Nonprofit Agencies typically utilize accounting systems different than for-profit companies. To prevent confusion and to mitigate proposal preparation and evaluation costs, the Committee has established some guidelines for use by all parties during negotiations. These guidelines will only apply when cost analysis or cost realism analysis is used to negotiate the FMP recommendation.

(1) Transportation costs (for personnel, to and from job site) are allowable only under extenuating circumstances, as defined by contract requirements.

(2) Under FLSA and SCA, a Nonprofit Agency may pay commensurate wages in certain circumstances in accordance with CFR Part 4.6(o). However, for service contracts the full Health & Welfare Benefit (HWB) must be provided as required by the DOL Wage Determination. Additional HWB costs associated with paying commensurate wages are allowable. The NPA must document average productivity rates used to calculate HWB costs.

(3) Depreciation schedules should be negotiated for AbilityOne contracts; equipment may be depreciated for periods longer than five years. For example, when new vehicles are purchased a seven-year depreciation schedule may be appropriate. Equipment residual value and disposal/salvage must be addressed in Follow-On Year pricing, when appropriate.

(4) Multiple vendor quotes to support non-labor subcontract costs are required only when the item unit cost exceeds $2,500. Nonprofit Agencies are responsible for obtaining best value prices from vendors based on broad competition as directed in Committee Operation Memorandum 21.

(5) Vacation calculations must account for turnover of personnel. AbilityOne is a training and employment program. Nonprofit Agencies that participate in the AbilityOne Program may have a turnover of personnel associated with this mission. The NPA must document average turnover rates used to calculate vacation costs.

(6) Rehabilitation Costs are costs incurred by the Nonprofit Agency in supporting people with disabilities. Rehabilitation costs are never an allowable cost in Fair Market Price recommendation negotiations. These costs can include services such as job coaches, special training, transportation and vocational rehabilitation counselors.

(7) Overhead, General and Administrative Expense and Net Proceeds (OH/G&A/NP) are calculated as a percentage of direct costs. For FOY Agreements, application of OH, G&A and Net Proceeds may be applied to new direct costs if specifically negotiated. If there are no statements included in the Follow-On Year Agreement that allows for changes to OH, G&A, Net Proceeds amounts in the FOYs, FAR Clause 52-222.43 will preside.
(8) CNA Fee (defined in Section 5) is included in the Fair Market Price recommendation. The fee is not a markup on the FMP, but is instead a component of the NPA’s overhead costs in the total price. Total NPA price, including the applicable fee as an overhead cost, must be included in the recommended Fair Market Price submitted for Committee approval. CNA fee is a part of overhead and at no time should the CNA fee be factored as a separate line item in base or follow-on year prices or agreements.