Department of Education

Service Contract Inventory (SCI)

FY2018 SCI Analysis Report

FY2019 SCI Analysis Plan

February 2020



**Background**

The Consolidated Appropriations Act, 2010, Public Law 111-117, requires civilian agencies to prepare and analyze inventories of their service contracts annually. The analysis helps inform the agency managers to determine whether contractors are being used appropriately in their workforce. The process includes extracting contract data from the Federal Procurement Data System (FPDS) and the System for Award Management (SAM). As required, we completed our fiscal year (FY) 2018 analysis and posted it on our website at

<https://www2.ed.gov/fund/data/report/contracts/servicecontractinventoryappendix/servicecontractinventory.html>.

1. **Scope**

The Department of Education (ED) conducted an analysis of its service contract inventory to determine if our agency is using service contracts in an appropriate and effective manner. The Produce Service Codes (PSCs) we used for our analysis were selected from last year’s plan.

Using the Office of Management and Budget (OMB) guidance and the our FY2018 Government-wide Service Contract Inventory report, we reviewed 248 contract entries. We considered multiple contract functions and selected the PSCs listed in Table 1 for our FY2018 SCI analysis based on last year’s plan. A brief description of the rationale for including these PSCs is provided in Table 2:

**Table 1 – PSCs Selected for FY 2018 Review**

|  |  |  |  |
| --- | --- | --- | --- |
| **PSC** | **Description** | **FY 2018 Obligations** | **% Total Obligations** |
| R710 | SUPPORT- MANAGEMENT: FINANCIAL | $2,302,232,126 | 58% |
| R705 | SUPPORT- MANAGEMENT: DEBT COLLECTION | $641,798,111 | 16% |
| R499 | SUPPORT- PROFESSIONAL: OTHER | $350,844,080 | 9% |
| D301 | IT AND TELECOM- FACILITY OPERATION AND MAINTENANCE | $212,507,151 | 5% |
| D399 | IT AND TELECOM – OTHER IT AND TELECOMMUNICATIONS | $151,255,941 | 4% |
| D313 | IT AND TELECOM- COMPUTER AIDED DESIGN/COMPUTER AIDED MANUFACTURING (CAD/CAM) | $107,890,842 | 3% |
| B542 | SPECIAL STUDIES/ANALYSIS- EDUCATIONAL | $104,444,987 | 3% |
| R410 | SUPPORT- PROFESSIONAL: PROGRAM EVALUATION/REVIEW/ DEVELOPMENT | $57,755,544 | 1% |
| AF11 | R&D- EDUCATION: EDUCATIONAL (BASIC RESEARCH) | $36,672,880 | 1% |
| B506 | SPECIAL STUDIES/ANALYSIS-DATA (OTHER THAN SCIENTIFIC) | $3,332,320 | 0% |

**Table 2 – PSC Detail and Rationale**

|  |  |  |
| --- | --- | --- |
| AF11 | R&D- Education: Educational (Basic Research) | * This PSC is considered a mission critical function of the Department. Research and Special Studies are services that are identified as being commercial services and appropriately outsourced under prior FAIR Act Inventory reviews. The Department spent $36M (1% of its total FY2018 obligations) for these services. |
| B506 | Special Studies/Analysis - Data (Other Than Scientific) | * Many of the services under contract in this PSC are non-commercial; therefore, there is a higher risk for over-reliance on contractors for these types of contracts. The Department spent $3M (less than 1% of its total FY2018 obligations) for these services. |
| B542 | Special Studies/Analysis - Educational | * Many of the services under contract in this PSC are non-commercial; therefore, there is a higher risk for over-reliance on contractors for these types of contracts. The Department spent $104M (3% of its total FY2018 obligations) for these services. |
| D301 | IT and Telecom - Facility Operation and Maintenance | * This is a top 10 PSC in terms of obligations. The Department spent $212M (5% of its total FY2018 obligations) for these services. |
| D313 | IT and Telecom - Computer Aided Design/Computer Aided Manufacturing (CAD/CAM) | * This PSC includes contracts for IT Acquisition Support Services, which are high on OMB’s priority list. The Department spent $107M (3% of its total FY2018 obligations) for these services. |
| D399 | IT & Telecom: Other IT and Telecommunications | * This PSC includes other types IT and Telecom related contracts and services. The Department spent $151M (4% of its total FY2018 obligations) for these services and was a selected PSC to evaluate from last year’s analysis plan. |
| R410 | Support - Professional: Program Evaluation/Review/Development | * This PSC includes support services in the areas of program evaluations, etc. The Department spent $57M (1% of its total FY2018 obligations) for these services and was a selected PSC to evaluate from last year’s analysis plan. |
| R499 | Support - Professional / Other | * Identified as a targeted PSC under the ongoing effort to reduce contract spending for professional and other services. The Department spent $350M (9% of its total FY2018 obligations) for these services. |
| R705 | Support: Management Data Collection | * Identified as a targeted PSC under the ongoing effort to reduce contract spending for management support services. This PSC is included to guard against expansion of the contractor’s duties into inherently governmental functions and to ensure enough management and oversight remains in place. The Department spent $641M (16% of its total FY2018 obligations) for these services. |
| R710 | Support: Management Financial | * This PSC is included to guard against expansion of the contractor’s duties into inherently governmental functions and to ensure enough management and oversight remains in place. The Department spent $2.3B (58% of its total FY2018 obligations) for these services. |

1. **Methodology**

The Department selected PSC codes that were identified in our FY2018 SCI Plan for Analysis. We selected these codes based on the potential for contractors performing inherently governmental functions, the overuse of contractors for these services over Federal Employees, as well as contracts that are mission-critical and other functions within the 10 PSCs listed in Table 1.

**C. Findings**

**Inherently Governmental Functions (IGF)**Based on the information from the Federal Procurement Data System (FPDS) data spreadsheet of the established criteria for classifying inherently governmental functions, we determined that none of the contracts are performing an inherently governmental function.

**Functions Closely Associated with IGFs**We reviewed contracts where contractors performed functions that were closely associated with the service needs of our Department. When Governmental resources were available, the duties were retained in-house. When the level of available resources was not adequate for performance by a Federal employee, consideration was given to ensure that sufficient resources were available for proper oversight. Based on a review of these contracting activities in conjunction with the data provided, we determined that there were no contracts closely associated with IGFs.

**Mission Critical Functions**We reviewed contracts where contractors performed services that are critical functions that are closely associated with the Department’s mission and operations. These “mission critical” functions included assessments of educational progress, program management oversight, student aid loan servicing, and loan collections. We found that there were enough resources in place to manage and oversee these contracts. The Department will continue to pay close attention to contracts where contractors perform these types of services in order to maintain sufficient internal control processes, as it relates to inherently governmental activities.

**Personal Services**The department does not award any personal services contracts.

**Contract Management and Oversight**Based on our review of the FPDS information that was provided from OMB to conduct our SCI analysis, we concluded that our agency is managing and reporting contract administration functions sufficiently.

**Summary**The analysis of the contracts reviewed indicates:

* No evidence of contractors performing IGF services
* No evidence of contractors performing personal services
* No contracts recommended for further in-sourcing study

**D. Actions Taken or Planned**

There are no action items based on the FY2018 service contract inventory review.

**E. Accountable Officials**

The Department’s senior management official who is accountable for the development of agency policies, procedures, and training associated with Acquisition Management (including Service Contract Inventory Analysis) is the Senior Procurement Executive.

**FY2019 Service Contract Inventory** **Plan for Analysis**

The Department of Education (ED) analysis will be performed in accordance with the criteria in Consolidated Appropriations Act, 2010, (Pub. L. No. 111-117, §743 – 2009). ED will develop the basic inventory analysis as directed and encouraged by OMB’s guidance using FPDS-NG data. The following is a list of PSC special interest functions that will be used in the Departments analysis:

|  |  |
| --- | --- |
|  | **OMB’s suggested PSC to review:** |
| **PSC** | **Descriptions** |
| R499 | SUPPORT - PROFESSIONAL: OTHER |
| R699 | SUPPORT - ADMINISTRATIVE: OTHER |
| R799 | SUPPORT - MANAGEMENT: OTHER |
|  |  |
|  | **ED’s planned PSC to review:** |
| **PSC** | **Descriptions** |
| B542 | SPECIAL STUDIES/ANALYSIS - EDUCATIONAL |
| D301 | IT AND TELECOM - FACILITY OPERATION AND MAINTENANCE |
| D313 | IT AND TELECOM - COMPUTER AIDED DESIGN/COMPUTER AIDED MANUFACTURING (CAD/CAM) |
| D399 | IT AND TELECOM Other IT and TELECOMMUNICATIONS |
| R705 | SUPPORT- MANAGEMENT: DEBT COLLECTION |
| R710 | SUPPORT- MANAGEMENT: FINANCIAL |
| AF11 | R&D - EDUCATION: EDUCATIONAL (BASIC RESEARCH) |
|  |  |

ED’s Analysis Plan:

**Step 1:** Identify pool of service contracts with special interest functions.

**Step 2:** Identify contracts for review by using OMB’s FY2019 Government-wide Service Contract   
 Inventory report.

**Step 3:** Draft report summarizing results of analysis.