

SBIR Phase I Cost & Pricing Proposal Instructions

Overview

The Offeror is responsible for estimating the types, quantities, and prices of all resources required to perform the activities described in the statement of work. The Cost and Pricing Proposal workbook is referred to as Appendix C. Instructions on how to submit your completed Appendix C are found at the end of these instructions.

Schedules A through H are provided in Appendix C to facilitate cost and pricing proposal preparation. Please note:

- Schedules A through H are linked and contain formulas to facilitate preparation.
- Offeror input is required in the grayed cells on all applicable schedules.
- No entries can be made in the white cells, which are populated from other cells or contain formulas.
- Please use the **Cost and Pricing Proposal Checklist** provided in Appendix C and these instructions in order to ensure you have submitted a complete proposal package. The Offeror must indicate which sections in the Checklist are complete by marking it with an "X" in the right column.

In addition to completing Schedules A-H where applicable, the Offeror must prepare a narrative in Schedule I, Narrative, describing its approach to estimating each cost element.

Schedule A- Summary of Cost & Pricing

Schedule A summarizes the direct costs from Schedules B through H. All direct costs from Schedules B-H automatically populate Schedule A. The Offeror must enter fringe benefit, overhead, General & Administrative expense (G&A), and profit rates in the format specified on Schedule A.

The indirect rate structure embedded in the formula under Schedule A is:

1. fringe benefits - allocated on labor;
2. overhead - allocated on direct labor and fringe benefits; and
3. general and administrative expense (G&A) -allocated on total cost input (TCI).

(An Offeror without a separate fringe benefit rate may insert zero and the build-up will still calculate correctly.)

The Offeror must provide an explanation in Schedule I accompanied by supporting documentation for the proposed indirect rates so that the Government may evaluate the rates and express an opinion on acceptability. The explanation for the rates may be based on: history; history adjusted for known business volume changes; or a projection. Supporting documentation in the form of historical indirect rates for the last 2 years is desired, DCAA audit

correspondence, or provisional rate correspondence, if available. In addition, the offer shall identify the allocation base used for each indirect rate.

If this is the Offeror's first year of business, indirect rates should be based on projected costs that include all of the business entity's other work (not just this contract), for the entire fiscal year. The Offeror shall provide the budget and current year-to-date actuals. Unallowable costs must be identified but segregated per FAR 31.201-6.

Schedule B- Direct Labor

The Offeror shall populate Labor Category/Employee, Direct Labor Hours, and Labor Rate in the appropriate columns.

- The Offeror should explain its approach to estimating labor resources required and the rates used in a narrative in Schedule I, so the Government can understand and evaluate its rationale.
- The Offeror shall submit supporting documentation in the form of payroll records, salary documentation, or job posting salary information to support the proposed labor rates.

Labor cost is typically based on company categories, individuals, averages or weighted averages of individuals. Less frequently, signed letters of employment intent with new hires, labor surveys, internet job salary data, or job posting salary information is used. The Offeror shall provide a narrative explanation in Schedule I of the Workbook, explaining how the proposed labor categories, hours and rates were developed.

Other Direct Costs except Subcontracts and Consultants- Schedules C-H

The attached schedules provide for the inclusion of many typical other direct costs, though most proposals may use only a few of them. The following types of costs are accommodated:

Schedule C - Materials

Schedule D - Standard Commercial Items and Royalties

Schedule E – Special Testing and Equipment

Schedule F – Subcontracts and Consultants

Schedule G – Travel

Schedule H – Other Direct Costs for any other type of direct costs an Offeror needs aside from those listed above.

For most schedules, the Offeror enters the description, unit price, and quantity, and the worksheet calculates the total. The total is then automatically populated to the correct line on Schedule A.

The Offeror is responsible for estimating the quantities required.

The Offeror shall submit documentation to support the proposed cost for each item description proposed under Schedules C, D, E and H. Supporting documentation consists of vendor quotes, invoices for recent purchases, internet quotes, etc.

Schedule F- Subcontracts and Consultants

The Offeror enters Vendor Names and Descriptions, hourly rates, and number of hours. The Offeror shall submit documentation for each item proposed to support the proposed cost. Supporting documentation consists of subcontract/consultant quote(s) or proposal(s). The subcontractor/consultant quote(s)/proposal(s) must contain the proposed hourly rates and the estimated number of hours. The Offeror shall also provide a justification in Schedule I for the proposed hourly rates and submit salary documentation (provided by the subcontractor) to support the subcontractor proposed hourly rates.

Schedule G- Travel

The Offeror enters the number of people and unit airfare cost, and the worksheet calculates the total airfare. The Offeror then enters the per diem, number of people, number of days, and the worksheet calculates the total per diem costs. There is an Other/miscellaneous travel expense item where the Offeror provides a description and amount, if needed. The worksheet then calculates the total trip cost. When all trips are entered, the worksheet calculates the total travel cost, and that automatically populates the travel cost on Schedule A.

Other Resources

Federal Acquisition Regulation (FAR): <http://farsite.hill.af.mil/vffara.htm>

Transportation Acquisition Regulation (TAR): <http://www.dot.gov/administrations/assistant-secretary-administration/transportation-acquisition-regulation-tar>

Transportation Acquisition Manual (TAM):
<https://one.dot.gov/ost/m1/m60/Shared%20Documents/Transportation%20Acquisition%20Manual/tam.htm>

In addition to the Federal Acquisition Regulation, Transportation Acquisition Regulation, and Transportation Acquisition Manual, the Defense Contract Audit Agency (DCAA) website has useful information (www.dcaa.mil). There are a number of useful topical areas under the Guidance and Checklists & Tools tabs including the Contract Audit Manual, audit programs for various audit types, audit office locator instructions, and FAQs. The DCAA website is a valuable resource for prospective contractors.

How to Save Appendix C as a PDF

Please fill out the spreadsheets as directed and then save the entire workbook as a PDF. (To do this click on the 'Acrobat' tab in the main ribbon of Excel, then choose "entire Workbook" from Conversion Range option at top of window.) If you have any trouble accessing the Appendix C spreadsheet or saving it as a PDF please contact the U.S. DOT SBIR Program Office at 617-494-2051.