

Going Up! (Per Diem and EVMS Thresholds)

Written by Nick Sanders

Tuesday, 08 September 2015 00:00

Good news, campers!



First, the CONUS maximum per diem rates are [going up](#). The per diems, maintained by the General Services Administration, establish the ceiling of reasonableness for the majority of contractor travel. The GSA per diems are divided into two pieces—lodging and meals & incident expenses (M&IE). Although there are two separate ceilings for employees of the Federal government, contractors are permitted to combine them into one ceiling, and then offset between actual lodging and actual M&IE (assuming the contractor is reimbursing employee travel based on actual cost incurred, which is but one of the options).

Regardless of the details, it's good news. Here's what the supplementary information in the Federal Register had to say about it—

The Government-wide Travel Advisory Committee (GTAC) recommended that GSA review the standard CONUS lodging rate annually instead of every three years, and GSA has accepted that recommendation, starting for FY2016 rates. The standard CONUS lodging rate will increase to \$89 from \$83. The meals and incidental expense (M&IE) rate tiers were revised for the first time since FY 2010. The standard CONUS M&IE rate is now based on the Consumer Price Index (CPI) Food away from home measure, and will be \$51 for FY 2016. The M&IE rates for the NSAs continue to be based on survey data from local restaurants in their respective areas, and now range from \$54-\$74.

The second piece of good news is that the Department of Defense recently issued a [Class Deviation](#)

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to raise the Earned Value Management System (EVMS) review threshold from \$50 million to \$100 million. This deviation will, we think, tend to reduce the number of EVMS reviews conducted by DCMA personnel, and will tend to reduce the number of EVMS business systems found to be inadequate, which will tend to reduce the amount of contractors subject to mandatory payment withholds for having inadequate EVMS business systems. At

[last count](#)

, nine contractors had EVMS business systems that had found to be inadequate by DCMA.

Why the deviation?

We don't know for sure, but we suspect DCMA had completed EVM System reviews at the biggest defense contractors, and those contractors had either passed the reviews or had implemented acceptable corrective action plans. DCMA was, in essence, done with the first pass of reviews on the big dogs. The next pass would need to address a whole host of mid-size contractors. It seems to us that, going forward, DCMA would have to make a choice. It would have to either (a) prepare for a significant expansion of the contractor review universe (and increase personnel accordingly), or (b) find a way to limit the contractor review universe to only the largest defense contractors, so that it never had to look at the smaller dogs. (In essence, Option (b) would be a choice to simply ignore the EVMS business systems at the smaller contractors.) By doubling the review threshold from \$50 million to \$100 million, DoD would seem to have chosen option (b).

If we've parsed the bureaucratic logic correctly (and there is no guarantee we have done so), then once again practical resource constraints have impacted the ability of DoD to actually implement the business system compliance regime envisioned by the DAR Council, in response to the proven-by-history-to-have-been-illusory alarmist concerns of the Commission on Wartime Contracting.

Nonetheless, many defense contractors will now be able to stop worrying about DCMA EVMS oversight reviews, except in the rare cases when "the EVM reporting data quality is suspect" or "when the EVM data is not in compliance with one or more of the 32 EIA-748 guidelines." So it's not a free pass by any means, but it is good news for the majority of DoD contractors.

Allowable travel costs going up. EVMS review thresholds going up.

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We can't complain about those two things.