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**USAID PROCUREMENT EXECUTIVE**

PROCUREMENT EXECUTIVE'S BULLETIN NO. 2005-09 Re-issuance

SUBJECT: Template for Budget Line Item Headings in Solicitations for Cost Reimbursement Contracts

This is a re-issuance of PEB 2005-09 to include a supplemental section on budget line item definitions and illustrations.

**1. Scope:** This Bulletin applies to all USAID Contracting Officers (COs)

**2. Responsibilities and Requirements:**

(a) In accordance with FAR Subpart 15.304(b)(1), the evaluation of factors and significant subfactors must support meaningful comparison.

(b) In order to undertake a meaningful comparison of cost factors in a cost-reimbursement solicitation, Contracting Officers need to provide standard cost elements in order to conduct meaningful evaluations.

(c) A template for standard cost elements is provided below in order to enhance standardization. Contracting Officers may need to adjust template cost elements based on the contract type and/or the scope of work specifications, but COs should be sure to include a standard in the solicitation instructions in order to conduct a meaningful evaluation.

Total Direct Labor  
Salary and Wages \$ \_\_\_\_\_  
Fringe Benefits \$ \_\_\_\_\_  
Consultants \$ \_\_\_\_\_  
Travel, Transportation, and Per Diem \$ \_\_\_\_\_  
Equipment and Supplies \$ \_\_\_\_\_  
Subcontracts<sup>1</sup> \$ \_\_\_\_\_  
Allowances \$ \_\_\_\_\_  
Participant Training \$ \_\_\_\_\_  
Other Direct Cost \$ \_\_\_\_\_  
Overhead \$ \_\_\_\_\_  
G&A \$ \_\_\_\_\_  
Material Overhead \$ \_\_\_\_\_  
Total Estimated Cost \$ \_\_\_\_\_  
Fixed Fee \$ \_\_\_\_\_  
Total Est. Cost Plus Fixed Fee \$ \_\_\_\_\_

<sup>1</sup> Individual subcontractors should include the same cost element breakdowns in their budgets as applicable.

(d) The basic definitions for the cost elements are found in the FAR and AIDAR or are self explanatory. Contracting Officers may include additional definitional elements and types of breakdown information, but should instruct offerors to include specific types of costs in particular budget lines (in the above template) in order for offerors to clearly understand which budget line items are to be used for the specific costs and why.

**3. Effective Date:** This Bulletin is effective immediately.

March 30, 2006  
Date

/s/  
Michael F. Walsh  
Procurement Executive

Supplement to PEB 2005-09  
Budget Line Item Definitions and Illustrations<sup>1</sup>

Salary and Wages: FAR 31.205-6, AIDAR 732.205-46 and AIDAR 752.7007 provides for compensation for personal services. Direct salary and wages should be proposed in accordance with the offeror's personnel policies and meet the regulatory requirements. For example, costs of long-term and short-term personnel should be broken down by person years, months, days or hours.

Fringe Benefits: FAR 31.205-6 provides for allowances and services provided by the contractor to its employees as compensation in addition to regular wages and salaries. If fringe benefits are provided for as part of a firm's indirect cost rate structure, see FAR 42.700. If not part of an indirect cost rate, a detailed cost breakdown by benefits types should be provided.

Consultants: FAR 31.205-33 provides for services rendered by persons who are members of a particular profession or possess a special skill and who are not officers or employees of the contractor. For example, costs of consultants should be broken down by person years, months, days or hours.

Travel, Transportation, and Per Diem: FAR 31.205-46, AIDAR 731.205-46 and AIDAR 752-7032 provide for costs for transportation, lodging, meals and incidental expenses. For example, costs should be broken down by the number of trips, domestic and international, cost per trip, per diem and other related travel costs.

Equipment and Supplies: FAR 2.101 provides for supplies as all property except land or interest in land, FAR 31.205-26 provides for material costs, and FAR 45 prescribes policies and procedures for providing Government property to contractors, contractors' use and management of Government property, and reporting, redistributing, and disposing of contractor inventory. For example, costs should be broken down by types and units, and include an analysis that it is more advantageous to purchase than lease.

Subcontracts: FAR 44.101 provides for any contract entered into by a subcontractor to furnish supplies or services for performance of a prime contract or a subcontract. Cost element breakdowns should include the same budget items as the prime as applicable.

Allowances: AIDAR 752.7028 provides for differentials and allowances with further references to Standardized Regulations. For example, allowances should be broken down by specific type and by person, and should be in accordance with offeror's policies and these regulations.

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<sup>1</sup> The regulatory references provided for each line item are initial ones that provide an introductory definition for these particular cost items, and are not intended to be a complete list of applicable regulations or policies. Also, the regulatory references assume cost-reimbursement contract types, and may vary or differ in their applicability given other types of contracts.

Participant Training: AIDAR 752.7019 and ADS 253 provides for participant training and training in development. For example, costs should be broken down by types and participants.

Other Direct Costs: FAR 31.202 and FAR 31.205 provides for the allowability of direct costs and many cost elements. For example, costs should be broken down by types and units.

Overhead, G&A and Material Overhead: FAR 31.203 and FAR 42.700 provides for those remaining costs (indirect) that are to be allocated to intermediate or two or more final cost objectives. For example, the indirect costs and bases as provided for in an offeror's indirect cost rate agreement with the Government, or if approved rates have not been previously established with the Government, a breakdown of bases, pools, method of determining the rates and description of costs.

Fixed Fee: FAR 15.404-4 provides for establishing the profit or fee portion of the Government pre-negotiation objective, and provides profit-analysis factors for analyzing profit or fee. For example, proposed fee with rationale supported by application of the profit-analysis factors.