JOINT INTEROPERABILITY TEST COMMAND
2001 Brainard Rd, Bldg 57305
FORT HUACHUCA, ARIZONA 85613

JITC INSTRUCTION 650-70-01* 14 November 2023

RESOURCE MANAGEMENT

Reimbursable Charging and Cost Estimating Policy

1. **Purpose**. This instruction prescribes policy, assigns responsibility, and outlines duties for properly estimating and charging costs to the Joint Interoperability Test Command's (JITC's) reimbursable customers and projects in JITC's role asa member of the Department of Defense's (DoD) Major Range andTest Facility Base (MRTFB).

2. **Applicability**. Applies to all military and civilians assigned to, employed by, or engaged in reimbursable workon behalf of JITC.

3. **Authority**. Policies are in accordance with (IAW) DoD Directive (DoDD) 3200.11, "Major Range and Test FacilityBase," Change 2, October 15, 2018, and applicable chapters of the DoD Financial Management Regulation 7000.14-R.

4. **References**.

4.1 Joint Travel Regulations (updated monthly).

4.2 DoD Financial Management Regulation (FMR) 7000.14-R Volume 11A, Chapter 12, July 2016.

4.3 DoD Instruction 4000.19, "Support Agreements", 16 December 2020.

4.4 Secretary of Defense Memorandum, "Reimbursable Activities in Support of Other Entities," 19 June 2020.

5. **Definitions**. See enclosure for definitions.

6. **Charge Policy**.

6.1 Reference 4.2 provides reimbursablepolicy for MRTFB Activities.

6.2 Funding of MRTFB Activities isdesigned to: (1) assure the most cost-effective development and testing of materiel, and(2) provide for inter-Service compatibility, efficiency, and equity without influencing technical testing decisions or inhibiting legitimate and valid testing.

6.3 The MRTFB must be managed and operated under uniform financial guidelines across the DoD Components. Accordingly, all direct and indirect costs charged to MRTFB users must be uniform and applied consistently among all the MRTFBactivities.

6.4 All costs incurred by MRTFB activities must be billed to one of the following sources: (1) MRTFB users (customers),(2) direct appropriations of the managing activity, or (3) other sources as directed by DoD.

6.5 A MRTFB may be used by DoD Component users (including DoD training users) and Non-DoD Component users. The type of user or customer determines the total amount charged to the userand whether they are charged only direct costs or direct costsplus an appropriate level of indirect costs.

6.6 IAW DoDI 4000.19, MRTFB activities and DoD or Non-DoD Federal Component users must use support agreements to document and establish the General Terms and Conditions between buyers and sellers for all inter- andintra-governmental reimbursable transactions. Refer to JITCI 640-50-06, "Support Agreements" and JITCI 640-50-07 "JITC Cooperative Research and Development Agreements" for detailed information on JITC's agreement processes.

6.7 Reimbursement of direct costs incurred for aborted or canceled tests or for damages to property or equipment causedby a user in the preparation for, or conduct of, any activity on the facility or range must be pursued to the extent permittedby law and DoD policy.

6.8 DoD Component Users.

6.8.1 Direct Costs. DoD Component users are to be chargedand must reimburse MRTFB activities for direct costs identifiable with a particular program or customer order. Direct costs billed must be IAW Chapters 1 and 4 of the FMR and must be attributed to a job or function served in support of a customer order.

6.8.1.1 By mutual agreement, investments in new or existingtest and evaluation facilities may be funded, in whole or in part,by one or more DoD users of a MRTFB activity. This agreement, however, must explicitly delineate responsibilities for ownership/capitalization of the asset, funding, staffing, operating, and maintaining the facility, and must be approvedby all parties prior to obligation of any funds for theproject.

6.8.1.2 Direct incremental costs (i.e., costs resulting froman increase in production) must be charged to DoD Componentusers.

6.8.2 Indirect costs. DoD Component users are not to be charged and must not reimburse MRTFB activities forindirect costs.

6.8.2.1 Overhead (indirect) costs must remain as costs fully borne by the MRTFB activity and paid for by the institutionally funded program element accounts comprising the MRTFB'sbudgetary structure.

6.8.2.2 Indirect incremental costs must not be charged toDoD Components.

6.8.3 Military Personnel Costs. As a rule, the applicable military personnel appropriations must fund the cost ofdirect (and indirect) military labor incurred in the performance ofa service for, or the furnishing of materials to, another DoD Component user.

6.9 Non-DoD Component Users.

6.9.1 Non-DoD Component users are to be charged andmust reimburse MRTFB activities for all direct costs readily identifiable with a particular program or customerorder.

6.9.2 IAW Reference 4.4, MRTFB commanders must charge non-DoD Component users an appropriate level of indirect costs. Any indirect costs incurred, but not billed to a user, must be billed to the MRTFB activity's institutional or appropriated funding. Appropriated funding levels, however, must not be increased to finance any additional indirect cost incurreddue to sales to non-DoD activities.

6.10 JITC leadership must ensure that negative Government labor charges (Government labor hours that are not chargeable to reimbursable efforts) do not exceed a reasonable amount, estimated at 20 hours per reimbursable effort for new,potential customers.

7. **Cost Estimating Procedures**.

7.1 JITC Action Officers (AOs) will not charge their new reimbursable customers for labor associated with developing the initial Cost Estimate (CE). These labor charges should be viewed as "costs of doing business,"and will be paid for with existing JITC mission funds**.**

7.2 Customers will be charged actual costs for government travel, equipment, supplies, etc., that can be directly attributed to their reimbursable project. Government travel costs include airfare, per diem, and miscellaneous expenses IAW Joint Travel Regulations.

7.3 All reimbursable customer orders will have an associated CE, developed using JITC's CE Tool. Instructions for using JITC's CE tool are provided within the tool itself.

7.4 To avoid having to renegotiate civilian labor costs in the case of a project that transfers from a military AO to a civilian AO, CEs will reflect the appropriate amount ofcivilian labor costs if there is a possibility that the military AO may be replaced by a civilian AO during the period of performance designated on the CE.

7.5 When final costs are agreed upon and documented in a support agreement, the AO submits a CE, in conjunction with the support agreement, for approval through the division chain of command.

7.6 In the case of Foreign Military Sales (FMS), AOs will provide a CE which includes the base government labor, overhead fee, with Leave and Holiday Cost, Fringe Benefit Cost, and Unfunded Civilian Retirement cost listed separately. These costs must be reflected in the estimate to ensure JITC received the funding required for the service. AOs will use the JITC CE Tool to ensure CEs are correctly calculated.

7.7 CE Revisions.

7.7.1 CEs must be revised if the cost of service varies by 10 percent or more than the estimated costs. This can occur if a CE is submitted prior to release of new rates and policies for a new fiscal year (FY); if there is a variance between the total amount of the estimate and the actual funding that the customer sends; or if the estimated contractor support at task award differs from the Government's estimate. The route and review process for a revised CE is the same for an initial CE.

7.7.2 If the variance between the CE and cost of service is less than 10 percent, DISA's financial office supporting JITC can make a change to the original CE after coordination with the AO.

8. **Reimbursable Customer Agreements**.

8.1 IAW Reference 4.3, MRTFB activities and DoD or Non-DoD Component users must use support agreements to document and establish the General Terms and Conditions between buyers and sellers for all inter- and intra- governmental reimbursable transactions.

8.2 A fully signed agreement is required before work by JITC may begin.

8.3 For DISA, other DoD, and Federal customer support, AOs should coordinate the appropriate agreement type with the JITC Support Agreement Manager who will guide the AO through the agreement development process. JITCI 640-50-06, "Support Agreements" prescribes policy, assigns responsibility, and outlines duties for preparing, coordinating, and modifying support agreements and is available at: JITC Instruction 650-50-6.

8.4 The written agreement requirement for commercial vendor services is satisfied with a Cooperative Research and Development Agreement (CRADA). CRADA instructions, checklists, templates, examples, and additional guidance are documented in JITC Instruction 640-50-07, "JITC Cooperative Research and Development Agreements" available at: JITC Instruction 640-50-07

8.5 If a customer requires more cost detail than is provided in the support agreement, the AO should coordinate with JITC's Contracts Management Branch prior to release of any additional cost information, such as contractor labor rates.

8.6 Support agreements for all other customer types, e.g., state or foreign governments, should be coordinated with JITC's Contracts Management Branch to identify the appropriate documentation requirements.

9. **Financial Policy**.

9.1 Customer funds are received via Military interdepartmental Purchase Request (MIPR), vendor check, or Electronic Funds Transfer (EFT). Rates and policies in effect in the FY in which funding is received by the MRTFB will apply to all new and incrementally funded projects.

9.2 JITC must receive a reimbursable customer's funds prior to start of the task. If incrementally funded, and after approval of the official CE, the Financial Budget Analyst will coordinate with the

AO to determine funds allocation. In rare exceptions JITC may incur Government (not contractor) labor charges not to exceed 80 hours, in developing a cost estimate and agreement prior to receipt of funding and/or a fully signed support agreement from an existing customer. This preliminary work should be carefully reviewed and approved by Division and Command leadership

9.3 AOs are responsible for monitoring all funding associated with their projects, ensuring the customer understands that actual costs of providing the service or support will be billed, and that the support agreement includes estimated costs**,** which may vary by plus or minus 10 percent to actual costs.

9.3.1 Project slippage due to customer requirements that result in the need for additional funding will be paid for by the customer. If at or greater than 10 percent, a revised CE and amended support agreement is required to document the additional costs.

9.3.2 If actual costs are less than the amount provided by the customer, the AO will coordinate with their Financial Budget Analyst and the customer to return the balance to include unused overhead fees, if applicable, in an expeditious manner. This is particularly important when customer funding expires in the current FY. It is critical that AOs coordinate the return of excess funds with their Financial Budget Analyst in time to allow their customers the opportunity to use that funding elsewhere. Information relating to the return of customer funds is not to be communicated to the customer until the Financial Budget Analyst has provided final approval.

9.3.2.1 Redirecting excess funds to an unrelated project is not appropriate and does not meet the "initial intent" or "bona fide need" rule. Redirecting funds between related programs requires written customer approval and will be addressed by JITC's MRTFB Program Controls Branch and the Financial Budget Analyst on a case-by-case basis.

9.3.2.2 The AO must coordinate with the support contractor to make sure that all costs, to include those not yet reported in DISA's accounting system are included in the closeout. Other pertinent data for the closeout may be obtained from the Financial Budget Analyst.

10. **Responsibility**.

10.1 The JITC AO will:

10.1.1 Create a CE and support agreement documenting all reimbursable test support prior to receipt of the reimbursable funding and issuance of a new task order.

10.1.2 Obtain customer acceptance of the proposed support and estimated costs and attach the fully signed support agreement to their CE.

10.1.3 Digitally sign the CE and forward it with the attached fully signed support agreement to their Branch Chief and/or Division Chief.

10.1.4 Monitor funding execution on their tasks throughout the lifecycle of their test effort and coordinate with their customer if additional funds are required or to return excess funding in an expeditious manner.

10.2 The Branch Chief and/or Division Chief will:

10.2.1 Review the CE and support agreement for accuracy and completeness.

10.2.2 Coordinate any changes with the AO as required and digitally sign the final CE.

10.2.3 Regularly review reimbursable funding amounts for the tasks within their cost center to ensure that reimbursable funding is committed, obligated, and disbursed and excess amounts are returned to the customer in time to allow them the opportunity to use that funding elsewhere.

10.3 JITC's MRTFB Program Controls Branch will:

10.3.1 IAW rate and fee policies provided in the FMR and Office of Personnel (OPM) Management salary tables, prior to the start of a new FY, coordinate with DISA's Office of Chief Financial Officer to annually review and update, as needed, estimated Government labor rates and overhead fees. Any changes will be published to the workforce and updated in JITC's CE tool.

10.3.2 Manage the Command's MRTFB charge policy and CE process.

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Anthony T. Saxon
CAPTAIN, USN
Commander

SUMMARY OF SIGNIFICANT CHANGES. Definitions moved to Enclosure, Updated links for CRADA and support agreements instructions. Included new Reference 4.4 and updated para 6.91. and 6.9.2 that indirect costs must be charged to non-DoD customers. Added Paras 7.2, 7.6, and 9.2. Updated 10.3.1 with verbiage regarding updates to labor rates.

*This Instruction supersedes JITCI 650-70-01, August 15, 2022 OPR: JT1B
DIST: All JITC Government Personnel
Enclosure 1 Definitions

Definitions

Contractor Labor. Contractor labor rates are available in JITC's CE tool. Contractor rates vary due to differences in labor categories, geographic location, and contract periods. Contractor labor costs are actual costs of the specific contractor personnel charging to the reimbursable project.

Contract Fixed-Fees: JITC utilizes various contract types for use in acquisitions including Indefinite Delivery/Indefinite Quantity (IDIQ) contracts from which task orders are awarded. Contracts, or task orders awarded off an IDIQ, may be Fixed-Price (FP), Cost-Reimbursement (CR), Time and Material (T&M), and / or Labor Hour (LH). Some contracts and task orders are structured using a mix of these types of contracts which are commonly referred to as "hybrid" contracts. Within CR type contracts, a cost-plus-fixed-fee (CPFF) contract, or task order, may be awarded where the fixed-fee amount is negotiated and does not vary with actual costs but may be adjusted due to changes in the work to be performed. For JITC's major services IDIQ contract, fixed-fees associated with all CPFF task orders shall not exceed seven (7) percent. Fixed-fees are direct charges and charged to both DOD and non-DOD customers.

Contractor Other Direct Costs (ODCs). Customers are charged the actual contractor costs of equipment, supplies, subcontractor labor, and travel. Contractor travel costs include airfare, per diem, and miscellaneous expenses and are IAW Joint Travel Regulations.

Cost-Reimbursement type contracts provide for payment of allowable incurred costs as outlined in the contract. These types of contracts establish an estimate of total costs for the purpose of obligating funds and establishing a ceiling that Contractor cannot exceed.

Cost-Plus-Fixed-Fee contract is a cost-reimbursement contract that provides for payment to the contractor of a negotiated fee that is fixed at the inception of the contract. The fixed fee does not vary with actual cost but may be adjusted due to changes in the work to be performed under the contract.

Direct costs. Direct costs are those costs that are directly attributable to the use of the facility or resourcefor testing under a particular project or program. DoD Component users must reimburse MRTFB activities for direct costs readily identifiable to their program. Chargeable direct costs include labor, contract labor (which includes a portion of general and administrative (G&A) expense and overhead), material, minor construction, utilities, equipment, supplies, items damaged or consumedduring testing, and any resource or item maintained for a particular program. Direct costs must be billed IAW DoD FMR Chapter 1 and must be identified to a job or function served in support of a customer order.

Defense Information Technology Contracting Organization (DITCO) Fee. This fee is a direct charge incurred by DITCO customers under the DISA Defense Working Capital Fund (DWCF). JITC is supported by DITCO, therefore, this direct charge applies to JITC DoD and non-DoD customers. DITCO fee applies to government purchases over $3,500, contractor labor, contractor travel, fixed fee (if applicable), and other direct charges.

Fixed-Price contracts provide for a firm, or at times, an adjustable price. These types of contracts are used to acquire commercial products and services.

Government Labor. Government civilian labor includes all hours of the government civilian AO, including estimates for overtime. Estimates should include hours for any other JITC civilian personnel, such as those who manage JITC's testbeds, who will support the program. Government labor rates are IAW DoD FMR, Vol 11A, Chapter 1; DoD FMR, Vol 15, Appendix C; and DoD FMR/Financial Management Topics/DoD Reimbursable Rates. Hourly rates for customers are determined through use of OPM Salary Tables of average JITC testing employee grade/step, standard work years, standard leave, projected awards, projected pay increases, holidays, administrative costs, and the DoD Civilian Personnel Fringe Benefit Rates. The different rates for JITC personnel are due to variations in locality rates per the OPM Salary Tables. Non-Federal customers are charged a higher holiday and fringe benefit rate than are Federal customers.

Indefinite-Delivery, Indefinite Quantity contracts are used when the Government cannot predetermine the precise quantities of supplies or services required during a specified period. The basic contract specifies the contract types authorized and then each task order awarded under the basic contract will identify the specific contract type utilized.

Indirect costs. Indirect costs are overhead costs of the MRTFB activities and are not chargeable to DoD Component users. Indirect costs are defined as the costs of maintaining, operating, upgrading, and modernizing the facility or resource. Indirect costs do not include any incremental costs ofoperating the facility or resource that are directly attributable to the use of the facility or resource for specific testing under a particular project or program.

Labor-Hour Contracts are a variation of time-and-materials contracts, differing only in that materials are not supplied by the Contractor.

Major Range and Test Facility Base (MRTFB). The designated core set of DoD Test and Evaluation (T&E) infrastructure and associated workforce that must be preserved as a national asset to provide T&E capabilities to support the DoD acquisition system.

MRTFB Activity. Organizational command element of a DoD Component responsible for managing MRTFB capabilities and resources.

Non-DoD Component Users. Federal, state, or local government agencies; allied foreign governments; defense contractors; commercial entities, and privateorganizations.

Overhead Costs. Overhead costs include costs associated with base operations, supplies, copiers, facilities, security, network operations, etc. Overhead costs are considered an indirect cost and are not chargeable to DoD customers. Non-DoD customers pay a portion of JITC's overhead costs.

Time and Materials contracts are used for acquiring supplies and services based on direct labor hours at specified fixed hourly rates and actual costs of materials.