

**BY ORDER OF THE INSTALLATION  
COMMANDER**

**SCOTT AFB INSTRUCTION 65-501**



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**Financial Management**

**RENT VERSUS BUY ANALYSIS PROGRAM**

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This instruction implements AFPD 65-5, *Cost and Economics*, and 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. This instruction is applicable to 932d Airlift Wing (AW) (AFRES) and the 126th Air Refueling Wing (ARW) (ANG). Ensure all records created as a result of processes prescribed in this publication are maintained IAW Air Force Manual (AFMAN) 33-363, *Management of Records*, and disposed of IAW Air Force Records Information Management System (AFRIMS) Records Disposition Schedule (RDS). Refer recommended changes and questions about this publication to the Office of Primary Responsibility (OPR) using the AF Form 847, *Recommendation for Change of Publication*; route AF Forms 847 from the field through the appropriate functional chain of command. Personnel who fail to adhere to this guidance may be punished under the Uniform Code of Military Justice (UCMJ) Article 92(1) or civil equivalent.

**SUMMARY OF CHANGES**

This interim change updates the publication format to comply with AFI 33-360, *Publications and Forms Management*. No program content was changed.

**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.

