

Annex D: Costing of CME to DAC Concept Plans

1. Costing, Funding Source, and Workload Documentation for Concept Plans: This is an update focusing on CME to DAC concept plans. Commands must place additional emphasis on explaining the mission and workload performed by the contractor. At the very least, pertinent parts of a Statement of Work (SOW) and a brief summary of the functions being performed by the contractor, with workload data, are essential to making sure some kind of "apples to apples" comparison is being made. These functional descriptions and extracts from the SOW are also essential in evaluating any assertion that the work being performed by a contractor is "inherently governmental" or "associated with" inherently governmental work or is needed for "continuity of operations" (as an enduring requirement). In addition, Commands must provide an audit trail for the funding source of the contract by operating agency, AMSCO, Element of Resource, MDEP and the Contract number/task order number in the crosswalk.
2. For broader questions related to costing and economic analysis reference:
 - AR 11-18 the Cost and Economic Analysis Program (<http://www.asafm.army.mil/pubs/ar11-18/ar11-18.pdf>)
 - The Department of the Army Cost Analysis Manual (<http://www.asafm.army.mil/pubs/cdfs/cam/CAM.pdf>)
 - The Economic Analysis Manual (<http://www.asafm.army.mil/pubs/cdfs/manual/economic.pdf>)
3. Commands intending to submit in-sourcing concept plans must make sure that their CME data is accurate in SAMAS and Contract Manpower Reporting (CMR) system.
4. This guidance is refined from methods in the above manuals to apply to the specific situation of comparing contracting and civilian costs. (The duties, associated labor, and other costs, are determined under the manpower requirements portion of the concept plan). There are two primary components of costing for a concept plan, the cost of the contract and the cost of the civilians. The following specifies the sources and types of information to be provided.

Contract Cost:

- The costs for the contract should come from the actual contract and include all costs of the contract, broken out by category (e.g. Pay, Direct Cost, Travel, Overhead, Reimbursable Costs, Penalties for ending the contract, Costs for contract administration, Government costs associated with the contract, but not captured in the contract, etc.) These are examples of cost categories, not all are going to be in every contract, but to the extent the cost breakout is available in a contract it must also be broken out in the concept plan.) Spell out acronyms in footnotes. Commands must identify how the contract is administered.
- Provide supporting documentation to the contract cost categories at an inventory/itemized level of detail where possible. There should also be an

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indication of on site or off site contractor. (The details of the number of contractors, the work done by the contractors, and the description of duties for civilians should be in the position description and manpower requirement sections to be evaluated by G-3 and M&RA.)

- All costs should be included. If there is a category you believe is not captured in the guidance add the category.

Civilian Cost:

- The equivalent civilian and contract cost categories should be displayed next to each other (e.g. Pay, Direct Cost, Travel, Overhead, Reimbursable Costs, Penalties for ending the contract, Costs of contract administration, Government costs associated with the contract, but not captured in the contract, etc.)
- For a Firm Fixed Price contract, where there is only one price, you must still provide the civilian and government cost categories that will apply to a conversion.
- For every contract cost category analysis must be done to determine the equivalent cost (if any) for a civilian and any additional costs by having a civilian instead of contractor.
- The civilian position should be identified by job series, grade, locality, and number of positions.

To determine civilian pay costs the Army Military-Civilian Cost System (AMCOS) Lite tool of AMCOS (see the web address below) should be used.

- <http://www.osmisweb.com/amcos/>
<http://www.asafm.army.mil/cabsweb/reports/rates/default-staticreports.htm>
- The civilian costs should be at the Default summary category
- Both the Army-Funded Civilian costs and Gov't-Funded Civilian costs should be used for the appropriate civilian pay costs.
- Supporting documentation is required to substantiate all cost estimates of the costs for the civilian, including a justification if the cost will not be required for a civilian.
- For a civilian position that was formerly an off-site contract position, add a civilian cost category for overhead. Use 12% of civilian pay as the overhead rate.

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- All costs should be included. If there is a category you believe is not captured in the guidance, add the category.

Comparison:

Compare the contract cost to estimated civilian cost. For calculating out year contract costs, use the actual contract costs when possible, and use the Army Inflation guidance <http://www.asafm.army.mil/pubs/inflate/indices.xls> for the civilian pay and other categories when there is not a contract to support a future cost. Document which inflation rates are used for each category. Cost comparison must include all POM years (FY10-15).

Sample:		
Categories	Civilian	Contract
Pay		
Direct Cost		
Travel		
Overhead		
Reimbursable		
Penalties		
Contract Admin		
Other Govt Costs		
Total:		

POC for costing information is Mr. Eric Goldman, CPA 703-692-7406. POC for workload and mission validation is Mr. Jay Aronowitz, 703-805-4236; POC for applicability of inherently governmental, associated with inherently governmental or continuity of operations exemptions is Ms. Eileen Ginsburg, 703-693-2109.

5. Commands will submit their Costing data to ASA-FM&C (Mr. Eric Goldman) for validation of the actual costing prior to submission of the Concept Plan to HQDA G-3/5/7.

6. In addition to the requirements of a standard Concept Plan, Commands will also include a Manpower Schedule 8 and as required a Dollar Schedule 8 to reprogram the CME(s) and associated costs to DAC(s). Note: A Dollar Schedule 8 is only required if the funding for the CMEs is from a different MDEP or AMSCO from where the Command wants to execute the DACs.