

**BY ORDER OF THE  
INSTALLATION COMMANDER**



**SCOTT AFB INSTRUCTION 65-501**

**29 FEBRUARY 2000**

**Financial Management**

**RENT VERSUS BUY ANALYSIS PROGRAM**

**COMPLIANCE WITH THIS PUBLICATION IS MANDATORY**

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This instruction establishes the Scott AFB Rent Versus Buy Analysis Program to enhance financial management and applies to all organizations that use AMC-allotted appropriated funds to rent/lease equipment.

**SUMMARY OF REVISIONS**

This revision takes into account the use of the International Merchant Purchase Authorization Card (IMPAC) for equipment rental transactions.

**1. Policy.** We must obtain maximum benefits from each expenditure of government funds. In general, renting or leasing of equipment is more costly than purchase and should be done only under extenuating circumstances. The intent of this instruction is to ensure only senior officials make such decisions and only after they are made aware of the additional costs associated with that decision. All rentals with an anticipated requirement over 60 days duration must be coordinated through the Wing Financial Analysis Office (375 AW/FMA). A rent versus buy analysis **must** be completed prior to rental of any equipment over 60 days. Rent versus buy comparison requirements apply to rentals of nonexpendable equipment items using AMC-allotted appropriated funds. However, a rent versus buy cost comparison can be completed on any item of equipment if deemed necessary by the purchase request approval authority. This analysis or an exemption letter must accompany an AF Form 9, **Request for Purchase**, to Contracting or be on file for IMPAC transactions. During emergency situations, rentals can be authorized without a rent versus buy analysis being performed. The Wing Commander or designee will approve rentals that fall within this category. Nonappropriated Fund (NAF) activities which use appropriated AMC funds for equipment leases are subject to the guidelines of this instruction. Other rentals, including rentals of equipment from General Services Administration (GSA) and/or Federal Supply Schedule (FSS) contract schedules, are NOT exempt from the analysis requirement.

## 2. Procedures:

### 2.1. The initiating activity responsibilities:

2.1.1. Coordinate equipment rental with the Equipment Management Element (EME) in Base Supply. Even though 375 AW/FMA is responsible for completing a thorough rent versus buy analysis in paragraph 2.2.2. below, EME personnel will perform a preliminary evaluation. This step involves a simple comparison of the item cost versus rental cost listed on the request. Also, EME personnel will check for excess equipment that is available for issue.

2.1.2. Obtain approval from the Base Civil Engineer on all rental equipment requiring connection to water, electric or gas utilities, building alterations, etc.

2.1.3. Provide all criteria and cost data, including source of data to 375 AW/FMA. Include rent/purchase option data if this option is to be considered.

2.1.4. Coordinate the criteria and cost data with Base Supply, Contracting, and Comptroller to ensure the data is as factual as possible.

### 2.2. The 375 AW/FMA responsibilities:

2.2.1. Validate all costs.

2.2.2. Perform an analysis of the requirement to determine the most cost-effective means of meeting the objectives. Bottom-line analysis will be a comparison of the total cost to rent for the analysis period, versus the total cost to buy for the analysis period, versus the total cost of the rent/purchase option for the analysis period.

2.2.2.1. Base the analysis period on either the total projected time period the equipment will be required or the economic life of the item, whichever is shorter. For example: A 1-year copier lease is proposed, but the total analysis is based on the total requirement period (5 years), NOT on the 1-year lease requested. Even if fund availability dictates requesting a shorter rental period than the item is actually required for, the cost comparison analysis must be accomplished for the full duration of the actual requirement or economic life, whichever is shorter (assume lease price will be the same for option years if given the rental cost for only 1 year). When the time frame used in the analysis lapses, a new rent versus buy analysis must be performed for the new period of time.

2.2.2.2. Include in the analysis the costs of installing the equipment, maintaining the equipment for the entire period covered by the rent versus buy comparison, and removing the equipment upon completion of the requirement.

2.2.3. Provide the results of the analysis to the originator showing whether it is more cost-effective to purchase or rent. The 375 AW/FMA is not the approving authority for the rent versus buy decision.

2.2.3.1. Return the request to the originator with one copy of the rent versus buy analysis for conversion to purchase or for proper justification and approval of the appropriate official to rent/lease if the purchase cost is less. If 375 AW/FMA determines procurement is more cost effective and justification to rent is not approved, resubmit the request to the EME to establish equipment accountability.

2.2.3.2. If the rental/lease cost is less than purchase, 375 AW/FMA will return the rental

request with two copies of the rent versus buy analysis to the originator.

2.2.4. When purchase cost is less than the rental/lease cost, the Wing Commander or designee, as appropriate, must approve written justification from the initiating activity, to permit the Contracting activity to rent the equipment. If the rental is pursued, the initiator will forward the approved rental justification and rent versus buy analysis to the Contracting activity, with a copy of the approved justification to 375 AW/FMA.

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Comptroller