

# SBIR Phase II & IIB 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 Technical Proposal Work Plan. 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.

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.
- The **Cost and Proposal Checklist** is also provided in Appendix E which must be completed. Use the checklist in conjunction with these instructions to ensure you are submitting a complete and well documented cost and pricing proposal.
- In addition to completing Schedules A-H where applicable, the Offeror must prepare a narrative in Schedule I, Narrative, describing its approach to estimating the cost element. If any schedule area does not allow enough room then use Schedule I to provide further description.
- Proposed cost and pricing shall be valid for a period of six (6) months from the submission date of the proposal.
- Phase II proposals should be submitted within the funding ceilings allowed.

## Supporting Documentation

Failure to provide supporting documentation with your proposal submittal as requested in these instructions will delay award of your Phase II contract. Submitting a complete and well documented cost and pricing proposal package will expedite the award process.

## 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.

## Indirect Rates

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

- fringe benefits - allocated on labor;
- overhead - allocated on direct labor and fringe benefits; and

- 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.

Please include a narrative explanation of your proposed rates in Schedule I of the cost proposal.

As part of Appendix C, please include the following when applicable:

- If your indirect rates have been approved by a Government agency such as the Defense Contract Audit Agency (DCAA) within the past 30 months, include the approved rate documentation with your proposal, however, if your rates have changed since that approval, please use your most current rates in your cost proposal. If you have a Government approved accounting system determined by an agency such as DCAA, include a copy of the audit report and/or approval letter. Even if DCAA has not reviewed your indirect rates recently, if your company has an approved accounting system, it will provide additional support to your proposed rates.
- Provide your provisional and any available actual indirect rate history for the last three years. This will provide support for the rates you submit in Schedule I of Appendix C.
- Provide your company's financial statement showing the direct and indirect costs and indirect rate calculations, if available. If your company does not have approved indirect rates nor an approved accounting system, you must provide detailed costs showing your companies direct and indirect costs. Include the calculations showing how you came to the indirect rates you used in the cost proposal.

In addition, please consider the following guidelines and include this information as attachments to Appendix C when appropriate:

- The rates should be based on a full accounting year.
- If this is the company's first year of doing business, the rate should be based on projected costs that include all of the company's other work.
- If the company has previously performed other Government contracts, please provide the last year's historical indirect rates.
- An Excel spreadsheet (saved as a PDF and attached to Appendix C) may be submitted to show the detailed indirect rate calculation.
- Include what the base is for the indirect costs. (In other words, describe what the rate will be consistently applied to.)
- **All direct and indirect costs must comply with the Federal Acquisitions Regulation (FAR) 31.205. The offeror must ensure that that all unallowable costs as listed in the FAR are not included in any calculations. \*Examples of Unallowable Costs are: advertising, alcohol, bad debts, charitable gifts/donations, entertainment, fines and penalties, interest, lobbying, federal taxes, and travel costs over government per diem rates. See FAR Subpart 31.205 for the complete list at <http://farsite.hill.af.mil/vmfara.htm>**

## **Schedule B- Direct Labor:**

The Offeror shall enter Labor Category/Employee, Direct Labor Hours, and Labor Rate in the appropriate columns. Schedule B provides for Labor Year One and Labor Year Two to accommodate escalated labor rates if desired. If Year Two Labor Rates are escalated, please state rate in Schedule I. Please provide a justification there for any rate over 3%.

- 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, explaining how the proposed labor categories, hours and rates were developed so the Government can understand and evaluate the 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.

## **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. and can be in the form of emails or written, signed quotes. Failure to provide accurate and current supporting documentation will delay award of your Phase II/IIB contract.

## **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 subcontractor/consultant quote(s) or proposal(s) and can be in the form of emails or written, signed quote(s)/proposal(s). The subcontractor/consultant

quote(s)/proposal(s) **must contain** the proposed hourly rates and the estimated number of hours. The Offeror shall submit current salary documentation (provided by the subcontractor/consultant) to support the subcontractor proposed hourly rates. Salary documentation consists of payroll records, salary records, existing contract rates using the same or similar labor category, etc.

## **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. (The worksheet calculates the total per diem using 75% per diem rates for travel days and 100% per diem rates for non-travel days) 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. Supporting documentation is not required for travel.

## **Other Resources**

[Federal Acquisition Regulation \(FAR\): http://farsite.hill.af.mil/vmfara.htm](http://farsite.hill.af.mil/vmfara.htm)

[Transportation Acquisition Regulation \(TAR\): http://www.dot.gov/administrations/assistant-secretary-administration/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](https://one.dot.gov/ost/m1/m60/Shared%20Documents/Transportation%20Acquisition%20Manual/tam.htm)

<http://www.sbir.gov/about/about-sbir>

In addition to the Federal Acquisition Regulation, Transportation Acquisition Regulation, and Transportation Acquisition Manual, the [Defense Contract Audit Agency \(DCAA\) website](http://www.dcaa.mil/) has useful information (<http://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. If you do not have supporting documentation for the cost proposal, please save Appendix C in the excel format provided. If you are submitting supporting information (e.g., price quotes or subcontractor commitments) 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 between the hours of 8:00 am and 5:00 pm ET