimum amount required to ensure TDY and PCS lodging operations are fully funded as necessary to cost-effectively meet TDY and PCS lodging requirements and attain or maintain DoD lodging adequacy standards. These standards will not drive major facility upgrades solely to attain compliance of such standards. Major renovation or facility replacement needed for full DoD lodging adequacy standards compliance will be accomplished during normal planned project cycles.
- Adjust APF and NAF program and budget documents for base operating support, recapitalization, and travel budgets as appropriate.
- Ensure fiduciary accountability and financial solvency is maintained in accordance with DoD lodging financial management standards and other applicable policies.

Releasability. Cleared for public release. This DTM is available on the Directives Division Website at <http://www.esd.whs.mil/dd/>.



James N. Stewart
Assistant Secretary of Defense for Manpower
and Reserve Affairs, Performing the Duties
of the Under Secretary of Defense for
Personnel and Readiness

Attachments:
As stated

ATTACHMENT 1

REFERENCES

- DoD 7000.14-R, "Department of Defense Financial Management Regulations (FMRS)," current edition
- DoD Directive 5124.02, "Under Secretary of Defense for Personnel and Readiness (USD(P&R))," June 23, 2008
- DoD Instruction 1015.11, "Lodging Policy," October 6, 2006, as amended
- DoD Instruction 1015.12, "Lodging Program Resource Management," October 30, 1996
- DoD Instruction 1015.15, "Establishment, Management, and Control of Nonappropriated Fund Instrumentalities and Financial Management of Supporting Resources," October 31, 2007, as amended
- Principal Deputy Under Secretary of Defense for Personnel and Readiness Memorandum, "Funding Sources for Nonappropriated Fund Instrumentality (NAFI) Facilities," December 4, 2007
- Secretary of Defense Memorandum, "Establishment of Cross-Functional Teams to Address Improved Mission Effectiveness and Efficiencies in the DoD," February 17, 2017
- United States Code, Title 10

GLOSSARY

PART I. ABBREVIATIONS AND ACRONYMS

APF	appropriated funds
DoDI	DoD instruction
DTM	directive-type memorandum
NAF	nonappropriated funds
PCS	permanent change of station
TDY	temporary duty

PART II. DEFINITIONS

APF. Defined in Section 010202 of Volume 13, DoD 7000.14-R.

Fisher Houses. Defined in Section 2493 of Title 10, United States Code.

lodging adequacy standards. Published on the Defense Travel Management Office website (<http://www.defensetravel.dod.mil/>) based on like-brand industry standards (e.g., Triple A, Double Diamond lodging standards).

military treatment facility lodging. Defined in DoDI 1015.11.

NAF. Defined in DoDI 1015.15.

permanent change of station lodging. Defined in DoDI 1015.11.

recreational lodging. Defined in DoDI 1015.11.

temporary duty lodging. Defined in DoDI 1015.11.