

**National Science Foundation FY 2014  
Service Contract Inventory Analysis Report**

National Science Foundation

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## **Executive Summary**

This National Science Foundation (NSF) report responds to the request by the Office of Management and Budget's Office of Federal Procurement Policy (OFPP) to analyze NSF's FY 2014 inventory of service contracts to determine if the mix of Federal employees and contractors is effective or if rebalancing may be required. It includes the following information:

- a) The special interest functions studied by the NSF, the dollars obligated to those specific product and service codes (PSCs) in FY 2014, and the rationale for focusing on the identified functions;
- b) The methodology used by the NSF to support its analysis;
- c) NSF findings, including a brief discussion of the extent to which the desired outcomes described in Section 743(e)(2) are being met. Where workforce issues are identified, the estimated number of contractor personnel and/or labor resources involved; and
- d) Actions taken or planned by the NSF to address any identified weaknesses or challenges. In addition, description of follow up steps on actions in previous inventories that were identified as pending or planned.

## Scope

In accordance with NSF's SCI Planned Analysis Report dated February 4, 2015, NSF analyzed the functions under PSC D399 (IT and Telecommunications – Other IT and Telecommunications) and R799 (Support – Management: Other). NSF Obligations in FY 2014 under PSC D399 totaled \$15,427,397. NSF Obligations in FY 2014 under PSC R799 totaled \$10,754,133. NSF chose PSC D399 and PSC R799 for the following reasons:

- In NSF's FY 2011 and FY 2012 analyses, we have already examined the PSC codes in the OMB/OFPP designated special interest functions for which we have obligations. Our FY 2011 analysis looked at PSC Code 408 (Program Management/Support Services), while the FY 2012 NSF analysis examined PSC Codes R707 (Management Services/Contract and Procurement Support) and D307 (Automated Information System Services).
- The 3 largest NSF PSCs in terms of percentage of obligations that are not under special interest functions are M1HA (Operation of Government-Owned Contractor-Operated (GOCO) R&D Facilities), R499 (Support – Professional: Other), and D318 (IT and Telecom – Integrated Hardware/Software/Services Solutions, Predominately Services). M1HA and R499 were examined in our FY 2010, and D318 was examined our FY 2013 analysis.
- D399 and R799 are the 4<sup>th</sup> and 5<sup>th</sup> largest PSCs, respectively, in terms of percentage of obligations that are not under a special interest function at NSF and have contracts being performed. These functions have not been previously the subject of a focused review by NSF.

Three contracts totaling \$12,415,365 were reviewed covering 80% of the total obligations under PSC D399 which totaled \$15,427,397 in obligations in FY 2014. Four contracts totaling \$5,820,846 were reviewed covering 54% of the total obligations under PSC R799 which totaled \$10,754,133 in obligations in FY 2014. These contracts were chosen for review based on (1) their dollar value and (2) the fact they involved ongoing support as opposed to a one-time service need.

NSF's Division of Acquisition and Cooperative Support (DACS) prepared the NSF FY 2015 Service Contract Inventory (SCI) and the NSF FY 2014 SCI Analysis Report.

## Methodology

The primary methodologies used to support the analysis of the chosen contracts studied consisted of interviews with the CORs and Contracting Officers (COs) of the contracts chosen and a review of the contracts.

## Findings

1. NSF has no personal services contract obligations.
2. A review of the selected contracts under PSC D399 and R799 indicated that they:
  - (a) were not contracts that were closely associated with inherently governmental functions;
  - (b) were not using contractor employees to perform inherently governmental functions;
  - (c) have 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;
  - (d) are 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 operation; and
  - (e) have sufficient agency resources to manage and oversee contracts effectively.
3. No workforce issues were identified as a result of this review.

## Actions Taken or Planned

Based on the preceding analysis, there are no actions taken or planned concerning the contracts under PSC D399 and R799. None of the contracts reviewed are for personal services and none were found to be inherently governmental in nature. The mix of federal employees and contractors were considered to be effectively balanced for the contracts reviewed.

There are no remaining follow-up steps on actions from previous inventory analyses that were identified as pending or planned as all issues have been resolved and explained in previous inventory reports.

## Accountable Officials

The senior agency management official who is (1) accountable for the development of agency policies, procedures, and training associated with OFPP Policy Letter 11-01, and (2) responsible for ensuring appropriate internal management attention is given to the development and Analysis of service contract inventories is Mr. Jeffery M. Lupis, NSF Senior Procurement Executive.