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Ser NCCA-412/033-00  
17 March 2000

MEMORANDUM FOR DISTRIBUTION

Subj: USE OF COST OF MANPOWER ESTIMATING TOOL (COMET) AS AN O&S COST ANALYSIS TOOL

Encl: (1) Various Manpower Costing Methodologies  
(2) ASN(RD&A) memo dtd 19 Aug 97  
(3) COMET Brief (March 2000)

1. Based on many manpower costing questions posed to me by DoN Cost Community analysts in attendance at the recent DoDCAS Service Session, I think it prudent to reassert the correct application of COMET as the preferred O&S manpower costing tool for intra-Navy analyses.

2. As you can see from enclosure (1), there are generally three accepted "**direct**" manpower costing methodologies in use today by the Cost Community (each particularly tailored to a specific costing process):

- Standard Programming Rate (SPR) -- used primarily in the PPBS process (one average rate for enlisted and officer);
- NAVCOMPT Standard Rate (NCSR) -- used primarily to calculate the **reimbursable** cost of manpower (one average rate for each pay grade from E-1 to O-10); and,
- COMET -- used specifically for intra-Navy O&S manpower cost estimates and provides (i.e., costs for 118 enlisted ratings and 32 officer designators) "**cost granularity**" and more importantly, "**variable indirect**" costs associated with the initial "personnel support" cost of producing "sea duty" manpower.

These two important COMET cost concepts, "cost granularity" and "variable indirect" costs, are further illustrated in enclosure (1). Note that the "direct" cost of a COMET O-4 submarine-trained officer far exceeds both the SPR and NCSR "average-based" costs, thereby more accurately portraying the cost to the MPN account of that specific officer in that specific billet. Additionally, COMET provides the identification of "variable indirect" manpower support costs associated with producing initial "sea duty" manpower. As noted in enclosure (1), COMET's all-Navy average, "variable indirect" costs for officer and enlisted are \$53,324 and \$34,540 (all costs depicted are FY00\$), respectively. As one might suspect, the "variable indirect" (annual) cost of producing a pilot (regardless of rank) billet (\$108,058) exceeds that of both submarine (\$81,263) and surface (\$50,203) billets. Prior to COMET's August 1997 introduction to the DoN Cost Community, this ability to identify specific billet "cost granularity," both direct and variable indirect, escaped our O&S analysts and hampered us as decision-makers in performing manpower analyses or tradeoffs.

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3. ASN(RD&A) addressed that important point in his 19Aug97 memo (enclosure (2)) to the DoN Cost Community when he wrote that:

*"The exclusion of (variable) personnel costs (by using SPR or NCSR rates) has underestimated manpower costs and distorted the results of tradeoffs between personnel costs and investments in new technologies. It is important that we use more accurate personnel cost estimating rates for intra-Navy tradeoffs and analyses. I thus request that you employ (COMET) for all future intra-Navy analytical purposes."*

4. I solicit your support in reasserting to your staff that COMET should be used for intra-Navy O&S analyses regarding:

- manpower-to-manpower comparisons and
- manpower-to-new technology tradeoffs

where the decision to establish or eliminate "sea duty" manpower billets necessitates that our analysts employ more accurate O&S manpower costs. COMET is not intended to replace either the SPR (PPBS) or NCSR (reimbursable) in their respective cost processes.

5. I have also attached the latest COMET brief (enclosure (3)) for your perusal.

  
C. OWENS  
CAPT, USN  
Acting

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# Manpower Costing Methods

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