

United States Department of Agriculture



**Service Contract Inventory Analysis
Fiscal Year 2019**

January 2021

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About USDA

The United States Department of Agriculture profile spans multiple agencies and offices serving the American people and our alliance partnerships, at more than 4,500 locations across the United States and abroad. We provide leadership on food, agriculture, natural resources, rural development, nutrition, and related issues. USDA leadership is anchored by our mission, public policy, resources management and best available science.

Our vision is to help rural America thrive; promote agriculture production that nourishes Americans, helping feed others throughout the world. At the core of our fundamental tenants is preserving our Nation natural resources through conservation, restored forestry, improved watersheds, healthy private land and economic opportunities through innovation.

USDA agencies help keep America's farmers and ranchers in business and ensure that the nation's commercial supply of meat, poultry, and egg products are safe, wholesome, and properly labeled. USDA also practice sustainable management to help ensure the health and care of animals and plants, while working to improve the economy and quality of life in rural America.

Introduction

The Consolidated Appropriations Act, (Pub. L. No. 111-117), Section 743 of Division C, Fiscal Year (FY) 2010 and the Federal Activities Inventory Reform Act (FAIR), (Pub. L. 105-270) of 1998 require executive agencies covered by the FAIR Act, except for the Department of Defense, to prepare an annual inventory of their service contracts and analyze that inventory to determine if the mix of Federal employees and contractors is effective, or if rebalancing the mission responsibilities are required.

Service contract inventories can assist agencies in better understanding how contractors are used to support their mission and operations and whether contractor skills are used in an appropriate manner. This insight is especially important for contracts with performance elements that may involve critical functions, or functions closely associated with inherently governmental functions.

This information can help an agency determine if its practices are creating an over-reliance that requires increased contract management, or if rebalancing of government employees to the portion of contracted services is required to ensure the government is effectively managing risks and getting the best results.

Background

Each year USDA publishes a completed Fiscal Year Service Contract Inventory as required by Public Law and in accordance with the Office of Federal Procurement Policy, Service Contract Inventories, dated December 19, 2011. The annual Service Contract Inventories Report documents USDA practices of conducting a meaningful analysis of the agency usage of contract services.

Furthermore, USDA is required by Public Law and Policy to submit a report suitable for public disclosure that discusses its analysis and the use of contractors for special interest functions.

Scope of Special Interest Functions

Special interest functions are functions that require increased management attention due to a heightened risk of workforce imbalance. In accordance with the Office of Federal Procurement Policy guidance, USDA submitted a planned analysis identifying which special interest functions in its FY 2020 inventory the agency would evaluate for analysis.

USDA selected 6 Product and Service Codes (PSCs) for special interest. The Product Codes selected by the agency are a combination of Product Codes identified by Office of Management and Budget (OMB) for heightened management consideration, based on concerns of increased risk of losing control of mission and operations as identified through a review of USDA largest PSC fiscal year obligations.

The table below shows the special interest functions studied by the agency and the dollars obligated to those specific Product Codes.

PSC	Function	Total Dollars
B599	Special Studies/Analysis-Cost Benefit	\$115,526,230.19
D302	IT and Telecom-Systems Development	\$296,064,931.80
D307	IT and Telecom-IT Strategy and Architecture	\$60,009,492.43
D399	IT and Telecom-Other IT and Telecommunications	\$486,812,315.34
R408	Support-Professional: Program Management/Support	\$148,247,288.37
R499	Support-Professional: Other	\$172,730,303.72
Total		\$1,279,390,501.85

Methodology

USDA analysis involves randomly selecting and reviewing significant contracts from the PSC list of functions awarded through USDA contracting activities. Contracts were considered significant if they represented a large investment in each Product Code when compared to average contract size awarded at USDA. USDA then conducted a comparative analysis, considering factors such as the use of high-risk contracting types, the degree to which agencies are contracting independently for the same services and the results of the most recent Federal Activities Inventory Reform (FAIR) Act Inventory.

In contrast to the Service Contract Inventory, wherein contracted services are examined. The FAIR Act Inventory examines services performed by federal employees. Contrasting the two allows agencies to study whether contractor performance remains an acceptable choice, but may require increased oversight to manage performance risk, or if there are indications that the work must, or should be performed by federal employees.

Agency Findings

In general, there were no reported, or discovered instances at USDA that indicated agency practices were inconsistent with the desired outcomes described in section 743(e)(2) of the Fiscal

Year (FY) 2010 Consolidated Appropriations Act. Furthermore, at the time of this report, USDA has no indication that contract labor was not used in an appropriate and effective manner, or the mix of federal employees and contractors in the agency was not effectively balanced during FY 2019. The following are specific outcomes described in section 743(e)(2):

- (i) Each contract in the inventory that is a personal services contract was 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 did not use contractor employees to perform inherently governmental functions.
- (iv) The agency has specific safeguards and monitoring systems in place to ensure that work performed by contractors have not 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.
- (vi) There are adequate internal agency resources to manage and oversee contracts effectively.

Summary

Contrasting the completed Services Contract Inventory with the recent FAIR Act inventories revealed the balance of employees performing inherently governmental functions to the use of the special function service contracts remain consist with agency maintaining mission and operational control.

USDA most recently published FAIR Act inventory shows USDA personnel perform functions that are inherently governmental in nature and the percentage of employees performing inherently governmental functions has not declined. Simultaneous, the use of service contracts has remained stable.

The different balance of contract labor to federal employees did not result in reported instances of failure to achieve the outcomes described in Section 743(e)(2) of the FY 2010 Consolidated Appropriations Act described above. USDA will continue to monitor the mix of federal employees and contractors within the agency, with an orientation towards maintaining an effective balance.

Accountable Officials

Tiffany Taylor, Director - Office of Contracting and Procurement, is the USDA Senior Agency Management Official who is accountable for the development of agency policies, procedures and training associated with OFPP Policy Letter 11-01, addressing the performance of inherently governmental and critical functions. She is also the official who is responsible for ensuring appropriate internal management attention is given to the development and analysis of Service Contract Inventories.