

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

SELECTED SERVICE CONTRACTS AT
WRIGHT-PATTERSON AIR FORCE BASE

Report Number 92-128

August 17, 1992

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The following acronyms are used in this report.

ADP.....Automated Data Processing
AFEMS.....Air Force Engineering Management System
AFLC.....Air Force Logistics Command
ARC.....Atlantic Research Corporation
CAAS.....Contracted Advisory and Assistance Services
CENTECH.....Century Technologies, Inc.
FAR.....Federal Acquisition Regulation
ISEPD.....Information Systems Engineering Prototyping Development
JAG.....Judge Advocate General
LMSC.....Logistics Management Systems Center
OMB.....Office of Management and Budget
REMIS.....Reliability and Maintainability Information System
WPAFB.....Wright-Patterson Air Force Base



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884



August 17, 1992

**MEMORANDUM FOR ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL
MANAGEMENT AND COMPTROLLER)**

**SUBJECT: Audit Report on Selected Service Contracts at
Wright-Patterson Air Force Base (Report No. 92-128)**

We are providing this final report for your information and use. The audit was made at the request of Senator David Pryor to determine whether specific support service contracts at Wright-Patterson Air Force Base included unauthorized personal service tasks, and whether these contracts were used inappropriately to hire recently retired Air Force Logistics Command employees. Management comments on a draft of this report were considered in preparing the final report. The complete text of the comments is in Part IV of this report.

DoD Directive 7650.3 requires that audit recommendations be resolved promptly. Therefore, we request that the Air Force provide comments on the unresolved recommendations by October 16, 1992. See the "Response Requirements Per Recommendation" section at the end of the finding for the unresolved recommendations and the specific requirements for your comments.

The courtesies extended to the audit staff are appreciated. If you have any questions on this final report, please contact

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Mr. Garold E. Stephenson, Program Director, at (703) 692-3179 (DSN 222-3179) or Ms. Kimberley A. Caprio, Project Manager, at (703) 692-3185 (DSN 222-3185). The planned distribution of this report is listed in Appendix F.



Robert J. Lieberman
Assistant Inspector General
for Auditing

Enclosure

cc:

Secretary of the Air Force
Assistant Secretary of Defense (Command, Control, Communications
and Intelligence)
Assistant Secretary of Defense (Force Management and Personnel)
Assistant Secretary of the Air Force (Manpower and Personnel)
Director of Defense Procurement
Commander, Air Force Materiel Command

Office of the Inspector General, DoD

AUDIT REPORT NO. 92-128
(Project No. 1CH-5011)

August 17, 1992

AUDIT REPORT ON SELECTED SERVICE CONTRACTS AT
WRIGHT-PATTERSON AIR FORCE BASE

EXECUTIVE SUMMARY

Introduction. In 1984, the Air Force Logistics Management Systems Center (LMSC), a subordinate activity of the Air Force Logistics Command (AFLC) (now Air Force Materiel Command) at Wright-Patterson Air Force Base, began a long-term effort to modernize automated data processing (ADP) systems. The modernization effort consisted of nine incrementally funded programs to design, develop, and field an information management system for AFLC using state-of-the-art ADP and communication technology. Much of the system development effort was being accomplished through contracts issued by nine LMSC program offices.

Objectives. The overall objectives of this audit were to determine whether LMSC awarded support service contracts that included unauthorized personal service tasks, and to determine whether support service contracts were used to hire personnel who recently retired from AFLC for positions that would represent a conflict of interest. We also evaluated the adequacy of applicable internal controls.

Audit Results. LMSC issued contracts for program technical and administrative support services that had characteristics of personal service contracts and that were not as cost-effective as using in-house personnel. We estimate that LMSC paid \$4.7 million in additional costs for contractor work in FY 1990 and could save an amount up to \$6.21 million if the work to be performed under the remaining option years of the contracts reviewed is performed in-house. We found no instances where the contracts were used to inappropriately hire recent retirees for positions that would represent a conflict of interest within the AFLC.

Internal Controls. Internal controls were not adequate for ensuring that the most cost beneficial mix of in-house and contractor personnel was determined prior to award of support service contracts. We consider this weakness to be material. See Part I for details of the internal controls reviewed and Part II for details on the internal control weakness.

Potential Benefits of Audit. The audit showed that the LMSC could have reduced the costs associated with modernizing the logistics management systems by decreasing the use of service contracts and developing additional in-house capability to support the system automation effort. We estimate that the LMSC could save an amount up to \$6.21 million if the work to be performed under the remaining option years of the contracts reviewed was performed in-house. A list of the potential benefits of the audit is in Appendix D.

Summary of Recommendations. We recommended that the Air Force eliminate personnel ceilings and require managers to justify the most cost-effective mix of in-house or contractor personnel resources for program requirements within LMSC, evaluate support service contracts for cost-effectiveness, make budget adjustments to shift funds from contracts to civilian manpower, and terminate the contract with the IMPACT Corporation. We have revised Recommendation 3.c., to require that a cost study be done prior to issuing a follow-on contract for administrative support services.

Management Comments. The Deputy Chief of Staff for Logistics, Headquarters, Department of the Air Force concurred with recommendations on performing cost benefit analyses for determining the most cost effective mix of contractor and in-house civilian personnel for contracts, adjusting the personnel ceilings and funding if needed, and having the Judge Advocate General review existing contracts for compliance with guidance on use of personal services. He did not agree with terminating the option for the IMPACT contract, and the potential monetary benefits.

The Air Force comments were considered partially responsive because no details were provided on performing cost benefit analysis and adjusting personnel ceilings and fundings. Further, the Judge Advocate General review did not cover the actual methods that contractor personnel used in performing the contracts. We request that the Air Force provide additional comments to the final report by October 16, 1992. The full discussion of the management comments is included in Part II of the report, and the complete text of the management comments is in Part IV of the report.

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This report was prepared by the Contract Management Directorate, Office of the Assistant Inspector General for Auditing, DoD. Copies of the report can be obtained from the Information Office, Audit Planning and Technical Support Directorate, (703) 614-6303.

PART I - INTRODUCTION

Background

In 1984, the Logistics Management Systems Center (LMSC), a subordinate activity of the Air Force Logistics Command (AFLC) (now Air Force Materiel Command) at Wright-Patterson Air Force Base, Ohio, began a long-term effort to modernize automated data processing (ADP) systems for managing the logistics functional processes within AFLC. The modernization effort consisted of nine incrementally funded programs to design, develop, and field a logistics information management system for AFLC using current ADP and communication technology. Much of the system development effort is being accomplished through contracts and delivery orders issued by the nine LMSC program offices.

Objectives

The audit was made in response to a request from Senator David Pryor, a member of the Senate Committee on Governmental Affairs (see Appendix A). The overall objectives of this audit were to determine whether the LMSC awarded support service contracts that included unauthorized personal service tasks, and to determine whether support service contracts were inappropriately used to hire personnel who recently retired from the AFLC. We also evaluated the adequacy of applicable internal controls.

Scope

We reviewed the eight support service contracts (see Appendix B for summary information on the contracts) issued by LMSC that Senator Pryor identified. The ceiling prices on the eight contracts totaled about \$131.8 million. For each contract, we examined purchase requests, statements of work, delivery orders, progress reports, and contractor invoices that were dated during FY 1986 through FY 1991. In addition, we interviewed officials at the nine LMSC program offices, the Contract Law Center, contracting officials, and officials in the Office of the Deputy Assistant Secretary of the Air Force (Manpower and Personnel).

To determine whether recent AFLC retirees had been hired on the support service contracts and whether controls had been established to avoid conflicts of interest, we interviewed management representatives, labor union officials, and manpower personnel. We also discussed with the Air Force Judge Advocate General (JAG), the responsibilities of retirees to avoid future employment that creates a conflict of interest. We identified

several employees who had left AFLC within the last 5 years and accepted employment with one of the eight contractors named in the allegation letter.

This economy and efficiency audit was made from April 1991, through February 1992, in accordance with the auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD. Accordingly, we included such tests of internal controls as were deemed necessary. We did not rely on any computer-based data to accomplish the audit objectives. Activities visited or contacted are listed in Appendix E.

Internal Controls

We evaluated the adequacy of internal controls applicable to acquiring and administering support services at LMSC. We also evaluated whether the Air Force at Wright-Patterson Air Force Base had established procedures to ensure that Air Force employees were aware of post-DoD employment restrictions. The audit determined that there was a material internal control weaknesses as defined by Public Law 97-255, Office of Management and Budget Circular No. A-123, and DoD Directive 5010.38. The Air Force Logistics Command did not have a requirement for performing cost benefit analyses on use of in-house versus contractor personnel for proposed support service contracts. Recommendation 2.b., if implemented will correct the weakness; however, we could not determine the monetary benefits to be realized by implementing the recommendations. A copy of the final report will be provided to the senior official responsible for internal controls within the Air Force.

Prior Audits and Other Reviews

We identified the following five audits performed during the last 5 years that were related to the objectives of our audit.

o Air Force Audit Agency Report No. 0066410, "Contracting for Technical and Engineering Services in Air Force Logistics Command," February 28, 1991. This audit determined that unauthorized personal services were being performed under one of the contracts, which Senator Pryor identified in his letter requesting our audit. The audit report stated that the unauthorized personal service tasks were being performed under engineering and technical support service contracts. The report also stated that contracting for these services cost up to 100 percent more than the estimated in-house costs to accomplish the same tasks. The auditors recommended that AFLC buying and requesting activities analyze proposed technical and engineering services to ensure that personal services not be included in contracts, and that tasks be completed in-house when Government

personnel were available to accomplish the tasks at less cost. AFLC management concurred with the finding and recommendation and developed requirements to evaluate each new contract to determine the most effective source of support contractor versus organic staff.

- o Inspector General, DoD, Report No. 91-115, "Consulting Services Contracts for Operational and Test Evaluation," August 22, 1991. This audit determined that repeated and extended support service contracts to support operational tests were not as cost-effective as developing an in-house capability to perform the work. The report recommended that costs could be reduced by about \$26 million by decreasing the service contracts and developing an in-house capability to support operational tests. The OSD was performing a study on the feasibility of developing additional in-house capabilities.

- o Inspector General, DoD, Report No. 91-041, "Contracted Advisory and Assistance Services (CAAS) Contracts," February 1, 1991. This audit determined that DoD activities imposed manpower ceiling constraints that led to contracting for CAAS that should have been performed in-house; that the Military Departments did not comply with DoD guidance to determine total manning requirements or determine the cost-effectiveness of continued use of CAAS; and that the Military Departments became too dependent on consultants to perform day-to-day tasks more appropriately performed by Government employees. The report recommended that guidance be issued to define, in detail, inherently Governmental functions that should be performed by DoD employees; that requests for CAAS only be approved after completion of cost comparisons that demonstrate that contracting for services is more economical; and that a zero-base review be performed on all CAAS contracts to determine whether it would be more cost-effective to perform the requirements in-house or through a contract. The Assistant Secretary of Defense (Force Management and Personnel) and the Principal Deputy Assistant Secretary of Defense (Production and Logistics) concurred with the recommendation to better define inherently Governmental functions. The Principal Deputy Assistant Secretary of Defense (Production and Logistics) also agreed that DoD needs to improve its compliance with current policies on when it is appropriate to choose between contracting and performing a service in-house.

- o General Accounting Office Report GAO/NSIAD-90-103, (OSD Case No. 8198), "DoD Revolving Door: Few Are Restricted from Post-DoD Employment and Reporting Has Some Gaps," February 1990, and responded to a congressional request to review the DoD implementation of the "revolving door" provisions of 10 U.S.C. 2397. The General Accounting Office determined that DoD had procedures in place to comply with provisions of the law, but that reporting requirements were not complied with, and some DoD

employees were granted permission for employment with contractors because of misinterpretation of post-DoD employment restrictions.

o General Accounting Office Report No. GAO/NSIAD-89-221, (OSD Case No. 7935-A), "DoD Revolving Door: Processes Have Improved But Post-DoD Employment Reporting Still Low," September 1989. This audit, which was based on an earlier congressional request to review DoD implementation of the "revolving door" provisions, found basically the same problems that were discussed in the February 1990 report.

Other Matters of Interest

In regard to the issue of whether recent retirees from AFLC were being hired inappropriately by the contractors to perform work under the contracts, we found no instances of a conflict of interest under the LMSC contracts, although there was considerable hiring of retired Air Force employees by the eight contractors.

Air Force Regulation 30-30, "Standards of Conduct," prescribes restrictions on post-employment for Air Force military and civilian employees, including employment with firms under contract with the Air Force. The regulation precludes former Air Force officers or employees from representing anyone, with the intent to influence or communicate with Government agencies on matters of interest in which employees were involved during their last year of Government employment. The restriction applies for 2 years after their Government service has ended.

According to personnel officials at the LMSC Office of Labor Relations, the Air Force regulation is provided to all military personnel, but may not be provided to all civilian personnel. The regulation states that potential retirees may request an opinion from the LMSC JAG on whether possible future employment represents a conflict of interest in violation of the regulation; however, obtaining an opinion is not a requirement. In addition, we were informed that periodic training is provided to individuals to make them aware of their post-Government employment responsibilities.

To evaluate the validity of the allegation, we examined Air Force personnel practices and discussed the allegation with personnel officials in the Labor Relations Office, JAG officials, and former AFLC employees now employed by contractors. Attorneys at the JAG Office explained that it is primarily left to the discretion of the retiring Government employee to pursue a legal opinion from the JAG before accepting a position with a Defense contractor.

We contacted 10 individuals who were identified as potentially in violation of the employment provisions under 10 U.S.C. 2397. Each employee previously worked for AFLC and is now performing work under contracts with the LMSC program offices. In six cases, the individuals obtained a written legal opinion from the AFLC JAG prior to taking a position with a contractor. The remaining four individuals did not obtain a JAG opinion. Based on the results of discussions with management representatives, labor union officials and the examination of direct labor cost information provided by the contractors, we found no indication that their current position within the contractors' organizations violated any legal requirements and did not represent a conflict of interest.

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PART II - FINDING AND RECOMMENDATIONS

USE OF SUPPORT SERVICE CONTRACTS

The LMSC contracted for system development, engineering, and administrative services to support the Air Force logistics system modernization effort. The contracts for support services had characteristics of personal services contracts and were not as cost-effective as using in-house civilian and military personnel. Program officials contracted to obtain personnel support because the necessary expertise was not available in-house, and a personnel freeze prohibited them from hiring civilian employees. As a result, LMSC paid \$4.7 million in additional costs in FY 1990, and we estimate that LMSC could save at least \$6.21 million if the work to be performed under the remaining option years for the contracts was performed in-house.

DISCUSSION OF DETAILS

Background

Federal Acquisition Regulation (FAR) Part 37, "Service Contracting," provides for the use of service contracts to engage the time and effort of contractor personnel to perform identifiable tasks. Service contracts can be personal or nonpersonal in nature. A personal service contract is defined as a contract under which, by its terms or administration, contractor personnel appear to be Government employees. The FAR further states that agencies shall not award personal service contracts unless specifically authorized by statute. Obtaining personal services by contract, rather than by direct hire under the competitive appointment procedures, circumvents civil service laws. The FAR 37.104 "Personal Service Contracts," prescribes the following six guidelines for assessing whether a service contract is personal in nature.

- o on-site performance,
- o use of Government-furnished equipment,
- o direct application of services to integral efforts of the agency,
- o performance of comparable services by civilian personnel,
- o performance of services exceeds 1 year, and
- o direct or indirect Government supervision of contractor employees.

Personal service contracting is controversial and has led to a number of Comptroller General decisions in which the "test" of "federal employment" has been used to determine if contracted services were personal services. While each contract must be judged based on its own facts and circumstances, the key is generally to determine if an employer-employee relationship exists under the contract, and whether contractor personnel are subject to relatively continuous supervision and control by Government employees.

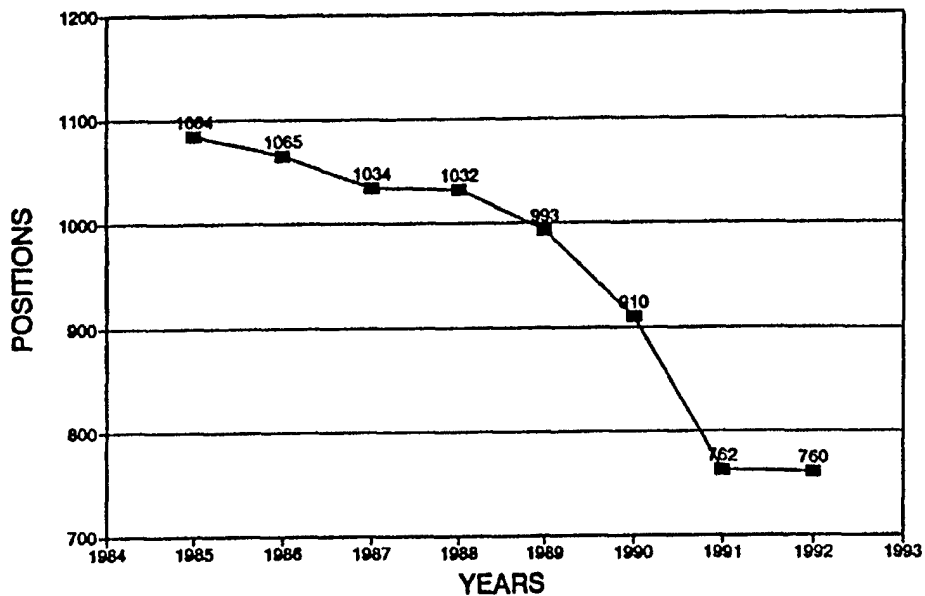
FAR 37.103(a) places the responsibility on contracting officers to determine whether proposed service contracts are for personal or nonpersonal services. When in doubt, contracting officers should obtain an opinion from legal counsel.

OMB Circular No. A-76, "Performance of Commercial Activities," requires that a comparison of the cost of contracting for support services to the cost of in-house performance be conducted to determine who will do the work. The Circular states that it is the policy of the Government to use private commercial sources for supplies and services, while recognizing that some functions are inherently governmental and must be performed by Government employees. Under OMB Circular No. A-76, the Government is prohibited from starting or carrying on any activity to provide a commercial product or service if the product or service can be procured more economically from a commercial source.

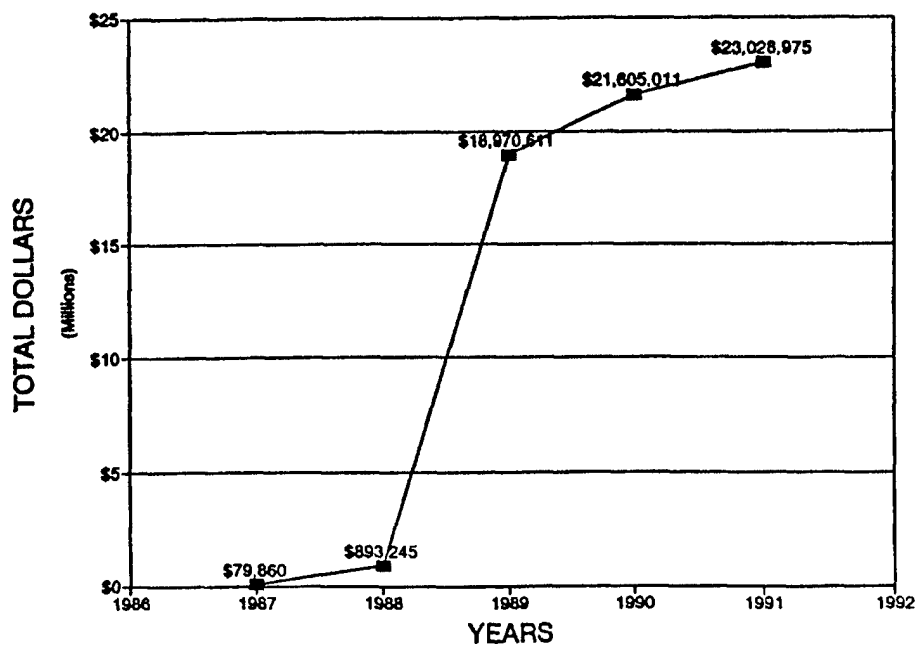
Workforce Ceilings

In 1984, LMSC initiated a multiphased effort to modernize the AFLC logistics management systems after an unsuccessful single-phased effort to modernize the systems. LMSC was instructed by Headquarters, Department of the Air Force to reduce its civilian and military staffing. Total staff decreased from 1,054 in 1984 to 762 in 1991 and is expected to be further reduced through 1995. During the same period, contractor personnel supporting the program offices at LMSC increased. Total costs associated with the eight contracts we reviewed increased from \$79,000 in 1987 to \$23 million in 1991. The effect of the decision to downsize the work force within the LMSC is reflected in the graphs. LMSC could not provide data on the total number of full-time equivalent personnel working on the contracts.

Authorized Positions at the
Logistics Management Systems Center



Support Service Contract Costs at
Wright-Patterson Air Force Base
for Eight Contracts Reviewed



LMSC officials stated that milestones established in 1984 for the modernization effort had not changed, although reductions in LMSC staffing severely impacted the availability of in-house expertise such as system engineers, ADP specialists, and logistics specialists. As a result, the in-house work force was increasingly supplemented with contractor personnel to accomplish program requirements.

Support Service Contracts

Seven of the eight contracts reviewed were awarded as fixed-price contracts. The terms of these contracts fixed the labor rates for each labor category while the number of hours was set by a dollar ceiling on each contract. The other contract was awarded as a cost-plus-fixed-fee contract and provided for an independent validation and verification of system development in one of the program offices. The total amount authorized under all eight contracts was \$131.8 million. Between FY 1987 and FY 1991, the LMSC issued delivery orders under the eight contracts for support services totaling about \$65 million.

Program and contracting officials at LMSC did not consider the contracted services to be personal services because the contracts were for skills not available in-house, for temporary or intermittent periods of less than 1 year, and for work that would not be under the direct supervision of Government personnel. For each of the eight contracts, the contracting officer made a determination that the contracted services were not personal services. Prior to issuing contract F33600-88-D-0182 with IMPACT Corporation, the contracting officer also obtained an opinion from the JAG that the contract was not for personal services.

Personal Services Contracts

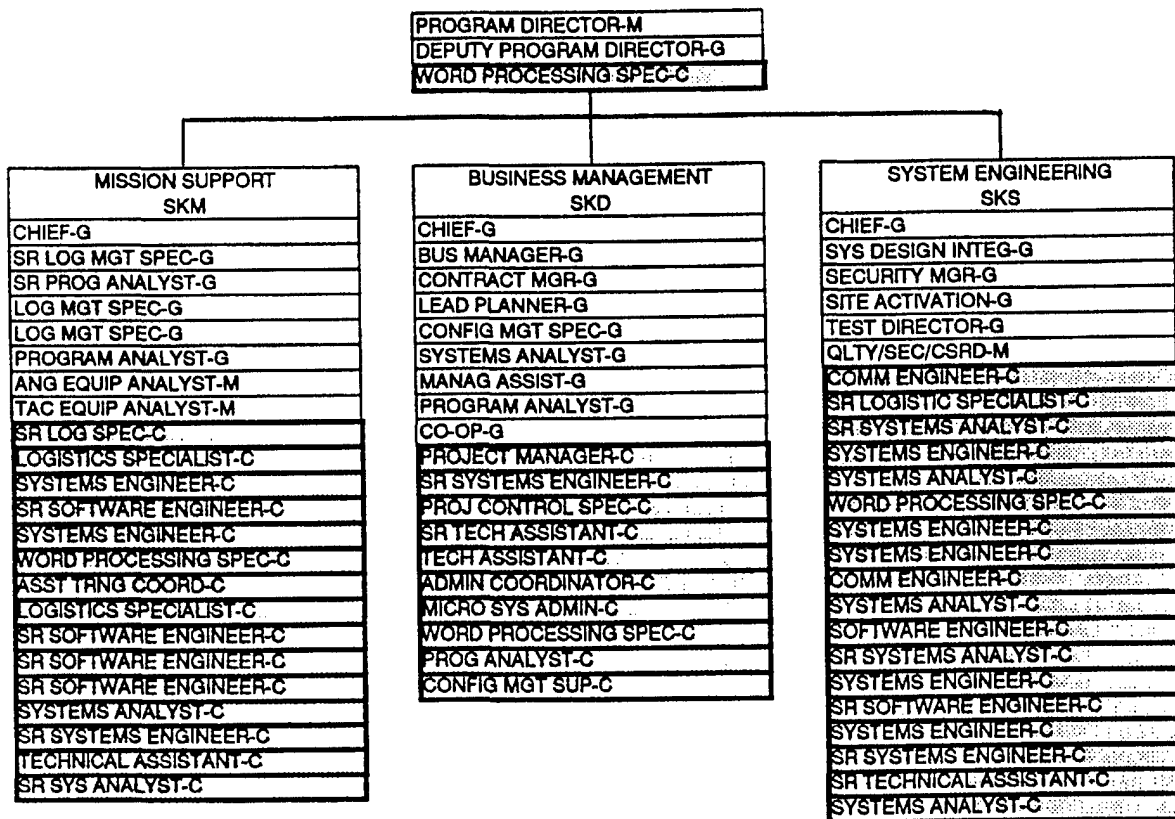
We determined that each of the eight contracts exhibited characteristics of personal services that included:

- o Government personnel in supervisory positions providing direct or indirect supervision,
- o comparable work being performed by civil service personnel, and
- o periods of performance extending beyond 1 year.

Supervision by Government personnel. Organizational charts for each of the nine LMSC program offices identified contractor employees, by name, as personnel who appeared to be integral to the overall program office and who are maintained on a regular basis. In addition, the organizational charts appeared to place Government personnel in direct supervisory roles over contractor

personnel. While the organizational structures of each program office varied slightly, Government personnel maintained supervisory roles within each subsection. For example, the following organizational chart for the Air Force Engineering Management System (AFEMS) Program Office included 26 Air Force civilian employees, 4 military employees, and 45 contractor personnel. The chart also shows that contractor personnel are receiving supervision from Air Force employees.

Organizational Chart of the Air Force Engineering Management System Program Office (AFEMS)
Identifying Government and Contractor Personnel

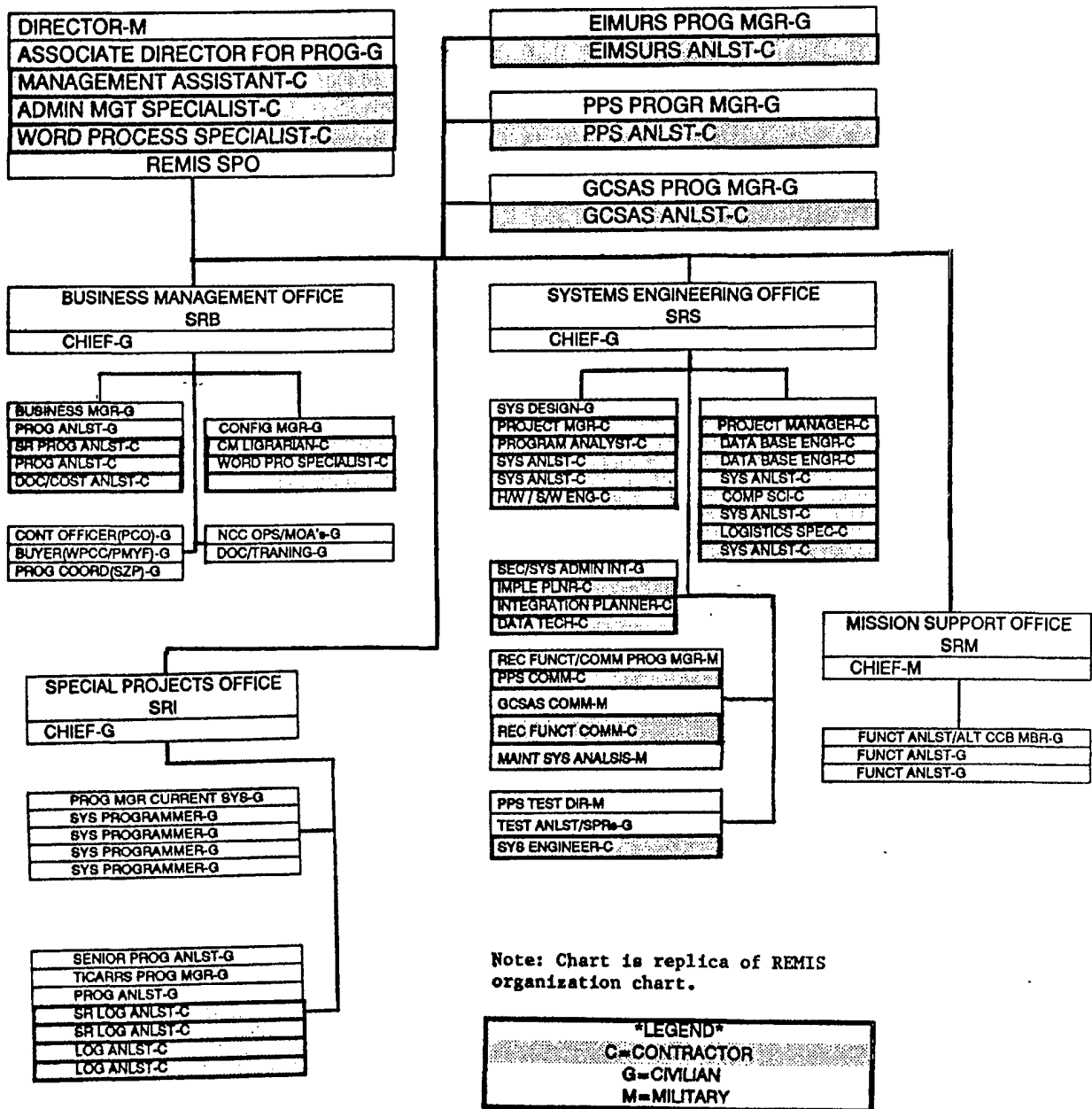


Note: Chart is replica of AFEMS organization chart.

LEGEND
M = MILITARY
G = CIVILIAN
C = CONTRACTORS

The organizational chart for the Reliability and Maintainability Information System (REMIS) Program Office included 29 Air Force civilian employees, 6 military employees, and 34 contractor personnel. The chart also identifies the direct lines of responsibility between Air Force managers and contractor personnel.

Organizational Chart of the Reliability and Maintainability Program Management Office (REMIS) Identifying Government and Contractor Personnel



Note: Chart is replica of REMIS organization chart.

LEGEND
C=CONTRACTOR
G=CIVILIAN
M=MILITARY

The job descriptions of those LMSC civilian and military employees identified by organizational charts as having supervisory responsibility also included language that evidenced a continuing direct responsibility for the supervision of contractor personnel. For example, the position description of the GM-343-13 Program Analyst stated the incumbent was responsible for implementing policies and procedures to ensure that products, both contractor and Government furnished, are reliable, maintained, and accurately meet cost and production objectives; and guiding the work of other staff, mission activities and contractors to carry out assigned responsibility. The job description of the GM-345-15 Program Analyst Officer stated that the incumbent will "provide technical and administrative supervision to a staff of organic personnel and surveillance and approval of contractor work efforts."

IMPACT contract. In FY 1990, LMSC paid about * to the IMPACT Corporation for 10 administrative coordinators to act as intermediary supervisors for a staff of about 50 personnel. The administrative coordinators were required to schedule, monitor, and oversee all on-site contractor personnel that the IMPACT Corporation provided to the nine program offices. Based on monthly progress reports from IMPACT, the administrative coordinators supervised personnel that performed predominantly clerical duties.

The purpose of the administrative coordinators was to avoid the appearance of Air Force supervision of contractor personnel performing clerical duties. As a result, the Air Force incurred a significant additional cost for the administrative coordinators to act as intermediaries between LMSC personnel requiring the support services and the IMPACT staff performing them.

Performance of similar work. Based on an evaluation of the actual work performed, organization charts, and position descriptions, the LMSC program offices employed similar skills within the civil service and contractor ranks. For example, the AFEMS Program Office employed both civilian and contractor logistics specialists and systems analysts. Also, the REMIS Program Office employed both civilian and contractor personnel in program analyst positions.

Performance for extended periods. Documentation that the contractors provided on a monthly basis indicated a recurring need to maintain substantially constant numbers of contractor personnel within several skill categories to compensate for limited Air Force staff. For example, labor category summaries from ENTEK, Inc. showed that the Air Force Depot Maintenance Management System Program Office used the same labor mix since 1988 under contract F33600-87-C-7010. The labor skills included

configuration managers, computer programmers, and logistics engineers. The reliance on ENTEK personnel for support services had increased from * staff-years costing * in FY 1987 to * staff years costing * in 1991. Also, the IMPACT Corporation provided administrative support under contract F33600-88-D-0182 over an extended period of time. Progress reports submitted by IMPACT showed continued performance of clerical and secretarial tasks by IMPACT employees. Monthly billings over a 20-month period that ended May 1991, averaged about * per month for performance of these tasks.

Although individual LMSC program offices required levels of effort that fluctuated, similar services were needed by LMSC on a fairly steady basis over a 5-year period. Since the tasks were not temporary and intermittent, LMSC officials should have maintained a higher level of staffing in those labor categories in-house.

Laws and Regulations

FAR Subpart 37, "Service Contracting," states that the Government is normally required to obtain its employees by direct hire under competitive appointment or other procedures required by the civil service laws. Obtaining personal services by contract rather than by direct hire circumvents these laws. Agencies shall not award personal services contracts unless specifically authorized by statute to do so.

As discussed above, the eight contracts reviewed had characteristics of personal service contracts that may have circumvented both the FAR and civil service laws governing employee hiring practices. The AFLC contracting office requested an opinion from the JAG on only one of the contracts. We believe that the JAG should review each of the eight contracts again for compliance with the FAR and civil service laws because our review showed that each contract had characteristics of personal services.

Service Contracts Were Not Cost-effective

The Air Force incurred increased costs by utilizing the service contracts to support the LMSC system enhancement effort. LMSC spent \$17.0 million in FY 1990 (and FY 1991 for the IMPACT contract) for contractor assistance that was from 6 percent to 46 percent more expensive than what comparable Air Force civilian employees would have cost to perform the work. LMSC could have saved \$4.7 million if the work was performed in-house.

Summary of Excess Costs for Services on Delivery Orders Issued
Under Each Contract During FY 1990 (FY 1991 for IMPACT)

<u>Contractor</u>	<u>Contract Number</u>	<u>Delivery Order Cost (In Thousands)</u>	<u>Comparable In-House Cost (In Thousands)</u>	<u>Excess Cost (In Thousands)</u>	<u>Excess Cost (Percentage)</u>
IMPACT, Inc.	F33600-88-D-0182	\$ 2,291	\$ 1,774	\$ 517	23
CENTECH	F33600-89-D-0164	3,687	2,028	1,659	45
LSA	F33600-89-D-0165	161	92	69	42
MAXIMA	F33600-89-D-0166	1,814	1,349	465	26
ARC	F33600-89-D-0167	4,626	4,370	257	6
SOFTECH	F33600-89-D-0168	1,911	1,033	878	46
CENTECH	F33600-88-D-0629	<u>2,510</u>	<u>1,643</u>	<u>867</u>	35
Total Cost		<u>\$17,000</u>	<u>\$12,289</u>	<u>\$4,712</u>	28

With assistance from the Air Force Civilian Personnel Plans and Evaluation Office in the Pentagon, we identified Air Force civilian job categories that were comparable to the skill and experience levels obtained from the contractors. We developed FY 1990 estimated hourly costs for the various grade levels of Government civilian personnel. These hourly costs included burdens for retirement, medicare, health insurance, and fringe benefits. We determined that the FY 1990 contractor and subcontractor fully burdened hourly costs negotiated on the eight LMSC support service contracts were higher than the burdened hourly rates for Government civilian personnel. For example, under the contract with IMPACT Corporation, LMSC paid * per hour for data entry operators, and * per hour for word processing specialists who processed mail distribution, reproduced copies, and typed. These job skills were equivalent to a GS-4 step 5 employee that would cost about \$12.64 per hour fully burdened. The IMPACT Corporation billed LMSC almost \$2.3 million for direct labor in FY 1990. By comparison, comparable Air Force civilian employees performing the tasks would have cost about \$1.8 million, or \$500,000 (23 percent) less. Examples of our comparative analysis for each contract are provided in Appendix C.

Future contracting plans related to contracts reviewed.

Each of the eight contracts reviewed had at least one remaining option year. Contracting officials and LMSC directors stated that the IMPACT and ENTEK contracts will be renewed for another 5 years. Contracting for support services to supplement in-house staffing will continue due to continued personnel restrictions. Program dollars continue to be available and program managers' critical need is to complete their programs within designated milestones. The following table describes the status of each contract.

Status of the Eight Contracts as of April 1991

<u>Contractor</u>	<u>Contract No.</u>	<u>Total Ceiling</u> (In millions)	<u>Unobligated Ceiling</u> (In millions)	<u>Unexercised Option Yrs.</u>
ENTEK	F33600-87-C-7010	34.0	18.6	1
IMPACT	F33600-88-D-0182	12.5	3.1	1
CENTECH	F33600-88-D-0629	\$25.0	\$14.6	2
CENTECH	F33600-89-D-0164	60.0*	14.7*	2
LSA	F33600-89-D-0165	*	*	1
MAXIMA	F33600-89-D-0166	*	*	2
ARC	F33600-89-D-0167	*	*	2
SOFTECH	F33600-89-D-0168	*	*	1

* These five contracts were awarded on the Information Systems Engineering Prototyping Development (ISEPD) Request for Proposal No. F33600-R-88-0172. Of the \$60 million ceiling, \$45.3 million was obligated as of April 1991 and distributed among the five contractors in the following amounts: CENTECH \$8 million; LSA \$3.1 million; MAXIMA \$8.9 million; ARC \$15.5 million; and SOFTECH \$9.8 million.

Potential Cost Savings

LMSC can realize cost savings of about \$6.21 million if work remaining on six of the eight contracts is performed in-house and not obtained through contracts. Additional savings, which could not be quantified, may also be realized by using Air Force personnel to perform work that will be done through a follow-on contract with ENTEK.

Potential Cost Savings by Performing Remaining
Work Under Contracts In-House

<u>Contract</u>	<u>Remaining Unobligated Balance on Contract</u> (In millions)	<u>Excess Cost If Not Performed In-house</u> (In millions)	<u>Percent Savings</u>
ISEPD includes 5 contracts)	\$10.17	\$2.85	28
CENTECH	9.60	3.36	35
ENTEK	—*	—*	*
Totals	<u>\$19.77</u>	<u>\$6.21</u>	

* Because we were unable to obtain labor hour data for this cost-plus-fixed-fee contract with ENTEK, an estimate could not be made of potential savings for the follow-on contract valued at \$18.6 million.

Funding exists within each program office to support additional staff through contractors. Also, the need for many skills has been constant over long periods. LMSC can obtain the necessary services in a more cost-effective manner by reevaluating its personnel requirements, performing cost benefit analyses prior to awarding or renewing support service contracts, and requesting a realignment of dollars from programs to support phasing back in-house many of those skills presently being contracted.

The total estimated savings of \$6.21 million is based on the unobligated portion of the original ceiling established for six of the support service contracts. The excess cost percentage we used was developed by comparing the cost of an in-house work force to the delivery order cost.

ISEPD contracts. The ISEPD contracts were issued for job skills such as ADP systems engineers, reliability technicians, computer clerks, and systems analysts; functional logistics analyst; and quality assurance specialists. Many of these skills are also being provided in-house, and because they are needed on an ongoing basis, up to 100 percent of these skills could be brought in-house to be more cost-effective. Based on our comparison of hourly labor rates charged by the contractors to the cost associated with an in-house workforce, we estimate that an annual savings of up to \$2.85 million would be realized if the jobs were accomplished with Air Force employees.

ENTEK contract. We were unable to obtain from the contracting officer a breakdown of invoice costs such as labor rate, number of hours and labor category for this contract. As a result, payment of contractor's invoices was discontinued until the contractor provided supporting cost information and the contracting officer requested the accuracy of cost claimed be verified by the Defense Contract Audit Agency. Therefore, we did not calculate a percentage to apply to future costs and potential savings. The contract period of performance extends to FY 1992. However, LMSC contracting officials stated that the contract was approved for renewal for another 5 years for a total of \$18.6 million. The Air Force should also perform some of this work in-house.

Summary

LMSC has increased its dependence on contractor support services to accomplish its mission. Cutbacks in Air Force personnel have reduced LMSC's technical capabilities and resulted in contracts that have characteristics of personal services and increased costs. Although Public Law 98-473 removed civilian end-strength ceilings and funding allocations have advocated flexible management of personnel resources, the Air Force has continued to manage through personnel ceilings.

Technical Expertise. Air Force personnel constraints placed on AFLC in 1990 restricted its ability to accomplish program requirements. In addition, the DoD-wide mandate to reduce Defense spending made it difficult to obtain additional funds to support increased in-house staff. However, the level of effort required to accomplish LMSC requirements has remained steady despite downsizing, and LMSC and contracting officials have utilized program dollars to procure needed resources, a more expensive method of accomplishing its mission.

Hourly Rates. It would generally be more cost-effective if more Air Force civilian employees were used to update the logistics management systems. For example, LMSC contracted for project managers at an hourly rate of * , which exceeds the fully burdened rate for a civilian Government employee at the Senior Executive Service (SES) level, step VI of \$67.55. Further, those project managers under contract are responsible for supervising from 5 to 10 contractor employees as compared to an SES, step VI who may have supervisory responsibility for several hundred Government employees. As another example, LMSC contracted for systems analysts from at least three of the eight contractors at hourly rates ranging to \$94.67 (Appendix C). Many of these rates equate to the civilian Government fully burdened rates for SES, step I at \$54.26 and exceed the SES step VI rate of \$67.55.

Guidance. FY 1985, Congress enacted Public Law 98-473 to remove civilian employment end-strength ceilings and in FY 1986, the DoD adopted a ceiling free management policy. Annual DoD appropriations for personnel costs require that civilian workforce levels match funded workload and mission requirements and provide for the use of overtime and temporary employees to accommodate workload surges. The appropriation acts have also required that DoD managers review their personnel requirements from the perspective of lowest cost and the most effective support of mission requirements. The Air Force has not complied with this congressional and DoD guidance and has continued to operate with personnel ceilings, with little concern for lowest cost.

RECOMMENDATIONS, MANAGEMENT COMMENTS, AND AUDIT RESPONSE

1. We recommend that the Deputy Assistant Secretary of the Air Force (Manpower and Personnel) remove manpower ceilings and require Air Force management to determine the most cost-effective use of manpower and contractor resources for program requirements.

Air Force comments. The Air Force concurred with the recommendation and stated that Air Force uses end strength as a management tool but does not impose a civilian end strength ceiling. However, overall military and civilian end strengths are being reduced as the Air Force downsizes, which creates pressure to reduce civilians wherever possible. Although there is no overall ceiling on civilian end strength, there are policies that restrict hiring. For example, DoD has levied a two-for-five hiring limitation on filling positions from outside DoD; and the Air Force has instituted a one-for-five limitation to help minimize the personnel impact of base closures, specific programmatic workload reductions, and the continuing overall drawdown.

Audit response. Although the Air Force concurred with the recommendation, we consider the balance of the comment to be nonresponsive. Annual DoD personnel guidance to the DoD Components has stated that civilian workforce levels should be matched to funded work loads and mission requirements. Where program requirements and funding to support those programs have not been decreased, we believe that it is necessary to determine the most cost-effective use of personnel. Where appropriate, program dollars should be reallocated to pay in-house civilian personnel rather than fill continuing personnel needs through contracts. The Air Force should determine and defend the resource levels and workforce mix needed to perform its missions most efficiently. For LMSC, the Air Force had not performed an analysis to establish the most cost-efficient mix of in-

house technical and support staff and contractor support. The apparent direction was to reduce Air Force civilian personnel and replace them with contractor support, regardless of cost.

The use of more costly contractor support at LMSC is not a unique situation. In Report No. 91-115, "Audit Report on Consulting Services Contracts for Operational Test and Evaluation," August 22, 1991, we reported that the Air Force used repeated and extended services contracts that were not as cost-effective as using in-house staff to support operational tests for major Defense acquisition systems. We recommended that the in-house capability increase. In Report No. 92-056, "Advanced Medium Range Air-to-Air Missile," March 4, 1992, we reported that the 49 percent of the staffing in the program office was contractor personnel and that extended reliance on the contractors may not be cost-effective. We recommended that the Advanced Medium Range Air-to-Air Missile Program Office's staffing be evaluated to determine whether reliance contractor support is cost-effective and appropriate. In both reports, the Air Force attempted to justify the use of more costly contractor support because of the current turbulence (reduction) in the Government manning situation.

We request that Air the Force reconsider its position on the recommendation when responding to the final report.

2. We recommend that the Commander, Air Force Materiel Command:

a. Determine in-house civilian personnel requirements needed to perform the mission of the Logistics Management Systems Center.

Management comments. Air Force concurred with the recommendation and stated that the integration of Air Force Logistics Command and Air Force Systems Command into the Air Force Materiel Command and the establishment of the Joint Logistics Systems Center will impact LMSC workload and required manning. However, the Air Force stated, that until these actions are completed, a manpower study would be of questionable utility. The Air Force agreed to perform a manpower requirements review at the appropriate time to determine required in-house personnel.

Audit response. The Air Force Materiel Command was established on July 1, 1992. We request that the Air Force start the analysis to determine a personnel baseline for the JLSC now and provide an estimated completion date in response to this report.

b. Require that a cost-benefit analysis be performed and documented before awarding or renewing support service contracts, regularly review existing contracts to determine if those services can be performed more cost-effectively in-house, and use the results of the analyses to support requests for additional in-house personnel.

Management comments. Air Force concurred and stated that the two cases to be considered in this recommendation are the award of a new service contract and the renewal of an existing contract.

Case 1: Award of a new contract. AFLC will perform a cost-benefit analysis of support service contracts. System Program Offices will be required to complete an analysis prior to awarding future support service contracts. Where the cost-benefit analysis indicates in-house performance is more cost-effective, a request will be made to Air Staff to acquire sufficient manpower to accomplish the work load organically before consideration is given to contract award.

Case 2: Renewal of an existing contract. In this case, the existing contracted work load would require a cost study in accordance with OMB Circular A-76 before it could be brought back in-house. To return these contracted work loads in-house will depend on the result of internal cost benefit study, a decision to compete the work load under the A-76 program and the results of that competition, and the ability to obtain sufficient personnel and other resources to perform the workload. An evaluation will be made on a case-by-case basis, as necessary.

Audit response. We request the Air Force to specify when such studies will be performed, what documentation will be required, or how and when procedures will be established to perform the analysis.

Deleted Recommendation. Based upon Air Force comments, we deleted Recommendation 2.c. Recommendation 2.d. is now Recommendation 2.c.

c. Establish a time-phased plan with established goals to reduce the reliance on service contracts to support Logistics Management Systems Center Program Offices.

Management comments. The Air Force concurred with the recommendation and stated to accomplish this depends on obtaining additional manpower authorizations. Based on the results of the cost comparisons being developed in response to Recommendation 2.b., Air Force requires additional organic manpower.

Audit response. The Air Force comments lack commitment to implementing the recommendation. The comments did not identify either a milestone for completion of a plan or how long it might take to obtain additional personnel authorizations. We want the Air Force to actively pursue having LMSC perform its mission in the most economical manner, not abandon the pursuit due to unavailability of additional personnel authorizations. The Air Force also made no guarantee in its comments that additional personnel will be authorized or that ceiling adjustments will be made quickly. We request that the Air Force identify a milestone for implementing the recommendation and address whether additional personnel can be authorized quickly in its comments on the final report.

3. We recommend that the Commander, Logistics Management Systems Center:

a. Review ongoing long-term support service contracts and identify skills that can be more cost-effectively obtained by hiring in-house civilian personnel.

Management comments. The Air Force concurred with the recommendation and stated that if it is determined that bringing presently contracted work loads in-house is practical and more cost-effective, a review will be performed consistent with the methodology identified in response to Recommendation 2.b. However, the Air Force did not agree with the potential monetary benefits and stated that a formal Office of Management and Budget (OMB) Circular A-76 cost study would be required before the work loads can be returned in-house. Because an A-76 study takes at least 18 months, it would be impractical, if not impossible to return the work loads in-house before the remaining option years have expired on the eight contracts.

Audit response. We disagree that the process of studying whether some of the tasks could be performed more cost-effectively in-house should be so complex, time-consuming, restrictive, and labor-intensive as to require 18 months to complete. AFLC management and personnel analysts should be capable of performing the most efficient organization study, which should have been done prior to the decision to establish a Joint Logistics Systems Center. In addition, this report already identifies certain skills that can be more cost-effectively obtained with additional Air Force staffing.

We revised our potential monetary benefits calculations for this report to \$6.21 million because of fewer option years

remaining on the contracts reviewed. We request that the Air Force reconsider its position on this recommendation and the associated potential monetary benefits.

b. Make appropriate funding adjustments in budget requests to support increasing in-house resources identified as being needed on an ongoing basis.

Management comments. The Air Force concurred stating if the decision is made to bring the work load on these contracts in-house, the Logistics Management Systems Center will take the necessary action to make the appropriate funding adjustments.

Audit response. The Air Force did not identify in its response how long it would take to make appropriate funding adjustments or what actions would be required to make the funding adjustments. We request that this information be provided in response to the final report.

c. Determine whether the proposed costs on the follow-on contract to F33660-88-D-0182 with IMPACT Corporation are 10 percent higher than the cost of Air Force personnel (the reverse of the normal A-76 procedure), and if the contractor's costs are greater, hire additional administrative personnel to perform the work.

Management comments. The Air Force nonconcluded with the Recommendation and with the estimate of potential monetary benefits of \$710,000 that may have been realized if the final option year on contract F33660-88-D-0812 was not exercised. The Air Force also stated that insufficient time remained to perform the necessary actions to bring this work load in-house, plus termination costs would make it impractical to bring this particular work load in-house at this time.

Audit response. When the Air Force exercised the last option year on the contract with IMPACT, a decision was made to incur additional costs that we estimated at about \$710,000. We revised the recommendation for this report to focus on what should be done in regard to a follow-on contract to F33660-88-D-0182. We believe that the Air Force resolicitation for a follow-on contract should provide it with the data needed to perform a reverse A-76 study. If the study shows the contractors' proposed costs for skills are greater than use of Air Force personnel, the Air Force should not award the follow-on contract. We request that the Air Force provide comments on the revised recommendation in response to this report.

4. We recommend that the Judge Advocate General at the Air Force Materiel Command review the eight ongoing contracts for compliance with existing guidance on the use of personal services.

Management comments. The Air Force concurred with the recommended review and stated that a review was conducted in January 1992, with the conclusion that none of the eight contracts were of a personal service nature.

Audit response. We obtained a copy of the Judge Advocate General's January 1992 opinion and believe that the review was limited to evaluating whether the content or language within the contracts gave the appearance of personal service contracts rather than actual performance and administration of the contracts. We still believe that incorporation of contractor personnel into the organizational charts and the supervision exercised by Air Force employees are indications of personal services contracts. We request that the Air Force reconsider its conclusions when responding to the final report.

RESPONSE REQUIREMENTS PER RECOMMENDATION

<u>Number</u>	<u>Addressee</u>	<u>Response Should Cover</u>			<u>Related Issues *</u>
		<u>Concur/ Nonconcur</u>	<u>Proposed Action</u>	<u>Completion Date</u>	
1.	Deputy Assistant Secretary of the Air Force (Management and Personnel)	X	X	X	
2.a.	Commander, Air Force Materiel Command	X	X	X	
2.b.	Commander, Air Force Materiel Command		X	X	IC
2.c.	Commander, Air Force Materiel Command	X	X	X	
3.a.	Commander, Air Force Materiel Command	X	X	X	
3.b.	Commander, Air Force Materiel Command	X	X	X	
3.c.	Commander, Air Force Materiel Command	X	X	X	
4.	Judge Advocate General, Air Force Materiel Command	X	X	X	

* M = monetary benefits; IC = internal controls

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PART III ADDITIONAL INFORMATION

- APPENDIX A - Request from U.S. Senate Committee on
Governmental Affairs
- APPENDIX B - Summary Information on Eight Contracts Reviewed
- APPENDIX C - Comparison of Job Categories and Related Cost Data
and Cost Savings
- APPENDIX D - Summary of Potential Benefits Resulting from Audit
- APPENDIX E - Activities Contacted or Visited
- APPENDIX F - Report Distribution

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APPENDIX A - REQUEST FROM U.S. SENATE COMMITTEE ON GOVERNMENTAL AFFAIRS

JOHN GLENN OHIO CHAIRMAN

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LEONARD WEISS, STAFF DIRECTOR
FRANKLIN C. POLK, MINORITY STAFF DIRECTOR AND CHIEF COUNSEL

United States Senate

COMMITTEE ON
GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

March 14, 1991

The Honorable Susan Crawford
Inspector General
Department of Defense
400 Army Navy Drive
Arlington, VA 22202

Dear Ms. Crawford:

I am writing regarding allegations I have received from some personnel stationed at Wright Patterson Air Force Base. I would appreciate your review of these matters and your consideration of a possible investigation.

The allegations concern the improper use of contract employees to perform personal services and the revolving door hiring practices of these same contractors. The contracts at issue are as follows:

- 1) AICS - F33600-89-D-0629
- 2) Impact - F33600-88-D-0182
- 3) Entek - F33600-87-C-7010
- 4) Centech - F33600-89-D-0164
- 5) LSA - F33600-89-D-0165
- 6) Maxima - F33600-89-D-0166
- 7) ARC - F33600-89-D-1067
- 8) Softech - F33600-89-D-0168

Apparently, some task orders written under some of the above contracts are a means for the Air Force Logistics Command (AFLC) at Wright Patterson to in effect hire people for particular positions. Many of the people hired are recent retirees from the AFLC.

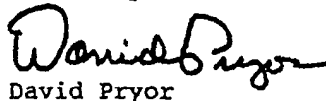
APPENDIX A - REQUEST FROM U.S. SENATE COMMITTEE ON GOVERNMENTAL AFFAIRS (cont'd)

The Honorable Susan Crawford
March 14, 1991
Page Two

While I do not know of any particular violation the use of contracts to provide particular individuals to serve as program analysts, administrative assistants and computer technicians does seem to raise the issue of inappropriate contracting for personal services.

Thank you for your attention to this matter. If you or your staff have any questions please contact my subcommittee staff at 224-2254.

Sincerely,



David Pryor

APPENDIX B - SUMMARY INFORMATION ON EIGHT CONTRACTS REVIEWED

Contract F33600-87-C-7010, ENTEK, Inc.

On September 30, 1987, AFLC awarded a cost-plus-fixed-fee contract to ENTEK, Inc., to provide independent verification and validation of the work to be accomplished by the contractor selected to develop the Depot Maintenance Management Information System (DMMIS). The estimated cost of the support services obtained under this 1-year contract with 4 option years was \$34 million. As of June 1991, the contract had been modified 14 times. The total value of the contract had increased from about \$1.3 million to \$34 million. The subcontractor, * performed about 25 percent of the work for ENTEK.

Contract F33600-88-D-0182, IMPACT Corporation

On September 23, 1988, AFLC awarded a \$12.5 million fixed-price contract to IMPACT Corp., to provide administrative support, to assist the LMSC program offices, which included typing, word processing, filing, copying, and file maintenance. This contract was for 1 year, with 4 option years. As of October 1990, 5 modifications and 40 delivery orders had been issued. IMPACT subcontracted about 26 percent of the work for technical labor categories, which was subcontracted to *.

Contract F33600-88-D-0629, Century Technologies, Inc. (CENTECH)

On October 1, 1988, AFLC awarded a \$25 million, fixed-price contract to CENTECH. It was a 1-year contract with 4 option years. The contract was for preparation of procedures, documents, and briefings; assistance with software and technical support; performance of system administration support; and analyses of individual AFLC mission functions, methodologies, hardware capabilities, software performance, and projected requirements, as required to support the program offices. As of October 1, 1990, 9 modifications and 29 delivery orders had been issued under the contract valued at about \$10 million. CENTECH subcontracted work to * , * , * , and * . All work was performed using Government-provided office space.

APPENDIX B - SUMMARY INFORMATION ON EIGHT CONTRACTS REVIEWED
(cont'd)

Contracts for the ISEPD Program

These contracts were awarded on March 14, 1989, based on a single request for proposals. AFLC awarded 1 year contracts with 4 option years to the following contractors:

CENTECH (Contract F33660-89-D-0164)
LSA (Contract F33660-89-D-0165)
MAXIMA (Contract F33660-89-D-0166)
ARC (Contract F33660-89-D-0167)
SOFTECH (Contract F33660-89-D-0168)

The ceiling price for all five contracts was \$60 million, of which \$45.3 million had been obligated as of April 1991. The multiple contracts were awarded to provide, on an as needed basis, technical support, supervision, materials, equipment, support software, computer time, and facilities for the LMSC modernization effort.

APPENDIX C - COMPARISON OF JOB CATEGORIES AND RELATED COST DATA AND COST SAVINGS

IMPACT Corp. F33600-88-D-0182

LABOR CATEGORY	HOURS	RATE	AMOUNT BILLED	GS EQUIVALENT GRADE LEVEL	GS EQUIVALENT CATEGORY	GS BURDENED RATE PER HR. 1/	GS ANNUAL BURDENED COST 2/	EXCESS \$ COST 3/
Admin Coordinator (on-site)	•	•	•	14/05	Supv Log Mgt Spec	\$42.45	\$41,770.80	•
Admin Coordinator (on-site)	•	•	•	14/05	Supv Log Mgt Spec	42.45	80,824.80	•
Admin Coordinator (on-site)	•	•	•	14/05	Supv Log Mgt Spec	42.45	80,824.80	•
Admin Coordinator (on-site)	•	•	•	14/05	Supv Log Mgt Spec	42.45	80,824.80	•
Admin Coordinator (on-site)	•	•	•	14/05	Supv Log Mgt Spec	42.45	80,824.80	•
CM/DM Specialist (on-site)	•	•	•	12/05	Config Manage Spec	30.29	57,672.16	•
Config Manager (on-site)	•	•	•	12/05	Config Manage Spec	30.29	57,672.16	•
DEO Surge (on-site)	•	•	•	04/05	Office Auto Clerk	12.64	1,200.80	•
Data Entry Oper Surge (on-site)	•	•	•	04/05	Office Auto Clerk	12.64	1,200.80	•
Data Entry Operator (on-site)	•	•	•	04/05	Office Auto Clerk	12.64	24,066.56	•
Data Entry Operator (on-site)	•	•	•	04/05	Office Auto Clerk	12.64	24,066.56	•
Data Tech (Sub) (on-site)	•	•	•	04/05	Data Entry Clerk	12.64	48,133.12	•
Data Tech Surge (Sub) (on-site)	•	•	•	04/05	Data Entry Clerk	12.64	2,401.60	•
Data Tech Surge (on-site)	•	•	•	04/05	Data Entry Clerk	12.64	1,200.80	•
Data Tech Surge (on-site)	•	•	•	04/05	Office Auto Clerk	12.64	1,200.80	•
Data Tech Surge (on-site)	•	•	•	04/05	Data Entry Clerk	12.64	2,401.60	•
Data Technician (on-site)	•	•	•	04/05	Data Entry Clerk	12.64	24,066.56	•
Data Technician (on-site)	•	•	•	04/05	Data Entry Clerk	12.64	24,066.56	•
Data Technician (on-site)	•	•	•	04/05	Data Entry Clerk	12.64	48,133.12	•
Librarian (on-site)	•	•	•	06/05	Document Assist	15.63	29,759.52	•
Librarian (on-site)	•	•	•	06/05	Document Assist	15.63	29,759.52	•
Librarian Surge (on-site)	•	•	•	06/05	Document Assist	15.63	1,484.85	•
Librarian Surge (on-site)	•	•	•	06/05	Document Assist	15.63	1,484.85	•
Sr Admin Coordinator (on-site)	•	•	•	14/10	Supv Log Mgt Spec	48.60	92,534.40	•
Sr. Log Anal (Sub) (on-site)	•	•	•	13/10	Log Manage Spec	39.52	37,939.20	•
Sr. Log Anal (Sub)(on-site)	•	•	•	13/10	Log Manage Spec	41.11	39,794.48	•
Sr. Log Anal (on-site)	•	•	•	13/10	Log Manage Spec	41.11	68,407.04	•
Sr. Log Anal (on-site)	•	•	•	3/10	Log Manage Spec	41.11	78,273.44	•
Sr. Log Anal (on-site)	•	•	•	13/10	Log Manage Spec	39.52	75,878.40	•
Sr. Log Anal (on-site)	•	•	•	13/10	Log Manage Spec	41.11	313,093.76	•
WPS Surge (on-site)	•	•	•	04/05	Office Auto Clerk	12.64	1,200.80	•
WPS Surge (on-site)	•	•	•	04/05	Office Auto Clerk	12.64	3,602.40	•

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* Proprietary data deleted
Note: Footnotes are on last page of this appendix

APPENDIX C - COMPARISON OF JOB CATEGORIES AND RELATED COST DATA AND COST SAVINGS (cont'd)

IMPACT Corp. F33600-88-D-0182

LABOR CATEGORY	HOURS	RATE	AMOUNT BILLED	GS EQUIVALENT GRADE LEVEL	GS EQUIVALENT CATEGORY	GS BURDENED RATE PER HR. 1/	GS ANNUAL BURDENED COST 2/	EXCESS \$ COST 3/
WPS Workload Surge (on-site)	•	•	•	04/05	Office Auto Clerk	12.16	413.44	•
WPS Workload Surge (on-site)	•	•	•	04/05	Office Auto Clerk	12.64	644.64	•
Word Processing Spec (on-site)	•	•	•	04/05	Office Auto Clerk	12.16	8,366.08	•
Word Processing Spec (on-site)	•	•	•	04/05	Office Auto Clerk	12.64	12,943.36	•
Word Processing Spec (on-site)	•	•	•	04/05	Office Auto Clerk	12.64	24,066.56	•
Word Processing Spec (on-site)	•	•	•	04/05	Office Auto Clerk	12.64	24,066.56	•
Word Processing Spec (on-site)	•	•	•	04/05	Office Auto Clerk	12.64	48,133.12	•
Word Processing Spec (on-site)	•	•	•	04/05	Office Auto Clerk	12.64	48,133.12	•
Word Processing Spec (on-site)	•	•	•	04/05	Office Auto Clerk	12.64	72,199.68	•
Word Processing Spec (on-site)	•	•	•	04/05	Office Auto Clerk	12.64	72,199.68	•
Word Processing Surge (on-site)	•	•	•	04/05	Office Auto Clerk	12.64	1,200.80	•
Word Processing Surge (on-site)	•	•	•	04/05	Office Auto Clerk	12.64	2,401.60	•
Word Processing Surge (on-site)	•	•	•	04/05	Office Auto Clerk	12.64	<u>3,602.40</u>	•

4 TOTAL LABOR DOLLARS PER CONTRACTOR \$2,291,284 TOTAL GS COST COMPARISON AND COST DIFFERENTIAL \$1,774,136.90 \$517,144.30

* Proprietary data deleted

APPENDIX C - COMPARISON OF JOB CATEGORIES AND RELATED COST DATA AND COST SAVINGS (cont'd)

CENTECH F33600-89-D-0164

LABOR CATEGORY	HOURS	RATE	AMOUNT BILLED	GS EQUIVALENT GRADE LEVEL	GS EQUIVALENT CATEGORY	GS BURDENED RATE PER HR. 1/	GS ANNUAL BURDENED COST 2/	EXCESS \$ COST 3/
ADP Eng-Expert (on-site)	•	•	•	13/10	Computer Eng	\$39.52	\$ 36,990.72	•
ADP Sys Anal-Expert (off-site)	•	•	•	12/10	Comp Sys Anal	34.68	33,292.80	•
ADP Sys Eng-Expert (on-site)	•	•	•	13/10	Computer Eng	39.52	2,371.20	•
ADP Sys Eng-Expert (Off-site)	•	•	•	13/10	Computer Eng	40.88	14,921.20	•
ADP Sys Eng-Expert (on-site)	•	•	•	13/10	Computer Eng	39.52	41,100.80	•
ADP Sys Eng-Expert (on-site)	•	•	•	13/10	Computer Eng	39.52	75,878.40	•
ADP Sys Eng-Expert (on-site)	•	•	•	13/10	Computer Eng	39.52	101,961.60	•
ADP Sys Eng-Expert (on-site)	•	•	•	13/10	Computer Eng	39.52	227,635.20	•
ADP Sys Eng-Journ (on-site)	•	•	•	13/03	Computer Eng	32.52	1,300.80	•
ADP Sys Eng-Journ (on-site)	•	•	•	13/03	Computer Eng	32.52	4,552.80	•
Comp/WP Clerk-Expert (off-site)	•	•	•	04/10	Office Auto Clerk	15.24	60.96	•
Comp/WP Clerk-Expert (on-site)	•	•	•	04/10	Office Auto Clerk	13.87	554.80	•
Comp/WP Clerk-Expert (on-site)	•	•	•	04/10	Office Auto Clerk	13.87	3,744.90	•
Comp/WP Clerk-Expert (on-site)	•	•	•	04/10	Office Auto Clerk	13.87	12,982.32	•
Comp/WP Clerk-Expert (on-site)	•	•	•	04/10	Office Auto Clerk	13.87	2,496.60	•
Comp/WP Clerk-Expert (on-site)	•	•	•	04/10	Office Auto Clerk	13.87	3,495.24	•
Comp/WP Clerk-Expert (on-site)	•	•	•	04/10	Office Auto Clerk	13.87	13,634.21	•
Comp/WP Clerk-Expert (on-site)	•	•	•	04/10	Office Auto Clerk	13.87	15,978.24	•
Comp/WP Clerk-Journ (off-site)	•	•	•	04/03	Office Auto Clerk	12.84	6,163.20	•
Comp/WP Clerk-Journ (on-site)	•	•	•	04/03	Office Auto Clerk	11.48	11,020.80	•
Config/Data Mgr-Expert (off-site)	•	•	•	12/10	Config Manage Spec	34.68	15,155.16	•
Config/Data Mgr-Expert (off-site)	•	•	•	12/10	Config Manage Spec	34.68	37,974.60	•
Config/Data Mgr-Expert (on-site)	•	•	•	12/10	Config Manage Spec	33.32	63,974.40	•
Config/Data Mgr-Jour (on-site)	•	•	•	12/03	Config Manage Spec	27.43	19,749.60	•
Func Log Anal-Expert (off-site)	•	•	•	13/10	Log Manage Spec	40.88	6,540.80	•
Func Log Anal-Expert (off-site)	•	•	•	13/10	Log Manage Spec	40.88	49,505.68	•
Func Log Anal-Expert (off-site)	•	•	•	13/10	Log Manage Spec	40.88	78,326.08	•
Func Log Anal-Expert (on-site)	•	•	•	13/10	Log Manage Spec	39.52	36,990.72	•
Func Log Anal-Expert (on-site)	•	•	•	13/10	Log Manage Spec	39.52	56,908.80	•
Func Log Anal-Expert (on-site)	•	•	•	13/10	Log Manage Spec	39.52	28,454.40	•
Func Log Anal-Expert (on-site)	•	•	•	13/10	Log Manage Spec	39.52	113,817.60	•
Func Log Anal-Journ (on-site)	•	•	•	13/03	Log Manage Spec	32.52	30,438.72	•
Instr-Expert (on-site)	•	•	•	11/10	Train Instructor	27.89	557.80	•

* Proprietary data deleted

APPENDIX C - COMPARISON OF JOB CATEGORIES AND RELATED COST DATA AND COST SAVINGS (cont'd)

CENTECH F33600-89-D-0164

LABOR CATEGORY	HOURS	RATE	AMOUNT BILLED	GS EQUIVALENT GRADE LEVEL	GS EQUIVALENT CATEGORY	GS BURDENED RATE PER HR. 1/	GS ANNUAL BURDENED COST 2/	EXCESS \$ COST 3/
Instr-Expert (off-site)	•	•	•	11/10	Train Instructor	\$29.25	\$ 1,901.25	•
Instr-Expert (off-site)	•	•	•	11/10	Train Instructor	29.25	2,661.75	•
Instr-Expert (on-site)	•	•	•	11/10	Train Instructor	27.89	836.70	•
Qual Assur-Expert (off-site)	•	•	•	11/10	Qual Assur Spec	29.25	6,259.50	•
Qual Assur-Expert (off-site)	•	•	•	11/10	Qual Assur Spec	29.25	11,466.00	•
Sys Anal-Expert (off-site)	•	•	•	12/10	Comp Sys Anal	34.68	6,727.92	•
Sys Anal-Expert (off-site)	•	•	•	12/10	Comp Sys Anal	34.68	41,616.00	•
Sys Anal-Expert (off-site)	•	•	•	12/10	Comp Sys Anal	34.68	59,476.20	•
Sys Anal-Expert (off-site)	•	•	•	12/10	Comp Sys Anal	34.68	120,894.48	•
Sys Anal-Expert (on-site)	•	•	•	12/10	Comp Sys Anal	33.32	1,332.80	•
Sys Anal-Expert (on-site)	•	•	•	12/10	Comp Sys Anal	33.32	3,998.40	•
Sys Anal-Expert (on-site)	•	•	•	12/10	Comp Sys Anal	33.32	23,457.28	•
Sys Anal-Expert (on-site)	•	•	•	12/10	Comp Sys Anal	33.32	31,187.52	•
Sys Anal-Expert (on-site)	•	•	•	12/10	Comp Sys Anal	33.32	191,923.20	•
Sys Anal-Jourm (on-site)	•	•	•	12/03	Comp Sys Anal	27.43	70,769.40	•
Sys Anal-Jourm (on-site)	•	•	•	12/03	Comp Sys Anal	27.43	105,331.20	•
Tech Spec/SW-Expert (off-site)	•	•	•	07/10	Computer Operator	20.38	22,030.78	•
Tech Spec/SW-Expert (off-site)	•	•	•	07/10	Computer Operator	20.38	48,891.62	•
Tech Spec/SW-Expert (on-site)	•	•	•	07/10	Computer Operator	19.02	12,172.80	•
Tech Spec/SW-Jourm (on-site)	•	•	•	07/03	Computer Operator	15.70	1,428.70	•
Tech Writer-Expert (on-site)	•	•	•	07/10	Computer Assisist	19.02	4,564.80	•
Tech Writer-Expert (on-site)	•	•	•	07/10	Computer Assisist	19.02	18,259.20	•
Telecom Eng-Entry (on-site)	•	•	•	13/01	Comp Equip Anal	30.52	8,545.60	•
Telecom Eng-Entry (on-site)	•	•	•	13/10	Comp Equip Anal	39.52	11,065.60	•
Telecom Eng-Expert (off-site)	•	•	•	13/10	Comp Equip Anal	40.88	5,191.76	•
Telecom Eng-Expert (on-site)	•	•	•	13/10	Comp Equip Anal	39.52	1,580.80	•
Telecom Eng-Expert (on-site)	•	•	•	13/10	Comp Equip Anal	39.52	4,742.40	•
Telecom Eng-Expert (on-site)	•	•	•	13/10	Comp Equip Anal	39.52	25,292.80	•
Telecom Eng-Expert (on-site)	•	•	•	13/10	Comp Equip Anal	39.52	33,196.80	•
Telecom Eng-Jourm (on-site)	•	•	•	13/03	Comp Equip Anal	32.52	2,861.76	•
TOTAL LABOR DOLLARS PER CONTRACTOR			<u>\$3,687,171</u>				<u>\$2,028,196.17</u>	<u>\$1,658,974.83</u>

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* Proprietary data deleted

APPENDIX C - COMPARISON OF JOB CATEGORIES AND RELATED COST DATA AND COST SAVINGS (cont'd)

LSA F33600-89-D-0165

LABOR CATEGORY	HOURS	RATE	AMOUNT BILLED	GS EQUIVALENT GRADE LEVEL	GS EQUIVALENT CATEGORY	GS BURDENED RATE PER HR. 1/	GS ANNUAL BURDENED COST 2/	EXCESS \$ COST 3/
Comp/WP Clerk Jourm (on-site)	*	*	*	04/03	Office Auto Clerk	\$11.48	\$ 574.00	*
Comp/WP Clerk-Expert (off-site)	*	*	*	04/10	Office Auto Clerk	15.24	3,764.28	*
Draftsman-Expert (off-site)	*	*	*	06/10	Eng Draftsman	18.53	3,001.86	*
Func Anal-Expert (off-site)	*	*	*	13/10	Log Manage Spec	40.88	5,723.20	*
Sys Anal-Expert (on-site)	*	*	*	13/10	Log Manage Spec	39.52	1,976.00	*
Sys Anal-Expert (on-site)	*	*	*	12/10	Comp Sys Anal	34.68	11,097.60	*
Sys Anal-Expert (on-site)	*	*	*	12/10	Comp Sys Anal	33.32	24,157.00	*
Sys Anal-Jourm (off-site)	*	*	*	12/03	Comp Sys Anal	28.80	9,072.00	*
Sys Eng-Jourm (off-site)	*	*	*	13/03	Computer Eng	33.88	8,984.60	*
Tech Writer-Entry (off-site)	*	*	*	07/01	Computer Assist	16.11	3,222.00	*
Tech Writer-Expert (off-site)	*	*	*	07/10	Computer Assist	20.38	1,487.74	*
Telecom Eng-Expert (off-site)	*	*	*	13/10	Comp Equip Anal	40.88	18,396.00	*
TOTAL LABOR DOLLARS PER CONTRACTOR			\$160,950		TOTAL GS COST COMPARISON AND COST DIFFERENTIAL		\$92,466.28	\$68,483.72

* Proprietary data deleted

APPENDIX C - COMPARISON OF JOB CATEGORIES AND RELATED COST DATA AND COST SAVINGS (cont'd)

MAXIMA F33600-89-D-0166

LABOR CATEGORY	HOURS	RATE	AMOUNT BILLED	GS EQUIVALENT GRADE LEVEL	GS EQUIVALENT CATEGORY	GS BURDENED RATE PER HR. 1/	GS ANNUAL BURDENED COST 2/	EXCESS \$ COST 3/
ADP Sys Eng-Expert (off-site)	•	•	•	13/10	Computer Eng	\$40.88	\$ 3,270.40	•
ADP Sys Eng-Expert (off-site)	•	•	•	13/10	Computer Eng	40.88	14,062.72	•
ADP Sys Eng-Expert (off-site)	•	•	•	13/10	Computer Eng	40.88	22,565.76	•
ADP Sys Eng-Expert (off-site)	•	•	•	13/10	Computer Eng	40.88	31,477.60	•
ADP Sys Eng-Expert (off-site)	•	•	•	13/10	Computer Eng	40.88	42,433.44	•
ADP Sys Eng-Expert (off-site)	•	•	•	13/10	Computer Eng	40.88	52,326.40	•
ADP Sys Eng-Expert (off-site)	•	•	•	13/10	Computer Eng	40.88	177,092.16	•
ADP Sys Eng-Expert (on-site)	•	•	•	13/10	Computer Eng	39.52	12,646.40	•
ADP Sys Eng-Expert (on-site)	•	•	•	13/10	Computer Eng	39.52	36,674.56	•
ADP Sys Eng-Expert (on-site)	•	•	•	13/10	Computer Eng	39.52	41,021.76	•
ADP Sys Eng-Expert (on-site)	•	•	•	13/10	Computer Eng	39.52	68,922.88	•
ADP Sys Eng-Expert (on-site)	•	•	•	04/10	Office Auto Clerk	13.87	1,109.60	•
Comp/WP Clerk-Expert (on-site)	•	•	•	04/03	Office Auto Clerk	12.84	1,014.36	•
Comp/WP Clerk-Journ (off-site)	•	•	•	04/03	Office Auto Clerk	12.84	1,643.52	•
Comp/WP Clerk-Journ (off-site)	•	•	•	04/03	Office Auto Clerk	12.84	2,568.00	•
Comp/WP Clerk-Journ (off-site)	•	•	•	04/03	Office Auto Clerk	12.84	9,129.24	•
Comp/WP Clerk-Journ (off-site)	•	•	•	04/03	Office Auto Clerk	12.84	9,424.56	•
Comp/WP Clerk-Journ (off-site)	•	•	•	04/03	Office Auto Clerk	12.84	35,234.88	•
Config Mgt Mgr-Expert (off-site)	•	•	•	12/10	Config Manage Spec	34.68	27,744.00	•
Config/Data Mgr-Expert (off-site)	•	•	•	12/10	Config Manage Spec	34.68	4,388.80	•
Config/Data Mgr-Journ (on-site)	•	•	•	04/03	Data Entry Clerk	12.84	1,861.80	•
Data Tech-Journ (off-site)	•	•	•	13/10	Log Manage Spec	39.52	6,323.20	•
Func Log Anal-Expert (on-site)	•	•	•	11/10	Qual Assur Spec	27.89	4,462.40	•
Qual Assur-Expert (off-site)	•	•	•	12/10	Computer Eng	34.68	25,663.20	•
Risk/Rel Eng-Expert (off-site)	•	•	•	12/10	Comp Sys Anal	34.68	32,703.24	•
Sys Anal-Expert (off-site)	•	•	•	12/10	Comp Sys Anal	34.68	96,826.56	•
Sys Anal-Expert (on-site)	•	•	•	12/10	Comp Sys Anal	33.32	10,662.40	•
Sys Anal-Expert (on-site)	•	•	•	12/10	Comp Sys Anal	33.32	58,110.08	•
Sys Anal-Expert (on-site)	•	•	•	12/10	Comp Sys Anal	33.32	185,525.76	•
Sys Anal-Expert (on-site)	•	•	•	12/10	Comp Sys Anal	33.32	207,516.96	•
Sys Eng-Expert (on-site)	•	•	•	13/10	Computer Eng	39.52	27,189.76	•
Tech Spec HW-Expert (off-site)	•	•	•	11/10	Elect Mech	29.25	15,210.00	•
Tech Spec HW-Expert (on-site)	•	•	•	11/10	Elect Mech	27.89	14,279.68	•

* Proprietary data deleted

APPENDIX C - COMPARISON OF JOB CATEGORIES AND RELATED COST DATA AND COST SAVINGS (cont'd)

MAXIMA F33600-89-D-0166

<u>LABOR CATEGORY</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT BILLED</u>	<u>GS EQUIVALENT GRADE LEVEL</u>	<u>GS EQUIVALENT CATEGORY</u>	<u>GS BURDENED RATE PER HR. 1/</u>	<u>GS ANNUAL BURDENED COST 2/</u>	<u>EXCESS \$ COST 3/</u>
Tech Spec S/W-Jourm (off-site)	*	*	*	11/03	Elect Mech	\$24.34	\$31,155.20	*
Tech Spec S/W-Jourm (off-site)	*	*	*	07/03	Computer Operator	17.06	1,859.54	*
Tech Spec S/W-Expert (off-site)	*	*	*	07/10	Computer Operator	20.38	12,064.96	*
Tech Writer-Expert (off-site)	*	*	*	07/10	Computer Assit	20.38	6,929.20	*
Tech Writer-Expert (off-site)	*	*	*	07/10	Computer Assit	20.38	8,152.00	*
Tech Writer-Expert (off-site)	*	*	*	07/10	Computer Assit	20.38	8,070.48	*
TOTAL LABOR DOLLARS PER CONTRACTOR			<u>\$1,813,804</u>		TOTAL GS COST COMPARISON AND COST DIFFERENTIAL		<u>\$1,349,317.46</u>	<u>\$464,486.54</u>

* Proprietary data deleted

APPENDIX C - COMPARISON OF JOB CATEGORIES AND RELATED COST DATA AND COST SAVINGS (cont'd)

ARC F33600-89-D-0167

LABOR CATEGORY	HOURS	RATE	AMOUNT	GS EQUIVALENT		GS BURDENED RATE PER HR. 1/	GS ANNUAL BURDENED COST 2/	EXCESS \$ COST 3/
				GRADE LEVEL	CATEGORY			
ADP Sys Anal-Expert (off-site)	•	•	•	12/10	Comp Sys Anal	\$34.68	\$114,166.56	•
ADP Sys Eng Expert (off-site)	•	•	•	13/10	Computer Eng	40.88	325,077.76	•
ADP Sys Eng-Expert (off-site)	•	•	•	13/10	Computer Eng	40.88	4,251.52	•
ADP Sys Eng-Expert (off-site)	•	•	•	13/10	Computer Eng	40.88	23,301.60	•
ADP Sys Eng-Expert (off-site)	•	•	•	13/10	Computer Eng	40.88	45,990.00	•
ADP Sys Eng-Expert (off-site)	•	•	•	13/10	Computer Eng	40.88	134,576.96	•
ADP Sys Eng-Expert (off-site)	•	•	•	13/10	Computer Eng	40.88	225,207.92	•
ADP Sys Eng-Expert (off-site)	•	•	•	13/10	Comp Equip Anal	40.88	489,088.32	•
ADP Sys Eng-Expert (on-site)	•	•	•	13/10	Computer Eng	39.52	316.16	•
ADP Sys Eng-Expert (on-site)	•	•	•	13/10	Computer Eng	39.52	67,776.80	•
ADP Sys Eng-Expert (on-site)	•	•	•	13/10	Computer Eng	39.52	68,488.16	•
ADP Sys Eng-Expert (on-site)	•	•	•	13/10	Computer Eng	39.52	154,918.40	•
ADP Sys Eng-Journ (off-site)	•	•	•	13/03	Computer Eng	33.88	17,312.68	•
ADP Sys Eng-Journ (off-site)	•	•	•	13/03	Computer Eng	33.88	52,514.00	•
ADP Sys Eng-Journ (off-site)	•	•	•	13/03	Computer Eng	33.88	71,046.36	•
ADP Sys Eng-Expert (on-site)	•	•	•	13/10	Computer Eng	39.52	31,141.76	•
ADP Telecom Eng-Expert (on-site)	•	•	•	13/10	Comp Equip Anal	39.52	61,651.20	•
ADP Telecom Eng-Expert (on-site)	•	•	•	13/10	Comp Equip Anal	39.52	77,459.20	•
CM/DM Spec Expert (off-site)	•	•	•	12/10	Conf Manage Spec	34.68	124,466.52	•
Comp/WP Clerk-Expert (off-site)	•	•	•	04/10	Office Auto Clerk	15.24	3,048.00	•
Comp/WP Clerk-Expert (off-site)	•	•	•	04/10	Office Auto Clerk	15.24	25,085.04	•
Comp/WP Clerk-Expert (on-site)	•	•	•	04/10	Office Auto Clerk	13.87	10,541.20	•
Comp/WP Clerk-Journ (off-site)	•	•	•	04/03	Office Auto Clerk	12.84	642.00	•
Comp/WP Clerk-Journ (off-site)	•	•	•	04/03	Office Auto Clerk	12.84	667.68	•
Comp/WP Clerk-Journ (off-site)	•	•	•	04/03	Office Auto Clerk	12.84	1,284.00	•
Comp/WP Clerk-Journ (off-site)	•	•	•	04/03	Office Auto Clerk	12.84	2,054.40	•
Comp/WP Clerk-Journ (off-site)	•	•	•	04/03	Office Auto Clerk	12.84	12,583.20	•
Comp/WP Clerk-Journ (off-site)	•	•	•	04/03	Office Auto Clerk	12.84	18,746.40	•
Comp/WP Clerk-Journ (on-site)	•	•	•	04/03	Office Auto Clerk	11.48	11,250.40	•
Config Data Mgr-Expert (off-site)	•	•	•	12/10	Config Manage Spec	34.68	36,067.20	•
Config Mgr-Expert (off-site)	•	•	•	12/10	Config Manage Spec	34.68	28,541.64	•
Func Log Anal-Expert (on-site)	•	•	•	13/10	Log Manage Spec	39.52	68,488.16	•
Func Log Anal-Expert (on-site)	•	•	•	13/10	Log Manage Spec	39.52	316.16	•

* Proprietary data deleted

APPENDIX C - COMPARISON OF JOB CATEGORIES AND RELATED COST DATA AND COST SAVINGS (cont'd)

ARC F33600-89-D-0167

LABOR CATEGORY	HOURS	RATE	AMOUNT BILLED	GS EQUIVALENT GRADE LEVEL	GS EQUIVALENT CATEGORY	GS BURDENED RATE PER HR. 1/	GS ANNUAL BURDENED COST 2/	EXCESS \$ COST 3/
Func Log Anal-Journ (off-site)	•	•	•	13/03	Log Manage Spec	\$33.88	\$ 73,926.16	•
Func Log Spec-Expert (off-site)	•	•	•	13/10	Log Manage Spec	40.88	97,825.84	•
Func Log Anal-Expert (off-site)	•	•	•	13/10	Log Manage Spec	40.88	67,288.48	•
Instructors-Journ (on-site)	•	•	•	11/03	Train Instructor	22.98	67,561.20	•
Qual Assur Expert (off-site)	•	•	•	11/10	Qual Assur Spec	29.25	104,978.25	•
Qual Assur-Expert (off-site)	•	•	•	11/10	Qual Assur Spec	29.25	30,420.00	•
Qual Assur-Spec-Expert (off-site)	•	•	•	11/10	Qual Assur Spec	29.25	24,072.75	•
Sys Anal-Entry (off-site)	•	•	•	12/01	Comp Sys Anal	27.11	6,506.40	•
Sys Anal-Expert (on-site)	•	•	•	12/10	Comp Sys Anal	33.32	57,743.56	•
Sys Anal-Expert (off-site)	•	•	•	12/10	Comp Sys Anal	34.68	18,033.60	•
Sys Anal-Expert (off-site)	•	•	•	12/10	Comp Sys Anal	34.68	18,415.08	•
Sys Anal-Expert (off-site)	•	•	•	12/10	Comp Sys Anal	34.68	350,614.80	•
Sys Anal-Expert (on-site)	•	•	•	12/10	Comp Sys Anal	33.32	57,143.80	•
Sys Anal-Expert (on-site)	•	•	•	12/10	Comp Sys Anal	33.32	65,307.20	•
Sys Anal-Journ (off-site)	•	•	•	12/03	Comp Sys Anal	28.80	150,883.20	•
Sys Anal-Journ (on-site)	•	•	•	12/03	Comp Sys Anal	27.43	219.44	•
Sys Anal-Journ (on-site)	•	•	•	12/03	Comp Sys Anal	27.43	26,881.40	•
Sys Analyst Expert (off-site)	•	•	•	12/10	Comp Sys Anal	34.68	331,922.28	•
Tech Spec-H/W-Expert (off-site)	•	•	•	11/10	Elect Mech	29.25	48,145.50	•
Tech Spec-S/W Expert (off-site)	•	•	•	07/10	Computer Operator	20.38	48,769.34	•
Tech Spec-S/W-Expert (off-site)	•	•	•	07/10	Computer Operator	20.38	33,545.48	•
Tech Writer-Expert (off-site)	•	•	•	07/10	Computer Assit	20.38	16,772.74	•
Tech Writer-Expert (on-site)	•	•	•	07/10	Computer Assit	19.02	14,455.20	•
Tech Writer-Expert (off-site)	•	•	•	07/10	Computer Assit	20.38	20,380.00	•
Tech Writer-Journ (off-site)	•	•	•	07/03	Computer Assit	17.06	3,412.00	•
Tech Writer-Journ (off-site)	•	•	•	07/03	Computer Assit	17.06	3,412.00	•
Tech Writer-Journ (off-site)	•	•	•	07/03	Computer Assit	17.06	24,907.60	•
Tech Writer-Journ (off-site)	•	•	•	07/03	Computer Assit	17.06	44,134.22	•
Tech Writer-Journ (on-site)	•	•	•	07/03	Computer Assit	15.70	15,386.00	•
Telecom Eng-Expert (off-site)	•	•	•	13/10	Comp Equip Anal	40.88	23,301.60	•

* Proprietary data deleted

APPENDIX C - COMPARISON OF JOB CATEGORIES AND RELATED COST DATA AND COST SAVINGS (cont'd)

ARC F33600-89-D-0167

LABOR CATEGORY	HOURS	RATE	AMOUNT BILLED	GS EQUIVALENT		GS BURDENED RATE PER HR. 1/	GS ANNUAL BURDENED COST 2/	EXCESS \$ COST 3/
				GRADE LEVEL	CATEGORY			
Telecom Eng-Expert (off-site)	•	•	•	13/10	Comp Equip Anal	40.88	67,288.48	•
Telecom Eng-Expert (off-site)	•	•	•	13/10	Comp Equip Anal	40.88	111,561.52	•
Word Processor Expert (off-site)	•	•	•	04/10	Office Auto Clerk	15.24	36,469.32	•
TOTAL LABOR DOLLARS PER CONTRACTOR							<u>\$4,369,751.80</u>	
				TOTAL GS COST COMPARISON AND COST DIFFERENTIAL				<u>\$256,660.20</u>

* Proprietary data deleted

APPENDIX C - COMPARISON OF JOB CATEGORIES AND RELATED COST DATA AND COST SAVINGS (cont'd)

SOFTECH Inc. F33600-89-D-0168

LABOR CATEGORY	HOURS	RATE	AMOUNT BILLED	GS EQUIVALENT GRADE LEVEL	GS EQUIVALENT CATEGORY	GS BURDENED RATE PER HR. 1/	GS ANNUAL BURDENED COST 2/	EXCESS \$ COST 3/
ADP Sys Eng-Expert (off-site)	•	•	•	13/10	Computer Eng	\$40.88	\$ 490.56	•
ADP Sys Eng-Expert (off-site)	•	•	•	13/10	Computer Eng	40.88	4,660.32	•
ADP Sys Eng-Expert (off-site)	•	•	•	13/10	Computer Engineer	40.88	32,785.76	•
ADP Sys Eng-Journ (off-site)	•	•	•	13/03	Computer Eng	33.88	5,149.76	•
ADP Sys Eng-Journ (off-site)	•	•	•	13/03	Computer Engineer	33.88	11,654.72	•
ADP Sys Eng-Journ (on-site)	•	•	•	13/03	Computer Engineer	32.52	25,755.84	•
ADP Sys Eng-Expert (off-site)	•	•	•	13/10	Computer Engineer	40.88	29,556.24	•
ADP Sys Eng-Expert (on-site)	•	•	•	13/10	Computer Engineer	39.52	142,074.40	•
ADP Sys Eng-Expert (on-site)	•	•	•	13/10	Computer Eng	39.52	9,168.64	•
ADP Sys Eng-Expert (on-site)	•	•	•	13/10	Computer Eng	39.52	9,168.64	•
ADP Sys Eng-Entry (off-site)	•	•	•	13/01	Computer Engineer	31.88	10,966.72	•
ADP Sys. Eng.-Entry (on-site)	•	•	•	13/01	Computer Engineer	30.52	28,810.88	•
ADP Sys. Eng.-Entry (on-site)	•	•	•	04/10	Office Auto Clerk	15.24	533.40	•
Comp/WP Cl-Expert (off-site)	•	•	•	04/10	Office Auto Clerk	15.24	609.60	•
Comp/WP Cl-Expert (off-site)	•	•	•	04/10	Office Auto Clerk	15.24	2,560.32	•
Comp/WP Cl-Expert (off-site)	•	•	•	04/03	Office Auto Clerk	12.84	449.40	•
Comp/WP Cl-Journ (off-site)	•	•	•	04/10	Office Auto Clerk	15.24	152.40	•
Comp/WP Clerk-Expert (off-site)	•	•	•	04/10	Office Auto Clerk	15.24	198.12	•
Comp/WP Clerk-Expert (off-site)	•	•	•	04/10	Office Auto Clerk	15.24	213.36	•
Comp/WP Clerk-Expert (off-site)	•	•	•	04/10	Office Auto Clerk	15.24	365.76	•
Comp/WP Clerk-Expert (off-site)	•	•	•	04/10	Office Auto Clerk	12.84	308.16	•
Comp/WP Clerk-Journ (off-site)	•	•	•	06/10	Eng Draftsman	18.53	648.55	•
Draftsman-Expert (off-site)	•	•	•	06/03	Eng Draftsman	15.55	544.25	•
Draftsman-Journ (off-site)	•	•	•	13/10	Log Manage Spec	40.88	3,270.40	•
Func Log Anal-Expert (off-site)	•	•	•	13/10	Log Manage Spec	40.88	6,540.80	•
Func Log Anal-Expert (off-site)	•	•	•	13/10	Log Manage Spec	40.88	1,962.24	•
Func Log Anal-Expert (off-site)	•	•	•	13/10	Log Manage Spec	40.88	4,660.32	•
Func Log Anal-Expert (off-site)	•	•	•	12/10	Compu Sys Anal-Exp	34.68	24,171.96	•
Of Mgr Sys Anal-Expert (off-site)	•	•	•	11/10	Qual Assur Spec	29.25	702.00	•
Qual Assur-Expert (off-site)	•	•	•	11/10	Qual Assur Spec	29.25	380.25	•
Qual Assur-Expert (off-site)	•	•	•	11/10	Qual Assur Spec	29.25	585.00	•
Qual Assur-Expert (off-site)	•	•	•	11/10	Qual Assur Spec	29.25	1,638.00	•
Qual Assur-Expert (off-site)	•	•	•	11/10	Qual Assur Spec	29.25	1,696.500	•

* Proprietary data deleted

APPENDIX C - COMPARISON OF JOB CATEGORIES AND RELATED COST DATA AND COST SAVINGS (cont'd)

SOFTECH Inc. F33600-89-D-0168

LABOR CATEGORY	HOURS	RATE	AMOUNT BILLED	GS EQUIVALENT GRADE LEVEL	GS EQUIVALENT CATEGORY	GS BURDENED RATE PER HR. 1/	GS ANNUAL BURDENED COST 2/	EXCESS \$ COST 3/
Qual Assur-Expert (off-site)	•	•	•	11/10	Quality Assur Spec	\$29.25	\$ 2,047.50	•
Qual Assur-Expert (off-site)	•	•	•	11/10	Qual Assur Spec	29.25	26,149.50	•
Sys Anal-Entry (on-site)	•	•	•	12/01	Computer Sys Anal	25.75	28,222.00	•
Sys Anal-Expert (off-site)	•	•	•	12/10	Comp Sys Anal	34.68	832.32	•
Sys Anal-Expert (off-site)	•	•	•	12/10	Comp Sys Anal	34.68	10,542.72	•
Sys Anal-Expert (off-site)	•	•	•	12/10	Comp Sys Anal	34.68	14,843.04	•
Sys Anal-Expert (off-site)	•	•	•	12/10	Computer Sys Anal	34.68	33,847.68	•
Sys Anal-Expert (on-site)	•	•	•	12/10	Comp Sys Anal	33.32	1,999.20	•
Sys Anal-Expert (on-site)	•	•	•	12/10	Comp Sys Anal	33.32	7,730.24	•
Sys Anal-Expert (on-site)	•	•	•	12/10	Computer Sys Anal	33.32	12,894.84	•
Sys Anal-Expert (on-site)	•	•	•	12/10	Comp Sys Anal	33.32	15,460.48	•
Sys Anal-Journ (off-site)	•	•	•	12/10	Computer Sys Anal	33.32	36,518.72	•
Sys Anal-Journ (off-site)	•	•	•	12/03	Comp Sys Anal	28.80	1,036.80	•
Sys Anal-Journ (off-site)	•	•	•	12/03	Comp Sys Anal	28.80	4,377.60	•
Sys Anal-Journ (off-site)	•	•	•	12/03	Computer Sys Anal	28.80	38,707.20	•
Sys Anal-Journ (on-site)	•	•	•	12/03	Computer Sys Anal	27.43	30,063.28	•
Sys Anal-Entry (on-site)	•	•	•	12/01	Computer Sys Anal	25.75	30,488.00	•
Sys Anal-Journ (on-site)	•	•	•	12/03	Computer Sys Anal	27.43	105,331.20	•
Sys Anal-Expert (on-site)	•	•	•	12/10	Computer Sys Anal	33.32	39,450.88	•
Tech Spec S/NW-Expert (on-site)	•	•	•	07/10	Computer Operator	19.02	2,130.24	•
Tech Spec S/NW-Journ (on-site)	•	•	•	07/03	Computer Operator	15.70	37,177.60	•
Tech Spec S/NW-Journ (on-site)	•	•	•	07/03	Computer Operator	15.70	7,284.80	•
Tech Spec S/NW-Entry (off-site)	•	•	•	07/01	Computer Operator	16.11	8,119.44	•
Tech Spec S/NW-Expert (on-site)	•	•	•	07/10	Computer Operator	19.02	9,586.08	•
Tech Spec S/NW-Expert (on-site)	•	•	•	07/10	Computer Operator	19.02	12,439.08	•
Tech Spec S/NW-Expert (on-site)	•	•	•	07/10	Computer Operator	19.02	37,050.96	•
Tech Spec S/NW-Expert (on-site)	•	•	•	07/10	Computer Operator	19.02	53,408.16	•
Tech Spec S/NW-Journ (on-site)	•	•	•	07/03	Computer Operator	15.70	11,680.80	•
Tech Spec S/NW-Expert (on-site)	•	•	•	07/10	Computer Operator	19.02	13,694.40	•
Tech Writer-Entry (off-site)	•	•	•	07/01	Computer Assist	16.11	2,642.04	•
Tech Writer-Entry (off-site)	•	•	•	07/01	Computer Assist	16.11	2,706.48	•
Tech Writer-Entry (on-site)	•	•	•	07/01	Computer Assist	14.75	4,572.50	•
Tech Writer-Exp (off-site)	•	•	•	07/10	Computer Assist	20.38	203.80	•

* Proprietary data deleted

APPENDIX C - COMPARISON OF JOB CATEGORIES AND RELATED COST DATA AND COST SAVINGS (cont'd)

SOFTECH Inc. F33600-89-D-0168

LABOR CATEGORY	HOURS	RATE	AMOUNT BILLED	GS EQUIVALENT GRADE LEVEL	GS EQUIVALENT CATEGORY	GS BURDENED RATE PER HR. 1/	GS ANNUAL BURDENED COST 2/	EXCESS \$ COST 3/
Tech Writer-Expert (off-site)	*	*	*	07/10	Computer Assist	\$20.38	\$ 244.56	*
Tech Writer-Expert (off-site)	*	*	*	07/10	Computer Assist	20.38	489.12	*
Tech Writer-Expert (off-site)	*	*	*	07/10	Computer Assist	20.38	529.88	*
Tech Writer-Expert (off-site)	*	*	*	07/10	Computer Assist	20.38	6,847.68	*
Tech Writer-Expert (off-site)	*	*	*	07/10	Computer Assist	20.38	16,344.76	*
Tech Writer-Journ (off-site)	*	*	*	07/03	Computer Assist	17.06	477.68	*
Tech Writer-Journ (off-site)	*	*	*	07/03	Computer Assist	17.06	750.64	*
Tech Writer-Journ (off-site)	*	*	*	07/03	Computer Assist	17.06	1,194.20	*
WP Clerk-Expert (off-site)	*	*	*	04/10	Office Auto Clerk	15.24	640.08	*
WP Clerk-Journ (off-site)	*	*	*	04/03	Office Auto Clerk	12.84	154.08	*

TOTAL LABOR DOLLARS PER CONTRACTOR

\$1,910,966

TOTAL GS COST COMPARISON AND COST DIFFERENTIAL

\$1,033,345.53

\$877,620.47

* Proprietary data deleted

APPENDIX C - COMPARISON OF JOB CATEGORIES AND RELATED COST DATA AND COST SAVINGS (cont'd)

CENTECH F33600-88-D-0629

<u>LABOR CATEGORY</u>	<u>HOURS</u>	<u>RATE</u>	<u>AMOUNT</u>	<u>GS EQUIVALENT</u>	<u>GS EQUIVALENT</u>	<u>GS EQUIVALENT</u>	<u>GS BURDENED</u>	<u>GS ANNUAL</u>	<u>EXCESS \$ COST 3/</u>
			<u>BILLED</u>	<u>GRADE LEVEL</u>	<u>CATEGORY</u>	<u>RATE PER HR. 1/</u>	<u>BURDENED COST 2/</u>		
Clerical (on-site)	•	•	•	04/05	Office Auto Clerk	\$12.16	\$16,841.60	•	•
Clerk (on-site)	•	•	•	04/05	Office Auto Clerk	12.16	425.60	•	•
Clerk (on-site)	•	•	•	04/05	Office Auto Clerk	12.16	1,313.28	•	•
Clerk (on-site)	•	•	•	04/05	Office Auto Clerk	12.16	1,459.20	•	•
Clerk (on-site)	•	•	•	04/05	Office Auto Clerk	12.16	17,364.48	•	•
Comm Eng (Prime) (on-site)	•	•	•	13/05	Comp Equip Anal	34.52	51,262.20	•	•
Comm Eng (Sub)(on-site)	•	•	•	13/05	Comp Equip Anal	34.52	61,514.64	•	•
Comm Tech (Prime) (on-site)	•	•	•	05/05	Communications Clerk	13.55	23,590.55	•	•
Communications Eng (on-site)	•	•	•	13/05	Comp Equip Anal	34.52	39,352.80	•	•
Communications Eng (on-site)	•	•	•	13/05	Comp Equip Anal	34.52	66,278.40	•	•
Communications Tech (on-site)	•	•	•	05/05	Communications Clerk	13.55	4,607.00	•	•
Communications Tech (on-site)	•	•	•	05/05	Communications Clerk	13.55	13,550.00	•	•
Communications Eng (Sub) (on-site)	•	•	•	13/05	Comp Equip Anal	34.52	11,046.40	•	•
Communications Eng (on-site)	•	•	•	13/05	Comp Equip Anal	34.52	22,092.80	•	•
Database Anal (on-site)	•	•	•	11/05	Comp Sys Program	24.38	2,438.00	•	•
Database Anal (on-site)	•	•	•	11/05	Comp Sys Program	24.38	6,533.84	•	•
Database Anal (on-site)	•	•	•	11/05	Comp Sys Program	24.38	10,166.46	•	•
Database Anal (on-site)	•	•	•	11/05	Comp Sys Program	24.38	10,727.20	•	•
Program Mgr (on-site)	•	•	•	14/05	Program Mgr	40.80	1,224.00	•	•
Program Mgr (on-site)	•	•	•	14/05	Program Mgr	40.80	3,264.00	•	•
Program Mgr (on-site)	•	•	•	14/05	Program Mgr	40.80	4,406.40	•	•
Program Mgr (on-site)	•	•	•	14/05	Program Mgr	40.80	6,528.00	•	•
Program Mgr (on-site)	•	•	•	14/05	Program Mgr	40.80	6,528.00	•	•
Program Mgr (on-site)	•	•	•	14/05	Program Mgr	40.80	6,528.00	•	•
Program Mgr (on-site)	•	•	•	14/05	Program Mgr	40.80	43,615.20	•	•
Project Mgr (on-site)	•	•	•	15/05	Project Mgr	47.88	5,745.60	•	•
Sr. Comm Eng (Prime) (on-site)	•	•	•	13/10	Comp Equip Anal	39.52	223,011.36	•	•
Sr. Communications Eng (on-site)	•	•	•	13/10	Comp Equip Anal	39.52	9,484.80	•	•
Sr. Communications Eng (on-site)	•	•	•	13/10	Comp Equip Anal	39.52	25,292.80	•	•
Sr. Database Eng (on-site)	•	•	•	11/10	Comp Sys Program	27.89	12,271.60	•	•
Sr. Database Eng (on-site)	•	•	•	11/10	Comp Sys Program	27.89	16,176.20	•	•
Sr. Database Eng (on-site)	•	•	•	11/10	Comp Sys Program	27.89	32,240.84	•	•

* Proprietary data deleted

APPENDIX C - COMPARISON OF JOB CATEGORIES AND RELATED COST DATA AND COST SAVINGS (cont'd)

CENTECH Inc. F33600-88-D-0629

LABOR CATEGORY	AMOUNT		GS EQUIVALENT GRADE LEVEL	GS EQUIVALENT CATEGORY	GS BURDENED RATE PER HR. 1/	GS ANNUAL BURDENED COST 2/	EXCESS \$ COST 3/
	HOURS	BILLED					
Sr. Log Spec (on-site)	•	•	13/10	Log Manage Spec	\$39.52	\$14,227.20	•
Sr. Log Spec (on-site)	•	•	13/10	Log Manage Spec	39.52	19,918.08	•
Sr. Log Spec (on-site)	•	•	13/10	Log Manage Spec	39.52	34,777.60	•
Sr. Log Spec (on-site)	•	•	13/10	Log Manage Spec	39.52	39,520.00	•
Sr. Log Spec (on-site)	•	•	13/10	Log Manage Spec	39.52	45,685.12	•
Sr. Log Spec (on-site)	•	•	13/10	Log Manage Spec	39.52	107,968.64	•
Sr. Sys Anal (on-site)	•	•	12/10	Comp Sys Anal	33.32	16,793.28	•
Sr. Sys Anal (on-site)	•	•	12/10	Comp Sys Anal	33.32	16,793.28	•
Sr. Sys Eng (Sub) (on-site)	•	•	13/10	Computer Eng	39.52	75,878.40	•
Sr. Sys Eng (on-site)	•	•	13/10	Computer Eng	39.52	4,742.40	•
Sr. Sys Eng (Prime) (on-site)	•	•	13/10	Computer Eng	39.52	46,849.76	•
Sr. Sys Eng (Sub) (on-site)	•	•	13/10	Computer Eng	39.52	948.48	•
Sr. Sys Eng (Sub) (on-site)	•	•	13/10	Computer Eng	39.52	12,646.40	•
Sr. Sys Eng (Sub) (on-site)	•	•	13/10	Computer Eng	39.52	46,356.96	•
Sr. Sys Eng (Sub) (on-site)	•	•	13/10	Computer Eng	39.52	75,878.40	•
Sr. Sys Eng (Sub) (on-site)	•	•	13/10	Computer Eng	39.52	14,227.20	•
Sr. Sys Eng (on-site)	•	•	13/10	Computer Eng	39.52	19,918.08	•
Sr. Sys Eng (on-site)	•	•	13/10	Computer Eng	39.52	37,939.20	•
Sr. Sys Eng (on-site)	•	•	12/05	Comp Sys Anal	29.11	55,891.20	•
Sr. Sys Eng (on-site)	•	•	12/05	Comp Sys Anal	29.11	74,521.60	•
Sr. Sys Eng (on-site)	•	•	12/05	Comp Sys Anal	29.11	3,143.88	•
Sr. Sys Eng (on-site)	•	•	12/05	Comp Sys Anal	29.11	3,493.20	•
Sr. Sys Eng (on-site)	•	•	12/05	Comp Sys Anal	29.11	3,493.20	•
Sr. Sys Eng (on-site)	•	•	12/05	Comp Sys Anal	29.11	4,075.40	•
Sr. Sys Eng (on-site)	•	•	12/05	Comp Sys Anal	29.11	4,075.40	•
Sr. Sys Eng (on-site)	•	•	12/05	Comp Sys Anal	29.11	17,466.00	•
Sr. Sys Eng (on-site)	•	•	12/05	Comp Sys Anal	29.11	33,651.16	•
Sr. Sys Eng (on-site)	•	•	13/05	Computer Eng	34.52	41,009.76	•
Sr. Sys Eng (Prime) (on-site)	•	•	05/05	Computer Assist	13.55	474.25	•
Tech Assistant (on-site)	•	•	05/05	Computer Assist	13.55	6,829.20	•
W/P Clerk (on-site)	•	•	04/05	Office Auto Clerk	12.16	1,945.60	•
W/P Clerk (on-site)	•	•	04/05	Office Auto Clerk	12.16	4,718.08	•
TOTAL LABOR DOLLARS PER CONTRACTOR		<u>\$2,510,277</u>		TOTAL GS COST COMPARISON AND COST DIFFERENTIAL		<u>\$1,642,837.66</u>	<u>\$867,439.34</u>
GRAND TOTAL LABOR DOLLARS		<u>17,000,864</u>		GRAND TOTAL GS ANNUAL COST AND COST DIFFERENTIAL		<u>12,290,051.80</u>	<u>4,710,300.20</u>

* Proprietary data deleted

APPENDIX C - COMPARISON OF JOB CATEGORIES AND RELATED COST DATA AND COST SAVINGS (cont'd)

- 1/ We used two GS Burdened Rates Per Hour for each GS equivalent that were calculated by using FY 1989 and FY 1990 GS pay scales to accurately reflect work performed in FY 1990.
- 2/ GS Annual Burdened Cost equals hours times the GS Burdened Rate Per Hour.
- 3/ Excess Cost equals Amount Billed minus GS Annual Burdened Cost.

APPENDIX D - SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

<u>Recommendation Reference</u>	<u>Description of Benefit</u>	<u>Amount and/or Type of Benefit</u>
1.	Program Results. Requires the issuance of guidance on manpower ceilings and cost-effective use of funds within Air Force.	Nonmonetary.
2.a.	Program Results. Requires LMSC to determine civilian personnel requirements needed to perform their mission.	Nonmonetary.
2.b.	Internal Control. Requires cost-benefit analyses be performed on proposed support services contracts to determine if in-house resources are more cost beneficial.	Undeterminable. because analyses not yet performed.
2.c.	Program Results. Requires establishment of time-phased plan to reduce reliance on contractor services support.	Nonmonetary.
3.a.	Program Results. Requires reviews of support services to identify skills that can be accomplished more cost-effectively in-house.	Undeterminable because reviews not yet performed.

APPENDIX D - SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT
(cont'd)

<u>Recommendation Reference</u>	<u>Description of Benefit</u>	<u>Amount and/or Type of Benefit</u>
3.b.	Program Results. LMSC make appropriate funding adjustments to support hiring necessary resources in-house.	Nonmonetary.
3.c.	Program Results. Requires avoiding future contracting for administrative support services where not cost-effective.	Undeterminable because contractor proposals for follow-on contract not yet available.
4.	Program Results. Requires that the LMSC JAG review the eight ongoing contracts for characteristics of personal services.	Nonmonetary.

APPENDIX E - ACTIVITIES CONTACTED OR VISITED

Office of the Secretary of Defense

Deputy Comptroller of the Department of Defense (Management Systems)
Deputy Director for Contract Advisory and Assistance Services,
Office of the Director of Defense Procurement, Washington, D.C.

Department of the Air Force

Deputy Assistant Secretary of the Air Force (Manpower and Personnel), Arlington, VA
Director of Civilian Personnel, Headquarters, Department of the Air Force, Arlington, VA
Air Force Logistics Management Service Center, Wright-Patterson Air Force Base, OH
Air Force Audit Agency, Wright-Patterson Air Force Base, OH
Air Force Office of Special Investigations, Wright-Patterson Air Force Base, OH

Other Defense Activities

Defense Contract Management District Mid-Atlantic Region, Philadelphia, PA
Defense Contract Management Area Operations, Baltimore, MD
Defense Contract Audit Agency, Alexandria, VA

Non-DoD Activities

IMPACT Corporation, Roseville, MN

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APPENDIX F - REPORT DISTRIBUTION

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition
Assistant Secretary of Defense (Force Management and Personnel)
Comptroller of the Department of Defense
Director of Defense Procurement
Director, DoD Contract Advisory and Assistance Services

Department of the Air Force

Secretary of the Air Force
Assistant Secretary of the Air Force (Financial Management and
Comptroller)
Assistant Secretary of the Air Force (Manpower and Personnel)
Commander, Air Force Logistics Command
Commander, Air Force Logistics Management Service Center

Other Defense Activities

Director, Defense Contract Audit Agency
Director, Defense Logistics Agency

Non-DoD Activities

Office of Management and Budget
U.S. General Accounting Office, NSIAD, Technical Information
Center

Chairman and Ranking Minority Member of the Following
Congressional Committees:

Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
House Committee on Armed Services
House Committee on Government Operations
House Subcommittee on Legislation and National Security,
Committee on Government Operations
The Honorable David Pryor, United States Senate

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PART IV MANAGEMENT COMMENTS

Department of the Air Force

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MANAGEMENT COMMENTS FROM THE DEPUTY CHIEF OF STAFF FOR LOGISTICS,
HEADQUARTERS, U.S. AIR FORCE



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE
WASHINGTON DC

21 FEB 1969

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING
OFFICE OF THE INSPECTOR GENERAL
DEPARTMENT OF DEFENSE

SUBJECT: DoD (IG) Draft Report on "The Special Audit of Selected
Service Contracts at Wright-Patterson Air Force Base,"
(Project No. 1CH-5011) - INFORMATION MEMORANDUM

This is in reply to your memorandum for Assistant Secretary of
the Air Force (Financial Management and Comptroller) requesting
comments to the subject report.

The Air Force's response to your request is attached.


TREVOR J. HAMMOND, Lt Gen, USAF
DCS/Logistics

1 Atch
Audit Response

cc: SAF/FMPF
AFLC/IGQ

**MANAGEMENT COMMENTS FROM THE DEPUTY CHIEF OF STAFF FOR LOGISTICS,
HEADQUARTERS, U.S. AIR FORCE (cont'd)**

DOD IG Draft Report on "The Audit of Selected Service Contracts at Wright-Patterson Air Force Base," (Project 1CH-5011), 9 Dec 91

DOD IG FINDING: The LMSC within AFLC contracted for system development, engineering, and administrative services to support the Air Force logistics system modernization effort. The contracts for support services were not as cost-effective as using in-house civilian and military personnel and had characteristics of personal services contracts. Program officials contracted to obtain personnel support because the necessary expertise was not available in-house, and they believed a personnel freeze prohibited them from hiring civilian employees. As a result, LMSC paid \$4.7 million in additional cost in FY 1990, and we estimate that LMSC could save at least \$9.79 million if the work to be performed under the remaining option years for the contracts was performed in-house.

MANAGEMENT COMMENTS: Nonconcur. The AFLC Judge Advocate (JA) has reviewed the eight contracts in question and concluded that none of the eight contracts in question are, in fact, personal services contracts.

The DoD IG is correct in their statement that LMSC "believed a personnel freeze prohibited them from hiring civilian employees." Over the past few years, AFLC has taken significant manpower reductions of some 20,000 authorizations, with LMSC contributing a share. Contract support has been a primary method of accomplishing the Logistics Management Systems (LMS) workload. We do not agree with the statement that LMSC paid an additional cost of \$4.7 million in 1990. Under the prevailing circumstances, this appeared to be the only method possible of accomplishing the mission.

Additionally, the eight contracts in question must remain on contract unless or until the work is competed under the A-76 program; this is certainly true for the IMPACT contract.

Response OPRs: Capt Svenson, AFLC/XPMQ, DSN: 787-2827. Mr Charles Pendergraft, AFMC(I)/SCU, DSN: 787-3056.

RECOMMENDATION 1: Recommend that the Deputy Assistant Secretary of the Air Force (Manpower and Personnel) remove manpower ceilings and allow Air Force Management to determine the most cost-effective use of manpower for program purposes.

MANAGEMENT COMMENTS: Concur. Air Force uses end strength as a management tool but does not impose a civilian end strength ceiling. However, overall military and civilian end strengths are being reduced as the Air Force downsizes. As a result, there is pressure to reduce civilians wherever possible. This makes it difficult (but not impossible) to add civilians in one area while reductions are occurring in other areas. Although there is no overall ceiling on civilian end strength, there are policies that restrict hiring. DoD has levied a two-for-five hiring limitation on filling positions from outside of

MANAGEMENT COMMENTS FROM THE DEPUTY CHIEF OF STAFF FOR LOGISTICS,
HEADQUARTERS, U.S. AIR FORCE (cont'd)

Defense. The Air Force has selectively instituted other controls (such as a one-for-five limitation), to help minimize the personnel impact of base closures, specific programmatic workload reductions and the continuing overall drawdown. There is no absolute prohibition (other than funds) to the type of hiring/growth recommended in the draft DoD IG Audit Report.

Response OPR: Lt Col Jim Douglas, AF/MOX, DSN 227-4935.

RECOMMENDATION 2a: Recommend the AFLC Commander "determine in-house civilian personnel requirements needed to perform the mission of the Logistics Management Systems Center."

MANAGEMENT COMMENTS: Concur. The integration of Air Force Logistics Command (AFLC) and Air Force Systems Command (AFSC) into the Air Force Materiel Command (AFMC) and the establishment of the Joint Logistics Systems Center (JLSC) have an impact on the LMSC workload and required manning. Until these actions are completed, a manpower study at this time would be of questionable utility. At the appropriate time, the Air Force will perform a manpower requirements review to determine required in-house personnel.

Response OPR: Capt Svenson, AFLC/XPMQ, DSN: 787-2827.

RECOMMENDATION 2b: Recommend the AFLC Commander "require that a cost benefit analysis be performed and documented before awarding or renewing support service contracts, regularly review existing contracts to determine if those services can be performed more cost-effectively in-house, and use the results of the analyses to support requests for additional in-house personnel."

MANAGEMENT COMMENTS: Concur. There are two cases to be considered in this recommendation: (1) award of a new service contract, and (2) renewal of an existing contract. Each will be discussed separately.

CASE 1: Award of a new contract. AFLC will perform a cost benefit analysis of support service contracts. System Program Offices will be required to complete an analysis prior to awarding future service support contracts. Where the cost benefit analysis indicates in-house performance is more cost effective, a request will be made to Air Staff to acquire sufficient manpower to accomplish the workload organically before consideration is given to contract award.

CASE 2: Renewal of an Existing contract. Existing contracted workload would require a cost study IAW OMB Circular A-76 before it could be brought back-in-house. Also, AFR 26-1 states that conversions to in-house performance must be reallocated from existing command resources. To return these contracted workloads in-house will depend on (1) the result of internal cost benefit study, (2) a decision to compete the workload under the A-76 program and the results of that competition, and (3) ability to obtain sufficient manpower and other resources to perform the workload. An evaluation will be made on a case-by-case basis, as necessary.

MANAGEMENT COMMENTS FROM THE DEPUTY CHIEF OF STAFF FOR LOGISTICS,
HEADQUARTERS, U.S. AIR FORCE (cont'd)

Response OPR: Mr Charles Pendergraft, AFMC(I)/SCUI, DSN: 787-3056.

RECOMMENDATION 2c: Recommend the AFLC Commander "require that the Air Force Logistics Command (Manpower and Personnel) review and approve cost benefit analyses and proposals for all support services contracts."

Recommendatio
deleted in
final report

MANAGEMENT COMMENTS: Nonconcur. A proposal submitted through the Model Installation Program (MIP proposal 86MM144LGT) in 1986 and approved in 1987 resulted in deleting this requirement from AFR 26-1. As the Air Force deliberately deleted this requirement, we believe it would be inconsistent for AFLC to establish a policy returning to the "old way" of requiring XP to review and approve cost benefit analyses and proposals for all support service contracts. However, XP will be available to contracting, legal, and functional managers to discuss manpower implications of contracting out workload. This approach is consistent with the intent of the MIP, regulations, and the TQM philosophy.

Response OPR: Capt Svenson, AFLC/XPMQ, DSN: 787-2827.

RECOMMENDATION 2d: Recommend the AFLC Commander "establish a time-phased plan with established goals to reduce the reliance on services contracts to support Logistics Management Systems Center program offices."

Recommendatio
2.c. in final
report

MANAGEMENT COMMENTS: Concur. To accomplish this depends on obtaining additional manpower authorizations. Based on the results of the cost comparisons being developed in response to Recommendation 2b, Air Force requires additional organic manpower.

Response OPR: Mr Charles Pendergraft, AFMC(I)/SCUI, DSN: 787-3056.

RECOMMENDATION 3a: Recommend the LMSC Commander "review ongoing long-term support service contracts and identify skills that can be more cost-effectively obtained by hiring in-house civilian personnel." Associated Potential Monetary Benefit: Funds put to better use of up to \$9.09 million.

MANAGEMENT COMMENTS: Partially Concur. We provisionally concur with the recommendation, however we do not concur with the estimated potential monetary benefit. If it is determined that bringing presently contracted workload in-house is practical and more cost effective, the LMSC Commander will direct performance of this review with the methodology developed in response to Recommendation 2b.

We do not concur with the statement of potential monetary benefits. A formal A-76 cost study is required before these workloads can be returned in-house. Because a formal A-76 study takes at least 18 months, it would be impractical if not impossible to return this workload in-house before the remaining option years have expired. Therefore, we do not believe any of the estimated potential monetary benefits associated with this recommendation could be achieved.

MANAGEMENT COMMENTS FROM THE DEPUTY CHIEF OF STAFF FOR LOGISTICS,
HEADQUARTERS, U.S. AIR FORCE (cont'd)

Response OPR: Mr Charles Pendergraft, AFMC(I)/SCUI, DSN: 787-3056.

RECOMMENDATION 3b: Recommend the LMSC Commander "make appropriate funding adjustments in budget requests to support increasing in-house resources identified as being needed on an ongoing basis."

MANAGEMENT COMMENTS: Concur. If the decision is made to bring the workload on these contracts in-house, the LMSC will take the necessary action to make the appropriate funding adjustments.

Response OPR: Mr Charles Pendergraft, AFMC(I)/SCUI, DSN: 787-3056.

RECOMMENDATION 3c: Recommend the LMSC Commander "hire administrative personnel to perform work that would have been contracted for under contract F33660-88-D-0812 with IMPACT Corporation in 1992, and terminate the contract." Associated Potential Monetary Benefit: Funds put to better use of up to \$710,000.

MANAGEMENT COMMENTS: Nonconcur. Disagree with the Recommendation and associated estimate of potential monetary benefits. The IMPACT contract is now in its final option year, with approximately seven months remaining. It would require in excess of that time to perform the necessary actions to bring this workload in-house, plus termination costs would make it impractical to bring this particular workload in-house at this time.

Response OPR. Mr Charles Pendergraft, AFMC(I)/SCUI, DSN: 787-3056.

RECOMMENDATION 4: Recommend the AFLC Judge Advocate General "review the eight ongoing contracts for compliance with existing guidance on the use of personal services."

MANAGEMENT COMMENTS: Concur. The recommended review was conducted in Jan 92, with the conclusion that none of the eight contracts were of a personal services nature.

Response OPR: Mr Richard Phillips, AFLC/JAL, DSN: 787-5727.

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