

U.S. Department of Energy
Washington, D.C.

ORDER

DOE 4200.3D

8-31-92

SUBJECT: MANAGEMENT OF SUPPORT SERVICES CONTRACT ACTIVITY

1. PURPOSE. To provide the policy, procedures, and responsibilities for the management of support services contracts within the Department of Energy (DOE).
2. CANCELLATION. DOE 4200.3C, MANAGEMENT OF SUPPORT SERVICES CONTRACT ACTIVITY, of 5-17-91.
3. REFERENCES.
 - a. DOE 1270.1, FUNDS-OUT INTERAGENCY AGREEMENTS, of 6-13-79, which provides guidance on the use of interagency agreements for obtaining support services.
 - b. DOE 1360.1A, ACQUISITION AND MANAGEMENT OF COMPUTING RESOURCES, of 5-30-86, which identifies the requirements for reviews when automatic data processing (ADP) resources are required.
 - c. DOE 1450.1C, ACQUISITION, UTILIZATION, AND ADMINISTRATION OF TELEPROCESSING SERVICES, of 9-3-86, which sets forth DOE policies and procedures for acquiring and utilizing teleprocessing services from commercial sources.
 - d. DOE 4200.1C, COMPETITION IN CONTRACTING, of 1-9-87, which establishes policies and procedures to assure that competitive procedures are utilized to the maximum practical extent in the acquisition of personal property and nonpersonal services.
 - e. Office of Management and Budget (OMB) Circular A-76 (Revised), "Performance of Commercial Activities," of 8-4-83, which specifies in part that Government employees must perform those functions which are essential to retaining control over the conduct of Government programs, and provides guidance on the cost principles for development of cost comparison analysis, and its Supplement, which includes Part V, "Cost Comparison Handbook."
 - f. OMB Circular A-120, "Guidelines for the Use of Consulting Services," of 1-4-88, which provides policy guidance on the use of consulting support services contractors.

DISTRIBUTION:

All Departmental Elements

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Office of Organization, Resources
and Facilities Management

- g. Title 5, Code of Federal Regulations (CFR), 300, subpart E, Government Use of Private Sector Temporaries, which provides guidance on use of private sector temporaries.
- h. Title 41 CFR Chapter 201, Federal Information Resources Management Regulations (FIRMR), subpart 201-20.3, section 201-20.305, which authorizes agencies to contract for Federal information processing (FIP) resources under a delegation of GSA's exclusive procurement authority (DPA), and FIRMR Bulletin C-5, which discusses Agency Procurement Requests (APRs).
- i. Title 48 CFR, Federal Acquisition Regulation (FAR), Chapter 1, subpart 17.2, which sets policies for the exercise of contract options and subpart 37.2, which prescribes policies and procedures for acquiring advisory and assistance services by contract.
- j. Title 48 CFR Chapter 9, Department of Energy Acquisition Regulation (DEAR), subpart 917.6, which implements FAR policy on management and operating contracts.

4. DEFINITIONS.

- a. Government Functions. Those functions so intimately connected with Government operations that they must be performed by Government employees in order to retain essential control and responsibility. These functions involve exercising discretionary authority and making final value judgments which affect the day-to-day or long-term development, execution, and evaluation of Government programs. Government functions include, but are not limited to:
 - (1) Assignment and evaluation of organizational responsibilities;
 - (2) Establishment of employment goals and priorities;
 - (3) Selection and direction of Federal employees;
 - (4) Evaluation of Federal employee performance;
 - (5) Development of budget policy, guidance, and strategy;
 - (6) Determination of acquisition strategy and development of acquisition plans;
 - (7) Selection of procurement sources;
 - (8) Action in a fiduciary capacity in the control and disbursement of Government funds;

- (9) Determination of the success or failure of DOE internal management and program management activities;
- (10) Determination of reporting requirements;
- (11) Determination of requirements and approval of final design of management information systems;
- (12) Determination of requirements for, and approval of final design of, program or project management systems;
- (13) Determination of environmental impacts of energy policies and projects;
- (14) Determination of economic barriers and tradeoffs for particular energy technologies;
- (15) Establishment of technical performance criteria for energy technologies;
- (16) Promulgation of any regulation;
- (17) Determination of the legality of proposed policies;
- (18) Final determinations regarding performance of DOE projects;
- (19) Determination and advocacy of legislative initiatives on behalf of the Department;
- (20) Representation of DOE in policy matters;
- (21) Determination of energy production and consumption targets;
- (22) Establishment of performance goals, priorities, and schedules;
- (23) Establishment of assumptions for scientific and economic models;
- (24) Determination of final agency action on claims for or against the United States (U.S.);
- (25) Contract award and administration functions; and
- (26) Development and formulation of program goals, policy, strategy, and guidance.

- b. Support Services. All services and activities required by the Government to support the development and execution of assigned functions and programs. Support services do not include the exercise of discretionary authority which is the essence of a

Government function. Commercial activities are considered support services. As described in OMB Circular A-76, commercial activities are ones which are operated by a Federal executive agency and which provide a product or service which could be obtained from a commercial source. Commercial activities are not Government functions. A commercial activity also may be part of an organization or a type of work that is separable from a Government function and is suitable for performance by contract. Examples of commercial activities are listed below.

- (1) Provision of audiovisual products and services;
- (2) Federal Information Processing (FIP) support services, as defined in FIRMR 201-4.001 and FIRMR Bulletin A-1;
- (3) Maintenance, overhaul, repair, and testing services;
- (4) Manufacturing, fabrication, processing, and packaging;
- (5) Industrial shops and services;
- (6) Health services for Government employees;
- (7) Security services;
- (8) Office and administrative services;
- (9) Printing and reproduction services (excluding those subject to Title 44 of the U.S. Code);
- (10) Systems engineering, installation, operation, maintenance, and testing;
- (11) Transportation services;
- (12) Real property services;
- (13) Advisory and assistance services (includes management and professional support services taking the form of advice, training, or direct assistance for organizations to ensure more efficient or effective operations of managerial, administrative, or related systems; special studies, analyses, and evaluations; and consulting support services); and
- (14) Services in support of research and development activities (such as those described in paragraph 4b(1) through (13), above).

- c. Management Control. The means by which the Government seeks to ensure that Government functions are not performed by contractors. These controls may be considered adequate when provisions have been made to ensure that:
- (1) The Government has adequate basic management resources and technical core capabilities available in-house to make the value judgments and exercise the discretionary authority required to retain control by the Government; and
 - (2) Government personnel review the work of support service contractors at each stage of contract performance when value judgments must be made or discretionary authority must be exercised in order to retain control by the Government. All decision making authority rests with Government personnel.
- d. Support Services Request. Comprises all the documentation required to perform an adequate review of each proposed support services contract or modification to an existing support services contract for compliance with the policies of this Order. The contents of a support services request are specified in paragraph 7c, below.
5. POLICY. No contract for support services will be deemed to be in the best interest of the Government if it is not consistent with the following policies:
- a. No contractual arrangement may be used to create what is equivalent to an employer-employee relationship between Government and contractor employees (see 5 CFR part 300, subpart E).
 - b. The Department shall not enter into or maintain any contractual arrangement which results in contractor performance of Government functions as defined in paragraph 4a, above. A contractor may be used to perform analyses and render advice related to a Government function only if adequate management controls, as defined in paragraph 4c, above, are provided by the requesting organization.
 - c. The Department shall not enter into or maintain a support services contract under any of the following conditions:
 - (1) The requesting organizational element has been staffed to provide the service;
 - (2) Services are more reasonably available within DOE or another Federal agency;
 - (3) The services are readily available and may be provided through other means at a substantial savings in cost to the Government;

- (4) The services are not essential to the effective execution of the program; or
 - (5) For any other reason it is not in the best interest of the Government to acquire the services by contract.
- d. Contractors shall not be involved in the actual establishment or alteration of Department policy, or in the formulation of policy documents. The following are specific prohibitions for use of a contractor.
- (1) Initiating or originating draft testimony or presenting, as a representative of the Government, testimony before a congressional committee or regulatory body;
 - (2) Editing transcripts of congressional committee or regulatory body hearings or drafting, without attribution, inserts to transcripts;
 - (3) Speaking before public or private groups as a representative of the Government;
 - (4) Initiating or originating drafts of official documents and correspondence which are intended to represent the policies or plans of the Government;
 - (5) Initiating contact or following up, on behalf of the Department, with Members of Congress, congressional committees, congressional staff members, or officials of State, local, or foreign governments;
 - (6) Drafting official correspondence to congressional offices except to provide routine information requested in constituent mail;
 - (7) Drafting official correspondence to State and local governments except to provide requested routine information; and
 - (8) Drafting official responses to correspondence requiring substantial technical research, where the response reflects a Departmental policy position.
- e. The period of performance for support services contracts subject to the review under this Order shall be no longer than 5 years, including options. The basic contract may be for a period of 1, 2, or 3 years unless there is a valid justification for a longer period of performance. Exercising successive 1-year options to extend the support services for up to 5 years are based on

contractor performance, availability of funds, a continuing need for the services, and a determination by the organization sponsoring the contract that exercising the option is in the best interest of the Government (see FAR subpart 17.2).

- f. If a contractor performs analyses and/or renders advice in the drafting of legislative initiatives, implementing regulations, or similar products, the Department shall take steps to ensure that the contractor will not be, or appear to be, improperly influencing or promoting the product. Further, assistance of a contractor will be limited to such use as background research, scientific or technical analysis of issues, editorial assistance, and word processing services.
- g. The Department is committed to a continuing program of review of support services contracts to assess compliance with existing policies, to initiate steps to ensure the propriety of current contractual arrangements, and to make improvements in the use and management of support services contractors.
- h. Departmental employees are solely responsible for determining work requirements under support services contracts and preparing statements of work (SOW). A support services contractor must not be allowed to identify its own work requirements or write its own task assignments for the existing contract.
- i. Purchase or lease of ADP hardware items (i.e., automatic data processing terminals, computing equipment, communications equipment, and word processing equipment), particularly for use in Government facilities, is not an appropriate use of support services contract funds. Such acquisitions should be accomplished using other contract types.
- j. No Departmental Element shall direct a DOE management and operating contractor to procure a subcontract to provide support services directly to a DOE Element.
- k. No Headquarters Element shall use management and operating contracts as solely a means to obtain support services that are not part of the primary mission of the management and operating contractor.
- l. No Departmental Element shall utilize a contractor in the preferential procurement program (small business or labor surplus area set aside, or awards to small disadvantaged businesses through the Small Business Administration 8(a) Program) as a means to obtain support services for DOE directly from a nonpreferential subcontractor.

- m. DOE shall employ full and open competition to obtain support services contracts unless fully justified in accordance with DOE 4200.1C contracts and DOE acquisition regulations.
- n. Contracts for FIP support services must receive a delegation of procurement authority (DPA) from the General Services Administration (GSA) prior to issuance of a solicitation, if the proposed acquisition exceeds DOE's delegation levels, as established by either regulatory delegation, agency delegation, or acquisition specific delegation, as applicable.

6. RESPONSIBILITIES AND AUTHORITIES.

- a. Director of Administration and Human Resource Management (AD-1). Serves as principal point of contact within the Department regarding policy decisions on the management and use of support services contracts.
- b. Director of Organization, Resources and Facilities Management (AD-10).
 - (1) Reviews each support services request, including a Cost Comparison Analysis (CCA), which exceeds \$1,000,000 in total estimated award value and each succeeding contract modification which exceeds 10 percent of the original award value or \$100,000, whichever is less, to ensure that the proposed action conforms to policies concerning the use of support services contractors. No contract subject to this review may be entered into until authorized pursuant to this authority.
 - (2) Ensures that support services contracts will not be used as a device to bypass or undermine personnel ceilings, pay limitations, or competitive employment procedures, or to establish employer-employee relationships between Government and contractor personnel except as specifically provided by 5 CFR part 300, subpart E.
 - (3) In cooperation with the Head of the Departmental Element, performs periodic reviews of support services activities within DOE organizations to assess compliance with the provisions of this Order and with other applicable Government-wide and DOE regulations.
 - (4) Determines whether a support services contract is subject to the provisions of this Order, and authorizes exceptions as appropriate.
 - (5) Authorizes all FIP support services requests prior to the Office of Clearance and Support (PR-13) submitting the APR to GSA.

- (6) Compile and analyze the Headquarters and Field CCA data for all support services contracts.

c. Heads of Headquarters Element.

- (1) Ensure that support services requests for their organizations are prepared as outlined in paragraph 7c, below, and include a CCA as outlined in 7c(4)(b), below.
- (2) Ensure that the performance of all support services contracts being used to support their organizations conforms with the procedural requirements and policy guidelines of this Order.
- (3) As appropriate, review and endorse support services requests originating in their field elements.
- (4) In cooperation with the Director of Organization, Resources and Facilities Management, participate in the periodic review of support services activities supporting their organizations.

d. Heads of Field Elements.

- (1) Ensure that support services requests for their organizations are prepared as outlined in paragraph 7c, below, and include a CCA as outlined in 7c(4)(b), below.
- (2) Ensure that the performance of all support services contracts being used to support their organizations conforms which the procedural requirements and policy guidelines of this Order.
- (3) As appropriate, review and endorse support services requests originating in their organizations.
- (4) Ensure compliance with procurement rules and regulations on support services contracting.
- (5) In cooperation with the Director of Organization, Resources and Facilities Management, participate in the periodic review of support services activities supporting their organizations.

e. General Counsel (GC-1).

- (1) Reviews each proposed support services contract request which exceeds \$1,000,000 in total estimated award value including options for compliance with existing laws and regulations, and advises the requesting organization and the

Director of Organization, Resources and Facilities Management as to the legal sufficiency of the proposed procurement.

- (2) Reviews any proposed support services contract request for a modification if such modification involves a significant change in the scope of work.

f. Contracting Officers.

- (1) Determine whether a proposed contract is for support services and is correctly coded in accordance with the guidelines provided in the "DOE Handbook for Preparation of DOE Procurement Request Forms" and "Handbook for Preparation of Individual Procurement Action Request."
- (2) Ensure that the review requirements of paragraph 7, below, are met on all support services contracts.

g. Director of Information Resources Management (AD-20), through the Director of Information Resources Management Policy, Plans, and Oversight (AD-24).

- (1) Concurs in all APRs for FIP support services prior to PR-13 submitting the APR to GSA.
- (2) Provides guidance to Headquarters and field elements on definitions, use, and approval process for FIP support services contracts.

h. Director of Clearance and Support (PR-13). Submits requests for and obtains delegations of procurement authority from GSA for applicable FIP support services contracts.

7. REVIEW REQUIREMENTS.

a. The following types of contracts are exempted from the review requirements detailed below:

- (1) Research and development (R&D) contracts unless the primary purpose of a task under an R&D contract is for support services such as those described in paragraph 4b(1) through (13), above;
- (2) Architectural and engineering services which are procured under the Brooks Act Guidelines;
- (3) Construction and construction management services;

- (4) Management and operating contracts (FAR subpart 17.6 and DEAR subpart 917.6); and
- (5) Production contracts and the services thereunder.

b. No contract for support services shall be procured until a request, including a CCA for the proposed support services action, has been reviewed and authorized by an official at an appropriate level to ensure that it conforms to the provisions of this Order. The review requirements are triggered when the total estimated award value of a proposed contract, including options, exceeds the stated threshold or when an existing contract is modified to allow award value in excess of the stated threshold. When the \$1,000,000 threshold is exceeded due to a modification, the original support services request prepared and authorized pursuant to paragraph 7b(1), below, must be submitted, with updated cost information, for review under paragraph 7b(2), below. Proposed modifications which will exceed 10 percent of the original award value or \$100,000, whichever is less, shall be submitted for review pursuant to paragraph 7b(2), below. Additionally, any substantive changes to the statement of work authorized pursuant to paragraph 7b(2), below, need to be separately reviewed.

- (1) Support services requests including a CCA, for which the total estimated award value, including options, will be \$1,000,000 or less must be reviewed and authorized by Heads of Headquarters Elements. Heads of Field Elements may also authorize contract requests up to this dollar level if the program being supported has been formally decentralized for field management and procurement. Heads of Headquarters Elements may delegate this signature authority to individuals within their organization by filing a written delegation of authority with the Director of Organization, Resources and Facilities Management. For proposed contracts and modifications for which the total estimated award value, including options, is in the range \$50,000 to \$1,000,000, a copy of the support services request including a CCA, must be submitted to the Systems Management and Evaluation Branch (AD-121) for information purposes.
- (2) Support services requests, including a CCA, for which the total estimated award value, including options, exceeds \$1,000,000 or succeeding modifications which will exceed 10 percent of the original award value or \$100,000, whichever is less, first must be reviewed and concurred in by Heads of Headquarters Elements and/or Heads of Field Elements. In addition, requests at this level must be transmitted to the Director of Organization, Resources and Facilities Management through the Office of General Counsel. Modifications will not require General Counsel concurrence unless there is a significant change in scope of work. The

Director of Organization, Resources and Facilities Management will review the request including the CCA, for conformity with the provisions of this Order and, as appropriate, authorize the requesting organization to proceed with the acquisition. The request must include a CCA or the package will be returned to the originator.

- (a) Field counsel review of field-originated requests may be substituted for the Office of General Counsel review.
 - (b) No support services acquisition (whether a new contract or a succeeding modification) at the dollar level(s) specified in paragraph 7b(2), above, may be executed without review and authorization by the Director of Organization, Resources and Facilities Management.
- (3) FIP support services contracts must be reviewed and authorized as in paragraphs 7b(1) or 7b(2), above. In addition, FIP support services contracts for which the total estimated award value, including all options and periods over the life of the contract, may exceed \$2.5 million (\$250,000 for requirements that either are available from only one responsible source or include a specific make and model requirement) must be transmitted to PR-13 in the form of an APR, as required by the FIRMR 201-20.305-1. The Director of Clearance and Support will review the package and request and provide a delegation of procurement authority (DPA) as appropriate. The support services request submitted to AD-10 should be attached to the APR.
- c. The requesting organization prepares the support services request. Each request, regardless of the dollar threshold, must include:
- (1) The signature of the Head of the Headquarters or Field Element in whose organization the requirement originates for requests for which the total estimated award value, including options, exceeds \$1,000,000;
 - (2) The statement of work for the current or proposed contract;
 - (3) The proposed contract number and contractor, if known; and
 - (4) An analysis of the proposed action which includes the following items:

- (a) An estimate of the cost for the initial period and each of the options, the proposed period of performance (including options), and an estimate of the staffing requirement for each category of labor for the base period and each option year.
- (b) A cost comparison analysis (CCA) to determine whether it is more economical to perform the function using Federal personnel or contractor personnel. (Note: CCAs will not be required for 8(a) contracts awarded under the Small Business Administration program.) DOE F 4200.45, "Cost Comparison Analysis," (Attachment 1) should be used to prepare the CCA. Instructions for preparing a CCA are at Attachment 2. See your Forms Manager for copies of DOE F 4200.45. Requests for authorization of support services contracts will not be accepted unless a CCA is included.
 - 1 Attachment 2 was prepared in accordance with the costing principles provided in OMB Circular A-76 (Revised), and its Supplement, of 8-4-83. This example illustrates cost considerations for a new requirement; a recompetition would use the same CCA report form.
 - 2 A justification must be provided to document any request for contractual support whenever the results of a CCA show that total in-house costs are less than total contractor costs. Such justification should be furnished as an expansion of the justification for performing the work through use of a contract as required by paragraph 7c(4)(d)2, below. In such cases where the CCA shows that it is more economical to perform the function using Federal employees, justification must clearly specify the extenuating circumstances (e.g., eclectic mix of technical skills, short-term tasks, intermittent nature of some of the work, highly specialized skills unavailability, etc.) which would require contracting out the function. A statement that insufficient FTEs are available to perform the proposed work does not, in and of itself, justify contracting out the function.
- (c) A brief description of the program to be supported by the proposed contract, including statements on:
 - 1 The programs being managed by the requesting organization;

- 2 The current workload and staffing levels for the organization;
 - 3 Why the product of the proposed contract is essential to the program mission; and
 - 4 The authority under which the program operates (statutory basis, functional statement, OMB guidance, or other).
- (d) A brief justification for performing the work through the use of a contract, including:
- 1 Why the particular skills identified in paragraph 7c(4)(a), above, are required for the work;
 - 2 Alternatives to contractor performance, including the use of in-house resources and resources of other Federal agencies, and why each of these alternatives is not recommended (this section should be expanded to include sufficient justification required by paragraph 7c(4)(b)2, above, whenever the results of a CCA show that total in-house costs are less than total contractor costs); and
 - 3 A description of reasonable efforts made to ascertain that the required product or service is not already available to the program from within the Federal Government.
- (e) A statement describing the adequacy of management controls over the proposed contractor effort, including an analysis of:
- 1 The program staff resources which will be available for monitoring and reviewing contractor performance; and
 - 2 The respective decision making roles of the contractor and the Government during performance of the proposed contract.
- (f) A brief description of how work will be assigned to contractor personnel and a statement indicating whether or not each of the following conditions will exist in the proposed contractual arrangement:

- 1 Performance will be on a Government site (detail any Government space requirements, including approximate square feet);
 - 2 Principal tools and equipment shall be furnished by the Government (provide a description of the tools and equipment);
 - 3 Services will be applied directly to an integral effort of the requesting organization in furtherance of an assigned mission or function;
 - 4 Comparable services, meeting comparable needs, are performed in the same or similar agencies using civil service personnel;
 - 5 The need for the type of service provided can reasonably be expected to last beyond 1 year; and
 - 6 The inherent nature of the service or the manner in which it is provided reasonably requires direct or indirect Government supervision of contractor employees in order to:
 - a Adequately protect the Government's interest;
 - b Retain control of the function involved; or
 - c Retain full personal responsibility for the function supported in a duly authorized Federal officer or employee.
- (g) A description of any automatic data processing terminals and computing, telecommunications, or word processing equipment which will be leased or purchased under this contract, including how and where such equipment will be used.
- d. Submission requirements for those support services contracts meeting thresholds described in paragraphs 7b(2) and 7b(3), above, are as follows:
- (1) If the support services request meets the review threshold identified in paragraph 7b(2), above, the original of the request package should be addressed to the Director of Organization, Resources and Facilities Management, through the Office of General Counsel, unless reviewed by field counsel per paragraph 7b(2)(a), above. The procedure is

expedited if an advance copy is sent to the Director of Organization, Resources and Facilities Management (ATTN: Systems Management and Evaluation Branch, AD-121).

- (2) If the support services request meets the review threshold identified in paragraph 7b(3), above, the original of the request package should be addressed to the Director of Organization, Resources and Facilities Management (AD-10), through the Office of General Counsel, unless reviewed by field counsel per paragraph 7b(2)(a), above. Concurrently, the APR, including a copy of the support services request package sent to AD-10, should be addressed to PR-13. The procedure is expedited if an advance copy is sent to the Director of Organization, Resources and Facilities Management (ATTN: Systems Management and Evaluation Branch, AD-121).

e. Headquarters review and authorization/denial process:

- (1) Normally, 10 working days will be required for review by the Director of Organization, Resources and Facilities Management. That review will result in a memorandum to the requesting organization giving authorization, conditional authorization with required changes, or denying authorization to proceed with the procurement process.
- (2) For FIP support services requests, the request for a DPA will not be acted on until the Office of Organization, Resources and Facilities Management has approved the support services request. The support services request approval does not authorize proceeding with the FIP procurement. This may not occur until PR-13 provides a delegation of procurement authority to the procurement organization at the requesting site. It is anticipated that approximately 60 working days will be required to obtain a DPA approval.

f. Procurement request packages shall normally contain the support services authorization prior to their submission to the contracting office. However, under unusual or compelling circumstances where there may be a need to minimize procurement processing time, the support services request may be initiated concurrently with other procurement processes by forwarding an advance copy of the request and the SOW to the cognizant contracting office, provided that the contracting office agrees to accept the advance copy of the procurement request for action. In such cases, no solicitation may be issued, or in the case of a sole source procurement, no final negotiations may be conducted prior to receipt of the authorization.

- g. Authorization of support services requests are valid for a 12-month period. If formal procurement action is initiated (i.e., an acceptable procurement request package is submitted to the contracting office for processing) more than 12 months after the original authorization, a new authorization is required from the Director of Organization, Resources and Facilities Management.
- h. Requesting organizations are encouraged to direct inquiries concerning these procedures to the Systems Management and Evaluation Branch (AD-121).

BY ORDER OF THE SECRETARY OF ENERGY:



DOLORES L. ROZZI
Director of Administration
and Human Resource Management

DOE F 4200 45
(08-92)

**U.S. Department of Energy
COST COMPARISON ANALYSIS
Expansions, New Requirements and Conversion (ENRC)
To In-House Performance**

Function: _____

Location: _____

In-House Performance Costs	Performance Periods					TOTAL
	1st	2nd	3rd	4th	5th	
1. Personnel Cost						
2. Material and Supply						
3. Other Specifically Attributable Costs						
4. Overhead Cost						
5. Cost of Capital						
6. One-Time Conversion Cost (ENRC)						
7. Additional Costs	_____	_____	_____	_____	_____	_____
8. Total In-House Costs	_____	_____	_____	_____	_____	_____
Contractor Performance Costs						
9. Contract Price						
10. Contract Administration						
11. Additional Costs						
12. One-time Contract Conversion Costs						
13. Federal Income Tax (Deduct)	()	()	()	()	()	()
14. Total Contract Costs	_____	_____	_____	_____	_____	_____
Decision						
15. Conversion Differential (For Expansions, note net difference)						_____
16. Total (Line 8 and 15)						_____
17. Cost Comparison (Line 16 minus line 14)						_____
18. Cost Comparison Decision (check block)						
				<input type="checkbox"/>	Accomplish In-House	
				<input type="checkbox"/>	Accomplish by Contract	

EXAMPLE

NOTE: Positive result on Line 17 supports decision to accomplish function by contract performance.

Name _____ Telephone Number _____ Date _____

Cost Comparison Accomplished By: _____

INSTRUCTIONS FOR DOE F 4200.45 (continued)

The following example illustrates the process used for determining costs for a new requirement, such as Technical and Administrative Studies and Services, as identified on page 1 of this Attachment.

The new requirement is for a one year period of performance. However, when completing the CCA for more than one year of performance, costs for the total proposed period of performance (the base year and each option year) shall be identified and detailed in separate columns, plus a Total column, as illustrated by Illustration 5-1 on Page IV-46, Chapter V, Part IV, "Cost Comparison Handbook," of the Supplement to OMB Circular A-76 (Revised). The standard cost factors, (i.e., \$5,000 computer workstation cost per FTE, \$800 employee recruitment cost per FTE, etc.), should only be used when appropriate. Headquarters organizations should use the standard cost factors developed. Field organizations should contact their administrative offices for updated information. For an existing contract actual cost data should be used for lines 9, 10, and 11.

In preparing cost estimates of in-house and contract performance, all known or anticipated increases to be incurred before the end of the first period of performance, e.g., salary increases for Government employees, must be included in each element of cost. Accordingly, it will not be necessary to further adjust the costs of the first period of performance for inflation. For subsequent periods, the cost of anticipated changes in the scope of work prescribed in the Statement of Work (SOW) must be determined. Inflation factors for pay and non-pay categories will then be applied to the estimated cost of the first year of performance.

IN-HOUSE PERFORMANCE COSTS

Reference A: Personnel Cost - Line 1 = \$588,082 (Part IV, Chap. 1, Pg. IV-7)

Personnel cost is based on the in-house staffing required to perform the function. In this example, the manpower requirement is for a total of 11 FTEs. Step 5 of the General Schedule (GS) grade determined and Step 4 of the Federal Wage System Schedule (FWS) grade determined should be used.

1/GS-15, step 5 =	\$ 69,863
2/GS-14, step 5 =	118,788
1/GS-13, step 5 =	50,260
2/GS-12, step 5 =	84,532
3/GS-09, step 5 =	87,435
1/GS-07, step 5 =	23,827
1/GS-05, step 5 =	<u>19,237</u>
Total Salaries =	\$453,942

- o Fringe benefit rate = 29.55%.
- o Total salaries (\$453,942) multiplied by the fringe benefit rate (29.55%) = \$134,140
- o Total salaries (\$453,942) plus fringe benefit (\$134,140) = \$588,082 (Total Personnel costs)

Note: Program offices should utilize the latest GS and FWS pay schedules when preparing their CCAs.

INSTRUCTIONS FOR DOE F 4200.45 (continued)

Reference B: Material and Supply - Line 2 = \$26,400 (Part IV, Chap. 1, Pg. IV-16)

Material and Supply are costs incurred for goods such as office supplies, furniture, parts, and raw materials. Do not include material costs for items not applicable to the product or service. In this example, normal office supplies and furniture are required.

Supplies [computer paper, pens, pencils, notebooks, etc.] (\$300 x 11 FTEs)	= \$ 3,300
Office furniture (\$2,100 x 11 FTEs divided by # of contract years)	= <u>23,100</u>
Total	= \$26,400

Reference C: Other Specifically Attributable Costs - Line 3 = \$166,390
(Part IV, Chap. 1, Pg. IV-19)

Include costs for rent, telecommunications, utilities, travel, training, depreciation, insurance, and other. Based upon Headquarters experience, the following cost estimates are provided (Field Offices may have to determine their own costs):

Rent (11 FTEs x \$6,000)	= 66,000
Utilities and facilities support (11 FTEs x \$1,900)	= 20,900
Telecommunications (11 FTEs x \$1,000)	= 11,000
Travel (8 FTEs x \$5,000)	= 40,000
Training (11 FTEs x \$1,500)	= 16,500
Insurance includes: (Liability Ins. = Line 1 [\$588,082] x .0007 = \$412 & Casualty Ins. = tot. cost of new & transferred assets [\$55,000] x .0005 = \$28)	= 440
Other - includes miscellaneous purchases* (such as calculators, additional chairs, and bookcases)	= 1,100
Depreciation: [computer workstations - \$5,000 x disposable value (.95**) = \$4,750 divided by 5 years <u>1/</u> (useful life) = \$950 x 11 FTEs = \$10,450]	10,450
Personnel/Recruitment Turnover	= <u>-0-</u>
Total	= \$166,390

* The value of each miscellaneous purchased item must be less than \$1,000, and would not be entered under Line 5 (Cost of Capital).

** See Part IV, Appendix C to determine disposable value factor.

1/ The cost comparison handbook, Appendix C gives 15 years as the useful life for computers, however, for purposes of preparing DOE CCAs, use 5 years.

INSTRUCTIONS FOR DOE F 4200.45 (continued)

Reference D: Overhead Cost - Line 4 = -0- (Part IV, Chap. 4, Pg. IV-27)

Costs incurred (salaries, fringe benefits, space, materials and supplies, etc.) in support of the function under study, not 100 percent allocable to that function, will be classified as overhead.

For purposes of this CCA, overhead will include only those costs that will be incurred in the event of Federal performance. Overhead costs are captured into two major categories; Operations Overhead and General and Administrative Overhead.

Operations Overhead: To compute overhead costs for the supervisory work center one level above the function under study, determine if at least one position would be added in the supervisory work center as a result of a conversion to Federal operation. If not, operations overhead is zero.

General and Administrative Overhead: First, list all activities that are internal and external to the installation that provide definable support to the function under study. Next within each of these activities, determine if at least one position (full time, part-time, or intermittent) or overtime hours would be needed as a result of conversion to Federal operation. If not, General and Administrative Overhead is zero.

Reference E: Cost of Capital - Line 5 = \$5,500 (Part IV, Chap. 5, Pg. IV-44)

This cost is derived by multiplying 10% by the determined total cost of new and transferred assets such as computers and other equipment [$\$55,000 \times 10\% = \$5,500$] to be used by the in-house function. Based upon Headquarters experience, the following cost estimates are provided:

Computer Workstations ($\$5,000 \times 11$ FTEs) = $\$55,000 \times 10\% = \$5,500$

Reference F: One-time Conversion Cost (ENRC) - Line 6 = \$ 68,800
(Part IV, Chap. 5, Pg. IV-44)

One-time conversion costs may include costs such as employee recruitment, and relocation expenses which are the direct result of a new requirement, discontinuing an existing contract or expanding the in-house operation. For contracts with more than a one-year performance period, one-time conversion costs must be allocated over the life of the contract. The standard cost factors used below are for Headquarters offices; Field Offices may have to adjust the figures.

Employee Recruitment ($\$800 \times 11$ FTEs)	=	\$ 8,800
Relocation ($\$15,000 \times 4$ FTE)	=	60,000
(Assume 4 of 11 employees will relocate)		
Total	=	<u>\$68,800</u>

INSTRUCTIONS FOR DOE F 4200.45 (continued)

Reference G: Additional Costs - Line 7 = \$120,000 (Part IV, Chap. 1, Pg. IV-1)

Additional costs are other costs which are not appropriately classified under the above cost elements that result from unusual or special circumstances. Such costs may include consultant fees and other costs not included in the above lines.

Consultant fees (2 consultants x \$60,000/year) = \$120,000

Line 8: Total In-house Cost (Add lines 1 through 7) = \$975,172

CONTRACTOR PERFORMANCE COSTS

Reference H: Contract Price - Line 9 = \$1,250,000 (Part IV, Chap. 3, Pg. IV-35)

This is the estimated cost of the contract for one year.

Reference I: Contract Administration - Line 10 = \$54,755
(Part IV, Chap. 3, Pg. IV-37)

1/GS-12, step 5 = \$42,266, multiplied by 1.2955 (29.55% fringe benefit rate) = \$54,755. Page IV-37, Chapter 3, Paragraph D, in Part IV "Cost Comparison Handbook" of the Supplement to OMB Circular A-76 (Revised), provides staffing requirements for contract administration. Since the example uses 11 FTEs, the handbook provides for 1 full-time employee for contract administration.

Reference J: Additional Costs - Line 11 = -0- (Part IV, Chap. 3, Pg. IV-37)

This category encompasses any additional costs to the Government such as transportation or purchased services resulting from unusual or special circumstances which may be encountered in particular cost comparisons.

Reference K: One-time Contract Conversion Costs - Line 12 = -0-
(Part IV, Chap. 5, Page IV-44)

Because this example represents a new requirement, there are no one-time contract conversion costs. Expansions or conversions from contract to in-house operation result in additional costs to the government to hire or transfer personnel to the in-house operation. Other examples are costs for materials (box up; sell excess materials), labor (relocate contractor employee to in-house employment), and other (termination fee [rent or lease arrangements]).

These costs must be allocated over the life of the contract.

INSTRUCTIONS FOR DOE F 4200.45 (continued)

Reference L: Federal Income Tax (Deduct) - Line 13 = (\$15,000)
(Part IV, Appendix D, Pg. IV-71)

Refer to Appendix D in Part IV "Cost Comparison Handbook" of the Supplement to OMB Circular A-76 (Revised), to determine the appropriate tax rate in relation to the type of industry. The tax for this requirement (technical and administrative services) is found in Appendix D under Services, Page IV-71, Code No. 80-57-8980 "Miscellaneous services, not elsewhere classified." The tax rate is 1.2%. Line 9 (Contract Price) \$1,250,000 multiplied by 1.2% = \$15,000.

Line 14: Total Contract Cost (Add lines 9 through 12 and deduct line 13) = \$1,289,755

DECISION

Reference M: Conversion Differential (For Expansions, note net difference) - See Page IV-45, Chapter 5, Paragraph E, in Part IV "Cost Comparison Handbook" of the Supplement to OMB Circular A-76 (Revised)
Line 15 = \$72,558 (Part IV, Chap. 3, Pg. IV-45)

10% of Personnel Costs (\$588,082) -Line 1)	= \$58,808
10% of Overhead Costs (-0-) -Line 4)	= -0-
25% of cost of new Capital Assets shown in reference E. (\$55,000) Total (Line 15)	= <u>13,750</u> \$72,558

Reference N: Total (Lines 8 and 15) - Line 8 = \$ 975,172
- Line 15 = 72,558
Total (Line 16) = \$1,047,730

Reference O: Cost Comparison (Line 16 minus line 14). NOTE: Calculate the cost comparison only for the total column. Line 17 = (\$242,025)

Line 16 = \$1,047,730
Line 14 = - 1,289,755
Line 17 = (\$ 242,025)

NOTE 1: Annual savings of \$242,025 or 19% will be achieved (in this example) if the work is performed with Federal personnel instead of by contractor personnel. (Line 17 (\$242,025) divided by line 14 - \$1,289,755 = 19%)

NOTE 2: When more than one year is used, it will be necessary to annualize savings by dividing the total costs for all performance periods by the number of performance periods prior to computing the annual dollar savings/percentage. (Line 17 divided by Line 14 = annual savings/percentage)

COVER SHEET
DOE 4200.3D, MANAGEMENT OF SUPPORT SERVICES CONTRACT ACTIVITY

The General Accounting Office (GAO) and the DOE Office of the Inspector General (IG) conducted reviews of DOE's support services contract activities. They both found that generally it was less expensive to perform the activities in-house and recommended that support services contract requests include a cost comparison analysis (CCA) of in-house versus contract operation to determine the most economical mode of operation. The Secretary concurred with this recommendation with the understanding that CCAs would be submitted as part of the support services contract request for new requirements and recompetitions. CCAs will not be required for 8(a) contracts awarded under the Small Business Administration program.

To comply with the GAO/IG recommendation, DOE 4200.3C has been revised to reflect the following major changes:

o Requirement to Conduct CCAs

- Effective October 1, 1992, the requirement to conduct CCAs will be "pilot tested" for one year or until a decision is made to continue or to revisit the requirement. Selected CCAs will be provided (subject to Program approval) to OMB as part of the Department's budget to OMB to justify the need for additional FTEs.
 - Attachment 1 is a copy of DOE F 4200.45, "Cost Comparison Analysis," which is to be used to prepare a CCA. Attachment 2 provides a sample completed CCA and instructions for completing the sample CCA and may be used as guidance for the completion of CCAs. The policy concerns of this Order do not involve OMB Circular A-76 (Revised). Any reference to the OMB Circular A-76 Supplement, "Cost Comparison Handbook," is only for the purpose of applying the cost principles for the development of the CCA.
 - Sufficient justification (e.g., eclectic mix of technical skills, short-term tasks, Secretarial or congressional mandates requiring immediate staffing, intermittent nature of some of the work, highly specialized skills that {through findings of a market search} may not be available due to Federal pay limitations or geographical location) must be provided to support any request for contractual support whenever CCA results show it more economical to perform the operation in-house using Federal staff and an office wishes to contract out the function. Such justification should be provided as an expansion of the justification for performing the work through use of a contract as required by paragraph 7c(4)(d)2 of the Order.
- o Under draft OMB Circular A-76 (Revised) (final issuance is expected by September 1992), coverage of commercial services will be expanded to include support services (advisory and assistance activities) as well as research and development activities. However, research and development contracts are exempted from the review requirements of this Order unless the primary purpose of a task under an R&D contract is for support services such as those described on page 4, paragraph 4b(1) through (13).

- o Effective October 1, 1992, the Director of Organization, Resources and Facilities Management (AD-10) will not accept a request for a support services contract without an accompanying CCA. Also, for proposed contracts for which the total estimated award value, including options, is in the range of \$50,000 to \$1,000,000, a copy of the support services request and CCA must be submitted to AD-10 for information purposes.

This cover sheet may be discarded after reviewing/filing the attached Order.