

## Annex D: In-Sourcing Guidance

### 1. Background:

A. The 2008 DoD Appropriations Act directed DoD to improve the management of contract services and improve the tracking and reporting of contract service costs.

B. Title 10 U.S.C. sections 2330a and 2463, as recently enacted in the NDAA for Fiscal Year 2008, requires in-sourcing for contracted functions that can be performed by civilian employees, and that the Department provides “special consideration” for in-sourcing certain functions, such as those that are “closely associated with inherently governmental activities”.

### 2. In-sourcing general requirements:

A. Commands are required to explain the mission performed by the contractor, including pertinent parts of the Statement of Work (SOW) and the authority for performing the requirement. Work load data is not required if the CME is documented on a HQDA approved TDA and resides in the SAMAS data base.

B. 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.

C. Position descriptions must be provided for over-hires if a command plans to in-source prior to obtaining an authorization.

D. Manpower Mix justification requirements are described in paragraph 3 below.

E. Requirements for costing justification are described in paragraph 4 below.

3. Manpower Mix Justification. When in-sourcing, commands must provide rationale for whether or not: (a) the contract includes inherently governmental functions; (b) the contract includes closely associated with inherently governmental functions; (c) the contract is being performed as an unauthorized personal services contract; or (d) the function is an enduring function under the “continuity of civilian operations” exemption, as provided in DODI 1100.22. In the case of item (d), provide the rationale for the continuity of operations exemption. (Inherently governmental functions must be in-sourced even if the cost is greater than contract performance.) Commands must include completed Request for Civilian Hire or Services Contract Approval, checklists (Checklist in fillable format is available at: <http://www.asamra.army.mil/in sourcing/ Worksheets A through D>). One worksheet may be used for a group performing the same functions rather than one worksheet for each individual CME to be in-sourced. ASA M&RA points of contact for in-sourcing guidance are Ms. Eileen Ginsburg, 703-693-2109, [eileen.ginsburg@conus.army.mil](mailto:eileen.ginsburg@conus.army.mil); Ms. Terri Ashley, 703-695-5058,

[terri.ashley@conus.army.mil](mailto:terri.ashley@conus.army.mil); or Mr. Paul Rupprecht, 703-693-2123, [paul.rupprecht@conus.army.mil](mailto:paul.rupprecht@conus.army.mil). G-37/FMP will continue to receive, process and staff these types of concept plans.

#### 4. Costing In-sourcing Concept Plans:

A. Concept Plans estimate the amount of savings accrued employing government civilian workers instead of contractors throughout a POM cycle. This user's guide serves as a simple tool in developing and inputting the information needed to formulate, develop, and complete a concept plan.

Outlined in sections, this guide is presented under the following headings:

- 1) Contractor Costs
- 2) Civilian Costs
- 3) Cost Comparison Methods
- 4) Other Information
- 5) POC information
- 6) Template guidance

B. Contractor Costs. Associated with the cost to employ non-government workers, contractor costs do not involve the payment of benefits or on-site costs. It is important to note that contractor costs should come from the actual contract and must at least include the below cost category values.

- Wages
- Direct Costs – other than wages (i.e., labor or materials)
- Travel
- Overhead – other than travel (i.e., utilities, maintenance, leasing of space)
- Reimbursable Costs – meals, incidentals, etc.
- Other contract administrative costs and costs not captured within the contract
- Penalties for ending the contract

C. Civilian Costs. These costs are associated with the employment of United States Government employees. The following list contains the types of direct costs that should be included in your analysis:

- Wages
- Direct Costs – other than wages (i.e., labor or materials)
- Travel
- Overhead – other than travel (i.e., utilities, maintenance, leasing of space)
- Reimbursable Costs – meals, incidentals, etc.
- Other contract administrative costs and costs not captured within the contract
- Penalties for ending the contract

Civilian salaries should be identified by the job series, GS-grade, locality, and number of positions that will be needed to fulfill manpower duties.

- Civilian pay costs are received from the Army Manpower Cost System (AMCOS) Lite tool, which can be accessed from the below website:
  - <http://www.osmisweb.army.mil/>
- Use the following methods for researching civilian salaries in AMCOS Lite:
  - The civilian general schedule and default summary category for civilian costs.
  - The group and sub-group categories correspond to the occupations and series for the selected civilian positions, respectively.
  - Each salary level must correspond to the location in which the position is located.
- Although many locations have begun using them, please do not use NSPS pay rates (i.e. YA/YB/YC/YD). GS-scale salaries currently provide more accurate reporting within AMCOS.

For contracts with only one price, or firm-fixed price contracts, the civilian and government cost categories that apply to a conversion must still be provided.

D. Special Pay Categories. It is very important that you use the civilian general special schedule tables in AMCOS when applicable. To find out which job series and grade levels are assigned the special rate tables, please go to the OPM website of <http://apps.opm.gov/SSR/tables/index.cfm> Please remember that you will use the rates from AMCOS and the OPM website is only for reference.

E. Comparison Methods between Contractor and Civilian Costs. Actual contractor costs should be used whenever possible for calculating out-year contract costs (i.e., FY 11-15). When there is no contract that gives information on future costs, Army inflation guidance must be used to provide a basis. The below list contains the rates needed for calculating future out-year costs.

- CivPay inflation indices for both contractor and civilian pay and carried out 4 decimal places
- OMA inflation indices should be used for contractor and civilian travel and carried out 4 decimal places.
- Please use the "Compound" column for both CivPay and OMA inflation indices.
- For CivPay, please use FY 2008 as the base until the January time frame when new Civ rates are published. For OMA indices please use FY 2009 as the base year.
- The government cost savings are calculated over POM years (FY 11-15) but please also include current fiscal year FY 09 and FY 10 as reference points for your calculations.
- Army inflation guidance and the aforementioned indices can be accessed at <http://www.asafm.army.mil/pubs/inflate/indices.xls>. Please be sure that you are using the correct tab.

F. Other Information

- Provide documentation to support the ultimate government savings. By labeling and accounting for the amount of overhead, wages, and GS salary of each position, DASA C&E personnel can better estimate<sup>1</sup> the ultimate cost savings.
- Please indicate whether the contractor will be on or off-site.
- Spell out all acronyms in the footnotes of your analysis.
- Include all costs, even if that category is not provided in the guidance or the aforementioned examples given above.
- Add 12% to civilian pay to account for any civilian position that formerly belonged to an off-site contractor before inflating.
- If you are submitting in-sourcing concept plans, make sure that your CME data is correct in SAMAS and CMR.
- For further reference into cost and economic analysis please check the below websites:
  - 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>

G. POC Information. POC's for costing information and concept plans are Eric Goldman, Audry McAfee, and Bogdan Taradejna. They can be reached at (703) 692-7406, (703) 614-4633, and (703) 692-7394 respectively. In addition, they are also responsible for reviewing your concept plan before its submittal to HQDA G-3/5/7. If you have any questions please feel free to call or send email to [Eric.Goldman@hqda.army.mil](mailto:Eric.Goldman@hqda.army.mil), [MCAFEEAL@conus.army.mil](mailto:MCAFEEAL@conus.army.mil), and/or [Bogdan.Taradejna@conus.army.mil](mailto:Bogdan.Taradejna@conus.army.mil).

H. Special Limitations Only Applicable to HQDA. HQDA Principal Staff Elements are competing for limited resources and must prioritize positions for in-sourcing. In-sourcing priority is: 1) inherently governmental or personal services; and 2) closely associated with inherently governmental. Based on the law, cost savings cannot be the sole basis for in-sourcing in HQDA. These limits only apply to HQDA Principal Staffs and not the Field Operating Agencies.

5. 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.