

SUBCHAPTER G—DEFENSE CONTRACTING

PART 162—PRODUCTIVITY ENHANCING CAPITAL INVESTMENT (PECI)

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APPENDIX A TO PART 162—REPORTING PROCEDURES

AUTHORITY: 10 U.S.C. 136; E.O. 12367, 3 CFR, 1988 Comp., p. 566.

SOURCE: 56 FR 50271, Oct. 4, 1991, unless otherwise noted.

§ 162.1 Purpose.

This part:

(a) Updates policy, responsibilities, procedures, and guidance for the PEGI process under DoD Directive 5010.31.¹

(b) Authorizes the publication of DoD 5010.36 36-H-2 “Productivity Enhancing Capital Investment (PECI) Handbook,” consistent with DoD 5025.1-M.³

§ 162.2 Applicability and scope.

This part.

(a) Applies to the Office of the Secretary of Defense (OSD); the Military Departments; Chairman, Joint Chiefs of Staff and the Joint Staff; the Defense Agencies; and the DoD Field Activities (hereafter referred to collectively as the “DoD Components”).

(b) Encompasses the acquisition of equipment and facilities to improve the following:

(1) Productivity, quality, and processes of DoD Components including major facilities, equipment, or process modernization.

(2) Performance of individual jobs, tasks, procedures, operations, and processes.

¹Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

²Copies will be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

³See footnote 1 to § 162.1(a).

(c) Encompasses PIF investments at appropriated and industrially funded activities, if they are not participating in the Defense Business Operations Fund. For industrially funded activities, projects may be submitted for PIF on an exception basis; primarily, this includes facilities, multi-function projects, prototypes, demonstrations, and cross-service initiatives. Investments at Government-owned, contractor-operated (GOCO) facilities are limited to those for which the Department of Defense has responsibility to provide equipment or facilities and from which productivity benefits can be recovered within existing contractual provisions.

§ 162.3 Definition.

(a) *Capital Investment*. The acquisition, installation, transportation, and other costs needed to place equipment or facilities in operation meeting DoD capitalization requirements.

(b) *Economic Life*. The time period over which the benefits to be gained from a project may reasonably be expected to accrue to the Department of Defense.

(c) *Internal Rate of Return (IRR)*. The discount rate that equates the present value of the future cash inflows, e.g. savings and cost avoidances, with the present value costs of an investment.

(d) *Life-Cycle Savings*. The estimated cumulative budgetary savings expected over the life of the project.

(e) *Net Present Value of Investment*. The difference between the present value benefit and the present value cost at a given discount rate.

(f) *Off-the-Shelf*. Equipment that is readily available through Government or commercial sources or that can be fabricated through combination or modification of existing equipment.

(g) *Pay-Back Period*. The number of years required for the cumulative savings to have the same value as the investment cost.

(h) *PECI Benefits*. Benefits resulting from PECIs are classified as savings or as cost avoidance:

(1) *Savings*. Benefits that can be precisely measured, quantified, and placed

under management control at time of realization. Savings can be reflected as specific reductions in the approved program or budget, after they have been achieved. Examples include costs for manpower authorizations and or funded work-year reductions, reduced or eliminated operating costs (utilities, travel, and repair), and reduced or eliminated parts and contracts.

(2) *Cost-Avoidance*. Benefits from actions that obviate the requirements for an increase in future levels of manpower or costs that would be necessary, if present management practices were continued. The effect of cost-avoidance savings is the achievement of a higher level of readiness or increased value (quantity, quality or timeliness) of output at level staffing cost or the absorption of a growing work load at the same level of staffing or cost.

(i) *Post-Investment Assessment* (PIA). A PIA is conducted by DoD Components to establish accountability and provide information to improve future investment strategies.

(j) *Productivity*. The efficiency with which resources are used to provide a government service or product at specified levels of quality and timeliness.

(k) *Productivity Enhancement (or Productivity Improvement)*. A decrease in the unit cost of products and services delivered with equal or better levels of quality and timeliness.

(1) *Productivity Enhancing Capital Investment* (PECI). Equipment or facility funding that shall improve Government service, products, quality, or timeliness. Peci projects are funded using PIF, PEIF, and CSI programs. These programs are defined as follows:

(1) *Productivity Investment Fund* (PIF). PIF projects cost over \$100,000 and must amortize within 4 years from the date they become operational. In FY 1994 the threshold changes to \$150,000.

(2) *Productivity Enhancing Incentive Fund* (PEIF). PEIF projects cost under \$100,000 and are expected to amortize within 2 years of the date they become operational. In FY 1994 the limit changes to \$150,000.

(3) *Component-Sponsored Investment* (CSI). CSI projects are fast pay-back or high interest investments that may have different DoD Component selec-

tion criteria than those specified for PIF or PEIF projects.

(m) *Quality*. The extent to which a product or service meets customer requirements and customer expectations.

§ 162.4 Policy.

It is DoD Policy that:

(a) The Peci program shall be an integral part of DoD Component investment planning and of the Defense Planning, Programming, and Budgeting System (PPBS) DoD Instruction 7045.7.⁴ Peci planning shall include the productivity investment fund (PIF), the productivity enhancing incentive fund (PEIF), and component-sponsored investments (CSIs). The Peci program is a major DoD strategy to achieve productivity goals under E.O. 12637.⁵

(b) Peci projects shall be selected to improve quality and productivity, or to reduce unit cost of outputs in defense operations. Peci projects shall be evaluated and approved for funding based on recognized principles of economic analysis. Each Peci project shall be subject to all restrictions established by public law, DoD policy, and other regulatory constraints.

(c) DoD personnel at all levels shall be encouraged to seek out and identify opportunities for quality and productivity improvement. Those efforts shall be supported by using the Peci as a means of financing the improvements. The Peci Program shall provide incentives for participation, supported by the financial management system and policies.

(d) Individuals or groups who successfully identify Peci opportunities that result in significant savings or improvements in quality or productivity or who aggressively promote Peci incentives within their organizations should be recognized through the DoD Incentive Awards Program, DoD Instruction 5120.16,⁶ the Secretary of Defense Productivity Excellence Awards Program, performance appraisal, or other appropriate means. All these savings derived through Peci will remain with the originating DoD Component.

⁴See footnote 1 to § 162.1(a).

⁵See footnote 1 to § 162.1(a).

⁶See footnote 1 to § 162.1(a).

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As an incentive a portion of these savings, when possible, should remain at the submitting activity.

(e) Funds provided through FY 1993 from the centrally managed OSD PIF may not be reprogrammed for non-PIF purposes without prior approval of the Assistant Secretary of Defense (Force Management and Personnel) (ASD(FM&P)). The Heads of DoD Components shall monitor obligation rates to ensure PIF projects are executed quickly. If project funding cannot be obligated within the specified fiscal year(s) for the type of funding, the Head of the DoD Component must reprogram PIF funds to alternate approved PIF projects. The PIF projects shall be monitored to ensure timely implementation and to validate savings through the amortization period. The PECIs are subject to audit as established by DoD Instruction 7600.2⁷ (reference (g)) policy.

§ 162.5 Responsibilities.

(a) The Assistant Secretary of Defense (Force Management and Personnel (ASD (FM&P))) shall:

(1) Develop policies and guidance for the overall DoD PECE program.

(2) Maintain oversight of the PECE program to ensure implementation of this instruction. Through FY 1993 that oversight includes total process control and coordination of PIF actions to identify, select and approve, reprogram, and disapprove projects. Starting FY 1994 and ASD (FM&P) shall retain central oversight of the PECE program which is decentralized to the Components.

(3) Evaluate program results and training requirements and provide additional guidance, as necessary.

(4) Develop, maintain, and publish a DoD 5010.36-H consistent with DoD 5025.1-M⁸

(5) Coordinate PECE efforts with the Heads of the DoD Components on matters that affect their particular areas of responsibility.

(6) Use the Defense Productivity Program Office (DPPO) to:

(i) Provide technical guidance and support for PECE efforts.

(ii) Monitor and evaluate DoD Component PECE efforts.

(iii) Ensure compliance with DoD Directive 7750.5⁹

(b) The Inspector General of the Department of Defense (IG, DoD) shall provide policy and guidance for the audit of the PECE and incorporate the requirement for audit into audit planning and program documents.

(c) The Heads of the DoD Components shall:

(1) Develop and sustain a formal PECE program that:

(i) Emphasizes and encourages the improvement of day-to-day operations through PECE funding.

(ii) Provides motivation and opportunities for personnel, at all levels, to participate in the identification, documentation, and implementation of PECE proposals.

(iii) Includes PIF, PEIF, and CSI efforts, as appropriate.

(iv) Reviews and approves submitted projects, broadens project applicability when reasonable, applies off-the-shelf technology, and integrates capital investment planning into the PPBS.

(2) Designate an official to be the central point of contact (POC) who shall oversee and monitor the PECE program.

(3) Establish procedures ensuring that the policies contained in §162.4, above, are adhered to.

§ 162.6 Procedures.

The following procedures shall be followed by the DoD Components in the identification, documentation, selection, and financing of PECE projects:

(a) Document each PECE project to ensure that it is:

(1) A desirable action in accordance with the DoD Component's long-range planning and programing objectives, quality objectives, and customer and/or user satisfaction.

(2) Needed to perform and improve valid operations, functions, or services (as established by assigned missions and taskings) that cannot be performed as effectively or economically by other means, such as the use of existing facilities, methods, processes, or procedures.

⁷ See footnote 1 to §162.1(a).

⁸ See footnote 1 to §162.1(a).

⁹ See footnote 1 to §162.1(a).

(3) Justified on the basis of a valid economic analysis done in accordance with DoD Instruction 7041.3.

(4) Validated as to reasonableness, completeness, and correct appropriation.

(5) Classified properly as having savings or cost avoidance benefits

(b) Include resources for PECE in programming documents and budget submissions. The level of funding shall be established under quality and productivity plans and goals established by the Component.

(c) Use guidelines for project documentation, pre-investment analysis, financing, and post-investment accountability of PECE projects, when DoD 5010.36-H is published.

(d) Classify PECE projects for financing and aggregated reporting as follows:

(1) *PIF projects.* PIF projects are competitively selected from candidate proposals and financed through traditional budget appropriation processes from funds set aside for this purpose. PIF projects must cost over \$100,000 and must amortize within 4 years from the date that they become operational. Both equipment and facilities investments that conform to public law, or DoD policies governing their qualification, may be included. Projects may include a function at several activities or locations and be Service-wide or Agency-wide. In FY 1994 the threshold will change to \$150,000.

(2) *PEIF projects.* PEIF projects are financed from the DoD Component accounts established in annual appropriations and are expected to amortize within 2 years of the date they become operational. Funding for PEIF projects shall be included in the DoD Component annual appropriations as a single amount to cover projects, as they are proposed throughout the budget year. PEIF projects cannot exceed \$100,000 or cost limitations established by the OSD (whichever is greater) and are limited to facility modification and acquisition of "off-the shelf" equipment requiring little or no modification before use. In FY 1994 the limit changes to \$150,000. Justification for those projects shall be based on the potential to improve quality and productivity that is realized through improvements in oper-

ating methods, quality, processes, or procedures.

(3) *CSI.* CSI projects are investments financed from the DoD Component accounts that may have longer amortization periods than the PEIF and may have different DoD Component cost or benefit criteria than those specified for PIF projects. The CSI projects shall be identified and included in the DoD Component's annual budget.

§ 162.7 Information requirements.

(a) DoD Components shall submit to the ASD (FM&P), by December 15th of each year, an annual status report on all PECE programs as outlined in appendix A to this part. The DoD Components shall maintain the data at a central point to support reporting requirements.

(b) The Summary Report, "PECE Program Status," is assigned Report Control Symbol FM&P (A) 1561, in accordance with DoD Directive 7750.5.

APPENDIX TO PART 162—REPORTING PROCEDURES

A. General

The PECE reporting requirements provide the OSD with summary information required to provide program accountability, and satisfy the congressional concerns on program management. Information may be submitted in memorandum, letter, or other acceptable form.

B. Information Requirements

1. *PIF.* Each DoD Component that has a funded PIF project must annually report summary PIF information. The information required for each project follows:

a. *Project Identification.* Provide the 11-digit code for each project that has been approved for desired funding, such as follows:

(1) A92BAxxxxxx

(a) "A" is for an Army project.

(b) "92" is for a FY92 project.

(c) "BA" is an Approved PIF project.

(d) "xxxxxx" is a DoD Component identifier.

(2) DoD Component PECE points of contact should establish identifiers to ensure each project is unique.

b. *Total Funds Provided.* For each project provide the cumulative amount of PECE funds invested in the project

c. *Total Amount Obligated.* For each project provide the cumulative amount of funds obligated against the project.

d. *Actual Savings.* For each project provide the cumulative actual savings generated.

e. *Projected Life-Cycle Savings.* For each PIF project provide the estimated amount of savings the project is projected to earn over the project's economic life.

f. *Projected Life-Cycle Cost Avoidance.* For each PIF project provide the estimated amount of cost avoidance the project is projected to achieve.

2. *PEIF.* Each DoD Component that has funded PEIF projects must annually report summary information that includes:

- a. *Total Number of Projects.*
- b. *Total Funds Provided.*
- c. *Total Amount Obligated.*
- d. *Total Projected Life-Cycle Savings.*
- e. *Total Projected Life-Cycle Cost Avoidance.*

3. *CSI.* Each DoD Component that has funded CSI projects must annually report summary information that includes:

- a. *Total Number of Projects.*
- b. *Total Funds Provided.*
- c. *Total Amount Obligated.*
- d. *Total Projected Life-Cycle Savings.*
- e. *Total Projected Life-Cycle Cost Avoidance.*

4. *PIA* Post-Investment assessments, articles, pictures, and brief description of projects and their results are encouraged and may be attached to the annual report or submitted throughout the year.

PART 165—RECOUPMENT OF NON-RECURRING COSTS ON SALES OF U.S. ITEMS

Sec.

- 165.1 Purpose.
- 165.2 Applicability and scope.
- 165.3 Definitions.
- 165.4 Policy.
- 165.5 Responsibilities.
- 165.6 Procedures.
- 165.7 Waivers (including reductions).

AUTHORITY: 31 U.S.C. 9701.

SOURCE: 58 FR 16497, Mar. 29, 1993, unless otherwise noted.

§ 165.1 Purpose.

This part updates policy to conform with Public Law 90-629, "Arms Export Control Act," October 22, 1968, as amended for calculating and assessing nonrecurring cost recoupment charges on sales of items developed for or by the Department of Defense to non-U.S. Government customers.

§ 165.2 Applicability and scope.

(a) This part applies to the Office of the Secretary of Defense, the Military Departments, the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Unified and Specified Com-

mands, the Defense Agencies, and the DoD Field Activities (hereafter referred to collectively as "the DoD Components").

(b) The provisions of this part do not apply to sales of excess property when accountability has been transferred to property disposal activities and the property is sold in open competition to the highest bidder.

(c) The policies and procedures provided for in this part shall apply to all sales on or after January 13, 1993, and supersede application thresholds and charges previously established. Previous versions continue to govern sales made during applicable effective dates. Such previously established non-recurring cost recoupment thresholds and charges shall be eliminated or revised in accordance with this part.

§ 165.3 Definitions.

(a) *Cost pool.* Represents the total cost to be distributed across the specific number of units. The nonrecurring research, development, test, and evaluation cost pool comprises the costs described in paragraph (f), of this section. The nonrecurring production cost pool comprises costs described in paragraph (e), of this section.

(b) *Foreign military sale.* A sale by the U.S. Government of defense items or defense services to a foreign government or international organization under authority of the "Arms Export Control Act," Public Law No. 90-629 (1968) as amended. Except as waived by the Under Secretary of Defense for Policy, Foreign Military Sales are the only sales subject to nonrecurring cost recoupment charges.

(c) *Major defense equipment.* Any item of significant military equipment on the United States Munitions List having a nonrecurring research, development, test, and evaluation cost of more than 50 million dollars or a total production cost of more than 200 million dollars. The determination of whether an item meets the major defense equipment dollar threshold for research, development, test, and evaluation shall be based on DoD obligations recorded to the date the equipment is offered for sale. Production costs shall include costs incurred by the Department of

Defense. Production costs for the foreign military sales program and known direct commercial sales production are excluded.

(d) *Model*. A basic alpha-numeric designation in a weapon system series; e.g., a ship hull series, an equipment or system series, an airframe series, or a vehicle series. For example, the F5A and the F5F are different models in the same F-5 system series.

(e) *Nonrecurring production costs*. Those one-time costs incurred in support of previous production of the model specified and those costs specifically incurred in support of the total projected production run. Those nonrecurring cost include DoD expenditures for preproduction engineering; rate and special tooling; special test equipment; production engineering; product improvement; destructive testing; and pilot model production, testing, and evaluation. That includes costs of any engineering change proposals initiated before the date of calculations of the nonrecurring costs recoupment charge. Nonrecurring production costs do not include DoD expenditures for machine tools, capital equipment, or facilities for which contractor rental payments are made or waived in accordance with the DoD FAR Supplement.

(f) *Nonrecurring research, development, test, and evaluation costs*. Those costs funded by a research, development, test, and evaluation appropriation to develop or improve the product or technology under consideration either through contract or in-house DoD effort. This includes costs of any engineering change proposal started before the date of calculation of the nonrecurring cost recoupment charges as well as projections of such costs, to the extent additional effort applicable to the sale model or technology is necessary or planned. It does not include costs funded by either procurement or operation and maintenance appropriations.

(g) *Pro rata recovery of nonrecurring costs*. Equal distribution (proration) of a pool of nonrecurring cost to a specific number of units that benefit from the investment so that a DoD Component shall collect from a customer a fair (pro rata) share of the investment in

the product being sold. The production quantity base used to determine the pro rata calculation of major defense equipment includes total production.

(h) *Significant change in nonrecurring cost recoupment charge*. A significant change occurs as follows:

(1) A new calculation shows a change of 30 percent of the current system nonrecurring cost charge.

(2) The nonrecurring cost unit charge increases or decreases by 50,000 dollars or more; or

(3) Where the potential for a 5 million dollars change in recoupment exists. The total collections may be estimated based on the projected sales quantities. When potential collections increase or decrease by 5 million dollars, a significant change occurs.

(i) *“Special” research, development, test, and evaluation and nonrecurring production costs*. Costs incurred under a foreign military sale at the request of, or for the benefit of, a foreign customer to develop a special feature or unique or joint requirement. Those costs must be paid by the customer as they are incurred.

§ 165.4 Policy.

It is DoD policy that:

(a) A nonrecurring cost recoupment charge shall be imposed for sales of major defense equipment only as required by Act of Congress (e.g., Arms Export Control Act).

(b) The Under Secretary of Defense for Policy may grant a waiver to recoupment charges in accordance with § 165.7.

(c) Nonrecurring cost charges shall be based on the amount of the DoD nonrecurring investment in an item.

§ 165.5 Responsibilities.

(a) The Comptroller of the Department of Defense shall provide necessary financial management guidance.

(b) The Under Secretary of Defense (Acquisition) shall take appropriate action to revise the DoD Federal Acquisition Regulation Supplement in accordance with this part.

(c) The Under Secretary of Defense for Policy shall:

(1) Monitor the application of this part.

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(2) Review and approve nonrecurring cost recoupment charges and non-recurring cost recoupment charge waiver requests received from foreign countries and international organizations for foreign military sales.

(3) Ensure publication of a listing of items developed for or by the Department of Defense to which nonrecurring cost recoupment charges are applicable.

(d) The Secretaries of the Military Departments and the Directors of the Defense Agencies shall:

(1) Determine the DoD nonrecurring investment in items developed for or by the Department of Defense and perform required pro rata calculations in accordance with this part and financial management guidance from the Comptroller of the Department of Defense.

(2) Validate and provide recommended charges to the Under Secretary of Defense for Policy. Supporting documentation will be retained until the item has been eliminated from the nonrecurring cost recoupment charge listing.

(3) Review approved nonrecurring cost recoupment charges on a biennial basis to determine if there has been a change in factors or assumptions used to compute a nonrecurring cost recoupment charge and, if there is a significant change in a nonrecurring cost recoupment charge, provide a recommended change to the Under Secretary of Defense for Policy.

(4) Collect charges on foreign military sales in accordance with DoD 7290.3-M,¹ "Foreign Military Sales Financial Management Manual" and on other sales, made prior to January 13, 1993, in accordance with DoD 7220.9-M,² "DoD Accounting Manual."

(5) Deposit collections to accounts as prescribed by the Comptroller, DoD.

(6) Request guidance from the Under Secretary of Defense for Policy, within 90 days, if an issue concerning a recoupment charge cannot be resolved.

§ 165.6 Procedures.

(a) The nonrecurring cost recoupment charge to be reimbursed shall be a pro rata recovery of non-recurring cost for the applicable major defense equipment. Recovery of non-recurring cost recoupment charges shall cease upon the recovery of total DoD costs. Such charges shall be based on a cost pool as defined in §165.3. For a system that includes more than one component, a "building block" approach (i.e., the sum of nonrecurring cost recoupment charges for individual components) shall be used to determine the nonrecurring cost recoupment charge for the sale of the entire system.

(b) A nonrecurring cost recoupment charge shall not apply when a waiver has been approved by the Under Secretary of Defense for Policy in accordance with §165.7 or when sales are financed with U.S. Government funds made available on a nonrepayable basis. Approved revised nonrecurring cost recoupment charges shall not be applied retroactively to accepted foreign military sales agreements.

(c) When major defense equipment are sold at a reduced price due to age or condition, the nonrecurring cost recoupment charge shall be reduced by the same percentage reduction.

(d) The full amount of "special" research, development, test, and evaluation and nonrecurring production costs incurred for the benefit of particular customers shall be paid by those customers. However, when a subsequent purchaser requests the same specialized features that resulted from the added "special" research, development, test, and evaluation and nonrecurring production costs, a pro rata share of those costs may be paid by the subsequent purchaser and transferred to the original customer if those special non-recurring costs exceed 50 million dollars. The pro rata share may be a unit charge determined by the DoD Component as a result of distribution of the total costs divided by the total production. Such reimbursements shall not be collected after 10 years have elapsed since acceptance of DD Form 1513, "U.S. DoD Offer and Acceptance," by the original customer, unless otherwise authorized by the Under Secretary of

¹Forward written requests to Defense Institute for Security Assistance Management, ATTN: DISAM-DRP, Wright-Patterson Air Force Base, Ohio 45433.

²Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161.

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Defense for Policy. The U.S. Government shall not be charged any non-recurring costs recoupment charge if it adopts the features for its own use or provides equipment with such features under a U.S. Grant Aid or similar program.

(e) For coproduction, codevelopment and cooperative development, or cooperative production DoD agreements, the policy set forth in this part shall determine the allocation basis for recouping from the third party purchasers the investment costs of the participants. Such DoD agreements shall provide for the application of the policies in this part to sales to third parties by any of the parties to the agreement and for the distribution of recoupments among the parties to the agreement.

§ 165.7 Waivers (including reductions).

(a) The “Arms Export Control Act,” Public Law No. 90-629, as amended, requires the recoupment of a proportionate amount of nonrecurring cost of major defense equipment from foreign military sales customers but authorizes consideration of reductions or waivers for particular sales which, if made, significantly advance U.S. Government interests and the furtherance of mutual defense treaties between the United States and certain countries.

(b) Requests for waivers should originate with the foreign government and shall provide information on the extent of standardization to be derived as a result of the waiver.

(c) Blanket waiver requests should not be submitted and shall not be considered. The term “blanket waiver” refers to a nonrecurring cost recoupment charge waiver that is not related to a particular sale; for example, waivers for all sales to a country or all sales of a weapon system.

(d) A waiver request shall not be considered for a sale that was accepted without a nonrecurring cost recoupment charge waiver, unless the acceptance was conditional on consideration of the waiver request.

(e) Requests for waivers shall be processed expeditiously, and a decision normally made to either approve or disapprove the request within 60 days after receipt. A waiver in whole or in

part of the recoupment charge or a denial of the request shall be provided in writing to the appropriate DoD Component.

PART 168a—NATIONAL DEFENSE SCIENCE AND ENGINEERING GRADUATE FELLOWSHIPS

Sec.

- 168a.1 Purpose.
- 168a.2 Applicability.
- 168a.3 Definition.
- 168a.4 Policy and procedures.
- 168a.5 Responsibilities.

AUTHORITY: 10 U.S.C. 2191.

SOURCE: 55 FR 29844, July 23, 1990, unless otherwise noted.

§ 168a.1 Purpose.

This part:

(a) Establishes guidelines for the award of National Defense Science and Engineering Graduate (NDSEG) Fellowships, as required by 10 U.S.C. 2191.

(b) Authorizes, in accordance with 10 U.S.C. 2191 and consistent with DoD 5025.1, the publication of a regulation which will be codified at 32 CFR part 168b.

§ 168a.2 Applicability.

This part applies to the Office of the Secretary of Defense (OSD), the Military Departments, and the Defense Agencies (hereafter referred to collectively as “DoD Components”).

§ 168a.3 Definition.

Sponsoring Agency. A DoD Component or an activity that is designated to award NDSEG fellowships under § 168a.5(a).

§ 168a.4 Policy and procedures.

(a) Sponsoring Agencies, in awarding NDSEG fellowships, shall award:

(1) Solely to U.S. citizens and nationals who agree to pursue graduate degrees in science, engineering, or other fields of study that are designated, in accordance with § 168a.5(b)(2), to be of priority interest to the Department of Defense.

(2) Through a nationwide competition in which all appropriate actions

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have been taken to encourage applications from members of groups (including minorities, women, and disabled persons) that historically have been underrepresented in science and engineering.

(3) Without regard to the geographic region in which the applicant lives or the geographic region in which the applicant intends to pursue an advanced degree.

(b) The criteria for award of NDSEG fellowships shall be:

(1) The applicant's academic ability relative to other persons applying in the applicant's proposed field of study.

(2) The priority of the applicant's proposed field of study to the Department of Defense.

§ 168a.5 Responsibilities.

(a) The Deputy Director, Defense Research and Engineering (Research and Advanced Technology) [DDDR&E(R&AT)], shall:

(1) Administer this part and issue DoD guidance, as needed, for NDSEG fellowships.

(2) Designate those DoD Components that will award NDSEG fellowships, consistent with relevant statutory authority.

(3) Issue a regulation in accordance with 10 U.S.C. 2191 and DoD 5025.1-M.

(b) The Heads of Sponsoring Agencies, or their designees, in coordination with a representative of the Deputy Director, Defense Research and Engineering (Research and Advanced Technology) [DDDR&E(R&AT)], shall:

(1) Oversee the nationwide competition to select NDSEG fellowship recipients.

(2) Determine those science, engineering and other fields of priority interest to the Department of Defense in which NDSEG fellowships are to be awarded.

(3) Prepare a regulation, in accordance with 10 U.S.C. 2191, that prescribes.

(i) Procedures for selecting NDSEG fellows.

(ii) The basis for determining the amounts of NDSEG fellowships.

(iii) The maximum NDSEG fellowship amount that may be awarded to an individual during an academic year.

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PART 169—COMMERCIAL ACTIVITIES PROGRAM

Sec.

- 169.1 Purpose.
- 169.2 Applicability and Scope.
- 169.3 Definitions.
- 169.4 Policy.
- 169.5 Responsibilities.

AUTHORITY: 5 U.S.C. 301 and 552 and Pub. L. 93-400.

SOURCE: 54 FR 13373, Apr. 3, 1989, unless otherwise noted.

§ 169.1 Purpose.

This document:

(a) Revises 32 CFR part 169.

(b) Updates DoD policies and assigns responsibilities for commercial activities (CAs) as required by E.O. 12615, Pub. L. 100-180, sec. 1111, and OMB Circular A-76.

§ 169.2 Applicability and scope.

This part:

(a) Applies to the Office of the Secretary of Defense (OSD), the Military Departments, and the Defense Agencies (hereafter referred to collectively as "DoD Components").

(b) Encompasses DoD policy for CAs in the United States, its territories and possessions, the District of Columbia, and the Commonwealth of Puerto Rico.

(c) Is not mandatory for CAs staffed solely with DoD civilian personnel paid by nonappropriated funds, such as military exchanges. However, this part is mandatory for CAs when they are staffed partially with DoD civilian personnel paid by or reimbursed from appropriated funds, such as libraries, open messes, and other morale, welfare, and recreation (MWR) activities. When related installation support functions are being cost-compared under a single solicitation, a DoD Component may decide that it is practical to include activities staffed solely with DoD civilian personnel paid by nonappropriated funds.

(d) Does not apply to DoD governmental functions as defined § 169.3.

(e) Does not apply when contrary to law, Executive orders, or any treaty or international agreement.

(f) Does not apply in times of a declared war or military mobilization.

(g) Does not provide authority to enter into contracts.

(h) Does not apply to the conduct of research and development, except for severable in-house CAs that support research and development, such as those listed in enclosure 3 of DoD Instruction 4100.33¹ (32 CFR part 169a).

(i) Does not justify conversion to contract solely to avoid personnel ceilings or salary limitations.

(j) Does not authorize contracts that establish an employer-employee relationship between the Department of Defense and contractor employees, as described in FAR 37.104.

§ 169.3 Definitions.

Commercial Activity Review. The process of evaluating CAs for the purpose of determining whether or not a cost comparison will be conducted.

Commercial Source. A business or other non-Federal activity located in the United States, its territories and possessions, the District of Columbia, or the Commonwealth of Puerto Rico that provides a commercial product or service.

Conversion to Contract. The change-over of a CA from performance by DoD personnel to performance under contract by a commercial source.

Conversion to In-House. The change-over of a CA from performance under contract to performance by DoD personnel.

Core Logistics. Those functions identified as core logistics activities pursuant to section 307 of Pub. L. 98-525 and section 1231 of Pub. L. 99-145, codified at section 2464, title 10 that are necessary to maintain a logistics capability (including personnel, equipment, and facilities) to ensure a ready and controlled source of technical competence and resources necessary to ensure effective and timely response to a mobilization, national defense contingency situation, and other emergency requirements.

Cost Comparison. The process of developing an estimate of the cost of performance of a CA by DoD employees

and comparing it, in accordance with the requirements in DoD Instruction 4100.33 to the cost of performance by contract.

Direct-Conversion. Conversion to contract performance of an in-house commercial activity based on a simplified cost comparison or the conversion of an in-house commercial activity performed exclusively by military personnel.

Displaced DoD Employee. Any DoD employee affected by conversion to contract operation (including such actions as job elimination, or grade reduction). It includes both employees in the function converted to contract and employees outside the function who are affected adversely by conversion through reassignment or the exercise of bumping or retreat rights.

DoD Commercial Activity (CA). An activity that provides a product or service obtainable (or obtained) from a commercial source. A DoD CA may be the mission of an organization or a function within the organization. It must be type of work that is separable from other functions or activities so that it is suitable for performance by contract. A representative list of the functions performed by such activities is provided in enclosure 3 of DoD Instruction 4100.33. A DoD CA falls into one of two categories:

(a) Contract CA. A DoD CA managed by a DoD Component, but operated with contractor personnel.

(b) In-House CA. A DoD CA operated by a DoD Component with DoD personnel.

DoD Employee. Civilian personnel of the Department of Defense.

DoD Governmental Function. A function that is related so intimately to the public interest as to mandate performance by DoD personnel. These functions include those that require either the exercise of discretion in applying Government authority or the use of value judgment in making the decision for the Department of Defense. Services or products in support of Governmental functions, such as those listed in enclosure 3 of DoD Instruction 4100.33, are CAs and are subject to this part and its implementing Instructions. Governmental functions normally fall into two categories:

¹Copies may be obtained, if needed, from the U.S. Naval Publications and Forms Center, ATTN: Code 1053, 5801 Tabor Avenue, Philadelphia, PA 19120.

(a) *Act of Governing.* The discretionary exercise of Governmental authority. Examples include criminal investigations, prosecutions, and other judicial functions; management of Government programs requiring value judgments, as in direction of the national defense; management and direction of the Armed Services; activities performed exclusively by military personnel who are subject to deployment in a combat, combat support, or combat service support role; conduct of foreign relations; selection of program priorities; direction of Federal employees; regulation of the use of space, oceans, navigable rivers, and other natural resources; management of natural resources on Federal Property; direction of intelligence and counterintelligence operations; and regulation of industry and commerce, including food and drugs.

(b) *Monetary Transactions and Entitlements.* Refers to such actions as tax collection and revenue disbursements; control of treasury accounts and the money supply, and the administration of public trusts.

DoD Personnel. Military and civilian personnel of the Department of Defense.

Expansion. The modernization, replacement, upgrading, or enlargement of a DoD CA involving a cost increase exceeding either 30 percent of the total capital investment or 30 percent of the annual personnel and material costs. A consolidation of two or more CAs is not an expansion, unless the proposed total capital investment or annual personnel and material costs of the consolidation exceeds the total of the individual CAs by 30 percent or more.

Installation. An installation is the grouping of facilities, collocated in the same vicinity, that supports particular functions. Activities collocated and supported by an installation are considered to be tenants.

Installation Commander. The commanding officer or head of an installation or a tenant activity, who has budget and supervisory control over resources and personnel.

New Requirement. A recently established need for a commercial product or service. A new requirement does not include interim in-house operation of

essential services pending reacquisition of the services prompted by such action as the termination of an existing contract operation.

Preferential Procurement Programs. Preferential procurement programs include mandatory source programs such as Federal Prison Industries (FPI) and the workshops administered by the Committee for Purchase from the Blind and Other Severely Handicapped under Pub. L. 92–98. Small, minority, and disadvantaged businesses; and labor surplus area set-asides and awards made under Pub. L. 85–536, section 8(a) and Pub. L. 95–507 are included under preferential procurement programs.

Right of First Refusal of Employment. Contractors provide Government employees, displaced as a result of the conversion to contract performance, the right of first refusal for employment openings under the contract in positions for which they are qualified, if that employment is consistent with post-Government employment conflict of interest standards.

§ 169.4 Policy.

(a) *Ensure DoD Mission Accomplishment.* When complying with this part and its implementing Instruction, DoD Components shall consider the overall DoD mission and the defense objective of maintaining readiness and sustainability to ensure a capability for mobilizing the defense and support structure.

(b) *Achieve Economy and Quality through Competition.* Encourage competition with the objective of enhancing quality, economy, and performance. When performance by a commercial source is permissible, a comparison of the cost of contracting and the cost of in-house performance shall be performed to determine who shall provide the best value for the Government, considering price and other factors included in the solicitation. The restriction of a solicitation to a preferential procurement program does not negate the requirement to perform a cost comparison. Performance history will be considered in the source selection process, and high quality performance should be rewarded.

(c) *Retain Governmental Functions In-House.* Certain functions that are inherently governmental in nature, and intimately related to the public interest, mandate performance by DoD personnel only. These functions are not in competition with commercial sources; therefore, these functions shall be performed by DoD personnel.

(d) *Rely on the Commercial Sector.* DoD Components shall rely on commercially available sources to provide commercial products and services except when required for national defense, when no satisfactory commercial source is available, or when in the best interest of direct patient care. DoD Components shall not consider an in-house new requirement, an expansion of an in-house requirement, conversion to in-house, or otherwise carry on any CAs to provide commercial products or services if the products or services can be procured more economically from commercial sources.

(e) *Delegate Decision Authority and Responsibility.* DoD Components shall delegate decision authority and responsibility to lower organization levels, giving more authority to the doers, and linking responsibility with that authority. This shall facilitate the work that installation commanders must perform without limiting their freedom to do their jobs. When possible, the installation commanders should have the freedom to make intelligent use of their resources, while preserving the essential wartime capabilities of U.S. support organizations in accordance with DoD Directive 4001.1.²

(f) *Share Resources Saved.* When possible, make available to the installation commander a share of any resources saved or earned so that the commander can improve operations or working and living conditions on the installation.

(g) *Provide Placement Assistance.* Provide a variety of placement assistance to employees whose Federal jobs are eliminated through CA competitions.

[54 FR 13373, Apr. 3, 1989; 54 FR 21726, May 19, 1989]

²See footnote 1 to § 169.2(h)

§ 169.5 Responsibilities.

(a) The *Assistant Secretary of Defense (Production and Logistics)* (ASD (P&L)), or designee, shall:

(1) Formulate and develop policy consistent with this part for the DoD CA program.

(2) Issue Instructions to implement the policies of this part.

(3) Maintain an inventory of in-house DoD CAs and the Commercial Activities Management Information System (CAMIS).

(4) Establish criteria for determining whether a CA is required to be retained in-house for national defense.

(5) Approve or disapprove core logistics waiver requests.

(b) The *Comptroller of the Department of Defense* (C, DoD) shall provide inflation factors and/or price indices and policy guidance to the DoD Components on procedures and systems for obtaining cost data for use in preparing the in-house cost estimate.

(c) The *Heads of DoD Components* shall:

(1) Comply with this part and DoD Instruction 4100.33.

(2) Designate an official at the Military Service Assistant Secretary level, or equivalent, to implement this part.

(3) Establish an office as a central point of contact for implementing this part.

(4) Encourage and facilitate CA competitions.

(5) Delegate, as much as practicable, broad authority to installation commanders to decide how best to use the CA program to accomplish the mission. Minimally, as prescribed by P.L. 100-180, section 1111 and E.O. 12615, installation commanders shall have the authority and responsibility to carry out the following:

(i) Prepare an inventory each fiscal year of commercial activities carried out by Government personnel on the military installation in accordance with DoD Instruction 4100.33.

(ii) Decide which commercial activities shall be reviewed under the procedures and requirements of E.O. 12615, OMB Circular A-76, and DoD Instruction 4100.33. This authority shall not be applied retroactively. Cost comparisons and direct conversions initiated,

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as of December 4, 1987, shall be continued.

(iii) Conduct a cost comparison of those commercial activities selected for conversion to contractor performance under OMB Circular A-76.

(iv) To the maximum extent practicable, assist in finding suitable employment for any DoD employee displaced because of a contract entered into with a contractor for performance of a commercial activity on the military installation.

(6) Develop specific national defense guidance consistent with DoD Instruction 4100.33.

(7) Establish administrative appeal procedures consistent with DoD Instruction 4100.33.

(8) Ensure that contracts resulting from cost comparisons conducted under this part are solicited and awarded in accordance with the FAR and the DFARS.

(9) Ensure that all notification and reporting requirements established in DoD Instruction 4100.33 are satisfied.

(10) Ensure that the Freedom of Information Act Program is complied with in responding to requests for disclosure of contractor-supplied information obtained in the course of procurement.

(11) Ensure that high standards of objectivity and consistency are maintained in compiling and maintaining the CA inventory and conducting the reviews and cost comparisons.

(12) Provide, when requested, assistance to installation commanders to ensure effective CA program implementation and technical competence in management and implementation of the CA program.

(13) Ensure that maximum efforts are exerted to assist displaced DoD employees in finding suitable employment, to include, as appropriate:

(i) Providing priority placement assistance for other Federal jobs.

(ii) Training and relocation when these shall contribute directly to placement.

(iii) Providing outplacement assistance for employment in other sectors of the economy with particular attention to assisting eligible employees to exercise their right of refusal with the successful contractor.

(14) Maintain the technical competence necessary to ensure effective and efficient management of the CA program.

(15) Ensure, once the cost comparison is initiated, that the milestones are met, and completion of the cost comparison is without unreasonable delay.

PART 169a—COMMERCIAL ACTIVITIES PROGRAM PROCEDURES

Subpart A—General

Sec.

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- 169a.2 Applicability and scope.
- 169a.3 Definitions.
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- APPENDIX A TO PART 169A—CODES AND DEFINITIONS OF FUNCTIONAL AREAS
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- APPENDIX C TO PART 169A—SIMPLIFIED COST COMPARISONS FOR DIRECT CONVERSION OF CAs
- APPENDIX D TO PART 169A—COMMERCIAL ACTIVITIES MANAGEMENT INFORMATION SYSTEM (CAMIS)

AUTHORITY: 5 U.S.C. 301 and 552.

SOURCE: 50 FR 40805, Oct. 7, 1985, unless otherwise noted.

Subpart A—General

§ 169a.1 Purpose.

This part:

(a) Reissues DoD Instruction 4100.33¹ to update policy, procedures, and responsibilities required by DoD Directive 4100.15² and OMB Circular A-76³ for use by the Department of Defense (DoD) to determine whether needed commercial activities (CAs) should be accomplished by DoD personnel or by contract with a commercial source.

(b) Cancels DoD 4100.33-H,⁴ “DoD In-House vs. Contract Commercial and Industrial Activities Cost Comparison Handbook.”

§ 169a.2 Applicability and scope.

This part:

(a) Applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Defense Agencies and DoD Field Activities (hereafter referred to collectively as the “DoD Components”).

(b) Contains DoD procedures for CAs in the United States, its territories and possessions, the District of Columbia, and the Commonwealth of Puerto Rico.

(c) Is not mandatory for CAs staffed solely with DoD civilian personnel paid by nonappropriated funds, such as military exchanges. However, this part is mandatory for CAs when they are staffed partially with DoD civilian personnel paid by or reimbursed from appropriated funds, such as libraries, open messes, and other morale, welfare, and recreation (MWR) activities. When related installation support functions are being cost-compared under a single solicitation, a DoD Component may decide that it is practical to include activities staffed solely with DoD civilian personnel paid by nonappropriated funds.

(d) Does not apply to DoD governmental functions are defined in § 169a.3.

(e) Does not apply when contrary to law, Executive orders, or any treaty or international agreement.

(f) Does not apply in times of a declared war or military mobilization.

(g) Does not provide authority to enter into contracts.

(h) Does not apply to the conduct of research and development, except for severable in-house CAs that support research and development, such as those listed in appendix A to this part.

(i) Does not justify conversion to contract solely to avoid personnel ceilings or salary limitations.

(j) Does not authorize contracts that establish employer-employee relations between the Department of Defense and contractor employees as described in the Federal Acquisition Regulation (FAR), 48 CFR 37.104.

(k) Does not establish and shall not be construed to create any substantive or procedural basis for anyone to challenge any DoD action or inaction on the basis that such action or inaction was not in accordance with this part except as specifically set forth in § 169a.15(d).

[57 FR 29207, July 1, 1992]

§ 169a.3 Definitions.

Commercial activity review. The process of evaluating CAs for the purpose of determining whether or not a cost comparison will be conducted.

Commercial source. A business or other non-Federal activity located in the United States, its territories and possessions, the District of Columbia, or the Commonwealth of Puerto Rico that provides a commercial product or service.

Conversion to contract. The changeover of a CA from performance by DoD personnel to performance under contract by a commercial source.

Conversion to in-house. The changeover of a CA from performance under contract by a commercial source to performance by DoD personnel.

Cost comparison. The process of developing an estimate of the cost of performance of a CA by DoD employees and comparing it, in accordance with the requirements in this part, to the cost to the Government for contract performance of the CA.

Directly affected parties. DoD employees and their representative organizations and bidders or offerers on the solicitation.

¹Copies may be obtained, at cost, from the National Technical Information Service, 5285 Port Royal Road, Springfield, VA 22161

²See footnote 1 to § 169a.1(a).

³Copies may be obtained if needed, from the Office of Management and Budget, Executive Office Building, Washington, DC 20503.

⁴See footnote 1 to § 169a.1(a).

Displaced DoD employee. Any DoD employee affected by conversion to contract operation (including such actions as job elimination, grade reduction, or reduction in rank). It includes both employees in the function converted to contract and to employees outside the function who are affected adversely by conversion through reassignment or the exercise of bumping or retreat rights.

DoD Commercial Activity (CA). An activity that provides a product or service obtainable (or obtained) from a commercial source. A DoD CA is not a Governmental function. A DoD CA may be an organization or part of another organization. It must be a type of work that is separable from other functions or activities so that it is suitable for performance by contract. A representative list of the functions performed by such activities is provided in Enclosure 1. A DoD CA falls into one of two categories:

(a) *In-house CA.* A DoD CA operated by a DoD Component with DoD personnel.

(b) *Contract CA.* A DoD CA managed by a DoD Component operated with contractor personnel.

DoD Employee. Refers to only civilian personnel of the Department of Defense.

DoD governmental function. A function that is related so intimately to the public interest as to mandate performance by DoD personnel. These functions require either the exercise of discretion in applying Government authority or the use of value judgment in making the decision for the Department of Defense.

Services or products in support of Governmental functions such as those listed in enclosure 3 of DoD Instruction 4100.33 are normally subject to this part and its implementing instructions. Governmental functions normally fall into two categories:

(a) The act of governing; that is, the discretionary exercise of Governmental authority. Examples include criminal investigations, prosecutions, and other judicial functions; management of Governmental programs requiring value judgments, as in direction of the national defense; management and direction of the Armed Services; activities

performed exclusively by military personnel who are subject to deployment in a combat, combat support, or combat service support role; conduct of foreign relations; selection of program priorities; direction of Federal employees; regulation of the use of space, oceans, navigable rivers, and other natural resources; direction of intelligence and counterintelligence operations; and regulation of industry and commerce, including food and drugs.

(b) Monetary transactions and entitlements, such as tax collection and revenue disbursements; control of the money supply treasury accounts; and the administration of public trusts.

DoD personnel. Refers to both military and civilian personnel of the Department of Defense.

Expansion. The modernization, replacement, upgrading, or enlargement of a DoD CA involving a cost increase exceeding either 30 percent of the total capital investment or 30 percent of the annual personnel and material costs. A consolidation of two or more CAs is not an expansion unless the proposed total capital investment or annual personnel and material costs of the consolidation exceeds the total of the individual CAs by 30 percent or more.

New requirement. A recently established need for a commercial product or service. A new requirement does not include interim in-house operation of essential services pending reacquisition of the services prompted by such action as the termination of an existing contract operation.

Preferential procurement programs. Mandatory source programs such as Federal Prison Industries (FPI) and the workshops administered by the Committee for Purchase from the Blind and Other Severely Handicapped under the Javits-Wagner-O'Day Act. Also included are small, minority and disadvantaged businesses, and labor surplus area set-asides and awards made under 15 U.S.C. section 637.

[50 FR 40805, Oct. 7, 1985, as amended at 57 FR 29207, July 1, 1992]

§ 169a.4 Policy.

(a) *Ensure DoD mission accomplishment.* The implementation of this part shall consider the overall DoD mission

and the defense objective of maintaining readiness and sustainability to ensure a capability for mobilizing the defense and support structure.

(b) *Retain governmental functions in-house.* Certain functions that are inherently governmental in nature, and intimately related to the public interest, mandate performance by DoD personnel only. These functions are not in competition with commercial sources; therefore, these functions shall be performed by DoD personnel.

(c) *Rely on the commercial sector.* DoD Components shall rely on commercially available sources to provide commercial products and services, except when required for national defense, when no satisfactory commercial source is available, or when in the best interest of direct patient care. DoD Components shall not consider an in-house new requirement, an expansion of an in-house requirement, conversion to in-house, or otherwise carry on any CAs to provide commercial products or services if the products or services can be procured more economically from commercial sources.

(d) *Achieve economy and enhance productivity.* Encourage competition with the objective of enhancing quality, economy, and performance.

When performance by a commercial source is permissible, a comparison of the cost of contracting and the cost of in-house performance shall be performed to determine who shall provide the best value for the Government, considering price and other factors included in the solicitation. If the installation commander has reason to believe that it may not be cost effective to make an award under mandatory source programs, section 8(a) of the Small Business Act or any other non-competitive preferential procurement program, a cost comparison, or any other cost analysis, although not required by OMB Circular A-76, may be performed. Performance history will be considered in the source selection process, and high quality performance should be rewarded.

(e) *Delegate decision authority and responsibility.* DoD Components shall delegate decision authority and responsibility to lower organization levels, giving more authority to the doers, and

linking responsibility with that authority. This shall facilitate the work that installation commanders must perform without limiting their freedom to do their jobs. When possible, the installation commanders should have the freedom to make intelligent use of their resources, while preserving the essential wartime capabilities of U.S. support organizations in accordance with DoD Directive 4001.15.⁵

(f) *Share resources saved.* When possible, make available to the installation commander a share of any resources saved or earned so that the commander can improve operations or working and living conditions on the installation.

(g) *Provide Placement Assistance.* Provide a variety of placement assistance to employees whose Federal jobs are eliminated through CA competitions.

(h) *Permit interim-in-house operation.* A DoD in-house CA may be established on a temporary basis if a contractor defaults. Action shall be taken to resolicit bids or proposals in accordance with this part.

[57 FR 29207, July 1, 1992]

Subpart B—Procedures

§ 169a.8 Inventory and review schedule (Report Control Symbol DD-P&L(A)).

(a) Information in each DoD Component's inventory shall be used to assess DoD implementation of OMB Circular A-76 and for other purposes. Each Component's inventory shall be updated at least annually to reflect changes to their review schedule and the results of reviews, cost comparisons, and direct conversions. Updated inventories for all DoD Components except National Security Agency/Central Security Service (NSA/CSS) and the Defense Intelligence Agency (DIA) shall be submitted to the Assistant Secretary of Defense (Production and Logistics) (ASD(P&L)) within 90 days after the end of each fiscal year. Inventory data pertaining to NSA/CSS and DIA shall be held at the specific Agency concerned for subsequent review by properly cleared personnel. Appendix A to

⁵ See footnote 1 to § 169a.1(a).

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this part provides the codes and explanations for functional areas and Appendix B to this part provides procedures for submitting the inventory.

(b) DoD component's review schedules should be coordinated with the DoD Component's Efficiency Review Program and the Defense Regional Interservice Support (DRIS) Program to preclude duplication of efforts and to make use of information already available.

(c) Review of CAs that provide interservice support shall be scheduled by the supplying DoD Component. Subsequent cost comparisons, when appropriate, shall be executed by the same DoD Component. All affected DoD Components shall be notified of the intent to perform a review.

[50 FR 40805, Oct. 7, 1985, as amended at 57 FR 29208, July 1, 1992]

§ 169a.9 Reviews: Existing in-house commercial activities.

(a) DoD components shall conduct reviews of in-house CAs in accordance with their established review schedules. Existing in-house CAs, once reviewed shall be retained in-house without a cost comparison only when certain conditions are satisfied. (Detailed documentation will be maintained to support the decision to continue in-house performance). These conditions are as follows:

(1) *National Defense.* In most cases, application of this criteria shall be made considering the wartime and peacetime duties of the specific positions involved rather than in terms of broad functions.

(i) A CA, staffed with military personnel who are assigned to the activity, may be retained in-house for national defense reason when the following apply.

(A) The CA is essential for training or experience in required military skills;

(B) The CA is needed to provide appropriate work assignments for a rotation base for overseas or sea-to-shore assignments; or

(C) The CA is necessary to provide career progression to needed military skill levels.

(ii) *Core logistics activities.* The core logistics capability reported to Con-

gress, March 29, 1984, under the provisions of 10 U.S.C. 2646 is comprised of the facilities, equipment, and management personnel at the activities listed in the report. The work at those activities may be performed by either government or contractor personnel, whichever is more cost effective. Core logistics activities reported to Congress under the provisions of 10 U.S.C. 2646, shall be retained in-house unless the Secretary of Defense grants a waiver as provided for in 10 U.S.C. 2464. Requests for waivers shall be submitted to the ASD (P&L). DoD Components may propose to the ASD (P&L) additional core logistics capability for inclusion in the list of core logistics activities. Core logistics activities reported to Congress as additions to the original list shall be retained in-house unless subsequently waived by the Secretary of Defense.

(iii) If the DoD Component has a larger number of similar CAs with a small number of essential military personnel in each CA, action shall be taken, when appropriate, to consolidate the military positions consistent with military requirements so that economical performance by either DoD civilian employees or by contract can be explored for accomplishing a portion of the work.

(iv) The DoD Components may propose to the ASD (P&L) other criteria for exempting CAs for national defense reasons.

(2) *No satisfactory commercial source available.* A DoD commercial activity may be performed by DoD personnel when it can be demonstrated that:

(i) There is no satisfactory commercial source capable of providing the product or service that is needed. Before concluding that there is no satisfactory commercial source available, the DoD Component shall make all reasonable efforts to identify available sources.

(A) DoD Components' efforts to find satisfactory commercial sources shall be carried out in accordance with the FAR and Defense FAR Supplement (DFAS) including review of bidders lists and inventories of contractors, consideration of preferential procurement programs, and requests for help

from Government agencies such as the Small Business Administration.

(B) Where the availability of commercial sources is uncertain, the DoD Component will place up to three notices of the requirement in the *Commerce Business Daily* (CBD) over a 90-day period. (Notices will be in the format specified in FAR, 48 CFR part 5 and part 7, subpart 7.3) When a bona fide urgent requirement occurs, the publication period in the CBD may be reduced to two notices, 15 days apart. Specifications and requirements in the notice will not be unduly restrictive and will not exceed those required of Government personnel or operations.

(ii) Use of a commercial source would cause an unacceptable delay or disruption of an essential program. In-house operation of a commercial activity on the basis that use of a commercial source would cause an unacceptable delay or disrupt an essential DoD program requires a specific documented explanation.

(A) The delay or disruption must be specific as to cost, time, and performance measures.

(B) The disruption must be shown to be a lasting or unacceptable nature. Temporary disruption caused by conversion to contract is not sufficient support for the use of this criteria.

(C) The fact that a DoD commercial activity involves a classified program, or is part of a DoD Component's basic mission, or that there is the possibility of a strike by contract employees is not adequate reason for Government performance of that activity. Further, urgency alone is not an adequate reason to continue Government operation of a commercial activity. It must be shown that commercial sources are not able, and the Government is able, to provide the product or service when needed.

(D) Use of an exemption due to an unacceptable delay or disruption of an essential program shall be approved by the DoD Component's central point of contact office. This authority may be redelegated.

(3) *Patient Care.* Commercial activities at DoD hospitals may be performed by DoD personnel when it is determined by the head of the DoD Component or his designee, in consultation

with the DoD Component's chief medical director, that performance by DoD personnel would be in the best interest of direct patient care.

[50 FR 40805, Oct. 7, 1985, as amended at 57 FR 29208, July 1, 1992]

§ 169a.10 Contracts.

When contract cost becomes unreasonable or performance becomes unsatisfactory, the requirement must be resolicited. If the DoD Component competes in the resolicitation, then a cost comparison of a contracted CA shall be performed in accordance with part III of the Supplement to OMB Circular A-76 (Office of Federal Procurement Policy pamphlet No. 4)⁶, part II of the Supplement to OMB Circular A-76 (Management Study Guide)⁷, part IV of the Supplement to OMB Circular A-76 (Cost Comparison Handbook)⁸, if in-house performance is feasible. When contracted CAs are justified for conversion to in-house performance, the contract will be allowed to expire (options will not be exercised) once in-house capability is established.

[57 FR 29208, July 1, 1992]

§ 169a.11 Expansions.

In cases where expansion of an in-house commercial activity is anticipated, a review of the entire commercial activity, including the proposed expansion, shall be conducted to determine if performance by DoD personnel is authorized for national defense reasons, because no commercial source is available, or because it is in the best interest of direct patient care. If performance by DoD personnel is not justified under these criteria, a cost comparison of the entire activity shall be performed. Government facilities and equipment normally will not be expanded to accommodate expansions if adequate and cost effective contractor facilities and equipment are available.

[50 FR 40805, Oct. 7, 1985, as amended at 57 FR 29208, July 1, 1992]

⁶ See footnote 3 to § 169a.1(a).

⁷ See footnote 3 to § 169a.1(a).

⁸ See footnote 3 to § 169a.1(a).

§ 169a.12 New requirements.

(a) In cases where a new requirement for a commercial product or service is anticipated, a review shall be conducted to determine if performance by DoD personnel is authorized for national defense reasons, because no commercial source is available, or because it is in the best interest of direct patient care. If performance by DoD personnel is not justified under these criteria, then the new requirement normally shall be performed by contract.

(b) If there is reason to believe that commercial prices may be unreasonable, a preliminary cost analysis shall be conducted to determine whether it is likely that the work can be performed in-house at a cost that is less than anticipated for contract performance. If in-house performance appears to be more economical, a cost comparison shall be scheduled. The appropriate conversion differentials will be added to the preliminary in-house cost before it is determined that in-house performance is likely to be more economical.

(c) Government facilities and equipment normally will not be expanded to accommodate new requirements if adequate and cost-effective contractor facilities are available. The requirement for Government ownership of facilities does not obviate the possibility of contract operation. If justification for in-house operation is dependent on relative cost, the cost comparison may be delayed to accommodate the lead time necessary for acquiring the facilities.

(d) Approval or disapproval of in-house performance of new requirements involving a capital investment of \$500,000 or more will not be redelegated below the level of DAS or equivalent.

(e) Approval to budget for a major capital investment associated with a new requirement will not constitute OSD approval to perform the new requirement with DoD personnel. Government performance shall be determined in accordance with this part.

§ 169a.13 CAs involving forty-five or fewer DoD civilian employees.

(a) When adequately justified under the criteria required in Appendix C to this part, CAs involving 11 to 45 DoD civilian employees may be competed

based on simplified cost comparison procedures and 10 or fewer DoD civilian employees may be directly converted to contract without the use of a simplified cost comparison. Such conversion shall be approved by the DoD Component's central point of contact office having the responsibility for implementation of this part. Part IV of the Supplement to OMB Circular A-76 and Appendix C to this part shall be utilized to define the specific elements of costs to be estimated in the simplified cost comparison.

(b) In no case shall any CA involving more than forty-five employees be modified, reorganized, divided, or in any way changed for the purpose of circumventing the requirement to perform a full cost comparison.

(c) The decision to perform a simplified cost comparison on a CA involving military personnel and 11 to 45 DoD Civilian employees reflects a management decision that the work need not be performed in-house. Therefore, all direct military personnel costs will be estimated in the simplified cost comparison (see Appendix C to this part) on the basis of civilian performance.

(d) A most efficient and cost-effective organization analysis certification is required for studies involving 11 to 45 DoD civilian employees (see Appendix C to this part).

[57 FR 29208, July 1, 1992]

§ 169a.14 Military personnel commercial activity.

Commercial activities performed exclusively by military personnel not subject to deployment in a combat, combat support, or combat service support role may be converted to contract without a cost comparison, when adequate competition is available and reasonable prices can be obtained from qualified commercial sources.

§ 169a.15 Special considerations.

(a) Signals Intelligence, Telecommunications (SIGINT) and Automated Information System (AIS) security.

(1) Before making a determination that an activity involving SIGINT as prescribed in Executive Order 12333, and AIS, security should be subjected

to a cost comparison, the DoD Component shall specifically identify the risk to national security and complete a risk assessment to determine if the use of commercial resources poses a potential threat to national security. Information copies of the risk assessment and a decision memorandum containing data on the acceptable and/or unacceptable risk will be maintained within the requesting DoD Component's contracting office.

(2) The National Security Agency (NSA) considers the polygraph program an effective means to enhance security protection for special access type information. The risk to national security is of an acceptable level if contractor personnel assigned to the maintenance and operation of SIGINT, Computer Security (COMPUSEC) and Communications Security (COMSEC) equipment agree to an aperiodic counter-intelligence scope polygraph examination. The following clause should be included in every potential contract involving SIGINT, Telecommunications, and AIS systems:

Contract personnel engaged in operation or maintaining SIGINT, COMSEC or COMPUSEC equipment or having access to classified documents or key material must consent to an aperiodic counter-intelligence scope polygraph examination administered by the Government. Contract personnel who refuse to take the polygraph examination shall not be considered for selection.

(b) *National intelligence.* Before making a determination that an activity involving the collection/processing/production/dissemination of national intelligence as prescribed in Executive Order 12333 should be subjected to a cost comparison, the DoD Component must specifically identify the risk to national intelligence of using commercial sources. Except as noted in paragraph (a) of this section, the DoD Component shall provide its assessment of the risk to national intelligence of using commercial sources to the Director, DIA, who shall make the determination if the risk to national intelligence is unacceptable. DIA shall consult with other organizations as deemed necessary and shall provide the decision to the DoD Component. (De-

tailed documentation shall be maintained to support the decision).

(c) *Accountable Officer.* (1) The functions and responsibilities of the Accountable Officer are defined by DoD 7200.10-M.⁹ Those functions of the Accountable Officer that involve the exercise of substantive discretionary authority in determining the Government's requirements and controlling Government assets cannot be performed by a contractor and must be retained in-house. The responsibilities of the Accountable Officer as an individual and the position of the Accountable Officer are not contractable.

(2) Contractors can perform functions in support of the Accountable Officer and functions where they are performing in accordance with criteria defined by the Government. For instance, contractors can process requisitions, maintain stock control records, perform storage and warehousing, and make local procurements of items specified as deliverables in the contract.

(3) The responsibility for administrative fund control must be retained in-house. The contractor can process all required paperwork up to funds obligation which must be done by the Government employee designated as responsible for funds control. The contractor can also process such documents as reports of survey and adjustments to stockage levels, but approval must rest with the Accountable Officer. In all cases, the administrative control of funds must be retained by the Government since contractors or their employees cannot be held responsible for violations of the United States Code.

(d) *Cost Comparison Process.* If performance of a commercial activity by DoD personnel cannot be justified under national defense, non-availability of commercial source, or patient care criteria, than a full cost comparison shall be conducted in accordance with part II of the Supplement to OMB Circular No. A-76, part III of the Supplement to OMB Circular No. A-76, and part IV of the Supplement to OMB Circular A-76, to determine if performance by DoD employees

⁹See footnote 1 to § 169a.1(a).

is justified on the basis of lower cost (unless the criteria of §169a. and §169a. are met). The conclusion that a commercial activity will be cost compared reflects a management decision that the work need not be accomplished by military personnel. Therefore, all direct personnel costs shall be estimated on the basis of civilian performance. Funds shall be budgeted to cover either the cost of the appropriate in-house operation required to accomplish the work or the estimated cost of the contract. Neither funds nor manpower authorizations shall be removed from the activity's budget in anticipation of the outcome of a study.

(1) *Notification*—(i) *Congressional notification*. DoD Components shall notify Congress of the intention to do a cost comparison involving 46 or more DoD civilian personnel. DoD Components shall annotate the notification when a cost comparison is planned at an activity listed in the report to Congress on core logistics (see section 169a.9(a)(1)(ii)). The DoD Component shall notify the ADS(P&L) of any such intent at least 5 working days before the Congressional notification. The cost comparison process begins on the date of Congressional notification.

(ii) *DoD employee notification*. DoD Components shall, in accordance with 10 U.S.C. 2467(b), at least monthly during the development and preparation of the performance work statement (PWS) and management study, consult with DoD civilian employees who will be affected by the cost comparison and consider the views of such employees on the development and preparation of the PWS and management study. DoD Components may consult with such employees more frequently and on other matters relating to the cost comparison. In the case of DoD employees represented by a labor organization accorded exclusive recognition under 5 U.S.C. 7111, consultation with representatives of the labor organization satisfies the consultation requirement. Consultation with nonunion DoD civilian employees may be through such means as group meetings. Alternatively, DoD civilian employees may be invited to designate one or more representatives to speak for them. Other methods may be implemented if

adequate notice is provided to the non-union DOD civilian employees and the right to be represented during the consultations is ensured.

(iii) *Local notification*. It is suggested that upon starting the cost comparison process, the installation make an announcement of the cost comparison, including a brief explanation of the cost-comparison process to the employees of the activity and the community. The installations' labor relations specialist also should be apprised to ensure appropriate notification to employees and their representatives in accordance with applicable collective bargaining agreements. Local Interservice Support Coordinators (ISCs) and the Chair of the appropriate Joint Interservice Regional Support Group (JIRSG) also should be notified of a pending cost comparison.

(2) *Performance Work Statement (PWS)*. (i) The PWS and its Quality Assurance Plan shall be prepared in accordance with part II of the Supplement to OMB Circular No. A-76 5 for full cost comparison, simplified cost comparisons, and direct conversions of DoD personnel commercial activities. The PWS shall include reasonable performance standards that can be used to ensure a comparable level of performance for both Government and contractor and a common basis for evaluation. Employees and/or their bargaining unit representatives should be encouraged to participate in preparing or reviewing the PWS.

(ii) Each DoD Component shall:

(A) Prepare PWSs that are based on accurate and timely historical or projected workload data and that provide measurable and verifiable performance standards.

(B) Monitor the development and use of prototype PWSs.

(C) Review and initiate action to correct disagreements on PWS discrepancies.

(D) Approve prototype PWSs for Component-wide use.

(E) Coordinate these efforts with the other DoD Components to avoid duplication and to provide mutual assistance.

(iii) Guidance on Government Property:

(A) For the purposes of this instruction, Government property is defined in accordance with the 48 CFR part 45.

(B) The decision to offer or not to offer Government property to a contractor shall be determined by a cost-benefit analysis justifying that the decision is in the government's best interest. The determination on Government property must be supported by current, accurate, complete information and be readily available for the independent reviewing activity. The design of this analysis shall not give a decided advantage or disadvantage to either in-house or contract competitors. The management of Government property offered to the contractor shall also be in compliance with 48 CFR part 45.

(iv) If a commercial activity provides critical or sensitive services, the PWS shall include sufficient data for the in-house organization and commercial sources to prepare a plan for expansion in emergency situations.

(v) DoD Components that provide interservice support to other DoD Components or Federal agencies through interservice support agreements or other arrangements shall ensure that the PWS includes this work load and is coordinated with all affected DoD Components and Federal Agencies.

(vi) If there is a requirement for the commercial source to have access to classified information in order to provide the product or service, the commercial source shall be processed for a facility security clearance under the Defense Industrial Security Program in accordance with DoD Directive 5220.22¹⁰ and DoD Regulation 5220.22-R.¹¹ However, if no *bona fide* requirement for access to classified information exists, no action shall be taken to obtain security clearance for the commercial source.

(vii) Employees of commercial sources who do not require access to classified information for work performance, but require entry into restricted areas of the installation, may be authorized unescorted entry only

when the provisions of DoD Regulation 5200.2-R¹² apply.

(3) *Management Study.* A management study shall be performed to analyze completely the method of operation necessary to establish the most efficient and cost-effective in-house organization (MEO) needed to accomplish the requirements in the PWS. The MEO must reflect only approved resources for which the commercial activity has been authorized. As a part of the management study, installations should determine if specific requirements can be met through an Inter/Intraservice Support Agreement (ISA) with other activities or Government Agencies which have excess capacity or capability.

(i) The commercial activity management study is mandatory. Part III of the Supplement to OMB Circular No. A-76 provides guidance on how to conduct the management study. The study shall identify essential functions to be performed, determine performance factors, organization structure, staffing, and operating procedures for the most efficient and cost effective in-house performance of the commercial activity. The MEO becomes the basis of the Government estimate for the cost comparison with potential contractors. In this context, "efficient" (or cost-effective) means that the required level of workload (output, as described in the performance work statement) is accomplished with as little resource consumption (input) as possible without degradation in the required quality level of products or services.

(ii) DoD Components have formal programs and training for the performance of management studies, and those programs are appropriate for teaching how to conduct commercial activity management studies. Part III of the Supplement to OMB Circular No. A-76 does not purport to replace the DoD Component's own management techniques, but merely to establish the basic criteria and the interrelationship between the management study and the PWS.

(iii) If a commercial activity provides critical or sensitive services, the management study shall include a plan for expansion in emergency situations.

¹⁰ See footnote 1 to § 169a.1(a).

¹¹ See footnote 1 to § 169a.1(a).

¹² See footnote 1 to § 169a.1(a).

(iv) Early in the management study, management will solicit the views of the employees in the commercial activity under review, and/or their representatives for their recommendations as to the MEO or ways to improve the method of operation.

(v) The management study will be the basis on which the DoD Component certifies that the Government cost estimate is based on the most efficient and cost effective organization practicable.

(vi) Implementation of the MEO shall be initiated no later than 1 month after cancellation of the solicitation and completed within 6 months. DoD Components shall take action, within 1 month, to schedule and conduct a subsequent cost comparison when the MEO is not initiated and completed as prescribed above. Subsequent cost comparisons may be delayed by the DoD Component's central point of contact office, when situations outside the control of the DoD Component prevent timely or full implementation of the MEO. This authority may not be re-delegated.

(vii) DoD Components shall establish procedures to ensure that the in-house operation, as specified in the MEO, is capable of performing in accordance with the requirements of the PWS. The procedures also shall ensure that the resources (facilities, equipment, and personnel) specified in the MEO are available to the in-house operation and that in-house performance remains within the requirements and resources specified in the PWS and MEO for the period of the cost comparison, unless documentation to support changes in workload/scope is available.

(viii) A management study is not required for simplified cost comparisons however, a MEO analysis and certification is required.

(4) *Cost Comparisons.* Cost comparisons shall include all significant costs of both Government and contract performance. Common costs; that is, costs that would be the same for either in-house or contract operation, need not be computed, but the basis of those common costs must be identified and included in the cost comparison documentation. Part IV of the Supplement to OMB Circular A-76 (Cost Compari-

son Handbook) provides the basic guidance for conducting full cost comparisons. Appendix D provides guidance for conducting simplified cost comparisons. The supplemental guidance contained below is intended to establish uniformity and to ensure all factors are considered when making cost comparisons. Deviation from the guidance contained in part IV of the Supplement to OMB Circular A-76, will not be allowed, except as provided in the following subparagraphs.

(i) *In-house Cost Estimate.* (A) The in-house cost estimate shall be based on the most efficient and cost-effective in-house organization needed to accomplish the requirements in the PWS.

(B) Heads of DoD Components or their designees shall certify that the in-house cost estimate is based on the most efficient and cost-effective operation practicable. Such certification shall be made before the bid opening or the date for receipt of initial proposals.

(C) The ASD(P&L) shall provide inflation factors for adjusting costs for the first and subsequent performance periods. These factors shall be the only acceptable factors for use in cost comparisons. Inflation factors for outyear (second and subsequent) performance periods will not be applied to portions of the in-house estimate that are comparable with those portions of the contract estimate subject to economic price adjustment clauses.

(D) Military positions in the organization under cost comparison shall be converted to civilian positions for costing purposes. Civilian grades and series shall be based on the work described in the PWS and the MEO, determined by the management study rather than on the current organization structure.

(E) DoD Components shall not use the DLA Wholesale Stock Fund Rate and/or the DLA Direct Delivery rate for supplies and materials as reflected in paragraph 3.a. (1) and (2) of part IV of the Supplement to OMB Circular No. A-76. The current standard and pricing formula includes full cost under the Defense Business Operations Fund (DBOF). No further mark-up is required.

(F) DoD Components shall assume for the purpose of depreciation computations that residual value is equal to the

disposal values listed in Appendix C of part IV of the Supplemental to OMB Circular No. 76 (Cost Comparison Handbook) if more precise figures are not available from the official accounting records or other knowledgeable authority. Therefore, the basis for depreciation shall be the original cost plus the cost of capital improvements (if any) less the residual value. The original cost plus the cost of capital improvements less the residual value shall be divided by the useful life (as projected for the commercial activity cost comparison) to determine the annual depreciation.

(G) Purchased services which augment the current in-house work effort and that are included in the PWS should be included in line 3 (other specifically attributable costs). When these purchased services are long-term and contain labor costs subject to economic price adjustment clauses, then the applicable labor portion will not be escalated by outyear inflation factors. In addition, purchased services shall be offset for potential Federal income tax revenue by applying the appropriate rate in Appendix D of part IV of the Supplement to OMB Circular A-76 (Cost Comparison Handbook) to total cost of purchased services.

(H) Overhead costs shall be computed only when such costs will not continue in the event of contract performance. This includes the cost of any position (full time, part time, or intermittent) that is dedicated to providing support to the activity(ies) under cost comparison regardless of the support organization's location. Military positions provided overhead support shall be costed using current military composite standard rates that include PCS costs multiplied by the appropriate support factor.

(ii) *Cost of Contract Performance.* (A) The contract cost estimate shall be based on firm bids or negotiated proposals solicited in accordance with the FAR and the DoD FAR Supplement (DFARS) for full cost comparisons. Existing contract prices (such as those from GSA Supply Schedules) will not be used in a cost comparison. For simplified cost comparisons, the guidance in Appendix C of this part applies.

(B) Standby costs are costs incurred for the upkeep of property in standby status. Such costs neither add to the value of the property nor prolong its life, but keep it in efficient operating condition or available for use. When an in-house activity is terminated in favor of contract performance and an agency elects to hold Government equipment and facilities on standby solely to maintain performance capability, this is a management decision, and such standby costs will not be charged to the cost of contracting.

(C) A specific waiver is required to use contract administration factors that exceed the limits established in Table 3-1 of part IV of the Supplement to OMB Circular No. A-76 (Cost Comparison Handbook). The reason for the deviation from the limits, the supporting alternative computation, and documentation supporting the alternative method, shall be provided to the DoD Component's central point of contact office for advance approval on a case-by-case basis. The authority may not be redelegated. ASD(A&L) shall be notified within 30 days of any such decisions.

(D) The following guidance pertains to one-time conversion costs:

(1) *Material Related Costs.* The cost factors below shall be used, if more precise costs are not known, to estimate the cost associated with disposal/transfer of excess government material which result from a conversion to contract performance:

	Percentage of current replacement cost
Packing, crating , and handling (PCH)	3.5
Transportation	3.75

(2) *Labor-Related Costs.* If unique circumstances prevail when a strict application of the 2 percent factor for computation of severance pay results in a substantial overstatement or understatement of this cost, an alternative methodology may be employed. The reason for the deviation from this standard, the alternative computation, and documentation supporting the alternative method shall be provided to the appropriate DoD Component's central point of contact office for advance

approval on a case-by-case basis. This authority may not be redelegated.

(3) *Other Transition Costs.* Normally, government personnel assistance after the contract start date (to assist in transition from in-house performance to contract performance) should not be necessary. When transition assistance will not be made available, this condition should be stated clearly in the solicitation so that contractors will be informed that they will be expected to meet full performance requirements from the first date of the contract. Also, when circumstances require full performance on the contract start date, the solicitation shall state that time will be made available for contractor indoctrination prior to the start date of the contract. The inclusion of personnel transition costs in a cost comparison requires advance approval of the DoD Component's central point of contact office. This authority may not be redelegated.

(E) *Gain or Loss on Disposal/Transfer of Assets.* If more precise costs are not available from the Defense Reutilization and Marketing Office or appropriate authority, then:

(1) The same factors for PCH and transportation costs as prescribed in § 169a.12E(ii)(D)(1) for the costs associated with disposal/transfer of materials may be used.

(2) The estimated disposal value may be calculated from the net book value as derived from the table in Appendix C of part IV of the Supplement to OMB Circular No. A-76 (Cost Comparison Handbook), minus the disposal/transfer costs. This figure shall be entered as a gain or loss on line 11 or line 13 of the cost comparison form as appropriate.

NOTE: If a cost-benefit analysis, as prescribed in § 169a.12(B)(iii), indicates that the retention of Government-owned facilities, equipment, or real property for use elsewhere in the Government is cost advantageous to the Government, then the cost comparison form shall reflect a gain to the Government and therefore a decrease to the cost of contracting on line 11 or line 13 of the cost comparison form as appropriate.

[50 FR 40805, Oct. 7, 1985, as amended at 57 FR 29209, July 1, 1992]

§ 169a.16 Independent review.

(a) The estimates of in-house and contracting costs that can be computed before the cost comparison shall be reviewed by a qualified activity, independent of the Task Group preparing the cost comparison. This review shall be completed far enough in advance of the bid or initial proposal opening date to allow the DoD Component to correct any discrepancies found before sealing the in-house cost estimate.

(b) The independent review shall substantiate the currency, reasonableness, accuracy, and completeness of the inhouse estimate. The review shall ensure that the in-house cost estimate is based on the same required services, performance standards, and workload contained in the solicitation. The reviewer shall scrutinize and attest to the adequacy and authenticity of the supporting documentation. Supporting documentation shall be sufficient to require no additional interpretation.

(c) The purpose of the independent review is to ensure costs have been estimated and supported in accordance with provisions of this Instruction. If no (or only minor) discrepancies are noted during this review, the reviewer indicates the minor discrepancies, signs, dates, and returns the CCF to the preparer. If significant discrepancies are noted during the review, the discrepancies shall be reported to the preparer for recommended correction and resubmission.

(d) The independent review is not required for simplified cost comparisons.

[50 FR 40805, Oct. 7, 1985, as amended at 57 FR 29210, July 1, 1992]

§ 169a.17 Solicitation considerations.

(a) Every effort must be made to avoid postponement or cancellation of CA solicitations even if there are significant changes, omissions, or defects in the Government's in-house cost estimate. Such corrections shall be made before the expiration of bids or proposals and may require the extensions of bids or proposals. When there is no alternative, contracting officers must clearly document the reason(s).

(b) Bidders or offerers shall be informed that an in-house cost estimate

is being developed and that a contract may or may not result.

(c) Bids or proposals shall be on at least a 3-year multi-year basis (when appropriate) or shall include prepriced renewal options to cover 2 fiscal years after the initial period.

(d) All contracts awarded as a result of a conversion (whether or not a cost comparison was performed) shall comply with all requirements of the FAR and DFARS.

(e) Solicitations shall be restricted for preferential procurement when the requirements applicable to such programs (such as, small business set-asides or other required sources of supplies and services) are met, in accordance with the FAR.

(f) Solicitations will not be restricted for preferential procurement unless the contracting officer determines that there is a reasonable expectation that the commercial prices will be fair and reasonable, in accordance with the FAR.

(g) Contract defaults may result in temporary performance by Government personnel or other suitable means; such as, an interim contract source. Personnel detailed to such a temporary assignment should be clearly informed that they will return to their permanent assignment when a new contract is awarded. If the default occurs within the first year of contract performance, the following procedures apply:

(1) If the Government was the next lowest bidder/offeree, and in-house performance is still feasible, the function may be returned to in-house performance. If in-house performance is no longer feasible, the contracting officer shall obtain the requirement by contract in accordance with the requirements of the FAR, 48 CFR part 49. A return to in-house performance under the above criteria shall be approved by the DoD Component's central point of contact office. This authority may not be redelegated.

(2) If the contract wage rates are no longer valid or if the contracting officer, after a review of the availability of the next lowest responsible and responsive bidders/offerees, determines that resolicitation is appropriate, the Government may submit a bid for comparison with other bids/offers from the pri-

vate sector. Submission of a Government bid requires a determination by the DoD Component that performance by DoD employees is still feasible and that a likelihood exists that such performance may be more economical than performance by contract. In such cost comparisons, the conversion differentials will not be applied to the costs of either in-house or contract performance.

(h) If contract default occurs during the second or subsequent year of contract performance, the procedures of § 169a.8(b)(2)(i) of this part apply.

(1) *Grouping of Commercial Activities.*

(i) The installation commander shall determine carefully which CAs should be grouped in a single solicitation. The installation commander should keep in mind that the grouping of commercial activities can influence the amount of competition (number of commercial firms that will bid or submit proposals) and the eventual cost to the Government.

(ii) [Reserved]

(2) The installation commander shall consider the adverse impacts that the grouping of commercial activities into a single solicitation may have on small and small disadvantaged business concerns. Commercial activities being performed wholly by small or small disadvantaged businesses will not be incorporated into a cost comparison unless consolidation is necessary to meet mission requirements. Actions must be taken to ensure that such contractors are not displaced merely to accomplish consolidation. Similarly, care must be taken so that nonincumbent small and small disadvantaged business contractors are not handicapped or prejudiced unduly from competing effectively at the prime contractor level.

(3) In developing solicitations for commercial activities, the procurement plan should reflect an analysis of the advantages and disadvantages to the Government that might result from making more than one award. The decision to group commercial activities should reflect an analysis of all relevant factors including the following:

(A) The effect on competition.

(B) The duplicative management functions and costs to be eliminated through grouping.

(C) The economies of administering multifunction vs. single function contracts, including cost risks associated with the pricing structure of each.

(D) The feasibility of separating unrelated functional tasks or groupings.

(E) The effect grouping will have on the performance of the functions.

(4) When the solicitation package includes totally independent functions which are clearly divisible, severable, limited in number, and not price inter-related, they shall be solicited on the basis of an "any or all" bid or offer. Commercial bidders or offerors shall be permitted to submit bids or offers on one or any combination of the functions being solicited. These bids or offers shall be evaluated to determine the lowest aggregate contract cost to the Government. This lowest aggregate contract cost then will be compared to the in-house cost estimate based on the MEO for performance of the functions in the single solicitation. The procedures in part IV of the Supplement to OMB Circular No. A-76 (Cost Comparison Handbook) apply.

(5) There are instances when this approach to contracting for CAs may not apply; such as, situations when physical limitations of site (where the activities are to be performed) preclude allowing more than one contractor to perform, when the function cannot be divided for purposes of performance accountability, or for other national security considerations. However, if an "all or none" solicitation is issued, the decision to do so must include a cost analysis to reflect that the "all or none" solicitation is less costly to the Government or an analysis indicating it is otherwise in the best interest of the Government, all factors considered.

(6) It is recognized that in some cases, decisions will result in the elimination of prime contracting opportunities for small business. In such cases special measures shall be taken. At a minimum, small and small disadvantaged business concerns shall be given preferential consideration by all competing prime contractors in the award of subcontracts. For negotiated procurements the degree to which this is

accomplished will be a weighted factor in the evaluation and source selection process leading to contract award.

(7) The contract files shall be documented fully to demonstrate compliance with these procedures.

(i) If no bids or proposals, or no responsive or responsible bids or proposals are received in response to a solicitation, the in-house cost estimate shall remain unopened. The contracting officer shall examine the solicitation to ascertain why no responses were received. Depending on the results of this review, the contracting officer shall consider restructuring the requirement, if feasible and reissue it under restricted or unrestricted solicitation procedures, as appropriate.

(j) Continuation of an in-house CA for lack of a satisfactory commercial source will not be based upon lack of response to a restricted solicitation.

(k) The guidance of subparagraph E.3.f. applies to simplified cost comparisons and direct conversions of military personnel CAs.

(1) To ensure that bonds and/or insurance requirements are being used in the best interest of the Government, as a general rule, requirements (for other than construction related services) above the levels established in the FAR and DFARS should not be included in acquisitions.

[50 FR 40805, Oct. 7, 1985, as amended at 56 FR 27901, June 18, 1991; 57 FR 29210, July 1, 1992]

§ 169a.18 Administrative appeal procedures.

(a) *Appeals of Cost Comparison Decisions.* (1) Each DoD Component shall establish an administrative appeals procedure to resolve questions from directly affected parties relating to determinations resulting from cost comparisons performed in compliance with this part. The appeal procedure will not apply to questions concerning the following:

(i) Award to one contractor in preference to another;

(ii) DoD management decisions.

(2) The appeals procedure is to provide an administrative safeguard to ensure that DoD Component decisions are fair, equitable, and in accordance with procedures in this part. The procedure

does not authorize an appeal outside the DoD Component or a judicial review.

(3) The appeals procedure shall be independent and objective and provide for a decision on the appeal within 30 calendar days of receipt of the appeal. The decision shall be made by an impartial official at a level organizationally higher than the official who approved the cost comparison decision. The appeal decision shall be final, unless the DoD Component procedures provide for further discretionary review within the DoD Component.

(4) All detailed documentation supporting the initial cost comparison decision shall be made available to directly affected parties upon request when the initial decision is announced. The detailed documentation shall include, at a minimum, the following: the in-house cost estimate with detailed supporting documentation (see § 169a.5(c)(ii) of this part), the completed CCF, name of the tentative winning contractor (if the decision is to contract), or the price of the bidder whose bid or proposal would have been most advantageous to the Government (if the decision is to perform in-house). If the documentation is not available when the initial decision is announced, the time allotted for submission of appeals shall be extended the number of days equal to the delay.

(5) To be considered eligible for review under the DoD Component appeals procedures, appeals shall:

(i) Be received by the DoD Component in writing within 15 working days after the date the supporting documentation is made available to directly affected parties.

(ii) Address specific line items on the CCF and the rationale for questioning those items.

(iii) Demonstrate that the result of the appeal may change the decision.

(b) *Appeals of Simplified Cost Comparisons and Direct Conversions.* (1) Directly affected parties may appeal decision to convert to contract based on a simplified cost comparison involving 11–45 DoD civilian employees or a direct conversion involving 10 or fewer DoD civilian employees. The appeal must address reasons why fair and reasonable prices will not be obtainable.

(2) Each DoD Component shall establish an administrative appeal procedure that is independent and objective; Installation Commanders must make available, upon request, the documentation supporting the decision to directly convert activities; appeals of direct conversions must be filed within 30 calendar days after the decision is announced in the Commerce Business Daily and/or FEDERAL REGISTER, and the supporting documentation is made available; an impartial official one level organizationally higher than the official who approved the direct conversion decision shall hear the appeal; officials shall provide an appeal decision within 30 calendar days of receipt of the appeal.

(c) Since the appeal procedure is intended to protect the rights of all directly affected parties, the DoD Component's procedures, as well as the decision upon appeal, will not be subject to negotiation, arbitration, or agreement.

(d) DoD Components shall include administrative appeal procedures as part of their implementing documents.

[50 FR 40805, Oct. 7, 1985, as amended at 57 FR 29210, July 1, 1992]

§ 169a.19 Study limits.

No DoD funds shall be available to perform any cost study pursuant to the provisions of OMB Circular A–76 if the study being performed exceeds a period of 24 months after initiation of such study with respect to a single function activity or 48 months after initiation of such study for a multi-function activity.

[60 FR 67328, Dec. 29, 1995]

Subpart C—Reporting Requirements

§ 169a.21 Reporting requirements.

(a) *Inventory and Review Schedule (Report Control Symbol DD-A&T(A) 1540).* See § 169a.8(a) of this part.

(b) *Commercial Activities Management Information System (CAMIS) (Report Control Symbol DD-A&T(Q) 1542).* (1) The purpose of CAMIS is to maintain an accurate DoD data base of commercial activities that undergo an OMB Circular A–76 cost comparison and CAs

that are converted directly to contract without a cost comparison. The CAMIS is used to provide information to the Congress, Office of Management Budget (OMB), General Accounting Office (GAO), OSD, and others. The CAMIS is divided into two parts. Part I contains data on CAs that undergo cost comparison. Part II contains data on commercial activities converted to contract without a full cost comparison.

(2) The CAMIS report shall be submitted in accordance with the procedures in Appendix C.

(c) Congressional Data Reports on CA (Report Control Symbol DD-A&T(A&AR) 1949) and Reports on savings on Costs from Increased Use of DoD Civilian Personnel (Report Control Symbol DD-A&T(AR) 1950). To insure consistent application of the requirements stated in 10 U.S.C. 2461 and 2463, the following guidance is provided:

(1) The geographic scope of section 10 U.S.C. 2461 applies to the United States, its territories and possessions, the District of Columbia, and the Commonwealth of Puerto Rico.

(2) Section 10 U.S.C. 2461 applies to proposed conversions of DoD CAs that on October 1, 1980, were being performed by more than forty-five DoD civilian employees. 10 U.S.C. 2463 applies to conversions from contract to in-house involving 50 or more contractor employees.

(3) DoD Components must not proceed with a CA study until notification to Congress, as required by 10 U.S.C. 2461. DoD Components shall notify the ASD(ES) of any such intent at least 5 working days before congressional notification.

(4) DoD Components shall annotate announcements to Congress when a cost comparison is planned at an activity listed in the report to Congress on Core Logistics (see §169a.8(b)(1)(i)(2) of this part).

(5) The DoD Components shall notify Congress, at least 5 working days before sending the detailed summary report required by 10 U.S.C. 2461 to Congress. The detailed summary of the cost shall include: the amount of the offer accepted for the performance of the activity by the private contractor; the costs and expenditures that the

Government will incur because of the contract; the estimated cost of performance of the activity by the most efficient Government organization; a statement indicating the life of the contract; and certifications that the entire cost comparison is available, and that the Government calculation for the cost of performance of such function by DoD employees is based on an estimate of the most efficient and cost-effective organization for performance of such function by DoD employees.

(6) The potential economic effect on the employees affected, the local community, and the Federal Government of contracting for performance of the function shall be included in the report to accompany the above certifications, if more than 75 total employees (including military and civilian, both permanent and temporary) are potentially affected. It is suggested that the Army Corps of Engineers' model (or equivalent) be used to generate this information. The potential impact on affected employees shall be included in the report, regardless of the number of employees involved. Also include in the report a statement that the decision was made to convert to contractor performance, the projected date of contract award, the projected contract start date, and the effect of contracting the function on the military mission of that function.

(7) By December 15th of each year, each DoD Component shall submit to the ASD(P&L) the data required by 10 U.S.C. 2461(c). In describing the extent to which CA functions were performed by DoD contractors during the preceding fiscal year, include the estimated number of work years for the in-house operation as well as for contract operation (including percentages) by major OSD functional areas in Appendix A to this part; such as, Social Services, Health Services, Installation Services, etc. For the estimate of the percentage of CA functions that will be performed in-house and those that will be performed by contract during the fiscal year during which the report is submitted, include the estimated work years for in-house CAs as well as for contracted CAs and the rationale for significant changes when compared to

the previous year's data. Also, include the number of studies you expect to complete in the next fiscal year showing total civilian and military FTEs.

[50 FR 40805, Oct. 7, 1985, as amended at 57 FR 29210, July 1, 1992; 60 FR 67329, Dec. 29, 1995]

§ 169a.22 Responsibilities.

The responsibilities for implementing the policies and procedures of the DoD CA Program are prescribed in DoD Directive 4100.15 (32 CFR part 169) and appropriate paragraphs of this part.

[57 FR 29210, July 1, 1992]

APPENDIX A TO PART 169a—CODES AND DEFINITIONS OF FUNCTIONAL AREAS

This list of functional codes and their definitions does not restrict the applicability or scope of the commercial activity Program within DoD. Section B. of DoD Directive 4100.15 defines the applicability and scope of the program. The commercial activity program still applies to CAs not defined in this listing. These codes and definitions are a guide to assist reporting. As new functions are identified, codes will be added or existing definitions will be expanded.

Social Services

G001 Care of Remains of Deceased Personnel and/or Funeral Services. Includes CAs that provide mortuary services, including transportation from aerial port of embarkation (APOE) to mortuary of human remains received from overseas mortuaries, inspection, restoration, provision of uniform and insignia, dressing, flag, placement in casket, and preparation for onward shipment.

G008 Commissary Store Operation. Includes CAs that provide all ordering, receipt, storage, stockage, and retailing for commissaries. Excludes procurement of goods for issue or resale.

G008A: Shelf Stocking.

G008B: Check Out.

G008C: Meat Processing.

G008D: Produce Processing.

G008E: Storage and Issue.

G008F: Other.

G008G: Troop Subsistence Issue Point.

G009 Clothing Sales Store Operation. Includes commercial activities that provide ordering, receipt, storage, stockage, and retailing of clothing. Stores operated by the Army and Air Force Exchange Services, Navy Exchange Services, and Marine Corps Exchange Services are excluded.

G010 Recreational Library Services. Includes operation of libraries maintained primarily for off-duty use by military personnel and their dependents.

G011 Other Morale, Welfare, and Recreation Services. Operation of commercial activities maintained primarily for the off-duty use of military personnel and their dependents, including both appropriated and partially non-appropriated fund activities. The operation of clubs and messes, and morale support activities are included in code G011. Examples of activities performing G011 functions are arts and crafts, entertainment, sports and athletics, swimming, bowling, marina and boating, stables, youth activities, centers, and golf. DoD Directive 1015.1¹ contains amplification of the categories reflected below. (NOTE: commercial activities procedures are not mandatory for functions staffed solely by civilian personnel paid by non-appropriated funds.)

G011A: All Category II Nonappropriated Fund Instrumentalities (NAFIs), except Package Beverage Branch.

G011B: Package Beverage Branch.

G011C: All Category IIIa NAFIs.

G011D: All Category IIIb1, except Libraries.

G011E: Category IIIb2 Arts and Crafts.

G011F: Category IIIb2 Music & Theatre.

G011G: Category IIIb2 Outdoor Recreation.

G011H: Category IIIb2 Youth Activities.

G011I: Category IIIb2 Child Development Service.

G011J: Category IIIb2 Sports—Competitive.

G011K: All Category IIIb3 except Armed Forces Recreation Center (AFRC) Golf Bowling, and membership associations converted from Category VI.

G011L: Category IIIb3 AFRC.

G011M: Category IIIb3 Golf.

G011N: Category IIIb3 Bowling.

G011O: Category IIIb3 membership associations converted from Category VI.

G011P: Category III Information Tour and Travel (ITT).

G011Q: All Category IV.

G011R: All Category V.

G011S: All Category VI, except those converted to Category IIIb3.

G011T: All Category VII.

G011U: All Category VIII, except billeting and hotels.

G011V: Category VIII Billeting.

G011W: Category VIII Hotels.

G012 Community Services. DoD Directive 1015.1 contains further amplification of the categories.

G012A: Information and Referral.

G012B: Relocation Assistance.

G012C: Exceptional Family Member.

G012D: Family Advocacy (Domestic Violence).

G012E: Foster Care.

G012F: Family Member Employment.

G012G: Installation Volunteer Coordination.

G012H: Outreach.

¹ See footnote 1 to § 169.1(a).

G012I: Volunteer Management.

G012J: Office Management.

G012K: Consumer Affairs/Financial Assistance.

G012L: General and Emergency Family Assistance.

G900 Chaplain Activities and Support Services. Includes commercial activities that provide non-military unique support services that supplement the command religious program such as non-pastoral counseling, organists, choir directors, and directions of religious education. The command religious program, which includes chaplains and enlisted support personnel, is a Governmental function and is excluded from this category.

G901 Berthing BOQ/BEQ. Includes commercial activities that provide temporary or permanent accommodations for officer or enlisted personnel. Management of the facility, room service, and daily cleaning are included.

G904 Family Services. Includes commercial activities that perform various social services for families, such as family counseling, financial counseling and planning, the operation of an abuse center, child care center, or family aid center.

G999 Other Social Services. This code will only be used for unusual circumstances and will not be used to report organizations or work that can be accommodated under a specifically defined code.

Health Services

H101 Hospital Care. Includes commercial activities that provide outpatient and inpatient care and consultative evaluation in the medical specialties, including pediatrics and psychiatry; the coordination of health care delivery relative to the examination, diagnosis, treatment, and disposition of medical inpatients.

H102 Surgical Care. Includes commercial activities that provide outpatient and inpatient care and consultative evaluation in the surgical specialties, including obstetrics, gynecology, ophthalmology and otorhinolaryngology; the coordination of health care delivery relative to the examination, treatment, diagnosis, and disposition of surgical patients.

H105 Nutritional Care. Includes commercial activities that provide hospital food services for inpatients and outpatients, dietetic treatment, counseling of patients, and nutritional education.

H106 Pathology Services. Includes commercial activities involved in the operation of laboratories providing comprehensive clinical and anatomical pathology services; DoD military blood program and blood bank activities; and area reference laboratories.

H107 Radiology Services. Includes commercial activities that provide diagnostic and therapeutic radiologic service to inpatients and outpatients, including the processing,

examining, interpreting, and storage and retrieval of radiographs, fluorographs, and radiotherapy.

H108 Pharmacy Services. Includes commercial activities that produce, preserve, store, compound, manufacture, package, control, assay, dispense, and distribute medications (including intravenous solutions) for inpatients and outpatients.

H109 Physical Therapy. Includes commercial activities that provide care and treatment to patients whose ability to function is impaired or threatened by disease or injury; primarily serve patients whose actual impairment is related to neuromusculoskeletal, pulmonary, and cardiovascular systems; evaluate the function and impairment of these systems, and select and apply therapeutic procedures to maintain, improve, or restore these functions.

H110 Materiel Services. Includes commercial activities that provide or arrange for the supplies, equipment, and certain services necessary to support the mission of the medical facility; responsibilities include procurement, inventory control, receipt, storage, quality assurance, issue, turn-in, disposition, property accounting, and reporting actions for designated medical and nonmedical supplies and equipment.

H111 Orthopedic Services. Includes commercial activities that construct orthopedic appliances such as braces, casts, splints, supports, and shoes from impressions, forms, molds, and other specifications.

H112 Ambulance Service. Includes commercial activities that provide transportation for personnel who are injured, sick, or otherwise require medical treatment, including standby duty in support of military activities and ambulance bus services.

H113 Dental Care. Includes commercial activities that provide oral examinations, patient education, diagnosis, treatment, and care including all phases of restorative dentistry, oral surgery, prosthodontics, oral pathology, periodontics, orthodontics, endodontics, oral hygiene, preventive dentistry, and radiodontics.

H114 Dental Laboratories. Includes commercial activities that operate dental prosthetic laboratories required to support the provision of comprehensive dental care; services may include preparing casts and models, repairing dentures, fabricating transitional, temporary, or orthodontic appliances, and finishing dentures.

H115 Clinics and Dispensaries. Includes commercial activities that operate free-standing clinics and dispensaries that provide health care services. Operations are relatively independent of a medical treatment facility and are separable for in-house or contract performance. Health clinics, occupational health clinics, and occupational health nursing offices.

H116 Veterinary Services. Includes commercial activities that provide a complete wholesomeness and quality assurance food inspection program, including sanitation, inspection of food received, surveillance inspections, and laboratory examination and analysis; a complete zoonosis control program; complete medical care for Government-owned animals; veterinary medical support for biomedical research and development; support to other Federal agencies when requested and authorized; assistance in a comprehensive preventive medicine program; and determination of fitness of all foods that may have been contaminated by chemical, bacteriological, or radioactive materials.

H117 Medical Records Transcription. Includes commercial activities that transcribe, file, and maintain medical records.

H118 Nursing Services. Includes commercial activities that provide care and treatment for inpatients and outpatients not required to be performed by a doctor.

H119 Preventive Medicine. Includes commercial activities that operate wellness or holistic clinics (preventive medicine), information centers, and research laboratories.

H120 Occupational Health. Includes commercial activities that develop, monitor, and inspect installation safety conditions.

H121 Drug Rehabilitation. Includes commercial activities that operate alcohol treatment facilities, urine testing for drug content, and drug/alcohol counseling centers.

H999 Other Health Services. This code will only be used for unusual circumstances and will not be used to report organizations or work that can be accommodated under a specifically defined code.

Intermediate, Direct, or General Repair and Maintenance of Equipment

Definition. Maintenance authorized and performed by designated maintenance commercial activities in support of using activities. Normally, it is limited to replacement and overhaul of unserviceable parts, sub-assemblies, or assemblies. It includes (1) intermediate/direct/general maintenance performed by fixed activities that are not designed for deployment to combat areas and that provide direct support of organizations performing or designed to perform combat missions from bases in the United States, and (2) any testing conducted to check the repair procedure. Commercial activities engaged in intermediate/direct/general maintenance and/or repair of equipment are to be grouped according to the equipment predominantly handled, as follows:

J501 Aircraft. Aircraft and associated equipment. Includes armament, electronic and communications equipment, engines, and any other equipment that is an integral part of an aircraft.

J502 Aircraft Engines. Aircraft engines that are not repaired while an integral part of the aircraft.

J503 Missiles. Missile systems and associated equipment. Includes mechanical, electronics, and communication equipment that is an integral part of missile systems.

J504 Vessels. All vessels, including armament, electronics, communications and any other equipment that is an integral part of the vessel.

J505 Combat Vehicles. Tanks, armored personnel carriers, self-propelled artillery, and other combat vehicles. Includes armament, fire control, electronic, and communications equipment that is an integral part of a combat vehicle.

J506 Noncombat Vehicles. Automotive equipment, such as tactical, support, and administrative vehicles. Includes electronic and communications equipment that is an integral part of the noncombat vehicle.

J507 Electronic and Communications Equipment. Stationary, mobile, portable, and other electronic and communications equipment. Excludes electronic and communications equipment that is an integral part of another weapon/support system. Maintenance of Automatic Data Processing Equipment (ADPE) not an integral part of a communications system shall be reported under functional code W825; maintenance of tactical ADPE shall be reported under function code J999.

J510 Railway Equipment. Locomotives of any type or gauge, including steam, compressed air, straight electric, storage battery, diesel electric, gasoline, electric, diesel mechanical locomotives, railway cars, and cabooses. Includes electrical equipment for locomotives and cars, motors, generators, wiring supplies for railway tracks for both propulsion and signal circuits, and on-board communications and control equipment.

J511 Special Equipment. Construction equipment, weight lifting, power, and material handling equipment (MHE).

J512 Armament. Small arms, artillery and guns, nuclear munitions, chemical, biological, and radiological (CBR) items, conventional ammunition, and all other ordnance items. Excludes armament that is an integral part of another weapon or support system.

J513 Dining Facility Equipment. Dining facility kitchen appliances and equipment.

J514 Medical and Dental Equipment. Medical and dental equipment.

J515 Containers, Textiles, Tents, and Tarpaulins. Containers, tents, tarpaulins, other textiles, and organizational clothing.

J516 Metal Containers. Container Express (CONEX) containers, gasoline containers, and other metal containers.

J517 Training Devices and Audiovisual Equipment. Training devices and audiovisual equipment. Excludes maintenance of locally

fabricated devices and functions reported under codes T807 and T900.

J519 Industrial Plant Equipment. That part of plant equipment with an acquisition cost of \$3,000 or more, used to cut, abrade, grind, shape, form, join, test, measure, heat, or otherwise alter the physical, electrical, or chemical properties of materials, components, or end items entailed in manufacturing, maintenance, supply processing, assembly, or research and development operations.

J520 Test, Measurement, and Diagnostic Equipment. Test, measurement, and diagnostic equipment (TMDE) that has resident in it a programmable computer. Included is equipment referred to as automated test equipment (ATE).

J521 Other Test, Measurement, and Diagnostic Equipment. Test, measurement, and diagnostic equipment not classified as ATE or that does not contain a resident programmable computer. Includes such items as electronic meters, armament circuit testers, and other specialized testers.

J522 Aeronautical Support Equipment. Aeronautical support equipment excluding TMDE (and ATE). Includes such items as ground electrical power carts, aircraft tow tractors, ground air conditioners, engine stands, and trailers. Excludes aeronautical equipment reported under J501.

J999 Other Intermediate, Direct, or General Repair and Maintenance of Equipment. This code will only be used for unusual circumstances and will not be used to report organizations or work that can be accommodated under a specifically defined code.

Depot Repair, Maintenance, Modification, Conversion, or Overhaul of Equipment

Definition. The maintenance performed on materiel that requires major overhaul or a complete rebuild of parts, assemblies, sub-assemblies, and end items, including the manufacture of parts, modifications, testing, and reclamation, as required. Depot maintenance serves to support lower categories of maintenance. Depot maintenance provides stocks of serviceable equipment by using more extensive facilities for repair than are available in lower level maintenance activities. (See DoD Instruction 4151.15² for further amplification of the category definitions reflected below.) Depot or indirect maintenance functions are identified by the type of equipment maintained or repaired.

K531 Aircraft. Aircraft and associated equipment. Includes armament, electronics and communications equipment, engines, and any other equipment that is an integral part of an aircraft. Aeronautical support equipment not reported separately under code K548.

K532 Aircraft Engines. Aircraft engines that are not repaired while an integral part of the aircraft.

K533 Missiles. Missile systems and associated equipment. Includes mechanical, electronic, and communications equipment that is an integral part of missile systems.

K534 Vessels. All vessels, including armament, electronics, and communications equipment, and any other equipment that is an integral part of a vessel.

K535 Combat Vehicles. Tanks, armored personnel carriers, self-propelled artillery, and other combat vehicles. Includes armament, fire control, electronics, and communications equipment that is an integral part of a combat vehicle.

K536 Noncombat Vehicles. Automotive equipment, such as tactical support and administrative vehicles. Includes electronic and communications equipment that is an integral part of the vehicle.

K537 Electronic and Communications Equipment. Stationary, mobile, portable, and other electronics and communications equipment. Excludes electronic and communications equipment that is an integral part of another weapon/support system. Maintenance of ADPE, not an integral part of a communications system, is reported under functional code W825.

K538 Railway Equipment. Locomotives of any type or gauge, including steam, compressed air, straight electric, storage battery, diesel electric, gasoline, electric, diesel mechanical locomotives, railway cars, and cabooses. Includes electrical equipments for locomotives and cars, motors, generators, wiring supplies for railway tracks for both propulsion and signal circuits, and on-board communication and control equipment.

K539 Special Equipment. Construction equipment, weight lifting, power, and materiel-handling equipment.

K540 Armament. Small arms; artillery and guns; nuclear munitions, CBR items; conventional ammunition; and all other ordnance items. Excludes armament that is an integral part of another weapon or support system.

K541 Industrial Plant Equipment. That part of plant equipment with an acquisition cost of \$3,000 or more, used to cut, abrade, grind, shape, form, join, test, measure, heat, or otherwise alter the physical, electrical, or chemical properties of materials, components, or end items entailed in manufacturing, maintenance, supply, processing, assembly, or research and development operations.

K542 Dining Facility Equipment. Dining facility kitchen appliances and equipment. This includes field feeding equipment.

K543 Medical and Dental Equipment. Medical and dental equipment.

²See footnote 1 to §169a.1(a).

K544 Containers, Textiles, Tents and Tarpaulins. Containers, tents, tarpaulins, and other textiles.

K545 Metal Containers. CONEX containers, gasoline containers, and other metal containers.

K546 Test Measurement and Diagnostic Equipment. Test measurement and diagnostic equipment (TMDE) that has resident in it a programmable computer. Included is equipment referred to as automated test equipment (ATE).

K547 Other Test Measurement and Diagnostic Equipment. Test measurement and diagnostic equipment not classified as ATE or that does not contain a resident programmable computer. Includes such items as electronic meters, armament circuit testers, and other specialized testers.

K548 Aeronautical Support Equipment. Aeronautical support equipment excluding TMDE (and ATE). Includes such items as ground electrical power carts, aircraft tow tractors, ground air conditioners, engine stands, and trailers. Excludes aeronautical support equipment reported under code K531.

K999 Other Depot Repair, Maintenance, Modification, Conversion, or Overhaul of Equipment. This code will only be used for unusual circumstances and will not be used to report organizations or work that can be accommodated under a specifically defined code.

Base Maintenance/Multifunction Contracts

P100 Base Maintenance/Multifunction Contracts. Includes all umbrella-type contracts where the contractor performs more than one function at one or more installations. (Identify specific functions as nonadd entries.)

Research, Development, Test, and Evaluation (RDT&E) Support

R660 RDT&E Support. Includes all effort not reported elsewhere directed toward support of installation or operations required for research, development, test, and evaluation use. Included are maintenance support of laboratories, operation and maintenance of test ranges, and maintenance of test aircraft and ships.

Installation Services

S700 Natural Resource Services. Includes those commercial activities that provide products or services that implement natural resource management plans in the areas of fish, game, wildlife, forestry, watershed areas or ground water table, erosion control, and mineral deposit management. Natural resources planning and management is a governmental function and will not be reported.

S701 Advertising and Public Relations Services. Includes commercial activities respon-

sible for advertising and public relations in support of public affairs offices, installation newspapers and publications, and information offices.

S702 Financial and Payroll Services. Includes commercial activities that prepare payroll, print checks, escrow, or change payroll accounts for personnel. Includes other services normally associated with banking operations.

S703 Debt Collection. Includes commercial activities that monitor, record, and collect debts incurred by overdrafts, bad checks, or delinquent accounts.

S706 Installation Bus Services. Includes commercial activities that operate local, intrapost, and interpost scheduled bus services. Includes scheduled movement of personnel over regular routes by administrative motor vehicles to include taxi and dependent school bus services.

S706A Scheduled Bus Services.

S706B Unscheduled Bus Services.

S706C Dependent School Bus Services.

S706D Other Bus Services.

S708 Laundry and Dry Cleaning Services. Including commercial activities that operate and maintain laundry and dry cleaning facilities.

S709 Custodial Services. Includes commercial activities that provide janitorial and housekeeping services to maintain safe and sanitary conditions and preserve property.

S710 Pest Management. Includes commercial activities that provide control measures directed against fungi, insects, rodents, and other pests.

S712 Refuse Collection and Disposal Services. Includes commercial activities that operate incinerators, sanitary fills, and regulated dumps, and perform all other approved refuse collection and disposal services.

S713 Food Services. Includes commercial activities engaged in the operation and administration of food preparation and serving facilities. Excludes operation of central bakeries, pastry kitchens, and central meat processing facilities that produce a product and are reported under functional area X934. Excludes hospital food service operations (under code H105).

S713A: Food Preparation and Administration.

S713B: Mess Attendants and Housekeeping Services.

S714 Furniture. Includes commercial activities that repair and refurbish furniture.

S715 Office Equipment. Includes commercial activities that maintain and repair typewriters, calculators, and adding machines.

S716 Motor Vehicle Operation. Includes commercial activities that operate local administrative motor transportation services. Excludes installation bus services reported in functional area S706.

S716A: Taxi Service.

S716B: Bus Service (unless in S706).

S716C: Motor Pool Operations.
 S716D: Crane Operation (includes rigging, excludes those listed in T800G).
 S716E: Heavy Truck Operation.
 S716F: Construction Equipment Operation.
 S716I: Driver/Operator Licensing & Test.
 S716J: Other Vehicle Operations (Light Truck/Auto).
 S716K: Fuel Truck Operations.
 S716M: Tow Truck Operations.
S717 Motor Vehicle Maintenance. Includes commercial activities that perform maintenance on automotive equipment, such as support and administrative vehicles. Includes electronic and communications equipment that are an integral part of the vehicle.
 S717A: Upholstery Maintenance and Repair.
 S717B: Glass Replacement and Window Repair.
 S717C: Body Repair and Painting.
 S717D: Accessory Overhaul.
 S717E: General Repairs/Minor Maintenance.
 S717F: Battery Maintenance and Repair.
 S717G: Tire Maintenance and Repair.
 S717H: Major Component Overhaul.
 S717I: Material Handling Equipment Maintenance.
 S717J: Crane Maintenance.
 S717K: Construction Equipment Maintenance.
 S717L: Frame and Wheel Alignment.
 S717M: Other Motor Vehicle Maintenance.
S718 Fire Prevention and Protection. Includes commercial activities that operate and maintain fire protection and preventive services. Includes routine maintenance and repair of fire equipment and the installation of fire prevention equipment.
 S718A: Fire Protection Engineering.
 S718B: Fire Station Administration.
 S718C: Fire Prevention.
 S718D: Fire Station Operations.
 S718E: Crash and Rescue.
 S718F: Structural Fire Suppression.
 S718G: Fire & Crash/Rescue Equipment Major Maintenance.
 S718H: Other Fire Prevention and Protection.
S719: Military Clothing. Includes commercial activities that order, receive, store, issue, and alter military clothing and repair military shoes. Excludes repair of organizational clothing reported under code J515.
S724: Guard Service. Includes commercial activities engaged in physical security operations that provide for installation security and intransit protection of military property from loss or damage.
 S724A: Ingress and egress control. Regulation of persons, material, and vehicles entering or exiting a designated area to provide protection of the installation and Government property.

S724B: Physical security patrols and posts. Mobile and static physical security guard activities that provide protection of installation or Government property.
 S724C: Conventional arms, ammunition, and explosives (CAAE) security. Dedicated security guards for CAAE.
 S724D: Animal control. Patrolling for, capture of, and response to complaints about uncontrolled, dangerous, and disabled animals on military installations.
 S724E: Visitor information services. Providing information to installation resident and visitors about street, agency, unit, and activity locations.
 S724F: Vehicle impoundment. Removal, accountability, security, and processing of vehicles impounded on military installations.
 S724G: Registration functions. Administration, filing, processing, and retrieval information about privately owned items that must be registered on military installations.
 S724S: Other guard service.
S725 Electrical Plants and Systems. Includes commercial activities that operate, maintain, and repair Government-owned electrical plants and systems.
S726 Heating Plants and Systems. Includes commercial activities that operate, maintain, and repair Government-owned heating plants and systems over 750,000 British Thermal Unit (BTU) capacity. Codes Z991 or Z992 will be used for systems under 750,000 BTU capacity, as applicable.
S727 Water Plants and Systems. Includes commercial activities that operate, maintain, and repair Government-owned water plants and systems.
S728 Sewage and Waste Plants and Systems. Includes commercial activities that operate, maintain, and repair Government-owned sewage and waste plants and systems.
S729 Air Conditioning and Refrigeration Plants. Includes commercial activities that operate, maintain, and repair Government-owned air conditioning and refrigeration plants over 5-ton capacity. Codes Z991 or Z992 shall be used for plants under 5-ton capacity as applicable.
S730 Other Services or Utilities. Includes commercial activities that operate, maintain, and repair other Government-owned services or utilities.
S731 Base Supply Operations. Includes commercial activities that operate centralized installation supply functions providing supplies and equipment to all assigned or attached units. Performs all basic supply functions to determine requirements for all requisition, receipt, storage, issuance, and accountability for materiel.
S732 Warehousing and Distribution of Publications. Includes commercial activities that receive, store, and distribute publications and blank forms.
S740 Installation Transportation Office. Includes technical, clerical, and administrative

commercial activities that support traffic management services related to the procurement of freight and passenger service from commercial "for hire" transportation companies. Excludes restricted functions that must be performed by Government employees such as the review, approval, and signing of documents related to the obligation of funds; selection of mode or carrier; evaluation of carrier performance; and carrier suspension. Excludes installation transportation functions described under codes S706, S716, S717, T810, T811, T812, and T814.

S740A: Installation Transportation Management and Administration.

S740B: Materiel Movements.

S740C: Personnel Movements.

S740D: Personal Property Activities.

S740E: Quality Control and Inspection.

S740F: Unit Movements.

S750 *Museum Operations.*

S760 *Contractor-Operated Parts Stores and Contractor-Operated Civil Engineering Supply Stores.*

S999 *Other Installation Services.* This code will only be used for unusual circumstances and will not be used to report organizations or work that can be accommodated under a specifically defined code.

Other Nonmanufacturing Operations

T800 *Ocean Terminal Operations.* Includes commercial activities that operate terminals transferring cargo between overland and sea-lift transportation. Includes handling of Government cargo through commercial water terminals.

T800A: Pier Operations. Includes commercial activities that provide stevedore and shipwright carpentry operations supporting the loading, stowage, and discharge of cargo and containers on and off ships, and supervision of operations at commercial piers and military ocean terminals.

T800B: Cargo Handling Equipment. Includes commercial activities that operate and maintain barge derricks, gantries, cranes, forklifts, and other materiel handling equipment used to handle cargo within the terminal area.

T800C: Port Cargo Operations. Includes commercial activities that load and unload railcars and trucks, pack, repack, crate, warehouse, and store cargo moving through the terminal, and stuff and unstuff containers.

T800D: Vehicle Preparation. Includes commercial activities that prepare Government and privately owned vehicles (POVs) for ocean shipment, inspection, stowage in containers, transportation to pier, processing, and issue of import vehicles to owners.

T800E: Lumber Operations. Includes commercial activities that segregate reclaimable lumber from dunnage removed from ships, railcars, and trucks; remove nails; even lengths; inspect; and return the lumber to

inventory for reuse. Includes receipt, storage, and issue of new lumber.

T800F: Materiel Handling Equipment (MHE) Operations. Includes commercial activities that deliver MHE to user agencies, perform onsite fueling, and operate special purpose and heavy capacity equipment.

T800G: Crane Operations. Includes commercial activities that operate and perform first-echelon maintenance of barge derricks, gantries, and truck-mounted cranes in support of vessels and terminal cargo activities.

T800H: Breakbulk Cargo Operations. Includes commercial activities that provide stevedoring, shipwright carpentry, stevedore transportation, and the loading and unloading of noncontainerized cargo.

T800I: Other Ocean Terminal Operations.

T801 *Storage and Warehousing.* Includes commercial activities that receive materiel into depots and other storage and warehousing facilities, provide care for supplies, and issue and ship materiel. Excludes installation supply in support of unit and tenet activities described in S731.

T801A: Receipt. Includes commercial activities that receive supplies and related documents and information. This includes materiel handling and related actions, such as materials segregation and checking, and tallying incident to receipt.

T801B: Packing and Crating of Household Goods. Includes commercial activities performing packing and crating operations described in T801H, incident to the movement or storage of household goods.

T801C: Shipping. Includes commercial activities that deliver stocks withdrawn from storage to shipping. Includes unloading and offloading of stocks from transportation carriers, blocking, bracing, dunnage, checking, tallying, and materiel handling in central shipping area and related documentation and information operations.

T801D: Care, Rewarehousing, and Support of Materiel. Includes commercial activities that provide for actions that must be taken to protect stocks in storage, including physical handling, temperature control, assembly placement and preventive maintenance of storage aids, and realigning stock configuration; provide for movement of stocks from one storage location to another and related checking, tallying, and handling; and provide for any work being performed within general storage support that cannot be identified clearly as one of the subfunctions described above.

T801E: Preservation and Packaging. Includes commercial activities that preserve, represerve, and pack materiel to be placed in storage or to be shipped. Excludes application of final (exterior) shipping containers.

T801F: Unit and Set Assembly and Disassembly. Includes commercial activities that gather or bring together items of various nomenclature (parts, components, and

basic issue items) and group, assemble, or restore them to or with an item of another nomenclature (such as parent end item or assemblage) to permit shipment under a single document. This also includes blocking, bracing, and packing preparations within the inner shipping container; physical handling and loading; and reverse operation of assembling such units.

T801G: Special Processing of Non Stock Fund-Owned Materiel. Includes commercial activities performing special processing actions described below that must be performed on Inventory Control Point (ICP)-controlled, nonstock fund-owned materiel by technically qualified depot maintenance personnel, using regular or special maintenance tools or equipment. Includes disassembly or reassembly or reserviceable ICP-controlled materiel being readied for movement, in-house storage, or out-of-house location such as a port to a commercial or DoD-operated maintenance or storage facility, property disposal or demilitarization activity, including blocking, bracing, cushioning, and packing.

T801H: Packing and Crating. Includes commercial activities that place supplies in their final, exterior containers ready for shipment. Includes the nailing, strapping, sealing, stapling, masking, marking, and weighing of the exterior container. Also, includes all physical handling, unloading, and loading of materiel, within the packing and shipping area; checking and tallying material in and out; all operations incident to packing, repacking, or recrating for shipment, including on-line fabrication of tailored boxes, crates, bit inserts, blocking, bracing and cushioning shrouding, overpacking, containerization, and the packing of materiel in transportation containers. Excludes packing of household goods and personnel effects reported under code T801B.

T801I: Other Storage and Warehousing.

T802 Cataloging. Includes commercial activity that prepare supply catalogs and furnish cataloging data on all items of supply for distribution to all echelons worldwide. Includes catalog files, preparation, and revision of all item identifications for all logistics functions; compilation of Federal catalog sections and allied publication; development of Federal item identification guides, and procurement identification descriptions. Includes printing and publication of Federal supply catalogs and related allied publications.

T803 Acceptance Testing. Includes commercial activities that inspect and test supplies and materiel to ensure that products meet minimum requirements of applicable specifications, standards, and similar technical criteria; laboratories and other facilities with inspection and test capabilities; and activities engaged in production acceptance testing of ammunition, aircraft armament,

mobility material, and other military equipment.

T803A: Inspection and Testing of Oil and Fuel.

T803B: Other Acceptance Testing.

T804 Architect-Engineering Services. Includes commercial activities that provide Architect/Engineer (A/E) services. Excludes Engineering Technical Services (ETS) reported in functional area T813, and those required under 40 U.S.C. 541-554.

T805 Operation of Bulk Liquid Storage. Includes commercial activities that operate bulk petroleum storage facilities. Includes operation of off-vessel discharging and loading facilities, fixed and portable bulk storage facilities, pipelines, pumps, and other related equipment within or between storage facilities or extended to using agencies (excludes aircraft fueling services); handling of drums within bulk fuel activities. Excludes aircraft fueling services reported under code T814.

T806 Printing and Reproduction. Includes commercial activities that print, duplicate, and copy. Excludes user-operated office copying equipment.

T807 Audiovisual and Visual Information Services. Includes commercial activities that provide base audiovisual (AV) and visual information (VI) support, production, depositories, technical documentation, and broadcasting.

T807A: Base VI Support. Includes commercial activities that provide production activities that provide general support to all installation, base, facility or site, organizations or activities. Typically, they supply motion picture, still photography, television, and audio recording for nonproduction documentary purposes, their laboratory support, graphic arts, VI libraries, and presentation services.

T807B: AV Production. Includes commercial activities that provide a self-contained, complete presentation, developed according to a plan or script, combining sound with motion media (film, tape or disc) for the purpose of conveying information to, or communicating with, an audience. (An AV production is distinguished from a VI production by the absence of combined sound and motion media in the latter.)

T807C: VI Depositories. Includes commercial activities that are especially designed and constructed for the low-cost and efficient storage and furnishing of reference service on semicurrent records pending their ultimate disposition. Includes records centers.

T807D: VI Technical Documentation. Includes commercial activities that provide a technical documentation (TECDOC) which is a continuous visual recording (with or without sound as an integral documentation

component) of an actual event made for purposes of evaluation. Typically, TECDOC contributes to the study of human or mechanical factors, procedures and processes in the context of medicine, science logistics, research, development, test and evaluation, intelligence, investigations and armament delivery.

T807E: Electronic Media Transmission. Includes commercial activities that transmit and receive audio and video signals for closed circuit local and long distance multi-station networking and broadcast operations.

T807F: VI Documentation. Includes commercial activities that provide motion media (film or tape) still photography and audio recording of technical and nontechnical events, as they occur, usually not controlled by the recording crew. VI documentation (VIDOC) encompasses Operational Documentation (OPDOC) and TECDOC. OPDOC is VI (photographic or electronic) recording of activities, or multiple perspectives of the same activity, to convey information about people, places and things.

T807G: AV Central Library (Inventory Control Point). Includes commercial activities that receive, store, issue, and maintain AV products at the central library level. May or may not include records center operations for AV products.

T807K: AV or VI Design Service. Includes commercial activities that provide professional consultation services involving the selection, design, and development of AV or VI equipment or facilities.

T808 Mapping and Charting. Includes commercial activities that design, compile, print, and disseminate cartographic and geodetic products.

T809 Administrative Telephone Service. Includes commercial activities that operate and maintain the common-user, administrative telephone systems at DoD installations and activities. Includes telephone operator services; range communications; emergency action consoles; and the cable distribution portion of a fire alarm, intrusion detection, emergency monitoring and control data, and similar systems that require use of a telephone system.

T810 Air Transportation Services. Includes commercial activities that operate and maintain nontactical aircraft that are assigned to commands and installations and used for administrative movement of personnel and supplies.

T811 Water Transportation Services. Includes commercial activities that operate and maintain nontactical watercraft that are assigned to commands and installations and are used for administrative movement of personnel and supplies.

T811A: Water Transportation Services (except tug operations).

T811B: Tug Operations.

T812 Rail Transportation Services. Includes commercial activities that operate and maintain nontactical rail equipment assigned to commands and installation and used for administrative movement of personnel and supplies.

T813 Engineering and Technical Services. Includes commercial activities that advise, instruct, and train DoD personnel in the installation, operation, and maintenance of DoD weapons, equipment, and systems.

These services include transmitting the technical skill capability to DoD personnel in order for them to install, maintain, and operate such equipment and keep it in a high state of military readiness.

T813A: Contractor Plant Services. Includes commercial manufacturers of military equipment contracted to provide technical and engineering services to DoD personnel. Qualified employees of the manufacturer furnish these services in the manufacturer plants and facilities. Through this program, the special skills, knowledge, experience, and technical data of the manufacturer are provided for use in training, training aid programs, and other essential services directly related to the development of the technical capability required to install, operate, maintain, supply, and store such equipment.

T813B: Contract Field Services (CFS). Includes commercial activities that provide services of qualified contractor personnel who provide onsite technical and engineering services to DoD personnel.

T813C: In-house Engineering and Technical Services. Includes commercial activities that provide technical and engineering services described in codes T813A and T813B above that are provided by Government employees.

T813D: Other Engineering and Technical Services.

T814 Fueling Service (Aircraft). Includes commercial activities that distribute aviation petroleum/oil/lubricant products. Includes operation of trucks and hydrants.

T815 Scrap Metal Operation. Includes commercial activities that bale or shear metal scrap and melt or sweat aluminum scrap.

T816 Telecommunication Centers. Includes commercial activities that operate and maintain telecommunication centers, nontactical radios, automatic message distribution systems, technical control facilities, and other systems integral to the communication center. Includes operations and maintenance of air traffic control equipment and facilities.

T817 Other Communications and Electronics Systems. Includes commercial activities that operate and maintain communications and electronics systems not included in T809 and T816.

T818 Systems Engineering and Installation of Communications Systems. Includes commercial activities that provide engineering and

installation services, including design and drafting services associated with functions specified in T809, T816, and T817.

T819 Preparation and Disposal of Excess and Surplus Property. Includes commercial activities that accept, classify, and dispose of surplus Government property, including scrap metal.

T820 Administrative Support Services. Includes commercial activities that provide centralized administrative support services not included specifically in another functional category. These activities render services to multiple activities throughout an organization or to multiple organizations; such as, a steno or typing pool rather than a secretary assigned to an individual. Typical activities included are word processing centers, reference and technical libraries, microfilming, messenger service, translation services, publication distribution centers, etc.

T820A: Word Processing Centers.

T820B: Reference and Technical Libraries.

T820C: Microfilming.

T820D: Internal Mail and Messenger Services.

T820E: Translation Services.

T820F: Publication Distribution Centers.

T820G: Field Printing and Publication. Includes those activities that print or reproduce official publications, regulations, and orders. Includes management and operation of the printing facility.

T820H: Compliance Auditing.

T820I: Court Reporting.

T821 Special Studies and Analyses. Includes commercial activities that perform research, collect data, conduct time-motion studies, or pursue some other planned methodology in order to analyze a specific issue, system, device, boat, plane, or vehicle for management.

Such activities may be temporary or permanent in nature.

T821A: Cost Benefit Analyses.

T821B: Statistical Analyses.

T821C: Scientific Data Studies.

T821D: Regulatory Studies.

T821E: Defense, Education, Energy Studies.

T821F: Legal/Litigation Studies.

T821G: Management Studies.

T900 Training Devices and Simulators. Includes commercial activities that provide training aids, devices, simulator design, fabrication, issue, operation, maintenance, support, and services.

T900A: Training Aids, Devices, and Simulator Support. Includes commercial activities that design, fabricate, stock, store, issue, receive, and account for and maintain training aids, devices, and simulators (does not include audiovisual production and associated services or audiovisual support).

T900B: Training Device and Simulator Operation. Includes commercial activities that operate and maintain training device and simulator systems.

T999 Other Nonmanufacturing Operations.

Education and Training

Includes commercial activities that conduct courses of instruction attended by civilian or military personnel of the Department of Defense. Terminology of categories and subcategories primarily for military personnel (marked by an asterisk) follows the definitions of the statutory *Military Manpower Training Report* submitted annually to the Congress. This series includes only the conduct of courses of instruction; it does not include education and training support functions (that is, Base Operations Functions in the S series and Nonmanufacturing Operations in the T series). A course is any separately identified instructional entity or unit appearing in a formal school or course catalog.

*U100 Recruit Training.** The instruction of recruits.

*U200 Officer Acquisition Training.** Programs concerned with officer acquisition training.

*U300 Specialized Skill Training.** Includes Army One-Station Unit Training, Naval Apprenticeship Training, and health care training.

*U400 Flight Training.** Includes flight familiarization training.

*U500 Professional Development Education**

*U510 Professional Military Education.** Generally, the conduct of instruction at basic, intermediate, and senior Military Service schools and colleges and enlisted leadership training does not satisfy the requirements of the definition of a DoD CA and is excluded from the provision of this Instruction.

*U520 Graduate Education, Fully Funded, Full-Time**

*U530 Other Full-Time Education Programs**

*U540 Off-Duty (Voluntary) and On-Duty Education Programs.** Includes the conduct of Basic Skills Education Program (BSEP), English as a Second Language (ESL), skill development courses, graduate, undergraduate, vocational/technical, and high school completion programs for personnel without a diploma.

U600 Civilian Education and Training. Includes the conduct of courses intended primarily for civilian personnel.

U700 Dependent Education. Includes the conduct of elementary and secondary school courses of instruction for the dependents of DoD overseas personnel.

U800 Training Development and Support (not reported elsewhere)

U999 Other Training. This code will only be used for unusual circumstances and will not be used to report organizations or work that can be accommodated under a specifically defined code.

Automatic Data Processing

W824 Data Processing Services. Includes commercial activities that provide ADP

processing services by using Government-owned or -leased ADP equipment; or participating in Government-wide ADP sharing program; or procuring of time-sharing processing services (machine time) from commercial sources. Includes all types of data processing services performed by general purpose ADP and peripheral equipment.

W824A: Operation of ADP Equipment.

W824B: Production Control and Customer Services.

W824C: ADP Magnetic Media Library.

W824D: Data Transcription/Data Entry Services.

W824E: Transmission and Teleprocessing Equipment Services.

W824F: Acceptance Testing and Recovery Systems.

W824G: Punch Card Processing Services.

W824H: Other ADP Operations and Support.

W825 *Maintenance of ADP Equipment*. Includes commercial activities that maintain and repair all Government-owned ADP equipment and peripheral equipment.

W826 *Systems Design, Development, and Programming Services*. Includes commercial activities that provide software services associated with nontactical ADP operation.

W826A: Development and Maintenance of Applications Software.

W826B: Development and Maintenance of Systems Software.

W827 *Software Services for Tactical Computers and Automated Test Equipment*. Includes commercial activities that provide software services associated with tactical computers and TMDE and ATE hardware.

W999 *Other Automatic Data Processing*. This code will only be used for unusual circumstances and will not be used to report organizations or work that can be accommodated under a specifically defined code.

Products Manufactured and Fabricated In-House

Commercial activities that manufacture and/or fabricate products in-house are grouped according to the products predominantly handled as follows:

X931 *Ordnance Equipment*. Ammunition and related products.

X932 *Products Made from Fabric or Similar Materials*. Including the assembly and manufacture of clothing, accessories, and canvas products.

X933 *Container Products and Related Items*. Including the design, engineering, and manufacture of wooden boxes, crates, and other containers; includes the fabrication of fiberboard boxes, and assembly of paperboard boxes with metal straps. Excludes on-line fabrication of boxes and crates reported in functional area T801.

X934 *Food and Bakery Products*. Including the operation of central meat processing plants, pastry kitchens, and bakery facili-

ties. Excludes food services reported in functional areas S713 and H105.

X935 *Liquid, Gaseous, and Chemical Products*. Including the providing of liquid oxygen and liquid nitrogen.

X936 *Rope, Cordage, and Twine Products; Chains and Metal Cable Products*

X937 *Logging and Lumber Products*. Logging and sawmill operations.

X938 *Communications and Electronic Products*.

X939 *Construction Products*. The operation of quarries and pits, including crushing, mixing, and concrete and asphalt batching plants.

X940 *Rubber and Plastic Products*.

X941 *Optical and Related Products*.

X942 *Sheet Metal Products*.

X943 *Foundry Products*.

X944 *Machined Parts*.

X999 *Other Products Manufactured and Fabricated In-House*. This code will only be used for unusual circumstances and will not be used to report organizations or work that can be accommodated under a specifically defined code.

Maintenance, Repair, Alteration, and Minor Construction of Real Property

Z991 *Buildings and Structures—Family Housing*. Includes commercial activities that are engaged in exterior and interior painting and glazing; roofing, interior plumbing; interior electric; interior heating equipment, including heat sources under 750,000 BTU capacity; installed food service and related equipment, air conditioning and refrigeration under a 5-ton capacity; elevators; and other equipment affixed as part of the building and not included in other activities. Includes fencing, flagpoles, and other miscellaneous structures associated with family housing.

Z991A: Rehabilitation—Tenant Change.

Z991B: Roofing.

Z991C: Glazing.

Z991D: Tiling.

Z991E: Exterior Painting.

Z991F: Interior Painting

Z991G: Flooring.

Z991H: Screens, Blinds, etc.

Z991I: Appliance Repair.

Z991J: Electrical Repair. Includes elevators, escalators, and moving walks.

Z991K: Plumbing.

Z991L: Heating Maintenance.

Z991M: Air Conditioning Maintenance.

Z991N: Emergency/Service Work.

Z991T: Other Work.

Z992 *Buildings and Structures (Other Than Family Housing)*. Includes commercial activities that are engaged in exterior and interior painting and glazing; roofing, interior plumbing; interior electric; interior heating equipment, including heat sources under 750,000 BTU capacity; installed food service and related equipment; air conditioning and

refrigeration under a 5-ton capacity; elevators; and other equipment affixed as part of the building and not reported under other functional codes. Includes fencing, flagpoles, guard and watchtowers, grease racks, unattached loading ramps, training facilities other than buildings, monuments, grandstands and bleachers, elevated garbage racks, and other miscellaneous structures.

- Z992A: Rehabilitation—Tenant Change.
- Z992B: Roofing.
- Z992C: Glazing.
- Z992D: Tiling.
- Z992E: Exterior Painting.
- Z992F: Interior Painting.
- Z992G: Flooring.
- Z992H: Screens, Blinds, etc.
- Z992I: Appliance Repair.
- Z992J: Electrical Repair. Includes elevators, escalators, and moving walkways.
- Z992K: Plumbing.
- Z992L: Heating Maintenance.
- Z992M: Air Conditioning Maintenance.
- Z992N: Emergency/Service Work.
- Z992T: Other Work.

Z993 *Grounds and Surfaced Areas.* Commercial activities that maintain, repair, and alter grounds and surfaced areas defined in codes Z993A, B, and C, below.

Z993A: Grounds (Improved). Includes improved grounds, including lawns, drill fields, parade grounds, athletic and recreational facilities, cemeteries, other ground areas, landscape and windbreak plants, and accessory drainage systems.

Z993B: Grounds (Other than Improved). Small arms ranges, antenna fields, drop zones, and firebreaks. Also grounds such as wildlife conservation areas, maneuver areas, artillery ranges, safety and security zones, desert, swamps, and similar areas.

Z993C: Surfaced Areas. Includes airfield pavement, roads, walks, parking and open storage areas, traffic signs and markings, storm sewers, culverts, ditches, and bridges. Includes sweeping and snow removal from streets and airfields.

Z997 *Railroad Facilities.* Includes commercial activities that maintain, repair, and alter narrow and standard gauge two-rail tracks, including spurs, sidings, yard, turnouts, frogs, switches, ties, ballast, and roadbeds, with accessories and appurtenances, drainage facilities, and trestles.

Z998 *Waterways and Waterfront Facilities.* Includes commercial activities that maintain, repair, and alter approaches, turning basin, berth areas and maintenance dredging, wharves, piers, docks, ferry racks, transfer bridges, quays, bulkheads, marine railway dolphins, mooring, buoys, seawalls, breakwaters, causeways, jetties, revetments, etc. Excludes waterways maintained by the Army Corps of Engineers (COE) rivers and harbors programs. Also excludes buildings, grounds, railroads, and surfaced areas located on waterfront facilities.

Z999 *Other Maintenance, Repair, Alteration, and Minor Construction of Real Property.* This code will only be used for unusual circumstances and will not be used to report organizations or work that can be accommodated under a specifically defined code.

[50 FR 40805, Oct. 7, 1985, as amended at 57 FR 29210, July 1, 1992]

APPENDIX B TO PART 169a—COMMERCIAL ACTIVITIES INVENTORY REPORT AND FIVE-YEAR REVIEW SCHEDULE

A. General Instructions

1. Forward your inventory report before January 1 to the Director, Installations Management, 400 Army Navy Drive, Room 206, Arlington, VA 22202-2884. Use Report Control Symbol ‘‘DD-A&T(A) 1540’’ as your authority to collect this data.

2. Transmit by use of floppy diskette. Data files must be in American Standard Code Information Interchange text file format on a MicroSoft-Disk Operating System formatted 3.5 inch floppy diskette. Provide submissions in the Defense Utility Energy Reporting System format as specified below.

3. Data Format: In-House DoD Commercial Activities

Data element	Tape positions	Field	Type data ¹
Designator	1	A	A
Installation	A1	
—State, territory, or possession.	2-3	A1a	N
—Place	4-9	A1b	A/N
+Function	10-14	A2	A/N
In-house civilian workload.	15-20	A3	N
Military workload	21-26	A4	N
+Reason for in-house operation.	49	A8	A
+Most recent year in-house operation approved.	50-51	A9	N
+Year DoD CA scheduled for next review.	52-53	A10	N
Installation name	76-132	A11	A

¹ A=Alpha; N=Numeric. A and A/N data shall be left justified space filled, N data shall be right justified and zero filled. +Items marked with a cross (+) have been registered in the DoD Data Element Dictionary.

4. When definite coding instructions are not provided, reference must be made to DoD 5000.12-M.¹ Failure to follow the coding instructions contained in this document, or those published in DoD 5000.12-M makes the DoD Component responsible for noncompliance of required concessions in data base communication.

¹ See Footnote 1 to § 169a.1(a).

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B. Entry Instructions

Field	Instruction
A	Enter an A to designate that the data to follow on this record pertains to a particular DoD CA.
A1a	Enter the two-position numeric code for State (Data element reference ST-GA) or U.S. territory or possession, as shown in attachment 1 to Appendix B of this part.
A1b	Enter the unique alpha-numeric code established by the DoD Component for military installation, named populated place, or related entity where the CA workload was performed during the fiscal year covered by this submission. A separate look-up listing or file should be provided showing each unique place code and its corresponding place name.
A2	Enter the function code from Appendix A to this part that best describes the type of CA workload principally performed by the CA covered by this submission. Left justify.
A3	Enter total (full- and part-time) in-house civilian workyear equivalents applied to the performance of the function during fiscal year. Round off to the nearest whole workyear equivalent. (If amount is equal to or greater than .5, round up. If amount is less than .5, round down. Amounts between zero and 0.9 should be entered as one). Right justify. Zero fill.
A4	Enter total military workyear equivalents applied to the performance of the function in the fiscal year. Round off to the nearest whole workyear equivalent. (Amounts between zero and one should be entered as one). Right justify. Zero fill.
A8	Enter the reason for in-house operation of the CA, as shown in attachment 2 to Appendix B of this part.
A9	Enter the last two digits of the most recent fiscal year corresponding to the reason for in-house operation of the CA, as stated in Field A8.
A10	Enter the last two digits of the fiscal year the function is scheduled for study or next review. (Data element reference YE-NA.)
A11	Enter the named populated place, or related entity, where the CA workload was performed.

ATTACHMENT 1 TO APPENDIX B TO PART 169a—
CODES FOR DENOTING STATES, TERRITORIES,
AND POSSESSIONS OF THE UNITED STATES.

a. Numeric State Codes (Data element reference ST-GA)

Code	State
01	Alabama
02	Alaska
04	Arizona
05	Arkansas
06	California
08	Colorado
09	Connecticut
10	Delaware
11	District of Columbia
12	Florida
13	Georgia
15	Hawaii
16	Idaho
17	Illinois
18	Indiana
19	Iowa

20	Kansas
21	Kentucky
22	Louisiana
23	Maine
24	Maryland
25	Massachusetts
26	Michigan
27	Minnesota
28	Mississippi
29	Missouri
30	Montana
31	Nebraska
32	Nevada
33	New Hampshire
34	New Jersey
35	New Mexico
36	New York
37	North Carolina
38	North Dakota
39	Ohio
40	Oklahoma
41	Oregon
42	Pennsylvania
44	Rhode Island
45	South Carolina
46	South Dakota
47	Tennessee
48	Texas
49	Utah
50	Vermont
51	Virginia
53	Washington
54	West Virginia
55	Wisconsin
56	Wyoming

b. Numeric Codes for Territories and Possessions (FIPS 55-2)

60	American Samoa
66	Guam
69	Northern Marianna Islands
71	Midway Islands
72	Puerto Rico
75	Trust Territory of the Pacific Islands
76	Navassa Islands
78	Virgin Islands
79	Wake Island
81	Baker Island
86	Jarvis Island
89	Kingman Reef
95	Palmyra Atoll

ATTACHMENT 2 TO APPENDIX B TO PART 169a—
CODES FOR DENOTING COMPELLING REASONS
FOR IN-HOUSE OPERATIONS OF PLANNED
CHANGES IN METHOD OR PERFORMANCE

1. PERFORMANCE (for entry in field A8)

Code	Explanation
A	Indicates that the DoD CA has been retained in-house for national defense reasons in accordance with paragraph E.2.a(1) of DoD Instruction 4100.33, other than CAs reported under code "C" of this attachment.

Code	Explanation
C	Indicates that the DoD CA is retained in-house because the CA is essential for training or experience in required military skills, or the CA is needed to provide appropriate work assignments for a rotation base for overseas or sea-to-shore assignments, or the CA is necessary to provide career progression to a needed military skill level in accordance with paragraph E.2.a(1)(a) of DoD Instruction 4100.33.
D	Indicates procurement of a product or service from a commercial source would cause an unacceptable delay or disruption of an essential DoD program.
E	Indicates that there is no satisfactory commercial source capable of providing the product or service needed.
F	Indicates that a cost comparison has been conducted and that the Government is providing the product or service at a lower total cost as a result of a cost comparison.
G	Indicates that the CA is being performed by DoD personnel now, but decision to continue in-house or convert to contract is pending results of a scheduled cost comparison.
H	Indicates that the CA is being performed by DoD employees now, but will be converted to contract because of cost comparison results.
J	Indicates that the CA is being performed by DoD hospital and, in the best interest of direct patient care, is being retained in-house.
K	Indicates that the CA is being performed by DoD employees now, but a decision has been made to convert to contract for reasons other than cost.
N	Indicates that the CA is performed by DoD employees now, but a review is in progress pending a decision. (i.e., base closure, realignment, or consolidation).
X	Indicates that the Installation commander is not scheduling this CA for cost study under the provisions of congressional authority.
Y	Indicates that the CA is retained in-house because the cost study exceeded the time limit prescribed by law.
Z	Indicates that the CA is retained in-house for reasons not included above. (i.e., a law, Executive order, treaty, or international agreement).

2. USE OF OTHER CODES. Other codes may be assigned as designated by the ODASD (I).

[50 FR 40805, Oct. 7, 1985, as amended at 57 FR 29210, July 1, 1992; 60 FR 67329, Dec. 29, 1995]

APPENDIX C TO PART 169a—SIMPLIFIED COST COMPARISON AND DIRECT CONVERSION OF CAS

A. This appendix provides guidance on procedures to be followed in order to convert a commercial activity employing 45 or fewer DoD civilian employees to contract performance without a full cost comparison. DoD Components may directly convert functions with 10 or fewer civilian employees without conducting a simplified cost comparison. Simplified cost comparisons may only be conducted on activities with 45 or fewer DoD civilian employees.

B. Direct conversions with 10 or fewer DoD civilian employees must meet the following criteria:

1. The activity is currently performed by 10 or fewer civilian employees.
2. The direct conversion makes sense from a management or performance standpoint.
3. The direct conversion is cost effective.
4. The installation commander should attempt to place or retrain displaced DoD civilian employees by
 - a. Placing or retraining employees in available permanent vacant positions, or
 - b. Assigning displaced employees to valid temporary or over-hire positions in similar activities for gainful employment until permanent vacancies are available. The type of employee appointment (e.g., career, career-conditional, etc., or change from competitive to excepted service or vice versa) must not change, or
 - c. Where no vacancies exist or are projected, offer employees retraining opportunities under the Job Training Partnership Act or similar retraining programs for transitioning into the private sector.
5. The function to be directly converted does not include any DoD civilian positions that were as a result of DoD Component streamlining plans and/or were removed with buyout offers that satisfied Section 5 of the Federal Workforce Restructuring Act requirements.

C. The following provides general guidance for completion of a simplified cost comparison:

1. Estimated contractor costs should be based on either the past history of similar contracts at other installations or on the contracting officer's best estimate of what would constitute a fair and reasonable price.
2. For activities small in total size (45 or fewer civilian and military personnel):
 - a. Estimated in-house cost generally should not include overhead costs, as it is unlikely that they would be a factor for a small activity.
 - b. Similarly, estimated contractor costs generally should not include contract administration, on-time conversion costs, or other contract price add-ons associated with full cost comparisons.
3. For activities large in total size (including those with a mix of civilian and military personnel) all cost elements should be considered for both in-house and contractor estimated costs.
4. In either case, large or small, the 10 percent conversion differential contained in part IV of the Supplement to OMB Circular No. A-76 should be applied.
5. Part IV of the Supplement to OMB Circular No. A-76 shall be utilized to define the specific elements of cost to be estimated.
6. Clearance for CA simplified cost comparison decisions are required for Agencies without their own Legislative Affairs (LA)

and Public Affairs (PA) offices. Those Agencies shall submit their draft decision brief to the Deputy Assistant Secretary of Defense (Installations) room 3E813, the Pentagon, Washington, DC 20301 for release to Congress.

7. Provide CA simplified cost comparison approvals containing a certification of the MEO analysis, a copy of the approval to convert, a copy of the cost comparison, with back-up data, before conversion to the following:

a. Committee on Appropriations of the House of Representatives and the Senate (11-45 civilian employees only).

b. Copies of the following:

(1) Assistant Secretary of Defense (LA), room 3D918, the Pentagon, Washington, DC 20301.

(2) Assistant Secretary of Defense (PA), room 2E757, the Pentagon, Washington, DC 20301.

(3) Office of Economic Adjustment, room 4C767, the Pentagon, Washington, DC 20301.

(4) Deputy Assistant Secretary of Defense, (Installations), room 3E813, the Pentagon, Washington, DC 20301. (exception—no copies required from Agencies that do not have legislative and public affairs offices).

8. Most Efficient and Cost-Effective Analysis for Contractor Performance of an Activity (Report Control Symbol DD-A&T(AR) 1951. The installation commander must certify that the estimated in-house cost for activities involving 11 to 45 DoD civilian employees are based on a completed most efficient and cost effective organization analysis. Certification of this MEO analysis, as required by Public Law 103-139, shall be provided to the Committee on Appropriations of the House of Representatives and the Senate before conversion to contract performance.

[57 FR 29212, July 1, 1992, as amended at 60 FR 67329, Dec. 29, 1995]

APPENDIX D TO PART 169a—COMMERCIAL ACTIVITIES MANAGEMENT INFORMATION SYSTEM (CAMIS)

Each DoD Component shall create and manage their CAMIS data base. The CAMIS data base shall have a comprehensive edit check on all input data in the computerized system. All data errors in the CAMIS data base shall be corrected as they are found by the established edit check program. The data elements described in this appendix represents the DoD minimum requirements.

On approval of a full cost comparison, a simplified cost comparison, or a direct conversion CA, the DoD Component shall create the initial entry using the data elements in part I for full cost comparisons and data elements in part II for all other conversions. Within 30 days of the end of each quarter the DoD Component shall submit a floppy diskette. Data files must be in American Stand-

ard Code Information Interchange text file format on a MicroSoft-Disk Operating System formatted 3.5 inch floppy diskette. Provide submissions in the Defense Utility Energy Reporting System format. The data shall be submitted in the Director, Installations Management (D,IM), 400 Army Navy Drive, Room 206, Arlington, VA 22202-2884 at least 60 days prior to the end of the quarter. The D,IM shall use the automated data to update the CAMIS. If the DoD Component is unable to provide data in an automated format, the D,IM shall provide quarterly printouts of cost comparison records (CCR) and conversion and/or comparison records (DCSCCR) that may be annotated and returned within 30 days of the end of each quarter to the D,IM. The D,IM then shall use the annotated printouts to update the CAMIS.

PART I—COST COMPARISON

The record for each cost comparison is divided into six sections. Each of these sections contains information provided by the DoD Components. The first five sections are arranged in a sequence of milestone events occurring during a cost comparison. Each section is completed immediately following the completion of the milestone event. These events are as follows:

1. Cost comparison is approved by DoD Component.
2. Solicitation is issued.
3. In-house and contractor costs are compared.
4. Contract is awarded/solicitation is canceled.
5. Contract starts.

The events are used as milestones because upon their completion some elements of significant information concerning the cost comparison become known.

A sixth section is utilized for CCRs that result in award of a contract. This section contains data elements on contract cost and information on subsequent contract actions during the second and third year of contract operation.

The data elements that comprise these six sections are defined in this enclosure.

PART II—DIRECT CONVERSIONS AND SIMPLIFIED COST COMPARISONS

The record for each direct conversion and simplified cost comparison is divided into six sections. Each of the first five sections is completed immediately following the completion of the following events:

1. DoD Component approves CA action.
2. The solicitation is issued.
3. In-house and contractor costs are compared.
4. Contract is awarded or solicitation is canceled.
5. Contract starts.

A sixth section is utilized for tracking historical data after the direct conversion or simplified cost comparison is completed. This section contains data elements on contracts and cost information during the second and third performance period. The data elements that comprise the six sections in part II, of this Appendix, are defined in the CAMIS Entry and Update Instruction, Part II—Direct Conversions and Simplified Cost Comparisons.

CAMIS ENTRY AND UPDATE INSTRUCTIONS

PART I—COST COMPARISONS

The bracketed number preceding each definition in sections one through five is the DoD data element number. All date fields should be in the format MMDDYY (such as, June 30, 1983 = 063083).

Section One

Event: DoD Component Approves Conducting a Cost Comparison

All entries in this section of CCR shall be submitted by DoD Components on the first quarter update after approving the start of a cost comparison.

These entries shall be used to establish the CCR and to identify the geographical, organizational, political, and functional attributes of the activity (or activities) undergoing cost comparison as well as to provide an initial estimate of the manpower associated with the activity (or activities). The initial estimate of the manpower in this section of the CCR will be in all cases those manpower figures identified in the correspondence approving the start of the cost comparison.

DoD Components shall enter the following data elements to establish a CCR:

[1] Cost Comparison Number. The number assigned by the DoD Component to uniquely identify a specific cost comparison. The first character of the cost comparison number must be a letter designating DoD Component as noted in data element [3], below. The cost comparison number may vary in length from five to ten characters, of which the second and subsequent may be alpha or numeric and assigned under any system desired by the DoD Component.

[2] Announcement and/or approval date. Date Congress is notified when required by 10 U.S.C. 2461, of this part or date DoD Component approves studies being performed by 45 or fewer DoD civilian employees.

[3] DOD Component Code. Use the following codes to identify the Military Service or Defense Agency conducting the cost comparison:

A—Department of the Army
B—Defense Mapping Agency
C—Strategic Defense Initiatives Organization

D—Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) [3D1]

E—Defense Advanced Research Projects Agency

F—Department of the Air Force

G—National Security Agency/Central Security Service

H—Defense Nuclear Agency

J—Joint Chiefs of Staff (including the Joint Staff, Unified and Specified Commands, and Joint Service Schools)

K—Defense Information Systems Agency (DISA)

L—Defense Intelligence Agency

M—United States Marine Corps

N—United States Navy

R—Defense Contract Audit Agency

S—Defense Logistics Agency

T—Defense Security Assistance Agency

V—Defense Investigative Service

W—Uniform Services University of the Health Sciences

X—Inspector General, Department of Defense

Y—On Site Inspection Agency (OSIA)

2—Defense Finance & Accounting Service (DFAS)

3—Defense Commissary Agency (DeCA)

4—Defense Technical Information Center (DTIC)

5—U.S. Army Corps of Engineers (USACE) Civil Works

[4] Command code. The code established by the DoD Component headquarters to identify the command responsible for operating the commercial activity undergoing cost comparison.

[5] Installation code. The code established by the DoD Component headquarters to identify the installation where the CA(s) under cost comparison is and/or are located physically. Two or more codes (for cost comparison packages encompassing more than one installation) should be separated by commas.

[6] State code. A two-position numeric code for the State (Data element reference ST-GA.) or U.S. Territory (FIPS 55-2), as shown in attachment 1 to appendix B to this part, where element [5] is located. Two or more codes shall be separated by commas.

[7] Congressional District (CD). Number of the congressional district(s) where [5] is located. If representatives are elected "at large," enter "01" in this data element; for a delegate or resident commissioner (such as, District of Columbia or Puerto Rico) enter "98." If the installation is located in two or more CDs, all CDs should be entered and separated by commas.

[8] [Reserved]

[9] Title of Cost Comparison. The title that describes the commercial activity(s) under cost comparison (for instance, "Facilities Engineering Package," "Installation Bus Service," or "Motor Pool"). Use a clear title, not acronyms of function codes in this data element.

[10] DOD Functional Area Code(s). The four of five alpha/numeric character designators listed in Appendix A of this part that describe the type of CA undergoing cost comparison. There would be one code for a single CA or possible several codes for a large cost comparison package. A series of codes shall be separated by commas.

[11] Prior Operation Code. A single alpha character that identifies the mode of operation for the activity at the time the cost comparison is started. Despite the outcome of the cost comparison, this code does not change. The coding as follows:

I—In-house
C—Contract
N—New requirement
E—Expansion

[12] Cost Comparison Status Code. A single alpha character that identifies the current status of the cost comparison. Enter one of the following codes:

P—In progress
C—Complete
X—Canceled. The CCR shall be excluded from future updates.
Z—Consolidated. The cost comparison has been consolidated with one or more other cost comparisons into a single cost comparison package. The CCR for the cost comparison that has been consolidated shall be excluded from future updates. (See data element [15].)
B—Broken out. The cost comparison package has been broken into two or more separate cost comparisons. The previous CCR shall be excluded from future updates. (See data element [15].)

[13] Announcement—personnel estimate civilian, and [14] announcement—personnel estimate military. The number of civilian and military personnel allocated to the CAs undergoing cost comparison when the cost comparison is approved by the DoD Component or announced to Congress. This number in all cases shall be those personnel figures identified in the correspondence announcing the start of a cost comparison and will include authorized positions, temporaries, and borrowed labor. The number is used to give a preliminary estimate of the size of the activity.

[15] Revised and/or original cost comparison number. When a consolidation occurs, create a new CCR containing the attributes of the consolidated cost comparison. In the CCR of each cost comparison being consolidated, enter the cost comparison number of the new CCR in this data element and code "Z" in data element [12] of this attachment. In the new CCR, this data element should be blank and data element [12] of this attachment should denote the current status of the cost comparison. Once the consolidation has occurred, only the new CCR requires future updates. When a single cost comparison is

being broken into multiple cost comparisons, create a new CCR for each cost comparison broken out from the original cost comparison. Each new CCR shall contain its own unique set of attributes; in data element [15] of this attachment enter the cost comparison number of the original cost comparison from which each was derived, and in data element [12] of this attachment enter the current status of each cost comparison. For the original cost comparison, data element [15] of this attachment, should be blank and data element [12] of this attachment should have a code "B" entry. Only the derivative record entries require future updates. When a consolidation or a breakout occurs, an explanatory remark shall be entered in data element [57] of this attachment (such as, "part of SW region cost comparison," or, "separated into three cost comparisons").

Section Two

Event: The Solicitation is Issued

The entries in this section of the CCR provide information on the personnel authorized to perform the workload in the PWS, the number of workyears used to accomplish the workload in the PWS, and the type and kind of solicitation.

The DoD Component shall enter the following data elements at the first quarterly update subsequent to the issuance of the solicitation:

[17] [Reserved]

[18] Solicitation-Type Code. A one-character alpha designator that identifies the type of solicitation used to obtain contract bids or offers. Use either the CBD as the source document or information received from the contracting officer for this entry. Solicitations under section 8(a) of the Small Business Act are negotiated. Enter one of the following codes:

S—Sealed Bid
N—Negotiated

[19] Solicitation Kind Code. A one-character (or two-character, if "W" suffix is used) alpha designator indicating whether the competition for the contract has been limited to a specific class of bidders or offerors. Use either the CBD as the source document or information received from the contracting officer to enter one of the following codes:

A—Restrict to small business
B—Small Business Administration 8(a) Set Aside
C—Javits-Wagner-O'Day Act (JWOD)
D—Other mandatory sources
U—Unrestricted
W—(optional suffix) Unrestricted after initial restriction

[20] Current Authorized Civilians and [21] Current Authorized Military. The number of

civilian and military authorizations allocated on the DoD Component's manpower documents to perform the work described in the PWS. This number refines the initial authorization estimate (section one, data elements [13] and [14]).

[22] Baseline Annual Workyears Civilian and [23] Baseline Annual Workyears Military. The number of annual workyears it has taken to perform the work described by the PWS before the DoD Component conducts the MEO study of the in-house organizations; do not include contract monitor requirements. Military workyears include assigned, borrowed, diverted, and detailed personnel.

An annual workyear is the use of 2,087 hours (including authorized leave and paid time off for training). For example, when full-time employees whose work is completely within the PWS are concerned, "one workyear" normally is comparable to "one employee" or two part-time employees, each working 1,043 hours in a fiscal year. Also include in this total the workyears for full-time employees who do not work on a full-time basis on the work described by the PWS. For example, some portion of the workload is performed by persons from another work center who are used on an "as needed" basis. Their total hours performing this workload is 4,172 hours. This would be reflected as two workyears. Less than one-half year of effort should be rounded down, and one-half year or more should be rounded up.

These workyear figures shall be the baseline for determining the manpower savings identified by the management study.

Section Three

Event: The In-House and the Contractor Costs of Operation are Compared

The entries in this section provide information on the date of the cost comparison (initial decision), the preliminary results, the number of bids or offers received, and the costing method used in the cost comparison.

The DoD Component shall enter the following data elements in the first quarterly update subsequent to the date of the comparison of in-house and contractor costs (date of initial decision):

[24] Scheduled Initial Decision Date. Date the initial decision is scheduled at the start of a cost comparison.

[24A] Actual Initial Decision Date. Date the initial decision is announced. The initial decision is based on the apparent low bid or offer and is subject to preaward surveys and resolution of all appeals and protests. In a sealed bid procurement, the initial decision is announced at bid opening. In a negotiated procurement, the initial decision is announced when the cost comparison is made between the in-house estimate and the proposal of the selected offeror.

[25] Cost Comparison Preliminary Results Code. A one-character alpha designator indicating the results of the cost comparison as announced by the contracting officer at the time the bids or offers are compared. The entries are limited to two possibilities:

I—In-house
C—Contract

[26]–[27] [Reserved]

Section Four

Event: The Contracting Officer Either Awards the Contract or Commercial Activity Cancels the Solicitation

The entries in this section identify the final result, information on the contract, the in-house bid, and costing information from the cost comparison record.

The DoD Component shall enter the following data elements in the first quarterly update subsequent to the date the contracting officer either awards a contract or cancels the solicitation:

[28] Contract Award/Solicitation Commercial Activity Cancellation Date. For conversions to contract, this is the date a contract was awarded in a sealed bid solicitation or the date the contractor was authorized to proceed on a conditional award contract in a negotiated solicitation. For retentions in-house, this is the date the solicitation was canceled (when the contracting officer publishes an amendment to the solicitation canceling it).

[29] Cost Comparison Final Result Code. A one-character alpha designator identifying the final result of the comparison between in-house and contractor costs; the contracting officer either awards the contract or cancels the solicitation. Enter one of the following codes:

I—In-house
C—Contract

[30] Decision Rationale Code. A one-character alpha designator that identifies the rationale for awarding a contract or canceling the solicitation. The work shall be performed in-house or by contractor, based on cost, or the work shall be performed in-house because no satisfactory commercial source was available (no bids or offers were received or the preaward survey resulted in the determination that no commercial sources were responsive or responsible). Enter one of the following codes:

C—Cost
N—No satisfactory commercial source
O—Other

[31] [Reserved]

[31a] Prime Contractor Size. Enter one of the following

S—Small or small/disadvantaged business
L—Large business

[32] MEO Workyears. The number of annual workyears it takes to perform the work described in the PWS after the MEO study has been conducted. Do not include the minimum cost differential (line 14 in CCF or line 16 in the ENCR CCF) in the computation of any of these data elements.

For data elements [33] through [36], enter all data after all adjustments required by appeals board decisions. Do not include the minimum cost differential (line 31 old CCF or line 14 new CCF or line 16 new ENRC form) in the computation of any of these data elements. If a valid cost comparison was not conducted (that is, all bidders or offerors disqualified, no bids or offers received, etc.) do not complete data elements [33] through [36]. Explain lack of valid cost data in data element [57], DOD Component Comments.

[33] First Performance Period. Expressed in months, the length of time covered by the contract. Do not include any option periods.

[34] Cost Comparison Period. Expressed in months, the total period of operation covered by the cost comparison; this is the period used as the basis for data elements [35] and [36], below.

[35] Total in-house Cost (\$000). Enter the total cost of in-house performance in thousands of dollars, rounded to the nearest thousand. This is the total of line 6 of the new CCF or line 8 of the ENCR CCF. An entry is required although the activity remains in-house due to absence of a satisfactory commercial source.

[36] Total Contract Cost (\$000). Enter the total cost of contract performance in thousands of dollars, rounded to the nearest thousand. This is the total of line 13 of the CCF or line 15 of the ENCR CCF.

[37] Scheduled Contract or MEO Start Date. Date the contract and/or MEO was scheduled to start at the beginning of a cost comparison.

Section Five

Event: The Contract/MEO Starts

The entries in this section identify the contract or MEO start date and the personnel actions taken as a result of the cost comparison.

The DoD Component shall enter the following data elements in the first quarterly update subsequent to the start of the contract:

[38] Contract/MEO Start Date. The actual date the contractor began operation of the contract or the Government implements the MEO.

[39] Permanent Employees Reassigned to Equivalent Positions. The number of permanent employees who were reassigned to positions of equivalent grade as of the contract start date.

[40] Permanent Employee Changed To Lower Positions. The number of permanent employees who were reassigned to lower grade positions as of the contract start date.

[41] Employees Taking Early Retirement. The number of employees who took early retirement as of the contract start date.

[42] Employees Taking Normal Retirement. The number of employees who took normal retirement as of the contract start date.

[43] Permanent Employees Separated. The number of permanent employees who were separated from Federal employment as of the contract start date.

[44] Temporary Employees Separated. The number of temporary employees who were separated from Federal employment as of the contract start date.

[45] Employees Entitled to Severance Pay. The estimated number of employees entitled to severance pay on their separation from Federal employment as of the contract start date.

[46] Total Amount of Severance Entitlements (\$000). The total estimated amount of severance to be paid to all employees, in thousands of dollars, rounded to the nearest thousand, as of the contract start date.

[47] Number Of Employees Hired by The Contractor. The number of estimated DoD civilian employees (full-time or otherwise) that will be hired by the contractors, or their subcontractors, at the contract start date.

Administrative Appeal

[48] Filed. Were administrative appeals filed?

N—No

Y—Yes

[49] Source. Who filed the appeal?

B—Both

C—Contractor

I—In-house

[50] Result. Were the appeals finally upheld? (If both appealed, explain result in data element [57], of this section).

N—No

P—Still in progress

Y—Yes

GAO Protest

[51] Filed. Was a protest filed with GAO?

N—No

Y—Yes

[52] Source. Who filed the protest?

B—Both

C—Contractor

I—In-house

[53] Result. Was the protest finally upheld? (Explain result in data element [57], below).

N—No

P—Still in progress

Y—Yes

Arbitration

[54] Requested. Was there a request for arbitration?

N—No
Y—Yes

[55] Result. Was the case found arbitrable? (Explain result in data element [57], below).

N—No
P—Still in progress
Y—Yes

General Information

+ [56] Total Staff-Hours Expended. Enter the estimated number of staff-hours expended by the installation for the cost comparison. Include direct and indirect hours expended from the time of PWS until a final decision is made.

+ [56a] Estimated Cost Of Conducting The Cost Comparison. Enter the estimated cost of the total staff-hours identified in data element [56] of this section non-labor (travel, reproduction costs, etc.) associated with the cost comparison.

+ Data elements [56] and [56A] will only be completed by DoD Components that are participating in the pilot test of these data elements.

[57] DoD Component Comments. Enter comments, as required, to explain situations that affect the conduct of the cost comparison. Where appropriate, precede each comment with the CAMIS data element being referenced.

[58] Effective Date. "As of" date of the most current update for the cost comparison. This data element will be completed by the DMDC.

[59] (Leave blank, for DoD computer program use).

Section Six

Event: Quarter Following Contract and/or Option Renewal

The entries in this section identify original costs, savings, information on subsequent performance periods and miscellaneous contract data. The DoD Component shall enter the following data elements in the first quarterly update annually.

[60] Original Cost of Function(s) (\$000). The estimated total cost of functions before to development of an MEO in thousands of dollars, rounded to the nearest thousand for the base year and option years. (Begin entry when study began for data element [2] after 1 October 1989).

[60A] Estimated Dollar Savings (\$000). The DoD Component's estimated savings from the cost comparison for the base year plus option years, in thousands of dollars, rounded to the nearest thousand, for either in-house or contract performance. Documentation will be available at the DoD Component level. (Begin entry after 1 October 1989).

[61] Contract Or In-House Bid First Performance Period (\$000). For studies resulting in continued in-house performance, enter the total in-house cost (Line 6 from the CCF) for the first performance period. For studies resulting in conversion to contract performance, enter the contract price (Line 7 from the CCF) for the first performance period. Figures shall be shown in thousands of dollars, rounded to the nearest thousand.

[61A] Actual Contract or In-House Costs First Performance Period (\$000). Enter the actual first performance period contract cost including all change orders (Plus changes in the scope of work) or actual in-house performance cost including changes in the scope of work, in thousands of dollars, rounded to the nearest thousand. No entry is required for actual in-house performance during the second and third performance periods.

[61B] Adjusted Contract Costs First Performance Period (\$000). Enter an adjusted first performance period contract cost that includes actual DoL wage increases and costs for omissions and/or errors in the original PWS, but exclude new requirement costs and their associated wage increases, in thousands of dollars, rounded to the nearest thousand. (Begin entry after 1 October 1989).

[61C] Adjusted In-House Costs First Performance Period (\$000). Enter the total first performance period in-house cost of the MEO, including civil service pay increases, but excluding increases associated with new mission requirements not included in the original scope of work of the function. Show costs in thousands of dollars, rounded to the nearest thousand. Entry is required even if the function went to contract. (Begin entry after 1 October 1989).

[62] Contract Or In-House Bid Second Performance Period (\$000). For studies resulting in continued in-house performance, enter the total in-house cost (Line 6 from the CCF) for the second performance period. For studies resulting in conversion to contract performance, enter the contract price (Line 7 from the CCF) for the second performance period. Figures shall be shown in thousands of dollars, rounded to the nearest thousand.

[62A] Actual Contract Costs Second Performance Period (\$000). Enter the actual second performance period contract cost including all change orders (Plus changes in the scope of work), in thousands of dollars, rounded to the nearest thousand. No entry is required when the function remained in-house.

[62B] Adjusted Contract Costs Second Performance Period (\$000). Enter an adjusted second performance period contract cost that includes actual DoL wage increases and costs for omissions and/or errors in the original PWS, but exclude new requirement costs and their associated wage increases, in thousands of dollars, rounded to the nearest thousand. (Begin entry after 1 October 1989).

[62] Adjusted In-House Costs Second Performance Period (\$000). Enter the total second performance period in-house cost of the MEO, including civil service pay increases, but excluding increases associated with new mission requirements not included in the original scope of work of the function. Show costs in thousands of dollars, rounded to the nearest thousand. Entry is required even if the function went to contract. (Begin entry after 1 October 1989).

[63] Contract Or In-house Bid Third Performance Period (\$000). For studies resulting in continued in-house performance, enter the total in-house cost (Line 6 from the CCF) for the third performance period. For studies resulting in conversion to contract performance, enter the contract price (Line 7 from the CCF) for the third performance period. Figures shall be shown in thousands of dollars, rounded to the nearest thousand.

[63A] Actual Contract Costs Third Performance Period (\$000). Enter the actual third performance period contract cost including all change orders (Plus changes in the scope of work), in thousands of dollars, rounded to the nearest thousand. No entry is required when the function remained in-house.

[63B] Adjusted Contract Costs Third Performance Period (\$000). Enter an adjusted third performance period contract cost that includes actual DoL wage increases and costs for omissions and/or errors in the original PWS, but exclude new requirement costs and their associated wage increases, in thousands of dollars, rounded to the nearest thousand (Begin entry after 1 October 1989).

[63C] Adjusted In-House Costs Third Performance Period (\$000). Enter the total third performance period in-house cost of the MEO, including civil service pay increases, but excluding increases associated with new mission requirements not included in the original scope of work of the function. Show costs in thousands of dollars, rounded to the nearest thousand. Entry is required even if the function went to contract (Begin entry after 1 October 1989).

[64] Contractor Change. Enter one of the following alpha designators to indicate whether the contract for the second or third performance period has changed from the original contractor.

N—No, the contractor has not changed.

Y—Yes, the contractor has changed.

Data elements [65] through [66] of this section are not required if the answer to [64] of this section is no (N).

[65] New Contractor Size (If data element [66] of this section contains the alpha designator "I" or "R," no entry is required).

L—New contractor is large business.

S—New contractor is small and/or small disadvantaged business.

[66] Reason For Change. DoD Components shall enter one of the following designators

listed in this section, followed by the last two digits of the fiscal year which the change occurred.

C—Contract workload consolidated with other existing contract workload.

D—New contractor takes over because original contractor defaults.

I—Returned in-house because original contractor defaults within 12 months of start date and in-house bid is the next lowest.

N—New contractor replaced original contractor because Government opted not to renew contract in option years.

R—Returned in-house temporarily pending resolicitation due to contract default, etc.

U—Contract workload consolidated into a larger (umbrella) cost comparison.

X—Other-function either returned in-house or eliminated because of base closure, realignment, budget reduction or other change in requirements.

[67] Contract Administration Staffing. The actual number of contract administration personnel hired to administer the contract.

CAMIS ENTRY AND UPDATE INSTRUCTION

PART II—DIRECT CONVERSIONS AND SIMPLIFIED COST COMPARISONS

The bracketed number preceding each definition in sections One through six of this section, is the DoD data element number. All date fields should be in the format YYMMDD (Data element reference DA-FA).

Section One

Event: DoD Component Approves the CA Action

All entries in this section of the DCSCCR record shall be submitted by DoD Components on the first quarter update after approving the start of a cost comparison. These entries shall be used to establish the DCSCCR and to identify the geographical, organizational, political, and functional attributes of the activity (or activities) undergoing conversion and/or comparison as well as to provide an initial estimate of the manpower associated with the activity (or activities). The initial estimate of the personnel in this section of the DCSCCR will be, in all cases, those personnel figures identified in the correspondence approving the start of the conversion and/or comparison. DoD Components shall enter the following data elements to establish a DCSCCR:

[1] Direct Conversion/Simplified Cost Comparison Number. The number assigned by the DoD Component to uniquely identify a specific conversion and/or comparison. The first character of the conversion and/or comparison number must be a letter designating the DoD Component as noted in data element [3]

of this section. The conversion and/or comparison number may vary in length from five to ten characters, of which the second and subsequent may be alpha or numeric and assigned under any system desired by the DoD Component.

[2] Approval Date. The date has simplified cost comparison or direct conversion was approved.

[3] DoD Component Code. Use the following codes to identify the Military Service or Defense Agency and/or Field Activity conducting the cost comparison:

- A—Department of the Army
- B—Defense Mapping Agency (DMA)
- D—Civilian Health and Medical Program of the Uniformed Services (CHAMPUS) [3D1]
- D—Washington Headquarters Service (WHS) [3D2]
- F—Department of the Air Force
- G—National Security Agency/Central Security Service (NSA/CSS)
- H—Defense Nuclear Agency (DNA)
- J—Joint Chiefs of Staff (JCS) (including the Joint Staff, Unified and Specified Commands, and Joint Service Schools)
- K—Defense Information Systems Agency (DISA)
- L—Defense Intelligence Agency (DIA)
- M—United States Marine Corps (USMC)
- N—United States Navy (USN)
- R—Defense Contract Audit Agency (DCAA)
- S—Defense Logistics Agency (DLA)
- T—Defense Security Assistance Agency (DSAA)
- V—Defense Investigative Service (DIS)
- W—Uniformed Services University of the Health Sciences (USUHS)
- Y—On Site Inspection Agency (OSIA)
- 2—Defense Finance & Accounting Service (DFAS)
- 3—Defense Commissary Agency (DeCA)
- 4—Defense Technical Information Center (DTIC)
- 5—U.S. Army Corps of Engineers (USACE) Civil Works

[4] Command code. The code established by the DoD Component headquarters to identify the command responsible for operating the commercial activity undergoing cost comparison.

[5] Installation code. The code established by the DoD Component headquarters to identify the installation where the CA(s) under cost comparison is and/or are located physically. Two or more codes (for cost comparison packages encompassing more than one installation) should be separated by commas.

[6] State Code. A two-position numeric code for the State (Data element reference ST-GA.) or U.S. Territory (FIPS 55-2), as shown in attachment 1 to appendix B of this part, where element [5] is located. Two or more codes shall be separated by commas.

[7] Congressional District (CD). Number of the CDs where [5] of this section, is located.

If representatives are elected "at large," enter "01" in this data element; for a delegate or resident commissioner (i.e., District of Columbia or Puerto Rico) enter "98." If the installation is located in two or more CDs, all CDs should be entered and separated by commas.

[8] (Leave blank)

[9] Title of Conversion and/or Comparison. The title that describes the CA(s) under conversion/comparison (for instance, "Facilities Engineering Package", "Installation Bus Service," or "Motor Pool"). Use a clear title, not acronyms or function codes in this data element.

[10] DoD Functional Area Code(s). The four- or five-alpha and/or numeric character designators listed in appendix A of this part that describes the type of CA undergoing conversion and/or comparison. This would be one code for a single CA or possibly several codes for a large cost comparison package. A series of codes shall be separated by commas.

[11] Prior Operation Code. A single alpha character that identifies the mode of operation for the activity at the time the conversion and/or comparison is started. Despite the outcome of the conversion and/or comparison, this code does not change. The coding is as follows:

- C—Contract
- E—Expansion
- I—In-house
- N—New requirement

[12] Conversion and/or Comparison Status Code. A single alpha character that identifies the current status of the conversion and/or comparison. Enter one of the following codes:

B—Broken out. The cost comparison package has been broken into two or more separate cost comparisons. The previous DCSCCR shall be excluded from future updates. (See data element [15] of this section.)

C—Complete

P—In progress

X—Canceled. The DCSCCR shall be excluded from future updates.

Z—Consolidated. The cost comparison has been consolidated with one or more other cost comparisons into a single cost comparison package. The DCSCCR for the cost comparison that has been consolidated shall be excluded from future updates. (See data element [15] of this section.)

[13] Announcement—personnel estimate civilian, and [14] announcement—personnel estimate military. The number of civilian and military personnel allocated to the CAs undergoing conversion and/or comparison at the time the start of the conversion and/or comparison is approved. This number is all cases shall be those personnel figures identified when the conversion and/or comparison was approved and will include authorized positions, temporaries, and borrowed labor.

The number is used to give a preliminary estimate of the size of the activity.

[15] Revised and/or original cost comparison number. When a consolidation occurs, create a new DCSCCR containing the attributes of the consolidated conversion and/or comparison. In the DCSCCR of each conversion and/or comparison being consolidated, enter the conversion and/or comparison number of the new DCSCCR in this data element and code "Z" in data element [12] of this section. In the new DCSCCR, this data element should be blank and data element [12] of this section should denote the current status of the conversion and/or comparison. Once the consolidation has occurred, only the new DCSCCR requires future updates.

When a single conversion and/or comparison is being broken into multiple conversion and/or comparisons, create a new DCSCCR for each conversion and/or comparison broken out from the original conversion and/or comparison. Each new DCSCCR shall contain its own unique set of attributes; in data element [15] of this section enter the conversion and/or comparison number of the original conversion and/or comparison from which each was derived, and in data element [12] of this section enter the current status of each conversion and/or comparison. For the original conversion and/or comparison, data element [15] of this section should be blank and data element [12] of this section should have a code "B" entry. Only the derivative record entries require future updates.

When a consolidation or a breakout occurs, an explanatory remark shall be entered in data element [56] of this section (such as, "part of SW region cost comparison," or, "separated into three cost comparisons").

[16] (Leave blank)

Section Two

Event: The Solicitation is Issued

The entries in this section of the DCSCCR provide information on the personnel authorized to perform the workload in the PWS, the number of workyears used to accomplish the workload in the PWS, and the type and kind of solicitation.

The DoD Component shall enter the following data elements at the first quarterly update subsequent to the issuance of the solicitation:

[17] (Leave blank)

[18] Solicitation-Type code. A one-character alpha designator that identifies the type of solicitation used to obtain contract bids or offers. Use either the CBD as the source document or information received from the contracting officer for this entry. Solicitations under section 8(a) of "The Small Business Act" are negotiated. Enter one of the following codes:

N—Negotiated
S—Sealed Bid

[19] Solicitation-Kind code. A one-character (or two-character, if "W" suffix is used) alpha designator indicating whether the competition for the contract has been limited to a specific class of bidders or offerors. Use either the CBD as the source document or information received from the contracting officer to enter one of the following codes:

A—Restrict to small business
B—Small Business Administration 8(a) Set Aside
C—"Javits-Wagner-O'Day Act" (JWOD)
D—Other mandatory sources
U—Unrestricted
W—(Optional suffix) Unrestricted after initial restriction

[20] Current Authorized Civilians, and [21] Current Authorized Military. The number of civilian and military authorizations allocated on the DoD Component's manpower documents to perform the work described in the PWS. This number refines the initial authorization estimate (section one, data elements [13] and [14] of this section).

[22] Baseline Annual Workyears Civilian, and [23] Baseline Annual Workyears Military. The number of annual workyears it has taken to perform the work described by the PWS before the DoD Component conducts the MEO analysis of the in-house organization. Do not include contract monitor requirements. Military workyears include assigned, borrowed, diverted, and detailed personnel. Less than one-half a year of effort should be rounded down, and one-half a year or more should be rounded up. These workyear figures shall be the baseline for determining the personnel savings identified by the most efficient organization analysis.

Section Three

Event: The In-House And The Contractor Costs Of Operations Are Compared

The entries in this section provide information on the date of the conversion and/or comparison (initial decision), the preliminary results, the number of bids or offers received, and the costing method used in the conversion and/or comparison.

The DoD Component shall enter the following data elements in the first quarterly update subsequent to the date of the comparison of in-house and contractor costs (date of initial decision):

[24] Scheduled Initial Decision Date. Date the initial decision is scheduled at the start of a conversion and/or comparison

[24A] Actual Initial Decision Date. Date the initial decision is announced. The initial decision is based on the apparent low bid or offer and is subject to preaward surveys and resolution of all appeals and protests. In a sealed bid procurement, the initial decision is announced at bid opening. In a negotiated

procurement, the initial decision is announced when the cost comparison is made between the in-house estimate and the proposal of the selected offeror. In a conversion, the initial decision is announced when the in-house cost estimate is evaluated against proposed contractor proposals.

[25] Cost Comparison Preliminary Results Code. A one-character alpha designator indicating the results of the cost comparison as announced by the contracting officer at the time of the comparison (No entry required for a direct conversion). The entries are limited to two possibilities:

C—Contract

I—In-house

[26] (Leave blank)

[27] (Leave blank)

Section Four

Event: The Contracting Officer Either Awards The Contract or Cancels The Solicitation

The entries in this section identify the final result, information on the contract, the in-house bid, and costing information from the direct conversion and/or simplified cost comparison fact sheet.

The DoD Component shall enter the following data elements in the first quarterly update subsequent to the date the contracting officer either awards a contract or cancels the solicitation:

[28] Contract Award or Solicitation Cancellation Date. For conversions to contract, this is the date a contract was awarded in a sealed bid solicitation or the date the contractor was authorized to proceed on a conditional award contract in a negotiated solicitation. For retentions in-house, this is the date the solicitation was canceled (when the contracting officer publishes an amendment to cancel the solicitation).

[29] Cost Comparison Final Result Code. A one-character alpha designator identifying the final result of the comparison between in-house and contractor costs; the contracting officer either awards the contract or cancels the solicitation. Enter one of the following codes:

C—Contract

I—In-house

[30] Decision Rationale Code. A one-character alpha designator that identifies the rationale for awarding a contract or canceling the solicitation. The work shall be performed in-house or by contractor based on cost, for other than cost, or the work shall be performed in-house because no satisfactory commercial source was available (no bids or offers were received or the pre-award survey resulted in the determination that no commercial sources were responsive or responsible). Enter one of the following codes:

C—Cost

N—No satisfactory commercial source

O—Other

[31] (Leave blank)

[31A] Prime Contractor Size. Enter one of the following:

L—Large business

S—Small or small and/or disadvantageded business

[32] MEO Workyears. The number of annual workyears it takes to perform the work described in the PWS after the MEO analysis has been conducted. This entry will be equal to the number of annual workyears in the in-house bid (No entry required for a direct conversion).

For data elements [33] through [36] of this section enter all data after all adjustments required by appeal board decisions. Do not include minimum cost differential in the computation of any of these data elements. If a valid conversion and/or comparison was not conducted (i.e., all bidders or offerors disqualified, no bids or offers received, etc.) do not complete data elements [33], [34] and [36] of this section. Explain lack of valid cost data in data element [56], "DoD Component Comments" of this section.

[33] First Performance Period. Expressed in months, the length of time covered by the contract. Do not include any option periods.

[34] Conversion and/or Comparison Period. Expressed in months, the total period of operation covered by the conversion or cost comparison; this is the period used as the basis for data elements [35] and [36] of this section.

[35] Total In-House Cost (\$000). Enter the total estimated cost of in-house performance for the base year plus option years, in thousands of dollars, rounded to the nearest thousand. An entry is required although the activity remains in-house due to absence of a satisfactory commercial source (No entry required for a direct conversion).

[36] Total Contract Cost (\$000). Enter the total estimated cost of contract performance for the base year plus option years, in thousands of dollars, rounded to the nearest thousand.

[37] Scheduled Contract or MEO Start Date. Date the contract and/or MEO was scheduled to start at the beginning of a conversion and/or comparison.

Section Five

Event: The Contract MEO Starts.

The entries in this section identify the contract or MEO start date and the personnel actions taken as a result of the conversion and/or comparison.

The DoD Component shall enter the following data elements in the first quarterly update subsequent to the start of the contract:

[38] Contract and/or MEO Start Date. The actual date the contractor began operation

of the contract or the Government implements the MEO.

[39] Permanent Employees Reassigned to Equivalent Positions. The number of permanent employees who were reassigned to positions of equivalent grade as of the contract start date.

[40] Permanent Employees Changed to Lower Positions. The number of permanent employees who were reassigned to lower grade positions as of the contract start date.

[41] Employees Taking Early Retirement. The number of employees who took early retirement as of the contract start date.

[42] Employees Taking Normal Retirement. The number of employees who took normal retirement as of the contract start date.

[43] Permanent Employees Separated. The number of permanent employees who were separated from Federal employment as of the contract start date.

[44] Temporary Employees Separated. The number of temporary employees who were separated from Federal employment as of the contract start date.

[45] Employees Entitled to Severance Pay. The estimated number of employees entitled to severance pay on their separation from Federal employment as of the contract start date.

[46] Total Amount of Severance Entitlements (\$000). The total estimated amount of severance to be paid to all employees, in thousands of dollars, rounded to the nearest thousand, as of the contract start date.

[47] Number of Employees Hired by the Contractor. The number of estimated DoD civilian employees (full-time or otherwise) that will be hired by the contractors, or their subcontractors, at the contract start date.

Administrative Appeal

[48] Filed. Were administrative appeals filed?

N—No
Y—Yes

[49] Source. Who filed the appeal?

B—Both
C—Contractor
I—In-House

[50] Result. Were the appeals finally upheld? (if both appealed, explain result in data element [56] of this section).

N—No
P—Still in Progress
Y—Yes

GAO Protest

[51] Filed. Was a protest filed with GAO?

N—No
Y—Yes

[52] Source. Who filed the protest?

B—Both

C—Contractor
I—In-House

[53] Result. Was the protest finally upheld? (explain result in data element [56], of this section).

N—No
P—Still in Progress
Y—Yes

Arbitration

[54] Requested. Was there a request for arbitration?

N—No
Y—Yes

[55] Result. Was the case found arbitrable? (explain result in data element [56], of this section).

N—No
P—Still in Progress
Y—Yes

General Information

[56] DoD Component Comments. Enter comments, as required, to explain situations that affect the conduct of the conversion and/or comparison. Where appropriate, precede each comment with the CAMIS data element being referenced.

[57] Effective Date. "As of" date of the most current update for the conversion and/or comparison. This data element will be completed by the DMDC.

[58] (Leave blank, for DoD computer program use).

Section Six

Event: Quarter Following Contract and/or Option Renewal

The entries in this section identify information on subsequent performance periods and miscellaneous contract data. The DoD Component shall enter the following data elements in the first quarterly update annually:

[59] Actual Contract Cost First Performance Period (\$000). Enter the actual contractor cost for the first performance period, in thousands of dollars, rounded to the nearest thousand.

[60] Actual Contract Cost Second Performance Period (\$000). Enter the actual contractor cost for the second performance period, in thousands of dollars, rounded to the nearest thousand.

[61] Actual Contract Cost Third Performance Period (\$000). Enter the actual contractor cost for the third performance period, in thousands of dollars, rounded to the nearest thousand.

[62] Contractor Change. Enter one of the following alpha designators to indicate whether the contractor for the second or third performance period has changed from the original contractor.

N—No, the contractor has not changed

Y—Yes, the contractor has changed

Data elements [63] through [64] of this section are not required if the answer to [62] of this section is no (N).

[63] New Contractor Size. (If data element [64] of this section contains the alpha designator “I” or “R,” no entry is required)

L—New contractor is large business

S—New contractor is small and/or small disadvantaged business.

[64] Reason For Change. DoD Components shall enter one of the following designators listed in the following, followed by the last two digits of the FY in which the change occurred.

C—Contract workload consolidated with other existing contract workload.

D—New contractor takes over because original contractor defaults.

I—Returned in-house because of original contractor defaults; etc., within 6 months of start date and in-house bid is the next lowest.

N—New contractor replaced original contractor because Government opted not to renew contract in option years.

R—Returned in-house temporarily pending resolicitation due to contract default, etc.

U—Contract workload consolidated with other existing contract workload.

X—Other-Function either returned in-house or eliminated because of base closure, realignment, budget reduction or other change in requirements.

[65] Contract Administration Staffing. The actual number of contract administration personnel hired to administer the contract.

[50 FR 40805, Oct. 7, 1985, as amended at 57 FR 29212, July 1, 1992; 60 FR 67329, Dec. 29, 1995]

PART 171—IMPLEMENTATION OF WILDFIRE SUPPRESSION AIRCRAFT TRANSFER ACT OF 1996

Sec.

171.1 Background and purpose.

171.2 Applicability.

171.3 Restrictions.

171.4 Qualifications.

171.5 Sale procedures.

171.6 Reutilization and transfer procedures.

171.7 Reporting requirements.

171.8 Expiration.

AUTHORITY: 10 U.S.C. 2576 note.

SOURCE: 68 FR 8823, Feb. 26, 2003, unless otherwise noted.

§ 171.1 Background and purpose.

The Wildfire Suppression Aircraft Transfer Act of 1996 (the “Act”), as amended, allows the Department of Defense (DOD), during the period 1 Octo-

ber 1996 through 30 September 2005, to sell aircraft and aircraft parts to entities that contract with the Federal Government for the delivery of fire retardant by air in order to suppress wildfire. This part implements the Act.

§ 171.2 Applicability.

The regulations in this part apply to aircraft and aircraft parts determined to be DOD excess under the definition of the Federal Property Management Regulations (FPMR) and listed in Attachment 1 of Chapter 4 of DOD 4160.21-M as Category A aircraft authorized for commercial use.

§ 171.3 Restrictions.

Aircraft and aircraft parts sold under the Act shall be used only for wildfire suppression purposes and shall not be flown or removed from the U.S. unless dispatched by the National Interagency Fire Center in support of an international agreement to assist in wildfire suppression, or for other purposes jointly approved in advance, in writing, by the Secretary of Defense and the Secretary of Agriculture.

§ 171.4 Qualifications.

The Secretary of Agriculture must certify in writing to the Secretary of Defense prior to sale that the person or entity is capable of meeting the terms and conditions of a contract to deliver fire retardant by air.

(a) Prior to sales offerings of aircraft or aircraft parts, the U.S. Department of Agriculture (USDA) must provide to the Defense Reutilization and Marketing Service (DRMS), in writing, a list of persons or entities eligible to bid under this Act, including expiration date of each USDA contract, and locations covered by the USDA contract.

(b) This requirement may not be delegated to the U.S. Forest Service (USFS).

§ 171.5 Sale procedures.

Disposal of aircraft and aircraft parts must be in accordance with the provisions of Chapter 4 of DOD 4160.21-M, paragraph B2, and with other pertinent parts of this manual, with the following changes and additions:

(a) Sales shall be limited to the aircraft types listed in Attachment 1 of

Chapter 4 of DOD 4160.21-M, and parts thereto (*i.e.*, no aircraft or aircraft parts listed as Munitions List Items on the State Department's U.S. Munitions List).

(b) Sales shall be made at fair market value (FMV), as determined by the Secretary of Defense and, to the extent practicable, on a competitive basis.

(1) DRMS must conduct sales utilizing FMVs that are either provided by the Military Services on the Disposal Turn-In Documents (DTIDs) or based on DRMS' professional expertise and knowledge of the market. Advice regarding FMV shall be provided to DRMS by USDA, as appropriate.

(2) If the high bid for a sale item does not equal or exceed the FMV, DRMS is vested with the discretion to reject all bids and reoffer the item:

(i) On another wildfire suppression sale if there is indication that reoffer may be successful, or,

(ii) With DLA concurrence, as normal surplus under the FPMR if there is no such indication.

(3) Disposition of proceeds from sale of aircraft under the Act will be as prescribed in guidance from the Under Secretary of Defense (Comptroller).

(c) Purchases shall certify that aircraft and aircraft parts will be used only in accordance with conditions stated in §171.3.

(1) Sales solicitations will require bidders to submit end-use certificates with their bids, stating the intended use and proposed areas of operations.

(2) The completed end-use certificates shall be used in the bid evaluation process.

(d) Sales contracts shall include terms and conditions for verifying and enforcing the use of the aircraft and aircraft parts in accordance with provisions of this guidance.

(1) The DRMS Sales Contracting Officer (SCO) is responsible for verifying and enforcing the use of aircraft and aircraft parts in accordance with the terms and conditions of the sales contract.

(i) Sales contracts include provisions for on-site visits to the purchaser's place(s) of business and/or worksite(s).

(ii) Sales contracts require the purchaser to make available to the SCO, upon his or her request, all records

concerning the use of aircraft and aircraft parts.

(2) USDA shall nominate in writing, and the SCO shall appoint, qualified Government employees (not contract employees) to serve as Contracting Officer's Representatives (CORs) for the purpose of conducting on-site verification and enforcement of the use of aircraft and aircraft parts for those purposes permitted by the sales contract.

(i) COR appointments must be in writing and must state the COR's duties, the limitations of the appointment, and the reporting requirements.

(ii) USDA bears all COR costs.

(iii) The SCO may reject any COR nominee for cause, or terminate any COR appointment for cause.

(3) Sales contracts require purchasers to comply with the Federal Aviation Agency (FAA) requirements in Chapter 4 of DOD 4160.21-M, paragraphs B 2 b (4)(d)2 through (4)(d)5.

(4) Sales contracts require purchasers to comply with the Flight Safety Critical Aircraft Parts regime in Chapter 4 of DOD 4160.21-M, paragraph B 26 c and d, and in Attachment 3 of Chapter 4 of DOD 4160.21-M.

(5) Sales contracts require purchasers to obtain the prior written consent of the SCO for resale of aircraft or aircraft parts purchased from DRMS under this Act. Resales are only permitted to other entities which, at time of resale, meet the qualifications required of initial purchasers. The SCO must seek, and USDA must provide, written assurance as to the acceptability of a prospective repurchaser before approving resale. Resales will normally be approved for airtanker contracts which have completed their contracts, or which have had their contracts terminated, or which can provide other valid reasons for seeking resale which are acceptable to the SCO.

(i) If it is determined by the SCO that there is no interest in the aircraft or aircraft parts being offered for resale among entities deemed qualified repurchasers by USDA, the SCO may permit resale to entities outside the airtanker industry.

(ii) When an aircraft or aircraft parts are determined to be uneconomically

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repairable and suitable only for cannibalization and/or scrapping, the purchaser shall advise the SCO in writing and provide evidence in the form of a technical inspection document from a qualified FAA airframe and powerplant mechanic, or equivalent.

(iii) The policy outlined in paragraph (d)(5) of this section also applies to resales by repurchasers, and to all other manner of proposed title transfer (including, but not limited to, exchange and barbers).

(iv) Sales of aircraft and aircraft parts under the Act are intended for principals only. Sales offerings will caution prospective purchasers not to buy with the expectation of acting as brokers, dealers, agents, or middlemen for other interested parties.

(6) The failure of a purchaser to comply with the sales contract terms and conditions may be cause for suspension and/or debarment, in addition to other administrative, contractual, civil, and criminal (including, but not limited to, 18 U.S.C. 1001) remedies which may be available to DOD.

(7) Aircraft parts will be made available in two ways:

(i) DRMS may, based on availability and demand, offer for sale under the Act whole unflyable aircraft, aircraft carcasses for cannibalization, or aircraft parts, utilizing substantially the same provisions outlined in paragraphs (a) through (d)(6) of this section for flyable aircraft.

(A) If USDA directs that DRMS set aside parts for sale under the Act, USDA must provide listings of parts required, by National Stock Number and Condition Code.

(B) Only qualified airtanker operators which fly the end-term aircraft will be allowed to purchase unflyable aircraft, aircraft carcasses, or aircraft parts applicable to that end-item.

(C) FMVs are not required for aircraft parts. DRMS must utilize historic prices received for similar parts in making sale determinations.

(ii) As an agency of the Federal Government, USDA remains eligible to receive no-cost transfers of excess DOD aircraft parts under the FPMR.

§ 171.6 Reutilization and transfer procedures.

Prior to any sales effort, the Secretary of Defense shall, to the maximum extent practicable, consult with the Administrator of GSA, and with the heads of other Federal departments and agencies as appropriate, regarding reutilization and transfer requirements for aircraft and aircraft parts under this Act (see Chapter 4 of DOD 4160.21-M, paragraphs B 2 b (1) through B 2 b (3)).

(a) DOD reutilization:

(1) USDA shall notify Army, Navy, and/or Air Force, in writing, of their aircraft requirements as they arise, by aircraft type listed in Attachment 1 of Chapter 4 of DOD 4160.21-M.

(2) If a DOD requirement exists, the owning Military Service shall advise USDA, in writing, that it will be issuing the aircraft to satisfy the DOD reutilization requirement. If USDA disputes the validity of the DOD requirement, it shall send a written notice of dispute to the owning Military Service and ADUSD(L&MR/SCI) within thirty (30) days of its notice from the Military Service. ADUSD(L&MR/SCI) shall then resolve the dispute, in writing. The aircraft may not be issued until the dispute has been resolved.

(b) Federal agency transfer:

(1) The Military Service must report aircraft which survive reutilization screening to GSA Region 9 on a Standard Form 120. GSA shall screen for Federal agency transfer requirements in accordance with the FPMR.

(2) If a Federal agency requirement exists, GSA shall advise USDA, in writing, that it will be issuing the aircraft to satisfy the Federal agency requirement. If USDA disputes the validity of the Federal requirement, it shall send a written notice of dispute to the owning Military Service and ADUSD(L&MR/SCI) within thirty (30) days of its notice from the Military Service. ADUSD(L&MR/SCI) shall then resolve the dispute, in writing. The aircraft cannot be issued until the dispute has been resolved.

(c) The Military Services shall:

(1) Report aircraft which survive transfer screening and are ready for sale to Headquarters, Defense Reutilization and Marketing Service, ATTN:

Office of the Secretary of Defense

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DRMS-LMI, Federal Center, 74 Washington Avenue North, Battle Creek, Michigan 49017-3092. The Military Services must use a DD Form 1348-1A, DTID, for this purpose.

(2) Transfer excess DOD aircraft to the Aerospace Maintenance and Regeneration Center (AMARC), Davis-Monthan AFB, AZ, and place the aircraft in an "excess" storage category while aircraft are undergoing screening and/or wildfire suppression aircraft sale. Aircraft shall not be available nor offered to airtanker operators from the Military Service's airfield. The Military Service shall be responsible for the AMARC aircraft induction charges. The gaining customer will be liable for all AMARC withdrawal charges, to include any aircraft preparation required from AMARC. Sale of parts required for aircraft preparation is limited to those not required for the operational mission forces, and only if authorized by specific authority of the respective Military Service's weapon system program manager.

[68 FR 8823, Feb. 26, 2003; 68 FR 11633, Mar. 11, 2003]

§ 171.7 Reporting requirements.

Not later than 31 March 2000, the Secretary of Defense must submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report setting forth the following:

(a) The number and type of aircraft sold under this authority, and the terms and conditions under which the aircraft were sold.

(b) The persons or entities to which the aircraft were sold.

(c) An accounting of the current use of the aircraft sold.

(d) USDA must submit to Headquarters, Defense Reutilization and Marketing Service, ATTN: DRMS-LMI, Federal Center, 74 Washington Avenue North, Battle Creek, Michigan, 49017-3092, not later than 1 February 2000, a report setting forth an accounting of the current disposition of all aircraft sold under the authority of the Act.

(e) DRMS must compile the report, based on sales contract files and (for the third report element) input from the USDA. The report must be provided

to HQ DLA not later than 1 March 2000. HQ DLA shall forward the report to DOD not later than 15 March 2000.

§ 171.8 Expiration.

This part expires on 30 September 2005.

PART 172—DISPOSITION OF PROCEEDS FROM DOD SALES OF SURPLUS PERSONAL PROPERTY

Sec.

172.1 Purpose.

172.2 Applicability and scope.

172.3 Policy.

172.4 Responsibilities.

172.5 Procedures.

172.6 Information requirements.

APPENDIX A TO PART 172—EFFORTS AND COSTS ASSOCIATED WITH THE DISPOSAL OF RECYCLABLE MATERIAL

APPENDIX B TO PART 172—DISPOSITION OF AMOUNTS COLLECTED FROM SUCCESSFUL BIDDERS

AUTHORITY: 40 U.S.C. 484 and 485, 10 U.S.C. 2577.

SOURCE: 54 FR 35483, Aug. 28, 1989, unless otherwise noted.

§ 172.1 Purpose.

This document provides revised and expanded instructions on the collection and disposition of cash and cash equivalents received by the DoD Components for the DoD sale of surplus personal property.

§ 172.2 Applicability and scope.

This part:

(a) Applies to the Office of the Secretary of Defense (OSD), the Military Departments, the Joint Chiefs of Staff (JCS) and the Joint Staff, the Unified and Specified Commands, the Inspector General of the Department of Defense (IG, DoD), the Defense Agencies, and DoD Field Activities (hereafter referred to collectively as "DoD Components").

(b) Applies to the proceeds resulting from sales made under authority of Public Law 152 and to the following:

(1) Personal property governed by DoD 4160.21-M.

(2) Surplus Government-owned personal property in the possession of contractors, as described in FAR subpart 45.6.

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(3) Recyclable material governed by 10 U.S.C. 2577. Such materials would otherwise be sold as scrap or discarded as waste, but are capable of being re-used after undergoing some type of physical or chemical processing. The recycling of hazardous materials or hazardous waste shall be accomplished with due recognition of the types of materials being processed and the applicable regulation governing the handling and disposal of such materials. Qualified recyclable materials do not include the following:

- (i) Precious metal-bearing scrap and those items that may be used again for their original purposes or functions without any special processing; e.g., used vehicles, vehicle or machine parts, bottles (not scrap glass), electrical components, and unopened containers of oil or solvent.
- (ii) Ships, planes, or weapons that must undergo demilitarization or mutilation before sale.
- (iii) Scrap generated from DoD industrial fund (IF) operations that has been routinely sold with the proceeds being used to offset customer costs.
- (iv) Bones, fats, and meat trimmings generated by a commissary store or exchange.

§ 172.3 Policy.

(a) Cash or cash equivalents in the prescribed amounts shall accompany bid deposits for a bid to be considered responsive. Similarly, cash or cash equivalents for the total sales price shall be received by the DoD Components or, in authorized cases, by contractors before the transfer of physical possession to the successful bidder.

(b) Amounts collected by the DoD Components in connection with the sale of excess and surplus property shall be deposited promptly to the U.S. Treasury accounts prescribed in accordance with this instruction. The use of suspense accounts shall be minimal. If the account, ultimately to be credited with the proceeds of a sale, can be determined reasonably at the time funds are collected, the deposit shall be made immediately to that account.

(c) The Secretary of each Military Department shall establish qualified recycling programs. The effort associated with the collecting, processing

and selling of recyclable material is in appendix A to this part.

(1) Proceeds from the sale of recyclable material shall be used to reimburse installation-level costs incurred in operation of the recyclable program.

(2) After reimbursement of the cost incurred by the installation to operate the recycling program, installation commanders may use up to 50 percent of remaining sale proceeds for pollution abatement, energy conservation, and occupational safety and health activities. A project may not be carried out for an amount greater than 50 percent of the amount established by law as the maximum amount for a minor construction project.

(3) Any sale proceeds remaining after paragraphs (c)(1) and (2) of this section may be transferred to installation morale or welfare activities.

§ 172.4 Responsibilities.

The *Heads of DoD Components* that sell surplus personal property shall implement the procedures prescribed in this part for the disposition of cash and cash equivalents received in connection with such sales.

§ 172.5 Procedures.

(a) *Required bid deposits.* When a sale conducted by a DoD Component provides for bid deposit with subsequent removal, the following procedures shall apply:

(1) *Term bid.* This type of bid deposit is applicable when the sale involves the purchase of scrap or disposable material that will be generated over time with periodic removal by the successful bidder. The amount of the bid deposit required to accompany such bids is the average estimated quantity of such material to be generated during a 3 month period multiplied by 20 percent of the bid price. The calculation is illustrated, as follows:

Estimated quantity of material to be generated each quarter (pounds).	3,000	
Bid price—\$1.00 per pound		× \$1.00
		<hr/>
Subtotal		\$3,000
20 percent of bid price		20
		<hr/>
Amount to accompany bid		\$600

(2) *Other than term bid.* With the exception of term bids, payment in the

amount of 20 percent of the bid shall accompany the bid.

(b) *Payment terms.* When a sale conducted by a DoD Component provides for immediate pickup, the entire amount of the sales price shall be collected from the buyer at the conclusion of the sale. If the sale provides for a bid deposit, the balance of the bid price shall be paid before removal of the property.

(c) *Form of payment—(1) Cash and certified checks.* When a sale is conducted by a DoD Component, cash or its equivalent shall be collected for bid deposits and for remaining amounts due. Guaranteed negotiable instruments, such as cashiers checks, certified checks, travelers checks, bank drafts, or postal money orders are acceptable as a cash equivalent.

(2) *Personal checks.* Personal checks may be accepted by a DoD Component only when a performance bond or a bank letter of credit is on hand that will cover the amount due. If the check is dishonored, amounts due shall be collected from the issuer of the performance bond or letter of credit.

(i) If a bidder intends to use a bond or letter of credit without an accompanying personal check, the claim against the performance bond or letter of credit shall be made for any amounts due.

(ii) If personal checks are used, the bond or letter of credit shall be returned intact after the applicable personal checks are honored, unless other instructions have been received from the bidder.

(2) *Credit cards.* Approved credit cards may be accepted by a DoD Component for payment.

(i) Before initiating any credit card transactions, the selling DoD Component shall enter into an agreement with a network commercial bank. Currently, the Treasury has approved the use of "Master Card" and "Visa" charge cards. Changes or additions to approved credit cards are announced in Comptroller of the Department of Defense (C, DoD) memoranda or in changes to the TFM. Except for equipment and communication costs, the Treasury pays any fees normally charged to sellers. If the Treasury policy of paying such charges is changed,

any charges for the processing of approved credit card transactions shall be assessed to the buyer.

(ii) If a credit card is used for the bid deposit and authorization is declined, the bid shall be rejected as nonresponsive and other bidders considered.

(iii) Approval for charges against credit cards shall be processed as follows:

(A) The credit card presented shall be passed through the DoD installation's credit card swiper. The swiper is connected electronically with the network commercial bank selected by the DoD Component, and keys are provided to enter the proposed charge amount. If the charge is approved, the swiper will provide an approval number that shall be recorded on the charge slip.

NOTE: A swiper is an electronic device that is used to capture the magnetic information contained on a credit card and transmit it to the network commercial bank for validation and authorization of a sale. The information captured normally includes the account number, issuing bank, date of expiration of the card, and any credit restrictions that may apply.

(B) The bidder shall sign a standard credit card charge form at the sale contracting office. A copy of this form shall be returned to the card holder at that time. A copy of the charge slip shall be retained by the selling DoD activity as a record of the sale. On the following business day, the installation finance and accounting officer or the activity providing accounting support shall submit the signed credit card forms with a supporting cover sheet showing the total charges to the network commercial bank. Accounting control must be maintained over such in-transit deposits.

(C) On receipt of the credit card charge forms, the network commercial bank shall charge the bidder's credit card account and deposit the funds to the Treasury general account. The network commercial bank also is required to forward a copy of the deposit slip to the DoD installation making the sale within 1 business day. On receipt of the deposit slip, the in-transit account shall be cleared and appropriate accounts credited following the procedures in paragraph (d) of this section:

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(iv) If a contractor's bid is provided by message, mail, or telephone to the U.S. Government using a credit card instead of other forms of payment, the following information is required:

- (A) Account number.
- (B) Bidders name, as it appears on the credit card.
- (C) Date of expiration of the card.
- (D) Issuing bank.
- (E) Type of card.

Any additional cost incurred by the Department of Defense in connection with the use of the charge card, such as telephone calls to obtain approval from the network bank, shall be billed to the purchaser as an additive charge.

(d) *Disposition of proceeds.* (1) Proceeds from the sale of surplus personal property shall be deposited by the collecting DoD Component promptly to the U.S. Treasury accounts prescribed in appendix B to this part. The use of suspense accounts shall be minimal. If the account ultimately to be credited with the proceeds of a sale can be determined reasonably at the time the funds are collected, the deposit shall be made immediately to that account.

(2) See paragraph (f) of this section for special instructions on the processing of proceeds resulting from the sale of recyclable material.

(e) *Return of bid deposits to unsuccessful bidders.* (1) Cash collected from unsuccessful bidders by a DoD Component shall be deposited to account X6875, "Suspense," and a check shall be drawn on that account to reimburse unsuccessful bidders.

(2) Normally, noncash bid deposits shall be returned to unsuccessful bidders by DoD Components through the mail. However, when a bidder has requested expedited return and has provided the name of a carrier and a charge account number, the designated carrier shall be called to pick up the deposit with the explicit condition that applicable carrier costs will be charged to the bidder's account.

(f) *Sales of recyclable material.* The efforts associated with collection and processing of recyclable material are reflected in appendix A to this part. The following transactions for others (TFO) procedures apply:

(1) Proceeds from the sale of recyclable material shall be deposited in

F3875, "Budget Clearing Account (Suspense)." The deposit to F3875 shall identify the fiscal station and the name of the installation (use the full name and do not abbreviate) that is to receive the proceeds. Deposits that do not provide the necessary information shall be referred formally to the property disposal cashier for the required information.

(2) The Military Department's finance and accounting office receiving the sales proceeds shall mail a copy of the cash collection voucher to the fiscal station shown on the collection voucher. This advance copy shall be used by the fiscal station to record the collection of proceeds to its account and shall be used for followup purposes, as necessary. The copy received through the financial network shall be used to clear the undistributed collection. These vouchers shall be mailed in the weekly TFO cycle.

(3) The Military Department's finance and accounting office shall:

(i) Report weekly transactions to the responsible fiscal station cited on the collection voucher.

(ii) Report the collections within the same month in the "Statement of Transactions" to the Treasury.

(g) *Contractor sales of surplus Government-furnished property.* (1) DFARS §245.610 provides overall direction for crediting proceeds from contractor conducted sales of surplus Government furnished property. Paragraph (g)(5) of this section provides the procedures that shall be used to ensure proper accounting for such proceeds.

(2) The contractor making the sale may follow normal company policy on bid deposits and form of payment. However, any loss associated with dishonored payment shall be the contractor's responsibility.

(3) The plant clearance officer (PLCO) is responsible for notifying the appropriate accounting office of the amounts collected by the contractor. The PLCO shall also notify the accounting office whether such collections:

(i) Represent an increase in the dollar value of the applicable contract(s).

(ii) Were made instead of disbursements on the applicable contract(s).

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(iii) Were returned to miscellaneous receipt account 972651, "Sale of Scrap and Salvage, Materials, Defense."

(4) The accounting office for the contract is identified in the accounting classification code. See DoD 7220.9-M, chapter 17 for additional information.

(5) The accounting office shall prepare the source documents necessary to account properly for the transaction. The value of applicable Government property general-ledger-asset accounts shall be reduced for each alternative set forth in paragraph (g)(3) of

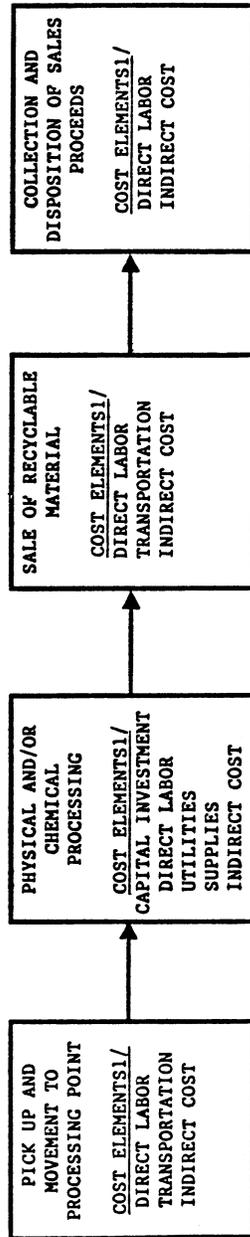
this section. Additionally, for alternatives (addressed in paragraph (g)(3)(i) or (g)(3)(ii) of this section, an accounting entry shall be made to reflect the creation of reimbursable obligational authority and the use of such authority.

§ 172.6 Information requirements.

The reports cited in §§172.5(f)(3) (i) and (ii) of this part are exempt from licensing in accordance with paragraph E.4g. of DoD 7750.5-M.

APPENDIX A TO PART 172—EFFORTS AND COSTS ASSOCIATED WITH THE DISPOSAL OF RECYCLABLE MATERIAL

APPENDIX A --
**EFFORTS AND COSTS ASSOCIATED WITH
THE DISPOSAL OF RECYCLABLE MATERIAL**



1/ The proceeds of sales of DoD-purchased materials, labor, and assets shall be recouped on the basis of a sale to "Another Federal Agency," as prescribed in DoD 7220.9-M, chapter 26 (reference (h)). This procedure excludes capital investment costs. Such costs may be paid from recyclable material sales proceeds in their entirety. Therefore, amortization of capital items is not applicable.

APPENDIX B TO PART 172—DISPOSITION OF AMOUNTS COLLECTED FROM SUCCESSFUL BIDDERS

Type of property	Disposition of:	
	(20%) bid deposit	(80%) remaining balance
1. Scrap turned in by industrial fund (IF) activities	IF	IF.
2. Usable personal property purchased by and turned in by IF activities.	IF	IF.
3. Property purchased with funds from trust fund X8420, "Surcharge Collections, Sales of Commissary Stores".	X8420	X8420.
4. Automatic data processing equipment owned by the General Services Administration (GSA) and leased to DoD.	F3875, Budget Clearing Account (Suspense).	F3875. Upon receipt of the entire amount due from the bidder, a check shall be drawn on the suspense account and forwarded to GSA at the following address: General Services Administration Office of Finance (WBCRC), Collections and Securities, 7th and I Streets NW., Washington, DC 20407.
5. Section 605(d) the Foreign Assistance Act of 1965, provides that proceeds from the sale of defense articles shall be credited to the appropriation, fund or account used to procure the article or to the account currently available for the same general purpose.		
a. Pre-MAP merger (Pre FY 82) property issued under the Military Assistance Program (MAP) and returned as no longer needed, and all MAP funded personal property belong to Security Assistance Offices (SAO).	11_1082, "Foreign Military Financing Program" (Effective 1 October 1989 the 11_1080, "Military Assistance," account is no longer available for the receipt of proceeds).	11_1082.
b. Security Assistance Offices (SAO) personal property purchased with Foreign Military Sales Administrative Funds (11x8242).	978242 XDM S843000	978242 XDM S843000.
6. Coast Guard property under the physical control of the Coast Guard at the time of sale.	F3875	F3875. Upon receipt of the entire amount due from the bidder, a check shall be drawn on the suspense account and forwarded to the Coast Guard at the following address: Commandant, U.S. Coast Guard (GFAC), Washington, DC 20593.
7. Property owned by nonappropriated fund instrumentalities, excluding garbage suitable for animal consumption that is disposed of under a multiple-pickup contract.	X6874, "Suspense"	X6875. Upon receipt of the entire amount due from the bidder, a check shall be drawn on the suspense account and forwarded to the applicable instrumentality.
8. Recyclable material	F3875 ¹	F3875. ¹ Upon receipt of the entire amount due from the bidder, deposit total proceeds to the accounts designated by the DoD Military Installation that gave the material up for disposal.
9. Lost, abandoned, or unclaimed privately owned personal property.	972651,"Sale of Scrap and Salvage Materials, Defense".	X6001, "Proceeds of Sales of Lost, Abandoned or Unclaimed Personal Property." The owner(s) of lost, abandoned, or unclaimed property may claim the net proceeds from sale of that property within 5 years of the date of the sale by providing proof of ownership to the government. After 5 years from the date of the sale, any unclaimed net proceeds shall be transferred from X6001 to general fund miscellaneous receipt account 1060, "Forfeitures of Unclaimed Money and Property."

Type of property	Disposition of:	
	(20%) bid deposit	(80%) remaining balance
10. Property owned by a country or international organization.	Operation and maintenance appropriation of the DoD Component that sells the property. (This is reimbursement for selling expenses.).	X6875. Upon receipt of the entire amount due from the bidder, a check for 80% of the sales price shall be drawn on the suspense account and forwarded to the applicable foreign country or international organization.
11. Bones, fats, and meat trimmings generated by a commissary store.	Stock Fund	Stock Fund.
12. Government furnished property sold by contractors.	(²)	(²).
13. All other property	972651	972651.

¹ 10 U.S.C. 2577 limits the amounts which can be held in F3875 at the end of any fiscal year resulting from the program to \$2 million. Amounts in excess of \$2 million are to be transferred to Miscellaneous Receipts of the Treasury. This instruction provides for immediate distribution of all sales proceeds received from the recyclable program.

² See subsection D.7. of the basic instruction.

[55 FR 13903, Apr. 13, 1990]

PART 173—COMPETITIVE INFORMATION CERTIFICATE AND PROFIT REDUCTION CLAUSE

Sec.

173.1 Scope.

173.2 Competitive Information Certification.

173.3 Profit reduction clause.

APPENDIX TO PART 173—LIST OF CONTRACTORS FOR WHOM CERTIFICATION IS REQUIRED

AUTHORITY: 10 U.S.C. 2202.

SOURCE: 53 FR 42948, Oct. 25, 1988, unless otherwise noted.

§ 173.1 Scope.

(a) The purpose of the Competitive Information Certificate is to provide the Contracting Officer sufficient information and assurance to support award of a contract in those circumstances where certification is required.

(b) Although a Competitive Information Certificate provides reasonable assurance to the Government, the possibility remains that even a diligent internal review by the contractor may fail to identify illegal or improper actions. The purpose of the Profit Reduction Clause is to ensure effective protection of the Government's interest in making contract awards when a Competitive Information Certification is required. The Profit Reduction Clause is required in all competitively awarded new contracts over \$100,000 when a Competitive Information Certificate is required prior to award.

§ 173.2 Competitive Information Certification.

(a) The Competitive Information Certificate is required prior to award of all competitively awarded new contracts of a value exceeding \$100,000 to contractors subject to the requirement.

(1) Corporate activities required to provide the Certificate are corporations or corporate divisions which have been the subject of search warrants, or as to which other official information indicates such certification should be required, and their subsidiaries and affiliates. A list of contractors from whom certification is required is maintained and published as required under authority of the Department of Defense Procurement Task Force.

(2) The requirement to provide the Certificate may be further limited to certain divisions or subsidiaries, contracts or programs upon the basis of official information, furnished by the contractor or otherwise, sufficient to establish to the satisfaction of the Department of Defense that the investigation is so limited. Such information may include copies of search warrants, subpoenas and affidavits from corporate officials concerning the scope and conduct of the investigation. The sufficiency of such information is solely within the discretion of the Department of Defense.

(3) Contractors from whom certification in certain instances is required

will be relieved of the certification requirement when the Department of Defense determines that information developed in the "Ill Wind" investigation has been resolved in such a manner that certification is no longer required to protect the interests of the Government.

(4) A Certificate will not be required prior to the exercise of options or non-competitive award of contracts. This does not limit in any manner the Government's ability to inquire into, or require information concerning, the circumstances surrounding an underlying competitive award.

(b) With respect to information disclosed under paragraph (1) of the Certificate, the offeror must attach to the Certificate a written statement detailing what information was obtained, and how, when, and from whom it was obtained. This information shall be evaluated at the levels prescribed by the contracting component to determine whether award of the contract should be made to the offeror. If during this review it is determined that the offeror may have obtained an unfair competitive advantage from the information and that there is no other reason for denying award to the offeror, the reviewing authority shall consider whether action may be taken to neutralize the potential unfair competitive advantage. Any decision to deny award to an offeror based upon information disclosed in the Certificate shall be reviewed and approved by the Service Acquisition Executive.

(c) This certificate and any accompanying statements required, must be executed by the offeror's corporate president or his designee at no more than one level below the president's level.

(d) If a contractor from whom certification is required is uncertain as to whether competitive information otherwise required to be disclosed was generally available to offerors, the uncertainty should be resolved by disclosure.

(e) Contracting Officers may continue to accept Certificates of Business Ethics and Integrity complying with the Interim rule in lieu of Competitive Information Certificates.

(f) The Competitive Information Certificate shall be in the following form:

Competitive Information Certificate

(1) (Name of the offeror) certifies, to the best of its knowledge and belief, that

(i) With the exception of any information described in an attachment to this certificate, and any information the offeror reasonably believes was made generally available to prospective offerors, the offeror has not knowingly obtained, directly or indirectly from the Government, any written information or oral extract or account thereof relating to this solicitation which was

(A) Submitted to the Government by offerors or potential offerors in response to the Government's solicitation for bid or proposal;

(B) Marked by an offeror or potential offeror to indicate the information was submitted to the Government subject to an assertion of privilege against disclosure;

(C) Marked or otherwise identified by the Government pursuant to law or regulation as classified, source selection sensitive, or for official use only; or

(D) The disclosure of which to the offeror or potential offeror by a Government employee would, under the circumstances, otherwise violate law or regulation.

(ii) The offeror named above

(A) Determined the prices in its offer independently, without, for the purpose of restricting competition, any consultation, communications, or agreement, directly or indirectly, with any other offeror or competitor relating to (1) those prices, (2) the intention to submit an offer, or (3), the methods or factors used to calculate the prices offered;

(B) Has not knowingly disclosed the prices in its offer, directly or indirectly, to any other offeror or competitor before bid opening (in the case of a sealed bid solicitation) or contract award (in the case of a negotiated solicitation) unless otherwise required by law;

(C) Has not attempted to induce any other concern to submit or not to submit an offer for the purpose of restricting competition.

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(iii) The offeror has attached an accurate description of the internal review forming the basis for the certifications provided herein.

Corporate President or Designee.

§ 173.3 Profit reduction clause.

The following profit reduction clause is required in all competitively awarded new contracts over \$100,000 when a Competitive Information Certificate is required prior to award.

Profit Reduction for Illegal or Improper Activity

(a) The government, at its election, may reduce the contract price by the amount of any anticipated profit determined as set forth in paragraph (b) of this section; if

(1) A person or business entity is convicted for violating 18 U.S.C. 201-224 (bribery, graft, and conflicts of interest), 18 U.S.C. 371 (conspiracy), 18 U.S.C. 641 (theft of public money, property, or records), 18 U.S.C. 1001 (false statements), 18 U.S.C. 1341 (fraud), 18 U.S.C. 1343 (fraud by wire) for any act in connection with or related to the obtaining of this contract; or

(2) The Secretary of Defense, or his designee, determines that the Competitive Information Certificate submitted by the offeror in connection with award of this contract

(i) Was materially false at the time it was filed, or

(ii) Notwithstanding the offeror's best knowledge and belief, was materially incomplete or inaccurate.

Prior to making such a determination, the Secretary or his designee, shall provide to the contractor a written statement of the action being considered and the basis therefor. The contractor shall have not less than 30 calendar days after receipt to submit in person, in writing, or through a representative, information and argument in opposition to the proposed reduction. The Secretary or his designee may, upon good cause shown, determine to reduce the contract price by less than the amount of any profit determined under paragraph (b) of this section.

(b) The amount of anticipated profits referred to in §173.3(a) shall be:

(1) In the case of a cost-plus-fixed-fee contract, the amount of the fee speci-

fied in the contract at the time of award;

(2) In the case of fixed-price-incentive-profit or cost-plus-incentive-fee contract, the amount of the target profit or fee specified in the contract at the time of award; or

(3) In the case of a firm-fixed-price contract, the amount of anticipated profit determined by the contracting officer, after notice to the contractor and opportunity to comment, from records or documents in existence prior to the date of the award of the contract.

(c) The rights and remedies of the government provided in this clause shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

APPENDIX TO PART 173—LIST OF CONTRACTORS FOR WHOM CERTIFICATION IS REQUIRED

Armtec, Incorporated, 410 Highway 19 South, Palatka, FL 32077

Cubic Corporation, 9333 Balboa Avenue, San Diego, CA 92123 as to contracts originating in the following division:

Cubic Defense Systems, Incorporated, San Diego, CA

Executive Resource Associates, 2011 Crystal Drive, suite 813, Arlington, VA 22202

Hazeltine Corporation, 500 Commack Road, Commack, NY 11725 and all divisions and subsidiaries as follows:

Hazeltine Corporation, Electro-Acoustic Division, 115 Bay State Drive, Braintree, MA 02184

Hazeltine Corporation, Government Systems & Products Division, Cuba Hill Road, Greenlawn, NY 11740

Hazeltine Research, Incorporated, 188 Industrial Drive, Elmhurst, IL 60126

Kane Paper Corporation, 2365 Milburn Avenue, Baldwin, NY 11510

Litton Data Systems, Incorporated, 8000 Woodley Ave., Van Nuys, CA 91408

Loral Defense Systems Akron, 1210 Massillon Rd., Akron, OH 44315

McDonnell Douglas Corporation, Banshee Rd., P.O. Box 516, St. Louis, MO 63166 as to contracts originating in the following division:

McDonnell Aircraft Company, St. Louis, MO
Northrop Corporation, Ventura Division, 1515 Rancho Conejo Boulevard, Newbury Park, CA 91320

Teledyne Electronics, 649 Lawrence Drive, Newbury Park, CA 91320

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Unisys Corporation, One Unisys Place, Detroit, MI 48232, as to contracts originating in the following divisions or subsidiaries:

Unisys Corporation, Defense Systems Division, 3333 Pilot Knob Road, Eagan, MN

Unisys Corporation, Defense Systems Division, Neil Armstrong Boulevard, Eagan, MN

Unisys Shipboard & Ground Systems Group, Marquis Avenue, Great Neck, NY 11020

United Technologies Corporation, UT Bldg., Hartford, CT 06101 as to contracts originating in the following divisions or subsidiaries:

Norden Systems, Incorporated

Pratt & Whitney

Varian Associates, Incorporated, 611 Hansen Way, Palo Alto, CA as to contracts originating in the following division:

*Continental Electronics Manufacturing Company, Dallas, TX

Whittaker Corporation (Lee Telecommunications Corporation (LTC), Route 1, Farmington, AR 72730)

Zubier Enterprises, 6201 Pine Street, Harrisburg, PA.

*Firm suspended as of July 6, 1988.