# Independent Workforce Engagement FAQs for CACI Managers

## GENERAL PROGRAM INFORMATION

CACI engages independent professionals—commonly known as contractors, consultants, freelancers, small services providers, and non-employee workers—to deliver specialized services. These independents provide CACI with workforce flexibility and subject matter expertise that can augment the abilities of its full-time staff.

In short, independent professionals help CACI compete in the ever-escalating war for talent—and it is critical that CACI engages them safely and efficiently.

For easy access to key program information and instructions, please visit **MBO's Program Reference Guide for CACI**

**Why does CACI use a program for engaging independent workers?**
A consistent independent workforce engagement program promotes enterprise-wide process consistency, improves productivity, controls costs, increases visibility into provider relationships and spend, and provides independent workers with an appealing way to engage with CACI and operate their businesses.

**Which independents are appropriate for this program?**
All professional internally identified independents (i.e., those not recruited or sourced through a staffing company) must engage through this program.

**Important:** Incorporated entities and former employees are **not exempt** from this program. If you have questions concerning whether a worker you wish to engage is appropriate for this program, please contact CACI's Corporate Procurement Category Management Team.

## MBO PARTNERS AND ITS SERVICES

**Why MBO Partners?**
Since 1996, MBO Partners has delivered solutions that make it safer and easier for enterprise organizations and top independent professionals to work together. MBO strengthens relationships, minimizes risk, and maximizes value for businesses like CACI. Our unmatched experience and industry leadership enable us to operate on the forefront of the independent economy and consistently advance the next way of working.

**Can MBO help me find talent for my projects?**
Yes, but we take a unique approach. MBO believes that **direct sourcing**—the ability for businesses to find independents without recruiting intermediaries—is the fastest and most cost-efficient way to engage top independent

talent. We therefore provide our compliance, engagement, payment, and support services for workers whom CACI identifies internally and refers to us.

To better enable direct sourcing, we give CACI personnel access to the **MBO marketplace**: the fastest and easiest way to attract, source, and re-engage independent talent—without expensive staffing intermediaries. The MBO marketplace enables CACI to build a trusted community of independent professionals that managers can use as their first-choice alternative when looking for top independent talent. If you haven't already, you can get started here.

**What services does MBO offer for engaging independent workers?**

MBO features three engagement services which together ensure that all independents engage through a compliant program suited to their needs, expectations, and eligibility to operate as independent vendors.

- **Vendor Services**. A business-to-business engagement service for professionals who qualify to engage with CACI as independent vendors. Businesses interested in engaging through Vendor Services must undergo qualification evaluation during the CACI / MBO onboarding process to ensure they meet these criteria.
- **Business Services**. A unique engagement alternative for Sole Proprietors and other independent professionals who wish to work as compliant independent business owners (LLCs or corporations) but need assistance meeting and maintaining the appropriate credentials to do so. These workers enjoy the freedom and flexibility of operating an independent business at less cost and with less administration than doing it alone.
- **Payroll Services**. A conventional W-2 payrolling solution for workers who are ineligible for Vendor Services or Business Services due to their requirements, expectations, status as independent businesses, or regulatory requirements.

The table that follows compares these three services side-by-side, or you can click here to see more detailed descriptions.

| | MORE LIKE A BUSINESS | | MORE LIKE AN EMPLOYEE |
|---|---|---|---|
| | **Vendor Services** | **Business Services** | **Payroll Services** |
| **Snapshot** | Agent-of-record service for qualified vendors; MBO indemnifies CACI for tax-related penalties of reclassified | Business set-up and management for professionals who need help meeting and maintaining vendor credentials | Traditional payrolling; FLSA applies, including overtime and double-time as per state laws |
| **Who is appropriate?** | Professionals who operate as independent businesses and meet vendor requirements | Professionals who see themselves as independent businesses but do not currently qualify as vendors | Workers who do not see themselves or operate as true independent businesses |
| **Vendor-qualified?** | Yes | No | No (not evaluated) |
| **Tax status** | Independent vendor (1099) | Typically 1099 | W-2 of MBO Partners |
| **Business insurances** | Must carry insurances at CACI-required levels | Covered under MBO's General Liability and Errors & Omissions* | Covered under MBO's General Liability and Errors & Omissions |
| **Rate negotiation** | Negotiate a bill rate that already factors in statutory taxes | Negotiate a bill rate that already factors in statutory taxes | Negotiate pay rate that does not factor in statutory taxes |
| **When is the worker paid?** | Upon receipt of CACI's payment based on Net 15 terms | Upon receipt of CACI's payment based on Net 15 terms | Two weeks after a given work week (or sooner if required by state law) |

* Independents may be required to purchase their own GL or E&O insurance to show an investment in their business for compliance purposes.

### How does MBO decide which service is best for each worker?

All CACI-referred independents complete a brief online survey that explores their independent experience, business structure and characteristics, expectations, and vendor qualification status. We also conduct a one-on-one consultation with the worker if necessary. We then have the information we need to select the engagement service that best fits the worker's unique situation.

Please note that we factor workers' wishes into our service determination, but we always ensure that they meet applicable eligibility requirements before onboarding them into the appropriate service. For example, independents wishing to engage through Vendor Services must meet CACI's qualification criteria and pass a thorough compliance evaluation to qualify.

### What is the value of Business Services?

Traditional providers offer a 1099 / agent-of-record service for qualified vendors—and then force everyone else into a conventional W-2 payrolling service. But this solution poorly serves to the large percentage of independent workers who resist W-2 payrolling yet do not qualify as vendors:

- If the provider engages them through an agent-of-record service, their client's risk and regulatory scrutiny increase dramatically.

- If the provider forces them into payrolling, it will likely lead to discontent, talent loss, and unnecessarily high costs.

Business Services is the only solution for independent business owners who do not meet eligibility requirements for engaging as independent vendors, yet are likely to reject the limitations of traditional payrolling. It lets CACI better serve—and compliantly engage—the most common types of independent businesses, including corporations (C corps and S corps), LLCs, and Partnerships. Through Business Services, MBO even walks independents through the complexities of setting up their own compliant businesses

Business Services does more than reduce risk and create a better experience for your independents—it also helps control costs. With a mark-up that's up to 70% lower than traditional payroll providers, Business Services can help CACI **cut overall engagement costs by up to 20%**.

**How do I contact MBO Partners?**

CACI managers can contact MBO's CACI Account Director Steve Berselli at 703-793-6312 or sberselli@mbopartners.com.

## PROGRAM COSTS

**Is there a cost for this program?**

MBO applies a fee to the rate you negotiate with the worker. As indicated below, the fee varies based on the service through which each independent professional engages. You may wish to take this fee into consideration when negotiating rates with the independents you engage.

- **Vendor Services**. MBO collects 3.0% of the worker's billings.
- **Business Services**. MBO collects 5.0% of the worker's billings.
- **Payroll Services**. MBO applies a 19.5% mark-up (or 19.7% if the work is performed in Washington State).

**Why are the Vendor Services and Business Services fees so much lower that Payroll Services?**

Vendor Services and Business Services are intended for professional independents who understand the tax obligations of working independently and factor statutory costs (such as Social Security, Medicare, and other obligations) into the rate they negotiate with you. MBO therefore uses an innovative and cost-saving pricing model for these services.

While most providers apply the same mark-up—which includes statutory taxes—even if these taxes are already factored into their negotiated rate, only MBO ensures that CACI never double-pays these taxes. As introduced above, this results in **cost savings of up to 20%** compared to traditional payroll providers when workers engage through one of these services.

Payroll Services works differently. Most commonly, individuals in Payroll Services are hourly workers who do not factor in these taxes when setting their rate. As such, our Payroll Services mark-up includes appropriate statutory costs.

## ENGAGEMENT PROCESS

**Once I identify new independent workers, how do I refer them to MBO?**

When you identify a new in-scope independent professional for a project, notify CACI's Corporate Procurement Category Management Team. This team will coordinate the onboarding process with MBO and notify you when the worker is ready to begin the project.

**How long does it take to onboard workers after I refer them to MBO?**

Average onboarding time varies by engagement service:

- For workers who engage through **Vendor Services**, typically four to six business days.
- For workers who engage through **Business Services**, typically five to eight business days.
- For workers who engage through **Payroll Services**, typically two to four business days.

Of course, onboarding timing strongly depends on the worker's responsiveness to MBO's onboarding instructions. MBO provides clear instructions and works closely with each worker to improve responsiveness and accelerate the process as much as possible.

As the manager, you have a part to play as well. We recommend that you stress the importance of completing onboarding steps quickly when you're communicating with an independent worker you intend to engage.

This Engagement Lifecycle Process Summary includes a closer look at the CACI / MBO onboarding process.

**Are drug and background screenings required?**

No.

**How do I approve time and expense entries?**

You'll only be required to approve workers' time and expense submissions in certain situations. If so, you'll receive an email notification from MBO each time a worker engaged on your projects submits time, milestones, deliverables, and/or expenses. Follow the instructions in the email to execute the approval.

Please be sure to approve all submissions by COB each Monday. Failure to meet this deadline may delay payments.

**How long does it take for workers to receive their payments?**

Payment timing varies by the worker's MBO engagement service.

- **Payroll Services**
  MBO pays Payroll Services workers each Friday, two weeks after a given work week (or sooner if required by state law).
- **Vendor Services and Business Services**
  MBO invoices CACI for all workers' approved time and expense submissions bi-weekly (every other Tuesday), and CACI pays MBO based on Net 15 terms. We then pay workers in the next weekly payroll cycle. As such, independents in Business Services receive their payments three weeks after each two-week invoicing period. See the CACI Payment Calendar for details.

Workers who engage through Vendor Services or Business Services may also participate in MBO's accelerated pay program, through which they will receive their payments two weeks sooner than usual. This is optional and carries a 2.0% fee (paid by the worker).

Again, it is very important that you approve your independents' time and expense submissions (when required) before the COB Monday deadline each week.