

ORDER

DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION

2500.41C

7/27/82

SUBJ: REIMBURSEMENT FOR COSTS OF TRAINING NON-FAA PERSONNEL

1. PURPOSE. This order establishes policy and procedures for the recovery of costs of training non-FAA personnel.
2. DISTRIBUTION. This order is distributed to the branch level in the Offices of Personnel and Training and International Aviation; to the Personnel Management Divisions in the regions and the FAA Technical Center; to the Personnel Management Division and the FAA Academy at the Aeronautical Center; to the resident directors; a limited distribution to all field offices and facilities; and to persons involved in the formulation of budgets or administration of fiscal programs.
3. CANCELLATION. Order 2500.41B is canceled.
4. EXPLANATION OF CHANGES. This order has been revised to eliminate the 40 percent waiver of course costs previously granted students from Lesser Developed Countries (LDCs); to indicate that the charge for general administrative overhead has been waived for personnel of foreign governments and international organizations in favor of the direct recovery of FAA headquarters costs; and to prescribe that the direct costs associated with the development as well as the administration of the course shall be applicable to all courses developed and conducted for non-FAA students.
5. DEFINITIONS.
 - a. Cost. Cost represents the total value of resources applied or consumed in providing a service or materiel without regard to the appropriation or fiscal year in which the transactions are funded. Generally, the cost of training, for purposes of determining reimbursable course cost, shall include all direct and indirect expenses incurred in furnishing the training and, in addition, shall include a pro rata share of the overhead costs of general administration. However, also see paragraph 5b concerning additional costs.
 - b. Additional Costs. Additional costs are those identifiable increases to the cost of established training programs that result directly from additional workload and/or other elements of expense associated with the attendance of non-FAA participants; i.e., expenses incurred directly for the benefit of the individual non-FAA trainee. For purposes of this order the amount to be recovered for this training shall include (in addition to reimbursable course cost), the aggregate of all such direct "additional costs" and the appropriate charge for general administrative overhead specified in the latest issuance of Order 2500.35, Agreements Covering Services and Materiel Provided by the FAA.

Distribution: A-W(PT/IA)-3; A-XZ(PM)-3; A-Y(PM/AY)-3;
A-E-1; A-FOF-0 (1td.); ZBU-323

Initiated By. ABU-10

c. FAA Training. Any FAA established formal or informal training program conducted at or by the FAA Academy, the FAA Management Training School, or the Transportation Safety Institute, and any Washington Headquarters, regional or facility training program including familiarization/on-the-job training. Brief tours and visits to FAA installations are not considered to be training.

d. On-the-Job Training. Training received through the application of skills and knowledge in FAA operational facilities or working with FAA operational equipment or systems.

e. Familiarization Training. Training received through observation, discussion, and monitoring actual work situations within an operating facility or simulated environment.

6. POLICY. It is FAA policy to recover all costs associated with the furnishing of services/materiel as described in Order 2500.35, unless waived in accordance with the provisions of that order. In the case of training and as provided by statute (Section 313(d)) of the FA Act (49 U.S.C. 1354), waivers of selected cost items are authorized as described in the subsequent paragraphs of this order because of benefits that accrue to the United States and specifically to the FAA mission and programs. Accordingly, reimbursable agreements covering training furnished by FAA shall be negotiated in accordance with the cost recovery guidelines provided in paragraph 8.

7. TRAINING AGREEMENTS. The negotiation, financing, and signing of all training agreements shall be in accordance with the procedures established in agency directives on the subject.

8. GUIDELINES FOR DETERMINING COSTS FOR REIMBURSABLE PURPOSES.

a. Reimbursable Course Costs. As stated above, it is FAA policy to recover all direct and indirect costs associated with the training of non-FAA personnel. The amount of reimbursable course costs to be recovered through tuition charges shall be based on official agency accounting records and shall be developed by the budget office at the Aeronautical Center in coordination with all concerned offices. These charges shall be determined at least annually (preferably during the third quarter of the fiscal year) or as inflation or other economic variables dictate. Before their usage in reimbursable agreements, computations shall be submitted to the Office of Personnel and Training. The Training Programs Division of the Office of Personnel and Training shall transmit a recommended cost to the Office of Budget for final approval by the Director of Budget. Recovery of costs that are in addition to these amounts and which are a direct result of the attendance of non-FAA participants shall be in accordance with the guidelines contained in paragraphs 8b through 8e.

b. Enrollment of Non-FAA Governmental (Federal, State, and Local) Personnel or Personnel of the Aeronautics Industry in Existing Courses Conducted for FAA Employees. In addition to reimbursable course costs covered by tuition charges, reimbursement shall be made for all additional costs. The aggregate of the following items shall be charged:

(1) The increase caused by the student's attendance in the cost of instructor time based on optimum class size, clerical support for the instructor staff, supplies and materials consumed in the course and equipment usage. Where this increase for annual programming purposes is caused by the attendance of several such persons collectively, it shall be prorated equally among them.

(2) The cost of supplies and materials given to or used individually by the participant.

(3) A charge for administrative overhead as specified in Order 2500.35.

c. Enrollment of Personnel of Foreign Governments and International Organizations in Existing Courses Conducted for FAA Employees. Reimbursement shall be made in accordance with the same guidelines as in 8b except that the charge for administrative overhead has been waived in favor of direct cost recovery of FAA Headquarters support costs incurred in the Office of International Aviation, the Office of the Associate Administrator for Policy and International Aviation, and the Office of Accounting (see paragraph 9b(1)). Full recovery of these support costs shall be achieved through application of a fixed cost percentage factor to the total tuition and familiarization/on-the-job training costs contained in each international training agreement. This factor, which shall be determined jointly by the Office of the Associate Administrator for Policy and International Aviation and the Office of International Aviation, shall be submitted to the Office of Budget for final approval. The applicable percentage shall be validated at least annually and revised as necessary to assure continued recovery of these Washington support costs.

d. Enrollment of Non-FAA Governmental (Federal, State, Local) Personnel, Personnel of Foreign Governments, International Organizations, or the Aeronautics Industry in Resident or Organized Courses Developed and Conducted for Them. Reimbursement shall be made in accordance with the same guidelines as in 8b and 8c (as appropriate), except that the direct costs associated with the development as well as the administration of the course shall also be included. As in 8c, Personnel of Foreign Governments and International Organizations will not be subject to a charge for administrative overhead.

e. Familiarization/On-the-Job Training. Additional costs incurred in connection with the direct formal or informal training of non-FAA personnel during the normal work routine are reimbursable. Thus, when an operating employee is devoting all or a portion of his time to a student rather than to his normal work, the amount of time devoted to the student is reimbursable. Other reimbursable costs would be individual student supplies and materials, prorated equipment usage charges where applicable, prorated costs of clerical support where required, program management, and the general administrative overhead cost. Such related costs shall be determined prior to providing training and shall be included in any agreement covering familiarization/on-the-job training. While the student is merely observing the work routine, an operating employee would be considered to be working and not training.

9. EXCEPTIONS AND WAIVERS. Reimbursement for indirect costs, such as administrative overhead or interest on investment, depreciation, Academy general management costs, etc., as required by Order 2500.35, may be waived for certain categories of trainees. Reimbursement of direct or additional costs may also be waived, as provided in Order 2500.35, when such waiver is in the interest of the agency's assistance programs or when justified by the offsetting benefits the agency receives from recipients of the training.

a. U.S. Governmental (Federal, State, and Local) and Non-Governmental Parties.

(1) Requests for waiver of costs for training shall be submitted to the Director of Personnel and Training, with a copy to the Office of Budget, together with full justification to support the waiver. The justification shall highlight, if appropriate, reciprocal services being provided, or benefit to be received by the United States Government as a whole, or by FAA in furtherance of its assigned missions. The Director of Personnel and Training shall coordinate the request for waiver with the Director of Budget.

(2) Waivers shall be processed in accordance with the provisions in Order 2500.35.

b. Foreign Governments and International Organizations.

(1) Waiver of the charge for administrative overhead in favor of direct cost recovery of FAA headquarters' support costs has been determined to be in the interest of the FAA mission (see paragraph 8c).

(2) Requests for waiver of other costs of training foreign nationals under agreements with foreign governments and international organizations (as well as with sponsoring Federal agencies of the U. S. Government, if any) shall be submitted and processed in accordance with the provisions in the latest issuance of Order 2500.35.

(3) Generally, waivers of course costs are to be limited to those cases where it is clearly in the interest of the U. S. Government and it has been clearly demonstrated that sufficient resources will become available within the overall Aeronautical Center training program to fund fully the foreign national training program. If a waiver is approved, the Director of International Aviation, in consultation with other affected agency elements, will determine the percentage reduction of course costs that will be applied.

c. Other Foreign National Training. Costs identified in paragraphs 8a through 8d for training foreign nationals not under the auspices of a foreign entity or Federal agency of the U. S. Government shall not be waived.

d. Exception. Charges are waived for:

(1) Training Aviation Medical Examiners, who are designated under the provisions of Section 314 of the Federal Aviation Act of 1958, in FAA requirements and procedures.

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(2) Training winners of the Annual Aviation Mechanic Award in an established FAA course as described in Section 313(d) of the FA Act.

(3) Familiarization/on-the-job training of personnel of foreign governments and international organizations when such training is provided by the FAA as a "gap filler" between training courses and/or during the first two weeks of any such requested training.


J. Lynn Helms
Administrator