



DEPARTMENT OF THE AIR FORCE
WASHINGTON, DC

Office of the Under Secretary

01 MAR 1999

MEMORANDUM FOR SEE DISTRIBUTION

FROM: SAF/IA
1080 Air Force Pentagon
Washington, DC 20330-1080

SUBJECT: Outsourcing Case Execution Workload that is Not an Inherently Governmental Function (IAX 99004)

Reference: SAF/IAX Memo, 7 Jul 97, Subject: Program Management Line Data (IAX 97016), Paragraph a.

The USG is increasing the outsourcing (i.e., obtaining by contract) of workload. The Air Force is increasing its outsourcing of workload, including outsourcing workload in support of Foreign Military Sales. The Air Force will retain in-house the responsibility for inherently governmental functions, but will contract out workload that is not inherently governmental. Accordingly, we have revised the Air Force policy on contracting out case execution workload.

Our goal is to be responsive to the customer in the management of case execution workload, decrease the time required to execute and close cases, provide timely case reconciliation and reduce cost to the customer. To achieve this goal we will balance costs and responsiveness with the need to retain military-to-military contacts with our friends and allies.

Outsourcing allows us to take advantage of private sector capabilities and respond more quickly to customer requirements and program execution. We can do this by using sound program management practices and existing Air Force contracting methods. Our policy is to outsource all case execution workload that is not inherently governmental in nature. We will not outsource inherent governmental functions such as exercising program decision authority, contracting officer authority, and financial authority requiring funds certification. Questions on implementation of this policy should be submitted to SAF/IAX for resolution.

All functions, except as described above, in support of case execution workload that are not inherently governmental in nature should be considered for outsourcing. Attachment 1 is an illustrative list of functions considered to be inherently governmental. Use organic manpower for workload that is not inherently governmental in nature only when it is the most viable course of action. Attachment 2 is an illustrative list of services and actions that are not inherently governmental functions. Do not duplicate workload performed by organic sources and contractors. Manpower (organic and contract), overhead and travel costs will be funded on the

program management line using the existing program management military articles and service list nomenclature. This line will capture all costs incurred (administrative and case) in the execution of the case.

The manpower requirements package will be developed in two parts, part 1: Organic Manpower Cost Estimate and part 2: Contract Manpower Cost Estimate. Both parts will identify organic and contractor workload descriptions and cost estimates. Travel estimates will be included for organic and contractor travel on the program management line IAW AFMAN 16-101, attachment 15 and submitted with the Letter of Offer and Acceptance Data (LOAD). AFMAN 16-101, chapter 4, will be updated during the next revision. Costs will be calculated using existing and approved Air Force methods. Outsourcing determinations must be made and submitted with the LOAD prior to coordination and USG signature. Any request for variation from this policy must be submitted, with justification, for approval by SAF/IAX.

This policy applies to all new cases that include manpower costs. Exceptions to this policy are (not inclusive): (a) Technical Coordination Group; (b) International Engine Management Program; (c) Electronic Combat International Security Assistance Program; (d) Extended Training Services Specialists; (e) Weapon System Logistics Officer; (f) Technical Assistance Field Team; (g) Contractor Engineering Technical Services; (h) Mobile Training Team and (i) Site Surveys. This policy also does not apply to existing cases or their associated modifications and amendments.

This policy memorandum supersedes SAF/IAX Policy Memorandum 97016, paragraph a referenced above and effective 15 Mar 99. Source of supply code can be coded "X" (mixed source, such as organic and contractor). Should you have any questions, please contact Lt Col Linda James Woods, SAF/IAX, DSN 425-8368.



TOME H. WALTERS, Maj Gen, USAF
Prin Asst Dep Und Secretary of the Air Force
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2 Attachments:

1. Inherently Governmental Functions
2. Not Inherently Governmental Functions

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See Attached List

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Current as of: 7 Jan 99

INHERENTLY GOVERNMENTAL FUNCTIONS

In accordance with the Office of Federal Procurement Policy (OFPP) Letter 92-1, Subject: Inherently Governmental Functions (http://www.arnet.gov/References/Policy_Letters/PL92-1.html), the following is an illustrative list of functions considered to be inherently governmental:

1. The direct conduct of criminal investigation.
2. The control of prosecutions and performance of adjudicatory functions (other than those relating to arbitration or other methods of alternative dispute resolution).
3. The command of military forces, especially the leadership of military personnel who are members of the combat, combat support or combat service support role.
4. The conduct of foreign relations and the determination of foreign policy.
5. The determination of agency policy, such as determining the content and application of regulations, among other things.
6. The determination of Federal program priorities or budget requests.
7. The direction and control of Federal employees.
8. The direction and control of intelligence and counter-intelligence operations.
9. The selection or nonselection of individuals for Federal Government employment.
10. The approval of position descriptions and performance standards for Federal employees.
11. The determination of what Government property is to be disposed of and on what terms (although an agency may give contractors authority to dispose of property at prices with specified ranges and subject to other reasonable conditions deemed appropriate by the agency).
12. In Federal procurement activities with respect to prime contracts,
 - (a) determining what supplies or services are to be acquired by the Government (although an agency may give contractors authority to acquire supplies at prices within specified ranges and subject to other reasonable conditions deemed appropriate by the agency);

- (b) participating as a voting member on any source selection boards;
- (c) approval of any contractual documents, to include documents defining requirements, incentive plans, and evaluation criteria;
- (d) awarding contracts;
- (e) administering contracts (including ordering changes in contract performance or contract quantities, taking action based on evaluations of contractor performance, and accepting or rejecting contractor products or services);
- (f) terminating contracts; and
- (g) determining whether contract costs are reasonable, allocable, and allowable.

13. The approval of agency responses to Freedom of Information Act requests (other than routine responses that, because of statute, regulation, or agency policy, do not require the exercise of judgment in determining whether documents are to be released or withheld), and the approval of agency responses to the administrative appeals of denials of Freedom of Information Act requests.

14. The conduct of administrative hearings to determine the eligibility of any person for a security clearance, or involving actions that affect matters of personal reputation or eligibility to participate in Government programs.

15. The approval of Federal licensing actions and inspections.

16. The determination of budget policy, guidance, and strategy.

17. The collection, control, and disbursement of fees, royalties, duties, fines, taxes and other public funds, unless authorized by statute, such as title 31 U.S.C. [[section]] 952 (relating to private collection contractors) and title U.S.C. [[section]] 3718 (relating to private attorney collection services), but not including:

- (a) collection of fees, fines, penalties, costs or other charges from visitors to or patrons of mess halls, post or base exchange concessions, national parks, and similar entities or activities, or from other persons, where the amount to be collected is easily calculated or predetermined and the funds collected can be easily controlled using standard cash management techniques, and

- (b) routine voucher and invoice examination.

18. The control of the treasury accounts.

19. The administration of public trust.

SERVICES AND ACTIONS THAT ARE NOT INHERENTLY GOVERNMENTAL FUNCTIONS

The following is an illustrative listing of services and actions that are not considered to be inherently governmental functions (IAW OFPP Letter 92-1). However, they may approach being in that category because of the way in which the contractor performs the contract or the manner in which the government administers contractor performance. When contracting for such services and actions, agencies should be fully aware of the terms of the contract, contractor performance, and contract administration to ensure that appropriate agency control is preserved.

This is an illustrative listing, and is not intended to promote or discourage the use of the following types of contractor services:

1. Services that involve or relate to budget preparation, including workload modeling, fact finding, efficiency studies, and should-cost analyses, etc.
2. Services that involve or relate to reorganization and planning activities.
3. Services that involve or relate to analyses, feasibility studies, and strategy options to be used by agency personnel in developing policy.
4. Services that involve or relate to the development of regulations.
5. Services that involve or relate to the evaluation of another contractor's performance.
6. Services in support of acquisition planning.
7. Contractor's providing assistance in contract management (such as where the contractor might influence official evaluations of other contractors).
8. Contractors' providing technical evaluation of contract proposals.
9. Contractors' providing assistance in the development of statements of work.
10. Contractors' providing support in preparing responses to Freedom of Information Act Requests.

11. Contractors' working in any situation that permits or might permit them to gain access to confidential business information and/or any other sensitive information (other than situations covered by the Defense Industrial Security Program described in FAR 4.402(b)).

12. Contractors' providing information regarding agency policies or regulations, such as attending conferences on behalf of an agency, conducting community relations campaigns, or conducting agency training courses.

13. Contractors' participating in any situation where it might be assumed that they are agency employees or representatives.

14. Contractors' participating as technical advisors to a source selection board or participating as voting or nonvoting members of a source evaluation board.

15. Contractors' serving as arbitrators or providing alternative methods of dispute resolution.

16. Contractors' constructing buildings or structures intended to be secure from electronic eavesdropping or other penetration by foreign governments.

17. Contractors' providing inspection services.

18. Contractors' providing legal advice and interpretations of regulations and statutes to Government officials.

19. Contractors' providing special non-law enforcement, security activities that do not directly involve criminal investigations, such as prisoner detention or transport and non-military national security details.