



Checklist:

Tips for Navigating
Cost Estimates
After Recent
Regulatory Changes



Regulatory changes can significantly impact cost estimation processes, demanding adaptability and strategic thinking from contractors.

Here, we'll explore how regulatory amendments to the Federal Acquisition Regulation (FAR) and other legislation affect cost estimation in four key areas: **Buy American compliance, labor regulations, cybersecurity mandates, and environmental regulations.**



Section 1:

How FAR Amendments Impact Cost Estimation - Buy American Compliance

Executive Order 14005, officially titled Ensuring the Future Is Made in All of America by All of America's Workers, is an order signed by President Biden on January 25, 2021, which ensures that the Federal Government invests taxpayer dollars in American-owned businesses. With more than \$600 billion in annual procurement, the Federal Government is pivotal in supporting domestic industries. As a result, the FAR Council has modified FAR statutes to bolster Buy American preferences and promote domestic production.

Increase of Domestic Content Threshold

- Check [FAR 25.101\(a\)\(2\)\(i\)](#) and [25.201\(b\)\(2\)\(i\)](#) for current domestic content threshold requirements in your products (**up to 65% in 2024 and 75% in 2029**).
- Adjust cost estimates to align with changing domestic content thresholds.
- Explore negotiating an alternate domestic content percentage for long-term contracts.

Enhanced Price Preference for Critical Products & Components

- Familiarize yourself with the list of critical products at [FAR 25.105](#).
- Calculate the enhanced price preference for critical items.
- Leverage enhanced price preferences to offset higher domestic production costs.

Effective Reporting

- Establish a robust reporting system for tracking reliance on domestic sources.
- Highlight your compliance with reporting requirements in proposals.

Strategic Alignment

- Position Buy American compliance as a competitive advantage in proposals.
- Emphasize commitment to national economic security and sustainability.
- Adopt costing software such as [ProPricer Contractor Edition](#), which complements what government agencies use. [Contact us for a demo.](#)

Section 2:

How Labor Regulations Impact Cost Estimation

The Service Contract Act (SCA) mandates fair wages and benefits for employees on federal contracts. [FAR 52.222-26](#), Equal Opportunity, prohibits hiring and contract performance discrimination. Compliance with these labor regulations can both enhance and complicate cost estimation practices.

Embrace SCA and Equal Opportunity

- Ensure compliance with wage and benefit requirements.
- Implement written Affirmative Action plans.
- Prepare for Department of Labor audits.

Strategic Positioning

- Use compliance as a strategic advantage in estimating costs.
- Highlight ethical labor practices and equitable compensation in proposals.
- Showcase inclusive corporate culture and diversity initiatives.

Audit Transparency

- Repurpose compliance reporting as a strategic asset.
- Let audit readiness double as real-time cost management.



Section 3:

How Cybersecurity Mandates Impact Cost Estimation

Cybersecurity regulations like the Cyber Incident Reporting for Critical Infrastructure Act (CIRCIA) and SEC proposed rules require prompt reporting of cyber incidents and enhanced cybersecurity disclosures. If you're a contractor within a critical infrastructure sector, you'll need to prepare for these stringent regulations.

Establish a Cross-Functional Team

- Form a dedicated reporting team composed of compliance, legal, technology, and business experts.
- Develop strategies for swiftly aligning with cybersecurity regulations.

Enhance Cybersecurity Reporting

- Identify and address gaps in reporting processes.
- Develop robust incident tracking and board involvement procedures.

Long-Term Disclosure Group

- Create a specialized group for tracking legislative developments.
- Coordinate activities across the organization for evolving compliance requirements.

Section 4:

How Environmental Regulations Impact Cost Estimation

Environmental and sustainability regulations are reshaping government contracting. You should now allocate resources to calculate environmental cost data in your proposals and consider potential FAR amendments focusing on climate-related risks.

Conduct a Sustainability Assessment

- Evaluate current environmental practices.
- Identify areas for improvement and compliance alignment.

Develop a Sustainable Procurement Strategy

- Source eco-friendly materials and products.
- Explore energy-saving options in your supply chain.
- Establish sustainability criteria for supplier selection.

Train and Engage Employees

- Invest in employee training on environmental best practices.
- Engage employees in sustainability initiatives.
- Promote your engaged workforce as a critical asset in proposal goals.

Section 5:

How New Cost Accounting Standards Impact Your Cost Estimation

Contract Accounting Standards (CAS) constantly change, yet they play a pivotal role in estimating, accumulating, and reporting costs in government contracts. Understanding CAS, Generally Accepted Accounting Principles (GAAP), and the FAR—and how each fluctuates—is critical for success.

Conduct a Comprehensive Compliance Audit

- Identify inconsistencies in cost accounting practices.
- Ensure practices align with actual policies.

Establish a Proactive CAS Protocol

- Anticipate CAS changes.
- Prepare cost-impact proposal sections that reflect those changes.

Invest in Education

- Provide training on CAS standards for finance and accounting teams.
- Empower teams to navigate CAS compliance effectively.



Conclusion

As a contractor, your adaptability is the key to thriving in the ever-changing regulatory landscape. By aligning with regulations proactively, you can turn compliance into a competitive advantage, win contracts with confidence, mitigate risks, and ensure profitability.



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