

STANDARD PROCESS

Section B: Financial and Administrative Systems (FAS)/Budget/Cost Management
 Number/Title: **B201/Cost Estimate Procedures**
 Date Issued: November 2002
 Revision: January 2007
 SP Contact: Manager, Office of Budget/Cost Mgmt., FAS, 301-846-1119

I. Purpose

The Cost Estimate Standard Process (SP) provides guidelines for preparing cost estimates for requests such as those through the yellow task and core service support mechanisms. These guidelines are provided to make the preparation and review of cost estimates standardized and more efficient.

II. References

Procedures and an electronic version of the Cost Estimate Worksheet can be found at <http://home.ncifcrf.gov/saic/bpdocs/>.

III. Definitions

FAS: Financial and Administrative Systems

OTS: Operations and Technical Support

SP: Standard Process

IV. Scope

This SP applies to SAIC-Frederick, Inc. Other contractors may have a different format for preparing cost estimates.

V. Processes/Guidelines

A. Direct Labor/Fringe

- Positions should be based on 2,080 hours for a full year. Budget open positions within the month the position is expected to be filled. Use the following guideline:

<u>Expected Month Hired</u>	<u>Hours Remaining</u>
October	2,080
November	1,920
December	1,760
January	1,560
February	1,400
March	1,240
April	1,040
May	880
June	720
July	520
August	360
September	200

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2. When estimating the cost associated with a position, the midpoint salary of the grade level should be used.
3. For confidentiality purposes, the labor rate cannot be indicated on the final document for distribution. Therefore, the electronic version of the Excel cost estimate template provides a labor worksheet to the right of the cost estimate document to aid in the actual calculations to be generated based on the labor hours and rate. Fringe benefits should be calculated at the established/approved rate for the current year. The combination of labor and fringe in the worksheet is linked to allow the transfer of the total labor calculation to the cost estimate document for distribution. **When transmitting a cost estimate electronically, please hide the columns displaying the labor rate/fringe calculation.**
4. If the cost estimate expands over several years, a standard inflationary factor of 4% should be used when calculating labor.

B. Materials and Supplies/Other Direct Costs/Shared Services/Capital Equipment

1. These items will vary, depending on the task.
2. Please include all materials and supplies, other direct costs, shared services, and capital equipment necessary to support the requested work scope. It is important that all costs to be incurred by contractor personnel be accounted for against the work scope in order to account for the appropriate sales tax liability.
3. If the cost estimate expands over several years, and the subsequent year costs cannot be estimated by any other method, a standard inflationary factor of 2.5% should be used when calculating items other than labor.

Note: If the cost estimate expands over several years, please use a separate cost estimate sheet for each year. The electronic version of the Excel cost estimate template provides a second worksheet, which can be used for the subsequent years. In estimating the cost for subsequent years, the annualized cost for Year 1 should be increased by an inflationary factor, 4% for labor and 2.5% for items other than labor.

VI. Attachments

(NONE)

VII. Records

The Financial and Administrative Systems (FAS) Budget/Cost Management department will maintain all records.