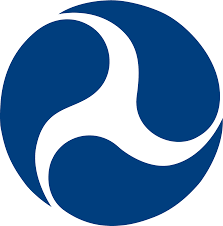
**U.S. Department of Transportation**

**Office of the Secretary of Transportation**

**FY 2015**

**SERVICE CONTRACT INVENTORY**

**ANALYSIS REPORT**



January 5, 2017

Submitted to

Office of Management and Budget

**EXECUTIVE SUMMARY**

The Department of Transportation (DOT) is working to improve the management of service contracts. DOT’s ability to manage service contracts more effectively and to proactively find cost savings without adversely affecting the mission remains a top priority. DOT’s Fiscal Year (FY) 2015 Service Contract Inventory (SCI) analysis focused on a subset of the OMB-selected special interest functions as well as additional function codes with significant reported obligations.

Our FY 2015 analysis efforts were designed to help us understand how we can better manage these service contract efforts for performance and cost efficiencies. Specifically, we examined opportunities for reducing the cost for these efforts such as through the use of GSA or other strategic sourcing contracts. We evaluated the extent to which contract awards within these functions leverage existing Federal or Departmental enterprise contract vehicles or present future opportunities for strategic sourcing. We assessed effective balancing of contracted and government resources for these efforts. The analysis also addressed the justification and basis for use of high risk cost type contracts. The focus on high risk contracts provided information essential to identifying issues with the Operating Administrations use and management of cost-reimbursement awards. For the selected awards, our detailed analysis also identified the roles that contracted services play in achieving agency objectives.

In FY 2015, DOT obligated $6.071 billion on all contracts for goods and services (source: Federal Procurement Data System (FPDS) as of December 14, 2015). Eighty-four percent, or $5.089 billion, was obligated on service contracts. **This represents a reduction of $222M or 4% from the reported FY 2014 total service contract obligations of $5.311M. Eight out of ten Operating Administrations (OAs) obligated more than 75 percent of their contract dollars on service contracts**.

In FY 2015, DOT obligated $1.497 billion on the 12 OMB-selected management support services, which represents 25 percent of the Department’s total contract obligations (per DOT’s FY 2015 Service Contract Inventory dated December 14, 2015). **This represents an increase of $145M from the reported FY 2014 obligations of $1.352M for the OMB-selected management support services.**

In the 12 categories:

* 73 percent of spending was in R425-Engineering and Technical Services;
* 14 percent of spending was in R408-Program Management/ Support Services; and
* 4 percent of spending was in R707 – Contract/Procurement/Acquisition Support

DOT analyzed spending patterns in the R425 and R408 product service code categories in more detail to understand: (1) changes in contract composition from FY 2014 to FY 2015; (2) type of competition among vendors and changes from FY 2014 to FY 2015; (3) place of performance; (4) compliance with Departmental small business program goals; and (5) spending pattern for FY 2015. R425 and R408 were selected since these categories included the largest obligations in cost type contracts. This analysis provides an important foundation for identifying specific areas for further examination to ensure that contract labor is used appropriately and efficiently.

For FY 2015, DOT selected and reviewed 845 contract actions valued at $1,167,419,053 representing 23 percent of the total Service Contract Inventory obligations. All contracts reviewed had adequate supervision.

* No insourcing was recommended. The OAs cited a lack of in-house government resources with the necessary expertise and that they valued the fact that the contractor workforce augmented in-house personnel with experience and knowledge of current industry standards. The OAs also reported that some of the efforts were short-term and not on-going requirements, so developing internal expertise would not be appropriate.
* Regarding opportunities for further cost savings, several of the Operating Administrations reported that they utilized strategic sourcing approaches with GSA contract vehicles and negotiated reductions from that GSA pricing for their service contract awards. The Operating Administrations reported that they also leveraged internal Departmental BPAs to reduce costs. The Operating Administrations reported for numerous reviewed service contracts that the contracts were awarded on the basis of full and open competition with fair and reasonable pricing. Several Operating Administrations indicated that the reviewed contracts consolidated efforts which were previously separately awarded achieving cost savings. FAA indicated that cost is monitored carefully as part of contract administration and FAA has assigned certified acquisition staff to ensure proper oversight.

**Increasing Awareness of Service Contract Spending and High-Risk Contracting**

To better manage service contracts for performance and efficiency, DOT initiated several important efforts beginning in FY 2011 designed to increase awareness of service contract spending and reduce high-risk contracting. The Senior Procurement Executive (SPE) regularly briefs the Chief Acquisition Officer (CAO), Strategic Acquisition Council (SAC), Chief Financial Officer (CFO), and Chief Information Officer (CIO) on service contract spending and on reducing the use of high-risk contract types. In those instances where it is best to use a higher risk contract type, the SPE emphasizes effective oversight. In FY 2012, the Office of the Senior Procurement Executive (OSPE) issued DOT-DASH 2012-10 for Federal Acquisition Circular 2005-56, addressing the proper use and management of cost-reimbursement contracts. In FY 2015, the OSPE issued an update to the Acquisition Planning Operational Guide with guidance to reduce high risk contracts and maximize competition. The OSPE recognizes that certification of the acquisition workforce—including contracting staff, contracting officers’ representatives (CORs), and program managers—is essential to effective oversight of all contracts. From FY 2009 to FY 2015, DOT certifications have increased substantially. As of September 30, 2015, DOT certification rate for contracting professionals was 96%.

**DOT-wide Strategic Sourcing**

In August 2013, DOT established agency-wide teams to address the White House’s second term management agenda of (1) Effectiveness; (2) Efficiency; and (3) Economic Growth.  The 3E Information Technology Team analyzed wireless spend, IT security assessment and authorization services, CLOUD, and Oracle Licensing for savings opportunities. The 3E Information Technology Team assessment culminated in DOT’s decision to utilize GSA contracts as well as to establish DOT-wide contract vehicles for Cloud, Oracle software, and Courier Services to realize cost savings and efficiencies. DOT is currently supporting OMB’s efforts to establish a Best-In-Class (BIC) wireless vehicle government-wide.  DOT’s use of the GSA FSSI Maintenance Repair and Operations supplies contract has resulted in savings in FY2015 and FY2016.

DOT anticipates that the GSA Federal Strategic Sourcing Initiatives (FSSI) planned government wide contracts for furniture, janitorial, and cybersecurity may provide another mechanism to allow the Department to continue to reduce costs for service contracts. DOT is strongly encouraging the use of GSA’s FSSI One Acquisition Solution for Integrated Services (OASIS) which provides a government wide strategic sourcing contract vehicle for management support services. The SPE in conjunction with the Department’s Strategic Sourcing Executive Steering Committee (SSESC) will continue to identify opportunities to reduce costs and promulgates use of the GSA FSSI OASIS contract for management support services.

FAA is currently finalizing a reporting and analysis infrastructure to standardize and consistently track savings from service contracts.  FAA does have multi-award contracting programs for services/support that fall under strategic sourcing and is in the process of establishing controls similar to those under the Strategic Sourcing for the Acquisition of Various Equipment and Supplies (SAVES) contracts to be able to effectively track spend and savings with metrics as we progress through FY17.  A pilot is currently underway with FAA’s eFAST program, and if successful FAA should be deploying the infrastructure for their other programs in April 2017.

**Workforce Analysis**

In June 2014 DOT OCIO completed an information technology (IT) workforce analysis to evaluate the current alignment of Federal staff and contractor resources supporting the Department’s IT efforts.  Based on this analysis and the changing nature of IT, DOT has engaged in a multi-year IT workforce initiative to reduce reliance on contractors and concomitantly increase the number of Federal positions.  The realignment will provide two main benefits:

**Realize cost savings and efficiencies:**  The cost of contractor support is often significantly higher than the full-cost of Federal employees.  The use of contractors also creates the possibility of increased duplication of roles and additional layers of reporting that may create barriers to operations.  Converting contracted positions to Federal positions will reduce this potential redundancy.

**Realign Federal and contractor roles:**  Many IT functions currently performed by contractors may be more appropriately performed by government employees.  Generally, these are contractors who are funded on a time and materials basis to perform full-time work reflective of steady state responsibilities that are ongoing year after year.

Based on the IT workforce analysis, DOT is in the process of converting approximately 100 contractor positions into Federal positions.

**DOT-wide Acquisition Oversight**

On September 10, 2013, the Deputy Secretary issued the Department’s Acquisition Oversight and Risk Management updated policy establishing formal governance by the Senior Procurement Executive (SPE), Chief Financial Officer (CFO) and Chief Information Officer (CIO) to effectively oversee DOT’s contracts portfolio through the implementation of the Acquisition Strategy Review Board (ASRB). The ASRB provides a departmental-level review of the business and acquisition approaches utilized by the Operating Administrations (OAs) in meeting DOT mission requirements and program objectives; ensures that Federal and Departmental initiatives are being addressed; emphasizes the importance of acquisition planning, source selection criteria, contract type, socioeconomic objectives, competition benefits, and award determinations; provides a venue for OAs to raise issues that may be of concern to the Department; and ensures that management support service contracts are appropriately justified and managed within DOT. In FY15, the ASRB reviewed and approved 18 acquisition programs which included services valued in excess of $1,738,660,000. The ASRB reviews are designed to address several key acquisition objectives including minimizing the use of high risk contracts (both in the base contract and subordinate orders) as well as reducing the use of management support services to the greatest extent practicable, consistent with program needs.

The SPE will continue to leverage FPDS data analysis as a management tool to better understand and track service contract spending throughout DOT. FPDS data is the baseline data source used to support spend analysis and identify potential strategic sourcing opportunities. Through the Acquisition Strategy Review Board, the SPE, CFO, and CIO continue to lay the groundwork for establishing internal management controls for new service contracts, as well as identifying existing service contracts that are in high risk categories and candidates for strategic sourcing or renegotiation.



Chief Human Capital Officer ss
Signature  Chief Information Officer

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# introduction

The Office of Management and Budget (OMB) is asking agencies to improve the management of service contracts to ensure that contract labor is used appropriately and efficiently. This improved management includes:

* Understanding the functions that contract labor performs to ensure that contractors are not performing inherently governmental or critical functions;
* Using a multi-sector workforce approach to avoid overreliance on contractors and to ensure the right mix of federal employees and contractors; and
* Using acquisition processes and contract management to reduce contract costs.

The Department of Transportation (DOT) is working to improve the management of service contracts. Recognizing current and future budget constraints, DOT’s ability to manage service contracts more effectively and to find cost savings without adversely affecting the mission remains a top priority. DOT’s FY 2015 Service Contract Inventory (SCI) analysis focused on a subset of the OMB-selected special interest functions as well as additional function codes with significant reported obligations. The analysis efforts were designed to help us understand how we can better manage these efforts for performance and cost efficiencies. Specifically, we examined opportunities for reducing the cost for these efforts such as through the use of GSA or other strategic sourcing contracts, or consolidation with other efforts. We evaluated the extent to which contract awards within these functions leverage existing Federal or Departmental enterprise contract vehicles or present future opportunities for strategic sourcing. We assessed effective balancing of contracted and government resources for these efforts. The analysis included the justification and basis for use of high risk contract types to help us understand how we can better manage these efforts for performance and cost efficiencies.  The focus on high risk contracts provided information essential to identifying issues with the Operating Administrations’ use and management of cost-reimbursement awards. For the selected awards, the detailed analysis also included the roles that the contracted services play in achieving agency objectives.

This Service Contract Inventory Analysis Report presents the analysis methodology, findings, and the resulting recommendations and actions. As this is the 6th year this analysis is being performed, the report will also follow up on trends from earlier analyses.

# ANALYSIS methodology

Section 743 of Division C of the FY 2010 Consolidated Appropriations Act, Public Law 111-117 requires civilian agencies to prepare an annual inventory of their service contracts. OMB issued a memorandum for Chief Acquisition Officers and Senior Procurement Executives, dated December 19, 2011, providing specific guidance for developing, analyzing, and reporting on the Service Contract Inventory.

During FY 2012, GAO assessed agency efforts to comply with the legislative requirements (GAO-12-1007). In their September 2012 report entitled “Civilian Service Contract Inventories, Opportunities Exist to Improve Agency Reporting and Review Efforts”, GAO recommended agencies review a larger percentage of their service contracts each year, providing the dollar value of the contracts reviewed as a percentage of total service contracts. The report also recommended that agencies provide their rationale for reviewing the selected contracts, provide more contexts around the findings, and report on steps taken to resolve any issues.

On December 11, 2012, OMB issued draft guidance to ensure that agencies were aware of the recommendations made by GAO and to incorporate them in the Service Contract Inventory Analysis Report. On September 8, 2015, OMB issued an Alert providing guidance on the Development and Analysis of Service Contract Inventories. In response to OMB’s guidance and the GAO recommendations, DOT:

* Developed the FY 2015 Service Contract Inventory using service contract action obligations over $25,000 awarded in FY 2015. This inventory was submitted to OMB using data from FPDS as of December 14, 2015.
* Conducted analysis of the FY 2015 Service Contract Inventory to determine if contract labor was used appropriately and efficiently;
* Developed new guidance, facilitated the analysis with a FY 2015 Analysis spreadsheet pre-populated with information from FPDS, and obtained Operating Administration certification on the FY 2015 Service Contract Inventory Analysis Completion Statement.

A list of the applicable legislation and guidance is provided in *Appendix A: Applicable Legislation and Guidance*.

## Service Contract Inventory Analysis

DOT analyzed the FY 2015 Service Contract Inventory concentrating on a subset of the OMB-selected special interest functions as well as additional function codes with significant reported obligations. In the December 19, 2011, Memorandum, OMB identified 12 product and service codes (PSCs) in the areas of professional and management services and information technology support services as “special interest functions.” These special interest functions were identified based on four management concerns:

1. Spending in these areas had increased four-fold in the last decade, outpacing spending in most other areas;
2. The majority of contracts in these areas are high risk type contracts; i.e., time-and-and materials, labor hour, or cost-plus;
3. Using contractors in these areas increases the risk of contracting out inherently governmental functions and potentially losing control of mission and operations; and
4. These areas are vulnerable to misuse as a means to augment federal government staff.

DOT developed a detailed list of FY 2015 awarded contracts by contract type for a subset of the OMB-selected special interest functions as well as additional function codes with significant reported obligations as highlighted below:

1. For the Department of Transportation’s FY 2015 Service Contract Inventory, the analysis focused on the OMB-selected special interest functions as well as additional function codes with significant reported FY 2015 obligations as highlighted in Table 1-1 below:
2. To facilitate the analysis, we developed a pre-populated FY 2015 SCI analysis master spreadsheet with information from FPDS.  The spreadsheet was organized by Operating Administration and listed all FY 2015 awards within the scope of the analysis.  We requested that each Operating Administration  -
   * Select and review a minimum of 50% of the total obligations within the cited product service codes (highlighted in green). This represents an increase from the 40% review requirement in FY 2014;
   * Ensure the selected and reviewed awards include as many different basic contracts as possible to ensure a comprehensive review; and
   * Select and review all Personal Services contracts listed on the FY 2015 master spreadsheet
   * Document the contract review and responses on the highlighted columns and questions on the FY 2015 master spreadsheet
   * Upon completion of the analysis, certify the completion statement

**Table 1-1: Baseline for FY 2015 Service Contract Inventory Analysis**

|  |  |  |  |
| --- | --- | --- | --- |
|  | |  |  |
|  | | **Obligations** | **% Total Obligations** |
|  |  |  |  |
| Special Interest Functions |  |  |  |
| B505 | SPECIAL STUDIES/ANALYSIS- COST BENEFIT | $3,218,837.55 | 0.05% |
| D302 | IT AND TELECOM- SYSTEMS DEVELOPMENT | $33,604,114.25 | 0.55% |
| D307 | IT AND TELECOM- IT STRATEGY AND ARCHITECTURE | $27,159,984.85 | 0.45% |
| D310 | IT AND TELECOM- CYBER SECURITY AND DATA BACKUP | $9,045,360.30 | 0.15% |
| D314 | IT AND TELECOM- SYSTEM ACQUISITION SUPPORT | $18,704,349.04 | 0.31% |
| R406 | SUPPORT- PROFESSIONAL: POLICY REVIEW/DEVELOPMENT | $2,622,319.57 | 0.04% |
| R407 | PROGRAM EVALUATION SERVICES | $102,215.60 | 0.00% |
| R408 | SUPPORT- PROFESSIONAL: PROGRAM MANAGEMENT/SUPPORT | $214,009,552.18 | 3.53% |
| R409 | PROGRAM REVIEW/DEVELOPMENT SERVICES | $238,614.65 | 0.00% |
| R413 | SUPPORT- PROFESSIONAL: SPECIFICATIONS DEVELOPMENT | $2,529,116.63 | 0.04% |
| R414 | SYSTEMS ENGINEERING SERVICES | $34,347,128.18 | 0.57% |
| R421 | TECHNICAL ASSISTANCE | $519,830.00 | 0.01% |
| R423 | SUPPORT- PROFESSIONAL: INTELLIGENCE | $121,708.33 | 0.00% |
| R425 | SUPPORT- PROFESSIONAL: ENGINEERING/TECHNICAL | $1,087,692,876.71 | 17.92% |
| R497 | SUPPORT- PROFESSIONAL: PERSONAL SERVICES CONTRACTS | $3,068,924.25 | 0.05% |
| R707 | SUPPORT- MANAGEMENT: CONTRACT/PROCUREMENT/ACQUISITION SUPPORT | $66,972,051.99 | 1.10% |
|  |  |  |  |
| **Biggest Percentage of Obligations** | | | |
| AD24 | R&D- DEFENSE OTHER: SERVICES (ENGINEERING DEVELOPMENT) | $136,234,206.90 | 2.24% |
| AD25 | R&D- DEFENSE OTHER: SERVICES (OPERATIONAL SYSTEMS DEVELOPMENT) | $194,468,388.14 | 3.20% |
| AD26 | R&D- DEFENSE OTHER: SERVICES (MANAGEMENT/SUPPORT) | $274,445,113.17 | 4.52% |
| R408 | SUPPORT- PROFESSIONAL: PROGRAM MANAGEMENT/SUPPORT | $214,009,552.18 | 3.53% |
| R425 | SUPPORT- PROFESSIONAL: ENGINEERING/TECHNICAL | $1,087,692,876.71 | 17.92% |
| R499 | SUPPORT- PROFESSIONAL: OTHER | $165,520,699.30 | 2.73% |
| S113 | TELEPHONE AND-OR COMMUNICATIONS SER | $149,280,438.63 | 2.46% |
| S211 | HOUSEKEEPING- SURVEILLANCE | $152,650,205.00 | 2.51% |
| S216 | HOUSEKEEPING- FACILITIES OPERATIONS SUPPORT | $144,196,443.59 | 2.38% |
| Y1LB | CONSTRUCTION OF HIGHWAYS, ROADS, STREETS, BRIDGES, AND RAILWAYS | $366,571,045.13 | 6.04% |

The Operating Administrations reviewed the selected contracts in accordance with the requirement in Section 743 (e) for the purpose of ensuring that:

“(i) each contract in the inventory that is a personal services contract has been entered into, and is being performed, in accordance with applicable laws and regulations;

(ii) the agency is giving special management attention, as set forth in FAR 37.114, to functions that are closely associated with inherently governmental functions;

(iii) the agency is not using contractor employees to perform inherently governmental functions;

(iv) the agency has specific safeguards and monitoring systems in place to ensure that work being performed by contractors has not changed or expanded during performance to become an inherently governmental function;

(v) the agency is not using contractor employees to perform critical functions in such a way that could affect the ability of the agency to maintain control of its mission and operations; and

(vi) there are sufficient internal agency resources to manage and oversee contracts effectively.”[[1]](#footnote-1)

The individual contract review process included documentation to ensure that all the Section 743(e) requirements were addressed, as well as questions to address the extent of competition, the justification and basis for approval of a cost type contract, what specific quality assurance procedures and oversight are in place, the role of the contract in achieving agency objectives, the business status, plans to re-compete the contract, and whether or not the Operating Administration has determined if any of the services should be performed by federal employees or a mixture of federal employees and contractors. Additional questions addressed opportunities for reducing the cost for the effort for example, use of a GSA or other enterprise strategic sourcing vehicle, consolidation with similar contracts, increase in oversight, or change in contract type. In addition, each Operating Administration was asked to review and confirm that the contractor past performance information was entered into CPARS. To complete the analysis, the Operating Administrations reviewed the contract file and, as necessary, conducted interviews with the relevant program and acquisition offices. In addition, Operating Administrations were required to complete the Annual Service Contract Inventory Review Certification Form as part of their analysis and submission.

## Federal Procurement Data System Data Considerations

Since developing the FY 2010 Service Contract Inventory, DOT became aware of several issues that must be considered when using FPDS data to analyze service contract spending:

1. The FPDS data is not static and is continually changing with additions and corrections to the data;
2. The Department’s FY 2012 Service Contract Inventory was understated due to late reporting impacting comparisons to the FY 2013 Service Contract Inventory. This FY 2012 issue is noted for the record for any comparisons up to and including the FY 2013 inventory but does not directly impact comparisons between the FY 2014 and FY 2015 inventories;
3. The Federal Aviation Administration, which awarded approximately 69% of the Department’s total FY 2015 Service Contract Inventory, periodically identifies reporting anomalies due to the fact that they were using an old version of PRISM for contract writing and did not migrate to FPDS-NG until November 2016; and
4. The FPDS query guidance from OMB to exclude small action obligations under $25,000 also excludes de-obligations, which overstates actual overall spending overall by approximately 1.2 percent.

**The Department’s FY 2012 Service Contract Inventory was understated due to late reporting impacting comparisons to the FY13 Service Contract Inventory**. The Department notified OMB in August 2013 that the Department’s FY 2012 Service Contract Inventory report and analysis was prepared using FPDS data as of December 12, 2012 and did not include late or missing data which the Operating Administrations, including FAA, submitted after that date into FPDS. This late reporting understated the Department’s overall FY 2012 Service Contract Inventory by approximately $832M. The understatement of the FY 2012 Service Contract Inventory impacts comparisons between the FY 2012 and FY 2013 inventory. This FY 2012 issue is noted for the record for any comparisons up to and including the FY 2013 inventory but does not directly impact comparisons between the FY 2014 and FY 2015 inventories.

**Service Contract Inventory excludes obligations.** In FY 2015, this query methodology overstates actual spending by approximately 1.2 percent, which does not decrease the value of the data. In some specific cases, this methodology distorts the numbers which are presented in the tables for analysis.

# ANALYSIS findings

## Service Contract Inventory Analysis

DOT obligated $6.071 on contracts (action obligations) in FY 2015 (as reported in FPDS as of December 14, 2015). This represents a reduction of $116M from the $6.187 billion on contracts (action obligations) in FY 2014 (as reported in FPDS as of January 13, 2015). Eighty four percent or $5.0879 billion was obligated on service contracts. Seven Operating Administrations (OAs) obligated 90 percent or more of their contract dollars on service contracts. In FY 2015:

* Federal Highway Administration (FHWA), Federal Motor Carrier Safety Administration (FMCSA), Federal Railroad Administration (FRA), the Office of the Secretary of Transportation (OST), the National Highway Traffic Safety Administration (NHTSA), the Federal Transit Administration (FTA), and Pipeline and Hazardous Materials Safety Administration (PHMSA), all obligated over 90 percent of their total contract spending on services.
* MARAD’s obligations reflect the fact approximately 79% of their total obligations utilize Navy appropriations which are not reported in the DOT’s Service Contract Inventory.

Table 3-1 provides a breakdown of total spending and spending for service contracts by Operating Administration (OA). It’s important to note that the Service Contract Inventory dollar amounts include only reported obligations greater than $25,000 per OMB report requirements. This reporting requirement results in anomalies in the percentage calculations since the total contract obligations include all awards including those less than $25,000 and de-obligations.

**Table 3-1: Service Contract Spending by Operating Administration**

DOT FY15 Total Obligations


Note: FPDS reporting is not static. The data was sourced from FPDS as of December 14, 2015. MARAD awards a significant amount of contracts using funds from other federal agencies. Those obligations are reported by the funding agency and are not included in DOT’s Service Contract Inventory.

Table 3-2 provides a breakdown of service contract spending by Operating Administration (OA) and a percentage of their spending as a part of the total service contract spending.

* Federal Aviation Administration (FAA) was responsible for 69 percent of DOT total spending on service contracts at DOT;
* Federal Highway Administration (FHWA) was responsible for 12 percent of DOT total spending on service contracts at DOT;

**Table 3-2: OA Service Contract Spending as a Part of Total Service Contract Spending**

**(percentages below are rounded)**

DOT FY15 Obligations by 
percent for Service Contract
Inventory

Table 3-3 presents an overview of the changes in service contract spending from FY 2013 to FY 2015. From FY 2014 to FY 2015:

* Total service contract obligations have been stable and decreased approximately 4 percent.
* Several Operating Administrations including Federal Highway Administration, Federal Railroad Administration, and Maritime Administration decreased serviced contract obligations by more than 20%. The Federal Motor Carrier Safety Administration (FMCSA) service contract obligations increased by 23%.
* The Research and Innovative Technology Administration was elevated into the Office of the Secretary of Transportation during FY 2014 and the data, while separately reported in FPDS-NG, was combined for the purposes of this report. The actual net change in the total reported inventory for both organizations from FY 2013 to FY 2014 was less than a 1% increase. The net change from FY 2014 to FY 2105 was a decrease of 14%.
* Spending in category *“Other”* increased by 103 percent from FY 2014 to FY 2015. “*Other”* consists of obligations of DOT funding by other contracting agencies.

**Table 3-3: FY 2015 Service Contract Inventory – Change from FY 2014 to FY 2015**

FY15 Service Contract
Inventory - Change
from FY2014 to FY2015

DOT reviewed the service contract spending by service code categories:

* 38 percent of spending was in category R—Support (Professional/Administrative/Management);
* 19 percent of spending was in category A—Research and Development;
* 68 percent of spending was within the three top spending categories; and
* 88 percent of spending was within the top six categories.

Table 3-4 provides DOT spending by service code category rank ordered from largest to smallest amount.

**Table 3-4: DOT Spending by Service Code Category**

DOT Spending by
Service Code Category

Table 3-5 presents the change in DOT obligations by service code. From FY 2014 to FY 2015:

* Category (R) Support (Professional/Administrative/Management) the largest category by dollar value, increased by 5 percent; and
* Category (A) Support (Research and Development) the second largest category by dollar value, decreased 8.7 percent.

**Table 3-5: DOT FY 2015 Obligations by Service Code – Change from FY 2014**

DOT FY2015 Obligations
by Service code
Change from FY2014

In Table 3-6 and Table 3-7, DOT examines service contract obligations by service code category and type of contract. The contract dollars shown as a percentage reveal that:

* 59% of total obligations is on fixed price type contracts, 29% percent is on cost type contracts, 10% is on time and material type contracts; and
* Within the top 3 service codes, approximately 30% of more of the obligations are on high-risk cost contract types.

**Table 3-6: DOT Obligations by Service Code – Percentages**

DOT Oligations by
Service Code
Percentages

**Table 3-7: Service Contract Spending by Service Code – Dollar Amount**

Service Contract
Spending by Service
Code - Dollar
Amount

## Management Support Services Analysis

Table 3-8 provides the breakdown of contract obligations on service contracts and management support services. In FY 2015, DOT obligated $1.497 billion on OMB selected management support services, which is 24 percent of total contract obligations. **This represents an increase of $145M from the reported FY 2014 OMB selected management support services obligations of $1.352 M.**

**Table 3-8: OMB Management Support Services**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Spend Category | FY2015 Actions Obligations | Percentage of Total Contract Spend | FY2015 Action Obligations > 25000 | Percentage of Total Contract Spend |
| Total Contract | $6,070,742,616.43 |  | $6,143,252,409.59 |  |
| Service Contract Inventory | $5,088,916,701.61 | 84% | $5,088,916,701.61 | 83% |
| OMB Selected Management Support Services | $1,497,774,996.71 | 25% | $1,497,774,996.71 | 24% |

OMB Management
Support Services

Management support services spending in the 12 OMB-selected codes for FY2015 are compared to values for FY 2014 in Table 3-9:

* Total obligations for OMB selected management support services **increased by 10 percent from** FY2014 to FY2015
* 87 percent of management support services obligations are in the top two categories (R425 and R408);
* 72 percent of obligations are in engineering and technical services (R425)

**Table 3-9: OMB-Selected Management Support Services Spend**

OMB Selected
Management Support
Services Spend

Table 3-10 shows management support services obligations as a percentage of service contract spending.

* Federal Transit Administration (FTA) and the Federal Motor Carrier Safety Administration (FMCSA) are spending 84 percent and 44 percent of their service contracts on the OMB-Selected Management Support Services; and
* The percentage of Management Support Services out of the total Service Contract Inventory has remained level at 29% in FY 2014 and FY 2015.

**Table 3-10: Management Support Services Spend as a Percentage of Service Contracts**

Management Support
Service Spend as a
Percentage of Service
Contracts

Tables 3-11 and 3-12 show the obligations for management support services by service code and contract type in two ways: Table 3-11 as percentages; and Table 3-12 in dollar values. The findings were:

* 39 percent ($585.5M) is in fixed price contracts;
* 45 percent ($675.5M) is in cost type contracts;
* 14 percent ($209.9) is in time and material type contracts;
* For service code R425—Engineering and Technical Services (representing 72.6 percent of total management support services obligations) —49 percent of obligations were on cost contracts ($528.8M);
* For service codes D307—Automated Information System Services, more than 70 percent of obligations were on cost type contracts.
* In contrast to the FY 2013 Service Contract Inventory, obligations in FY 2014 decreased for cost and fixed price type contracts.
* The FY 2014 Management Support Services spend reflects a $92.8M decrease in obligations using high risk cost reimbursement type contracts compared to FY 2013.

**Table 3-11: Management Support Services Spend by Service Code and Contract Type (Percentages)**

Management Support
Services Spend by 
Service Code and
Contract Type 
(Percentages)

**Table 3-12: Management Support Services Spend by Service Code and Contract Type**

**(Dollar Values)**

Management Support 
Services Spend by Service
code and Contract
Type (Dollar Values)

Table 3-13 shows the number of contract actions by service code and contract type. Compared to FY 2014, the number of actions has slightly increased for cost and decreased for fixed price type contract categories.

**Table 3-13: Number of Action Obligations by Service Code and Contract Type**

Number of Actions
Obligations by
Service Code and
Contract Type

**Table 3-14: Percentage of Action Obligations by Service Code and Contract Type**

Table 3-14 shows the percentage of contract action obligations by service code and contract type. Compared to FY 2014, the percentages have slightly increased for cost type contracts.

Percentages of Action
Obligations by Service
Code and Contract
Type

## 3.3 Role of the Service Contracts in Achieving Agency Objectives

Pursuant to Section 743 of Division C of the FY 2010 Consolidated Appropriations Act, Public Law 111-117, the Department of Transportation asked the Operating Administrations (OAs) to specifically confirm the role of the service contract inventory in achieving agency objectives. Selected excerpts from the OA certification packages are included below.

The Federal Highway Administration (FHWA) reported that contract DTFH6111D00030T13005 contributed to their agency mission with the assessment of the impact of October 2012's Hurricane Sandy on the transportation assets within the greater NY NJ CT metro region. FHWA awarded contract DTFH6113D00015 achieve its agency objectives by providing support to the States concerning the implementation of the All Road Network of Linear Referenced Data (ARNOLD) requirement through the Pooled Fund Study (PFS) mechanism. Services acquired under Contract DTFH6111D00033 support research and document the regulatory, financial, and administrative tools that communities use to create vibrant pedestrian and bicycle networks. FHWA also reviewed contract DTFH6113D00020 which was awarded to provide on-going program and technical support for accepting, analyzing, and disseminating safety data from close call reports including developing improved methods to collect, store, process, and analyze those reports. Contract DTFH6113D00014 contributes to FHWA’s mission with a contracted effort to update the parameters of the Highway Economic Requirements System (HERS) model for use in the 2016 / 2017 Conditions and Performance (C&P) Report and upgrade the HERS operations pre-processor. Contract DTFH6113D00016 was awarded to collect advanced vehicle inventory data according to FHWA’s 13 vehicle classification system.

The Federal Aviation Administration (FAA) reviewed multiple key contracts which contribute to their agency objectives. Services provided under contract DTFAWA15D00003 for the Common Support Services –Weather (CSS-Wx) System will provide weather information in standardized formats for use by the FAA Air Traffic Organization (ATO), commercial aviation, general aviation, and other Federal agencies. FAA reviewed multiple task orders issued against DTFAWA12D00058 which is the Data Communications Integrated Services Provider contract. This effort represents the first phase of the transition from the current analog voice system to an International Civil Aviation Organization (ICAO) compliant system in which digital communication becomes an alternate and eventually predominant mode of communication. FAA also reviewed modifications against the Center for Advanced Aviation System Development (CAASD) FFRDC Research and Development contract, DTFAWA10C00080. The CAASD mission is to perform the studies, analyses and concept formulation for continued advanced aviation research for modernization and development of the National Airspace System (NAS). CAASD will continue to play a key role in defining and achieving the Next Generation Air Transportation System (NextGen) vision. Support for major technical programs will continue to include the five transformational NextGen programs including Automatic Dependent Surveillance Broadcast (ADS-B), System-Wide Information Management (SWIM), Data Communications, NextGen Communications, Network Enabled Weather (NNEW) and National Airspace System Voice Switch (NVS).

Service contracts play an important role in helping the National Highway Traffic Safety Administration (NHTSA) achieve their agency objectives. NHTSA is charged with reducing the number of deaths and injuries caused by highway vehicle crashes involving pedestrians, bicycles, motorcycles and passenger vehicles and the responsibility of reducing the personal and property losses resulting from motor vehicle crashes. The contracted services under contract DTNH2211C00208 provide support for NHTSA’s National Automotive Sampling System (NASS) in the western half of the United States. NASS provides NHTSA an efficient and reusable resource with which to conduct data collection representing a broad spectrum of American society. Using a core set of crash data components, NASS has proven a reliable resource for a variety of agency sponsored electronic data collection efforts over the past 10 years. NASS is composed of two systems - the Crashworthiness Data System (CDS) and the General Estimates System (GES). The contractor collects and analyzes data associated with motor vehicle crashes; conducts special crash investigations; conducts workshops and training seasons for data collectors; performs quality assurance of data collection operations; engages in other vehicle-related special studies. NHTSA also reviewed contract DTNH2211D00236 which provides services to determine the characteristics of effective forward crash warning, left turn across path warning and intersection movement assist warning systems.

DOT’s Pipeline and Hazardous Materials Safety Administration(PHMSA) reviewed a large BPA Call for support services against BPA DTPH5612A00003. These services are part of the PHMSA IT Modernization Project and involve restructuring the Work Management System (WMS) and failure Investigation Module (FIM), Integrating Pipeline Asset Management (PAM) with WMS, and Developing Facility Response Plan (FRP) Review. DTPH5612F000062 provides PHMSA with Program Evaluation and Data Modeling Services for PHMSA's Office of Hazardous Materials Safety (OHMS) Risk Management Framework (RMF).

The Federal Railroad Administration (FRA) reviewed orders against contract DTFR5313D00013 to support operations of the Automated Track Inspection Program (ATIP) and the Fleet Operation & Maintenance and Track Data Management System (TDMS). This program is designed provide accurate, timely, and reliable information on the National Railroad Infrastructure to assure public safety.

The Federal Motor Carrier Safety Administration (FMCSA) reviewed service contract, DTMC7515F90006, which provides information technology and information management support services in support of FMCSA’s existing portfolio of systems as well as the development, modernization, and enhancement of future-state systems. Specifically, this contract provides for hosting support services including, transitioning to the cloud, services desk support, configuration management, solutions architecture, records management, as well as maintenance of the network/telecommunications capabilities. FMCSA's mission is to reduce the number and severity of crashes on U.S. highways. FMCSA’s Research and Technology (R&T) program, supported by contract DTMC7514D00011, is key to reaching the agency's goal of reducing large truck and bus-related fatalities. The reviewed task order was the direct result of recent legislation directing FMCSA to conduct a CMV Driver Restart Study to compare, at a minimum, the 5-month driver work schedules and assess safety critical events (crashes, near crashes and crash-relevant conflicts) and operator fatigue between to different groups

Within the Office of the Secretary of Transportation (OST), the Volpe Center included in its review DTRT5714F50036 which provides computer programming services for the Volpe Center’s program support of the Federal Motor Carrier Safety Administration’s Performance and Registration Information Systems Management (PRISM) program. PRISM is a data sharing system that works with the Compliance, Safety, and Accountability (CSA) program to identify motor carriers and hold them responsible for the safety of their operation. The PRISM system facilitates the sharing of motor carrier vehicle information between States and allows for users (State or law enforcement) to inquire about the safety and fitness performance of motor carriers and vehicles.

## 3.4 Detailed Assessment of Service Codes with the Highest Spending on Cost Type Contracts:

Within the 12 management support services, the two service codes with the highest spending on cost type contracts were assessed in greater detail:

* Engineering and Technical Services (R425);
* Support Professional Program Management (R408)

**R425 Engineering and Technical Services**

1. **Type of Contract**

For FY 2015, R425 was the service code category with the largest amount of cost type contracts. From FY 2014 to FY2015**,** there has been an increase in total value of contract obligations and a slight change in contract type composition.

PSC R425 contract
type analysis on cost 
awards

R425 Cost analysis 
breakdwon 

R425 Value of Action
Obligations by Contract
Type.  FY14 and FY15
comparison.

**B. Level of Competition**

The percentage of contracts awarded under full and open competition has decreased from 70 percent to 61 percent and at the same time contracts that were competed under Simplified Acquisition Procedures increased from 11 percent to 17 percent.

R425 Level of 
competition for FY14
and FY15 with 
percentages.

**C. Date Signed**

This chart shows the level of obligations awarded over time, or when the contract actions are signed. This chart shows the two product service codes with the highest levels of obligations in cost type contracts for comparison. The value of contracts awarded increased as the year progressed, with significant increases in the second and fourth quarters.

**R425 and R408 date signed
comparison for FY15**

**D.** Small Business Program Representation Type of Business

For the R425 category:

* Thirty-one percent of the contracts were awarded to small businesses, 9 percent to women- owned small businesses (WOSB), 18 percent to small disadvantaged businesses (SDB), 2 percent to service disabled veteran- owned small businesses (SDVOSB), and 3 percent under the SBA 8(a) Program.
* This information should be compared to the overall Departmental small business prime contracting goals that are 44 percent for small businesses, 5 percent for both WOSB and SDB, and 3 percent for SDVOSBand HUBZone small businesses.
* It’s important to note that in FPDS, this data is entered as an answer to a “yes and no” question for every type of small business program representation. A vendor can belong to multiple categories (e.g., small business, WOSB, and SDVOSB) so a single action obligation can result in a “yes” in several categories.

R425 chart describes
R425 type of business
percentages: SB, WOSB,
SDB, SDVOSB, 8(a)

**E. Information about Vendors**

* In FY 2015, there were 195 different vendors in the R425 category with five vendors having contracts with more than one OA.
* 62 percent of the contract value was awarded to 10 contractors, with the Raytheon Company accounting for 16 percent of total obligations

FY15 Vendor information.  
Dollar values spend on the
top 10 vendors by OA

**F. Place of Performance**

* The primary places of performance for the contracts in R425 included DC, Virginia and Massachusetts. The chart below depicts the top 10 states with the highest level of FY 2015 obligations for service contracts.

Chart depicts R425 10 
States by OA with the
highest spend

**R408 Program Management/ Support Services**

This service category was not analyzed at a detailed level in FY2014. Compared to FY2014, total obligations within this category have increased 20% from $178,048,959 to $214,009,552 and cost type contracts have increased from $23,315,543 to $83,602,573. The preponderance of awards within this category and contract type was modifications to and orders against existing contracts.

1. **Type of Contract**

FY15 Type of contract
Spend value for PSC 
R408

**Chart depicts R408 FY15
Obligations by
Contract Type**

**B. Level of Competition**

The value of contracts awarded full and open competition in FY 2015.

Table depicts Level
of competition for
PSC R408 by dollar
value and percentages

**C. Date Signed**

This chart shows the level of obligations awarded over time, or when contract actions are signed and issued. This chart shows the two product service codes with the highest level of obligations in cost type contracts for comparison. The value of obligations awarded remained consistent as the year progressed, with significant increases in the fourth quarters.

Graph depicts PSC R408 
FY15 Date Signed 
comparison

**D.** Small Business Program Representation Type of Business

* Of the contract value in category R408, 44 percent was awarded to small business, 12 percent to women-owned small businesses (WOSB), 18 percent to small disadvantaged business (SDB), and 9 percent to SBA 8(a) program.
* This should be compared to the goals that are 44 percent for small businesses, five percent for women-owned small businesses and small disadvantaged businesses and three percent for SBA 8(a) program.
* In FPDS, this data is entered as an answer to a yes and no question for every type of small business program representation. A vendor can belong to multiple categories (e.g., small business, WOSB, and VOSB) the same action obligation can result in a yes in several categories.

Graph depicts 
PSC R408 type of
business: SB, WOSB,
SDB, SDVOSB, 8(a)

**E. Information about Vendors**

There were 124 different vendors in category R408. The chart below depicts the top 10 with the highest obligations awarded. Ten percent of the obligations were awarded to Science Applications International Corporation.

Table depicts PSC R408
vendor information
for the top 10 vendors
with the highest 
obligations awarded 
by OA

**F. Place of Performance**

The primary places of performance for the contracts in R408 included: DC, Virginia, and Pennsylvania. The chart below depicts the top 10 states with the highest level of FY 2015 obligations for service contracts.

0 Table depicts R408 
place of performance
for the top 10 states 
with highest spend by
OA

## 3.5 Selected Individual Contract Review

Operating Administrations identified and reviewed a total of 845 contract actions within the Table 1-1: Baseline for the FY 2015 Service Contract Inventory Analysis concentrating on a subset of the OMB-selected special interest functions as well as additional function codes with significant reported obligations corresponding to 23 percent of the total FY 2015 Service Contract Inventory.

The individual contract action review process included documentation to ensure that all the Section 743(e) requirements were addressed, as well as questions to address the extent of competition, the justification and basis for approval of a cost type contract, what specific quality assurance procedures and oversight are in place, the role of the contract in achieving agency objectives, the business status, plans to re-compete the contract, and whether or not the Operating Administration has determined if any of the services should be performed by federal employees or a mixture of federal employees and contractors. Additional questions addressed opportunities for reducing the cost for the effort for example, use of a GSA or other enterprise strategic sourcing vehicle, consolidation with similar contracts, increase in oversight, or change in contract type. In addition, each Operating Administration was asked to review and confirm that the contractor past performance information was entered into the Contractor Past Performance Reporting System (CPARS).

To facilitate the analysis, we developed a pre-populated FY 2015 analysis spreadsheet with information from the Federal Procurement Data System.  The spreadsheet was organized by Operating Administration and listed FY 2015 awards within the scope of this year’s analysis.  We requested that each Operating Administration

* + Select and review a minimum of 50% of the total obligations within the cited product service codes (highlighted in green);
  + Ensure the selected and reviewed awards include as many different basic contracts as possible to ensure a comprehensive review; and
  + Select and review all Personal Services contracts listed on the FY 2015 master spreadsheet
  + Document the contract review and responses on the highlighted columns and questions on the FY 2015 master spreadsheet
  + Upon completion of the analysis, certify the completion statement

The Operating Administrations reviewed the contract file and, as necessary, conducted interviews with the relevant program and acquisition offices to complete the analysis. For the reviewed contracts, the findings are summarized in the below table:

Operating

Administration

FY2015 Action

Obligations

Reviewed

Number of

Contracts

Reviewed

Number of

Actions

Reviewed

Percentage

Obligations

Personal

Services

Critical or

Inherently

Governmental

Adequate

Supervision

Estimated

Number of

Contractor

FTE

**FAA**

$723,346,911

47

95

33%

Yes (1)

1 CL contracts

Yes

3,502.0

**FMCSA**

$27,499,944

6

12

53%

No

No

Yes

200

**FRA**

$19,218,707

27

46

100%

No

No

Yes

184

**FTA**

$62,426,025

76

81

50%

No

1 CL contract 3

CT contracts

Yes

2010

**FHWA**

$206,341,202

204

222

47%

No

1 CT contract

Yes

1189

**MARAD**

$2,854,361

4

4

24%

No

No

Yes

84

**NHTSA**

$19,627,699

16

16

51%

No

5 CL contracts

4 CT contract

Yes

79

**OST**

$13,928,216

21

31

48%

No

No

Yes

345

**PHMSA**

$7,674,267

7

8

61%

No

7 CT contracts

Yes

20

**Volpe**

$84,099,525

82

328

52%

No

No

Yes

523

**SLSDC**

$402,195

2

2

100%

No

1 CL contracts

Yes

3

**Total**

$1,167,419,053

492

845

78%

8,139.0

**Inherently Governmental codes:**

**CL: Closely Associated**

**CT: Critical Functions**

**Note: Estimated number of FTE contractors is only an estimate provided by the OA . The authoritative source is the Service Contract Report**

Percentage

* Fifteen of the contracts were for critical functions.
* Eight contracts involved work closely associated with inherently governmental work.
* Contractor employees are performing critical work; while the OAs agreed that these functions could be insourced, the OAs either cited no available Government staff, lack of government expertise, or they valued the flexibility of a contractor workforce. No insourcing was recommended.
* FAA's review included a personal services Indefinite Delivery/Indefinite Quantity (ID/IQ) contract, DTFACT12D00003 CALL0009 in the amount of $406,989 for the (RFM) Center Operations and Administrative Support. FAA reported that this personal services contract is being performed in accordance with applicable laws and regulations. Some of the secretarial services under this contract include preparing procurement requests or travel authorizations however; the FAA has final approval over all such work performed. The contract does not involve the contractor utilizing discretion in applying the FAA's authority or making decisions affecting monetary transactions. Since this is a personal services contract, the extent and nature of the work to be performed under the contract is continuously monitored by the FAA. Individual delivery orders clearly indicate the specific scope of the services to be provided. Any possible changes to individual delivery orders are brought immediately to the attention of the COR and CO.

RECOMMENDATIONS AND ACTIONS

Throughout FY 2015, DOT remained focused on improving the management of service contracts. DOT's ability to manage service contracts more effectively and to identify cost savings without adversely affecting the mission remains a top priority. DOT continued initiatives to reduce overall contract spending and risks by increasing awareness and improving governance; implementing DOT­ wide strategic sourcing; and reducing high-risk contracting. The Office of the Senior Procurement Executive leverages FPDS data analysis to better understand service contracts.

This section will look into how these initiatives are currently being implemented at DOT and will continue to positively impact the Department's oversight of its Service Contract Inventory.

## Increasing Awareness and Improving Governance

The Office of the Senior Procurement Executive (OSPE established the Strategic Sourcing Executive Steering Committee (SSESC) in FY 2011. The SSESC is chaired by the Deputy Secretary and is an executive-level, decision-making body with the Administrators from each OA or their designated representative. The purpose of the SSESC is to ensure executive level support and buy­ in to DOT-wide cost reduction strategies. The SSESC meets as needed and is supported by spend analysis teams who are researching, analyzing, and developing recommendations for SSESC consideration. The accomplishments of the Department's Strategic Sourcing program in relationship to service contracts are described below in section 4.4.

The OSPE has taken the lead role to increase awareness of the need for more effective service contract management throughout the Department as the chair of the Strategic Acquisition Council (SAC), which is made up of the Directors of Acquisition from each Operating Administration. The SAC meets monthly to share ideas and information, establishes priorities and goals, and report on progress. The SAC has become an important organization for understanding acquisition issues and for launching new initiatives. The Senior Procurement Executive is actively engaged with the SAC to improve the quality of all data reported in FPDS with a particular focus on accurate and timely data; proper coding of the service contract inventory with the knowledge that proper use of Product Service Codes facilitates business intelligence for appropriate oversight, strategic sourcing and spend analysis.

On September 30, 2013, the Deputy Secretary of Transportation issued updated Department Acquisition Oversight and Risk Management Policy. This policy strengthened the Department's focus on the acquisition workforce and defined the process and dollar thresholds associated with the review and approval of acquisition strategy planning documents. The Department's Acquisition Strategy Review Board includes senior executives from the offices of the Chief Information Officer and the Chief Financial Officer who with the Senior Procurement Executive are positioned to consider the insight provided by the Service Contract Inventory analysis in the review and approval of proposed strategies for new contract awards. Although all elements of the acquisition package are important and are reviewed to ensure it clearly articulates a sound and compliant approach, the review also ensures the creation of acquisition strategy process that facilitates:

* Clear consideration for minimizing the use of high-risk contracts (both in the base contract and in subordinate task orders)
* Evidence of active planning and consideration for robust competition
* Consideration for the professional preparedness of those individuals who will manage the program (certified CO, COR’s, program managers, etc.)
* Clearly articulated consideration for small business opportunities (or the absence thereof)
* Consideration of information technology strategies consistent with Departmental policies, including consideration of section 508 issues; and
* Seeks to minimize the use of management support services to the greatest extent practicable, consistent with program needs.

## Workforce Analysis

In FY2015, the Office of the Chief Information Officer (OCIO) completed an information technology (IT) workforce analysis to evaluate the current alignment of Federal staff and contractor resources supporting the Department’s IT efforts.  Based on this analysis, DOT is engaging in a multi-year IT workforce initiative to reduce reliance on contractors and concomitantly increase the number of Federal positions.  The realignment will provide two main benefits including cost savings and efficiencies with realigned federal and contractor roles. The success of this workforce analysis will set an example for future functional assessments.

## Reducing High-Risk Contracting

DOT recognizes the importance of effectively managing program risk. Through increased awareness and education, DOT continues to engage to reduce high risk contracting. In those instances where it is best to use a higher risk contract type, the SPE emphasizes effective oversight. The SPE recognizes that certification of the acquisition workforce-including contracting staff, Contracting Officer's Representatives (CORs), and program managers is essential to effective oversight of all contracts. From FY 2009 to FY 2015, DOT certifications have increased substantially. As of September 30, 2015, DOT certification rate for contracting professionals was 96%. The Department will continue its focus on reducing high risk type contracts and use the governance provided by the Acquisition Strategy Review Board to ensure the proposed contract strategies and types mitigate program risk.

## Strategic Sourcing

During the meeting of the Strategic Sourcing Executive Steering Committee (SSESC) on 5 April 2016, the SSESC reviewed progress to date on several key departmental strategic sourcing initiatives. This governing body continues to review opportunities for reducing services spending where it is feasibly possible and makes sound business sense. The CAO (Chairman of the SSESC) placed emphasis on cyber security, increased small business opportunities, footprint reduction and IT spending.

DOT anticipates that the GSA Federal Strategic Sourcing Initiatives (FSSI) planned government wide contracts for furniture, janitorial, building maintenance and laptops may provide additional mechanisms for the Department to continue to reduce costs for service contracts.

DOT is strongly encouraging the use of GSA’s FSSI One Acquisition Solution for Integrated Services (OASIS) which provides a government wide strategic sourcing contract vehicle for management support services, engineering services, financial services, program management services, scientific services, and logistics services. The SPE in conjunction with the SSESC will continue to identify strategic sourcing opportunities and promulgate use of the GSA FSSI OASIS contract for management support services.

# APPENDIX A: APPLICABLE LEGISLATION AND GUIDANCE

This appendix provides the applicable legislation and guidance in chronological order beginning with the most recent.

**Legislation**

December 16, 2009

Public Law 111-117

Section 743, Service Contract Inventory Requirement

October 19, 1998

Public Law 105-270

Federal Activities Inventory Reform Act of 1998

(Inherently Governmental)

**Office of Management and Budget Policy Memoranda**

November 8, 2011

Discussion Draft

For: Chief Acquisition Officers and Senior Procurement Executives

Subject: Service Contract Inventories

November 7, 2011

For: Chief Financial Officers, Chief Acquisition Officers, and Senior Procurement Executives

Subject: Reduced contract spending for management support services

November 5, 2010

For: Chief Acquisition Officers and Senior Procurement Executives

Subject: Service Contract Inventories

**Office of Management and Budget Policy Letters**

September 8, 2015

OMB Service Contract Inventory Alert subject: FY 2015 Service Contract Inventories

September 12, 2011

Policy Letter 11-01

Performance of Inherently Governmental and Critical Functions

# APPENDIX B: SERVICE CONTRACT INVENTORY DATA ELEMENTS

The FY 2015 Service Contract Inventory was developed by querying the Federal Procurement Data System (FPDS) for all service contract actions over $25,000 awarded in FY 2015. The query was run in accordance with the December 19, 2011, OMB Memorandum, which specified the FPDS data elements and format for the inventory. The FPDS data elements and descriptions are shown in Table 2-1.

**Table 2-1: Service Contract Inventory FPDS Data Elements**

|  |  |  |
| --- | --- | --- |
| **OMB Required**  **FPDS Data Element** | | **FPDS Data Element Description** |
| **1** | **PSC** | The code that best identifies the product or service procured. Codes are defined in the Product and Service Codes Manual. |
| **2** | **Product or Service Code (PSC) Description** | A description of the product or service designated by the product code. |
| **3** | **Contracting Agency** | The code for the agency of the contracting office that executed or is otherwise responsible for the transaction. |
| **4** | **Contracting Department** | The code for the Department of the contracting office that executed or is otherwise responsible for the transactions |
| **5** | **Funding Agency** | The code for the agency that provided the preponderance of the funds obligated by this transaction. |
| **6** | **Place of Performance City** | This is the location of the principal plant or place of business where the items will be produced, supplied from stock, or where the service will be performed. |
| **7** | **State** |
| **8** | **Country** |
| **9** | **Date Signed** | The date that a mutually binding agreement was reached. The date signed by the Contracting Officer or the Contractor, whichever is later. |
| **10** | **Extent Competed** | A code that represents the competitive nature of the contract. |
| **11** | **Fair Opportunity/ Limited Sources** | The type of statutory exception to Fair Opportunity. |
| **12** | **Type of Contract** | The type of contract as defined in FAR Part 16 that applies to this procurement. |
| **13** | **Description of Requirement** | A brief description of the contract or award. |
| **14** | **Vendor Name** | The name of the vendor supplying the product or service as it appears in CCR or as entered by the user if CCR exception is selected. |
| **15** | **Action Obligation** | The amount that is obligated or de-obligated by this transaction. |
| **16** | **PIID** | The unique identifier for each contract, agreement or order. |
| **17** | **Referenced IDV PIID** | When reporting orders under Indefinite Delivery Vehicles (IDV) such as a GWAC, IDC, FSS, BOA, or BPA, report the Procurement Instrument Identifier (Contract Number or Agreement Number) of the IDV. For the initial load of a BPA under a FSS, this is the FSS contract number. |
| **18** | **DUNS Number** | The DUNS number of the contractor. Used as a key to CCR. Maps to the DUNS Number in CCR. |

1. Service Contract Inventory Requirement. Public Law 111-117. Section 743. December 16, 2009. [↑](#footnote-ref-1)