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**Manpower and Organization**

**PRODUCTIVITY ENHANCING CAPITAL  
INVESTMENT PROGRAMS**

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(Ms Lorraine T. Coleman)  
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(Brig Gen Richard B. Bundy)  
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The Air Force Productivity Enhancing Capital Investment (PECI) Programs help conserve critical Air Force resources, enhance unit capability, and improve combat readiness. The Air Force and Department of Defense (DoD) seek out opportunities for enhancing quality and productivity, financing them through the self-sustaining PECI programs. This directive establishes Air Force policy for promoting productivity and providing accelerated funding for more efficient equipment and modern facilities under these PECI programs. This directive implements DoD Instruction 5010.36, *Productivity Enhancing Capital Investment (PECI)*, August 14, 1991. Instructions implementing this policy are outlined in AFI 38-301, *Productivity Enhancing Capital Investment Programs*.

### **SUMMARY OF REVISIONS**

This revision reflects the deletion of the Component Sponsored Investment Program (CSIP), corrects the functional address symbols, and revises and updates required measurements ([Attachment 2](#)).

**1.** It is Air Force policy to have a comprehensive program to identify opportunities for and provide timely funding of productivity enhancing capital investments as part of overall capital investment planning and financing. Air Force senior leadership will support incentives to increase productivity and allocate adequate financing focus on labor cost savings as well as reduction in unit cost of operations.

1.1. PECI programs are defined and resourced by the Air Force within the Planning, Programming, and Budgeting System. PECI programs include the productivity investment fund (PIF) and the fast payback capital investment (FASCAP) program.

1.2. PECI projects are designed to improve quality and productivity or reduce unit costs of outputs in Air Force operations and rank ordered to compete for available resources in accordance with procedures contained in AFI 38-301, *Productivity Enhancing Capital Investment Programs*. Each PECI project is subject to the provisions of public law, DoD policy, and other regulatory constraints.

1.3. Air Force organizations at all levels are encouraged to seek out and identify opportunities for quality and productivity improvement which qualify to compete for financing under a PEGI program.

1.4. Individuals or groups who successfully promote or identify PEGI opportunities within their organization may have their efforts recognized through one or more means (e.g., the Secretary of Defense Productivity Excellence Awards Program, the Air Force Productivity Awards for Professional Excellence, performance appraisal, etc.). Individuals and groups submitting PEGI projects may also be recognized through the Air Force Innovative Development through Employee Awareness Program. As an incentive, savings derived from PEGI projects will remain at the submitting organization to the maximum extent practical.

1.5. Funds provided to MAJCOMs/FOAs/DRUs from the centrally managed Air Force PEGI programs will not be reprogrammed for non-PEGI purposes. Funds status is monitored to ensure projects are executed quickly and that funds are obligated within the execution year. Unobligated funds within the execution year will be reprogrammed to other approved but unfunded PEGI projects. All funded PEGI projects are monitored to ensure timely implementation, valid savings, and comparison of trends against anticipated amortization.

2. This directive establishes the following responsibilities and authorities:

2.1. HQ USAF, Deputy Chief of Staff, Plans and Programs (HQ USAF/XP) is responsible for:

2.1.1. Developing and sustaining of PEGI programs within the Air Force.

2.1.2. Developing and implementing procedures to compensate units for their initiative in developing productivity improvements, to include recognition and financial rewards, where appropriate, for savings over and above investment costs.

2.1.3. Establishing procedures to ensure that the policies contained in this directive are executed.

2.2. The HQ USAF Personnel and Training Panel and the responsible Program Element Monitor will program funds to support the PEGI programs in Program Element 91215F, Productivity Investments.

2.3. Air Force senior leadership, functional managers, and commanders will identify opportunities for quality and productivity improvement and execute these initiatives under PEGI programs.

3. See [Attachment 2](#) for the measures used to comply with this policy.

**4. Forms Prescribed.** AF Form 3547, **Report of Productivity Enhancing Capital Investment (PEGI) Program Expenditures and Benefits.**

F. Whitten Peters  
Acting Secretary of the Air Force

**Attachment 1****GLOSSARY OF REFERENCES AND SUPPORTING INFORMATION*****References***

DoD Instruction 5010.36, Productivity Enhancing Capital Investment (PECI), August 14, 1991.

AFI 38-301, *Productivity Enhancing Capital Investment Programs*.

***Terms***

**Capital investment**—Money used for the acquisition, installation, transportation, and other costs to operate equipment or facilities.

**Productivity Investment Fund (PIF)**—Provides self-sustaining funds for organizations to compete for funds to finance capital investments in equipment and facilities. PIF projects require an investment of at least \$200,000 and must generate sufficient direct savings to return all investment costs within four years.

**Fast Payback Capital Investment Program (FASCAP)**—Provides self-sustaining funds for capital investments in equipment. FASCAP project investments may not exceed \$200,000 and must generate sufficient direct savings to return the cost of investment in two years.

**Self-sustaining funds**—Dollars loaned for a specific project or program with offsets provided two years out through Headquarters US Air Force, major commands, field operating agencies, or direct reporting units from programmed budgets.

**Attachment 2****MEASURING AND DISPLAYING COMPLIANCE WITH POLICY**

**A2.1.** PEI programs policy compliance will be assessed by taking measurements in four areas: Return on Investment, Funds Obligated, Funds Expended and Amortization Times. Data is reported annually and is obtained from the standardized FASCAP Management Information System (MIS), PEI PDS, command-unique MIS, or AF Form 3547, **Report of Productivity Enhancing Capital Investment (PEI) Programs Expenditures and Benefits** (RCS: HAF-XPM(AR)9127). **NOTE:** This report carries emergency status code D (discontinue under emergency conditions). MINIMIZE does not apply.

**A2.1.1. Return on Investment.** The ability of the Air Force to realize significant productivity savings is in part dependent on maintaining a high return on investment ratio for PEI projects. Calculate the projected average return on investment by dividing the total projected life cycle savings by the projected investment costs. (Figure A2.1.).

**A2.1.2. Percentage of Funds Obligated.** The ability of the Air Force to realize significant productivity savings is in part dependent on ensuring timely obligation of funds. Funds obligated (tracked through PEI PDS - entered from AF Form 3547 or FM documents) will be matched with funds directed (Figure A2.2.).

**A2.1.3. Percentage of Funds Expended.** The ability of the Air Force to realize significant productivity savings is in part dependent on actual funds expended. Funds expended will be matched with funds directed. (Figure A2.3.)

**A2.1.4. Amortization Time in Months.** The ability of the Air Force to realize significant productivity savings is in part dependent on amortization of approved PEI projects. The average amortization time is the period of time (months) between when projects become operational and the time validated savings at least equal investment costs (Figures A2.4.).

Figure A2.1. Sample Return on Investment for PIF and FASCAP projects.

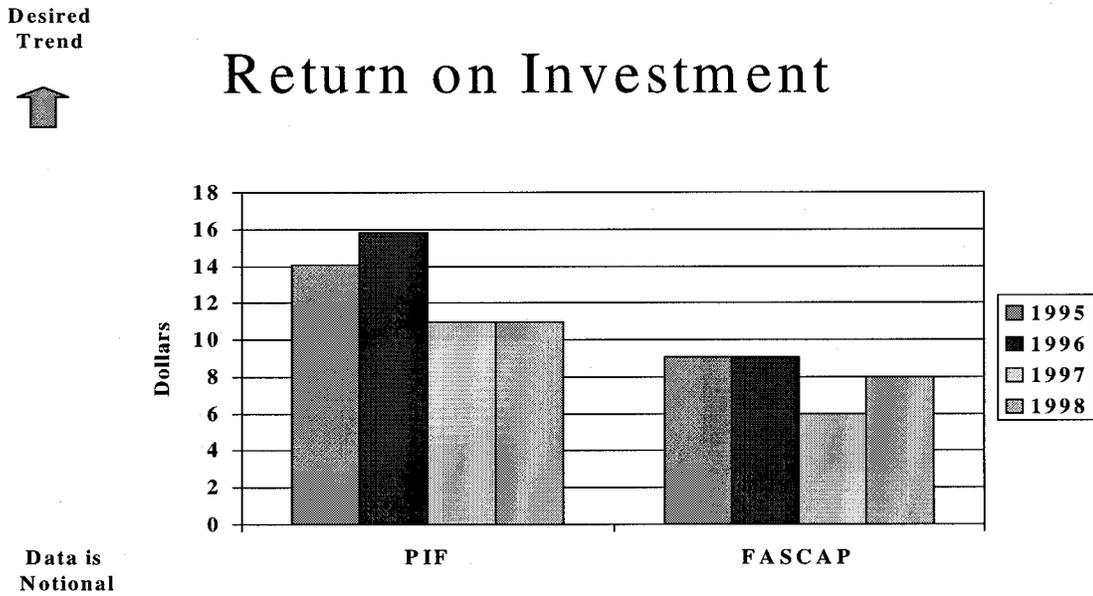


Figure A2.2. Sample Percentage of Funds Obligated for PIF and FASCAP projects.

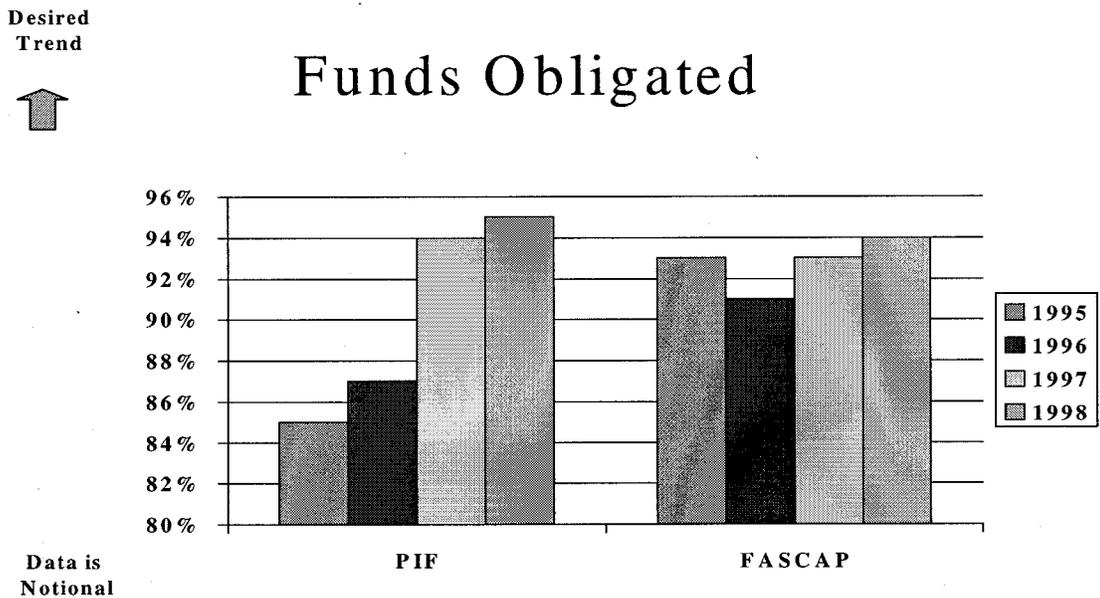


Figure A2.3. Sample Percentage of Funds Expended for PIF and FASCAP projects.

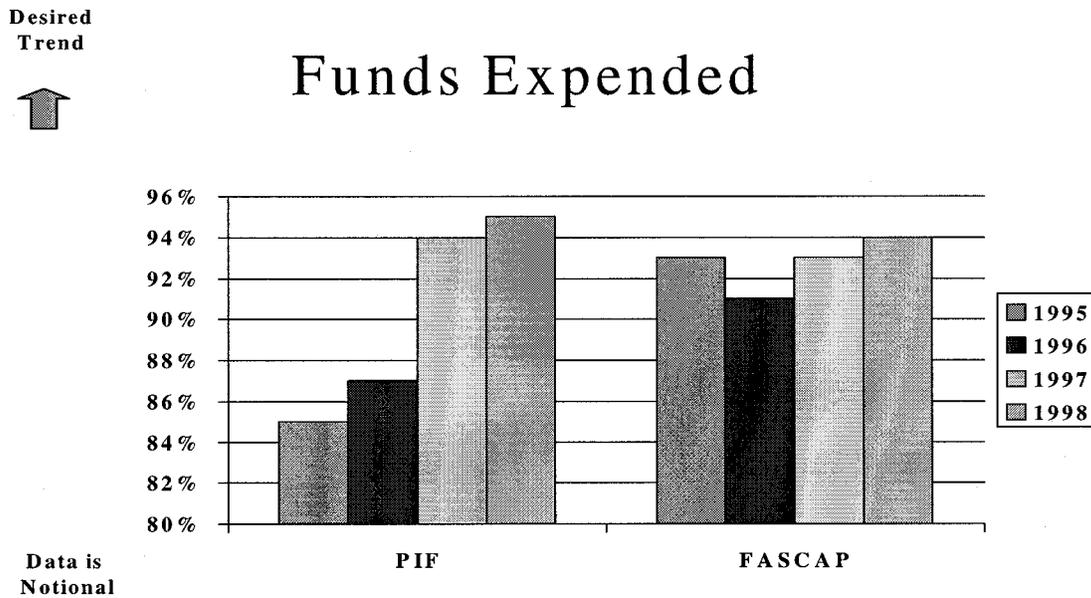
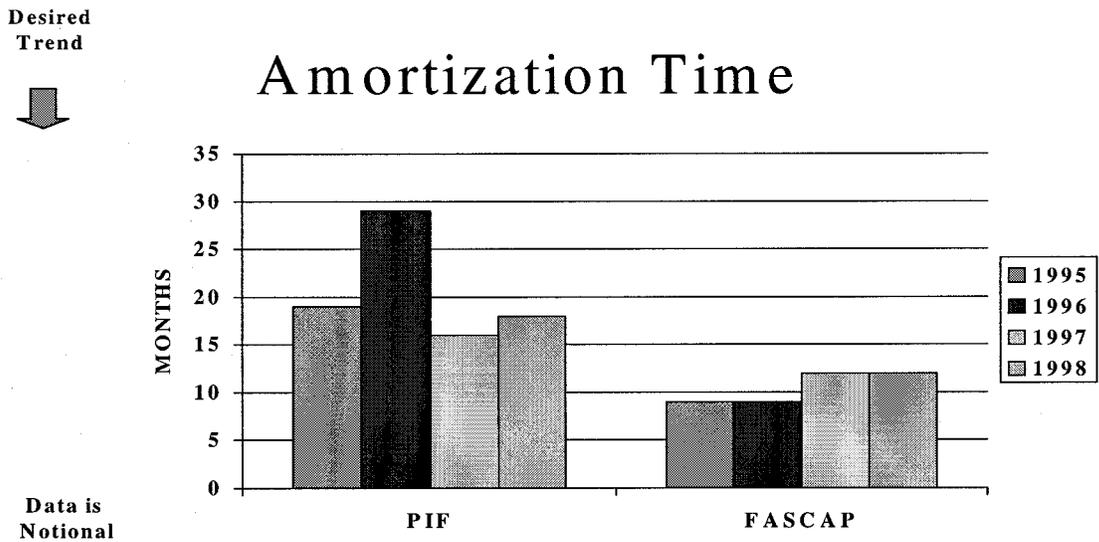


Figure A2.4. Sample Percentage of Funds Obligated for PIF and FASCAP projects.



Max amortization time for PIFs 48 months  
Max amortization time for FASCAPs 24 months