

GAO

Report to the Committee on Government Reform, House of Representatives, and the Committee on Governmental Affairs, U.S. Senate

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April 2003

# FEDERAL PROCUREMENT

## Spending and Workforce Trends



G A O

Accountability \* Integrity \* Reliability

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# FEDERAL PROCUREMENT

## Spending and Workforce Trends

Highlights of [GAO-03-443](#), a report to the Committee on Government Reform, House of Representatives, and the Committee on Governmental Affairs, U.S. Senate

### Why GAO Did This Study

The federal government, comprised of more than 60 agencies and nearly 1.7 million civilian workers, acquires most of its goods and services through contracts. Recent changes in what the government buys, its contracting approaches and methods, and its acquisition workforce have combined to create a dynamic acquisition environment. Many of these recent changes enhance contracting efficiency and offer a number of benefits, such as reduced administrative burdens. However, GAO's past work has found that if these changes are not accompanied by proper training, guidance, and internal controls, agency procurements may be at greater risk.

While effectively managing contracts is always a key management responsibility, this responsibility is more acute in those agencies that rely heavily on acquisitions to accomplish their missions.

The goal of this report is to identify for Congress, the administration, and accountability organizations those procurement-related trends and challenges that may affect federal agencies. Specifically, GAO analyzed recent federal procurement patterns, the use of various procurement methods, and changes in the acquisition workforce.

[www.gao.gov/cgi-bin/getrpt?GAO-03-443](http://www.gao.gov/cgi-bin/getrpt?GAO-03-443).

To view the full report, including the scope and methodology, click on the link above. For more information, contact Bill Woods at (202) 512-4841.

### What GAO Found

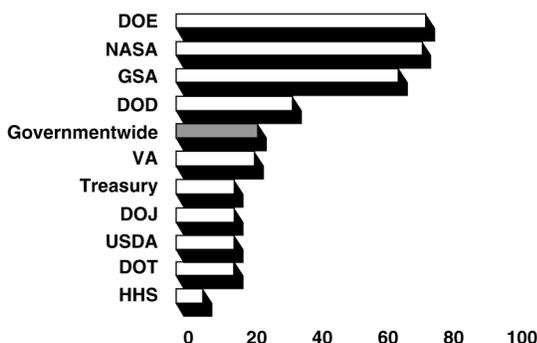
Federal agencies procured more than \$235 billion in goods and services during fiscal year 2001, reflecting an 11 percent increase over the amount spent 5 years earlier. Further growth in contract spending, at least in the short term, is likely to increase given the President's request for additional funds for defense and homeland security, agencies' plans to update their information technology systems, and other factors. Overall, contracting for goods and services accounted for about 24 percent of the government's discretionary resources in fiscal year 2001. As shown in the figure below, acquisition is central to the missions of several agencies.

Federal agencies are taking advantage of the streamlined acquisition processes that were developed in the 1990s, including relying on contracts awarded by other federal agencies to obtain goods and services. The increase in the use of this acquisition method is driven largely by purchases of information technology and by professional, administrative, and management support services. Similarly, agencies are increasingly using purchase cards for many of their low dollar value procurements.

Over the last decade, the federal acquisition workforce has had to adapt to changes in staffing levels, workloads, and the need for new skill sets. Procurement reforms have required contracting specialists to have a greater knowledge of market conditions, industry trends, and the technical details of the commodities and services they procure. A priority at most agencies we reviewed was attracting and retaining the right people with the right skills to successfully address the increasingly complex actions expected in the future. Many agencies have made progress with strategic human capital planning efforts.

We reviewed 10 agencies that represent over 90 percent of the federal government's acquisition spending. All agencies provided comments on our report and concurred with our analyses.

**Acquisition of Goods and Services as a Percent of Agencies' Discretionary Budget Resources, Fiscal Year 2001**



Source: FPDS, OMB, and FAA.

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# Contents

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## Letter

Results in Brief	1
Trends in Federal Procurement Spending Patterns	3
Emerging Trends in Procurement Methods and Approaches	5
Acquisition Workforce and Workload Trends	10
Conclusions	20
Agency Comments and Our Evaluation	24

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## Appendixes

<b>Appendix I: Scope and Methodology</b>	26
<b>Appendix II: Section 1–Department of Defense</b>	32
<b>Section 2–Department of the Air Force</b>	42
<b>Section 3–Department of the Army</b>	51
<b>Section 4–Department of the Navy</b>	60
<b>Appendix III: Department of Agriculture</b>	69
<b>Appendix IV: Department of Energy</b>	79
<b>Appendix V: Department of Health and Human Services</b>	89
<b>Appendix VI: Department of Justice</b>	99
<b>Appendix VII: Department of the Treasury</b>	109
<b>Appendix VIII: Department of Transportation</b>	119
<b>Appendix IX: Department of Veterans Affairs</b>	129
<b>Appendix X: General Services Administration</b>	139
<b>Appendix XI: National Aeronautics and Space Administration</b>	149

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## Tables

Table 1: Agency Use of the Federal Supply Schedule Program	13
Table 2: Changes in the Extent Agencies Used FAR Part 12 to Acquire Commercial Items, Fiscal Years 1997 through 2001	18
Table 3: Federal Acquisition Personnel and Workload	21
Table 4: Information on Data Elements	28

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## Figures

Figure 1: Federal Contract Spending, Fiscal Year 2001	6
Figure 2: Percent of Contract Dollars Spent on Services in Fiscal Year 2001	7

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Figure 3: Acquisition of Goods and Services as a Percent of Agencies' Discretionary Budget Resources, Fiscal Year 2001	9
Figure 4: Amount Spent Using the Federal Supply Schedule, Fiscal Year 1997 through Fiscal Year 2001	12
Figure 5: Governmentwide Use of Purchase Cards	15
Figure 6: Purchase Card Use in Fiscal Year 2001	16
Figure 7: Performance-Based Service Contracting in Fiscal Year 2001 (by dollar value)	19
Figure 8: Retirement Eligibility of Current Acquisition Workforce	23

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### Abbreviations

CPDF	Central Personnel Data File
DOD	Department of Defense
DOE	Department of Energy
DOJ	Department of Justice
DOT	Department of Transportation
FAA	Federal Aviation Administration
FAR	Federal Acquisition Regulation
FPDC	Federal Procurement Data Center
FPDS	Federal Procurement Data System
FSS	Federal Supply Schedule
GSA	General Services Administration
GWAC	governmentwide acquisition contract
HHS	Department of Health and Human Services
IT	information technology
NASA	National Aeronautics and Space Administration
OMB	Office of Management and Budget
USDA	Department of Agriculture
VA	Department of Veterans Affairs

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United States General Accounting Office  
Washington, D.C. 20548

April 30, 2003

The Honorable Tom Davis  
Chairman  
The Honorable Henry A. Waxman  
Ranking Minority Member  
Committee on Government Reform  
House of Representatives

The Honorable Susan M. Collins  
Chairman  
The Honorable Joseph I. Lieberman  
Ranking Minority Member  
Committee on Governmental Affairs  
United States Senate

The federal government, one of the largest and most complex organizations in the world, is comprised of more than 60 agencies and about 1.7 million civilian workers. The fiscal year 2002 federal budget included more than \$1 trillion in discretionary budget resources,<sup>1</sup> which can be applied to fund agency operations including the acquisition of goods and services. Agencies acquire most of their goods and services through contracts that specify the government's needs or requirements, the cost or price agreed upon by the government and the supplier, and other terms and conditions.

Beginning in the early 1990s, a number of factors emerged that created a dynamic and challenging acquisition environment with ramifications that are just beginning to be recognized. First, acquisition personnel increasingly purchase services, such as information technology or management support. Second, Congress passed several significant pieces of reform legislation, including the Federal Acquisition Streamlining Act of

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<sup>1</sup> Discretionary budget resources reflect the budget amount that an agency is appropriated for a current fiscal year plus the budget authority that the agency carries over from prior fiscal years.

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1994<sup>2</sup> and the Clinger-Cohen Act of 1996,<sup>3</sup> to provide agency procurement officials with greater flexibility and tools to acquire goods and services more efficiently. Third, the end of the Cold War and efforts to reduce the size of government led to significant acquisition workforce reductions in many agencies, most notably the Department of Defense (DOD). These reductions, coupled with procurement reforms, have placed increasing demands on the acquisition workforce. For example, contracting specialists must have a greater knowledge of market conditions, industry trends, and the technical details of the commodities and services they procure.

This report is part of our effort to provide Congress, the administration, and accountability organizations with insights into how these factors contribute to the acquisition challenges federal agencies face. To do so, we analyzed (1) recent federal procurement patterns, (2) the use of various procurement approaches and methods, and (3) changes in the acquisition workforce and contracting actions. Our analysis covers the 5-year period that includes fiscal year 1997 through fiscal year 2001, the latest year for which complete data were available, and focuses on the 10 federal agencies that spent the most on contracts during fiscal year 2001.

We compiled this information from various sources, including the General Services Administration's (GSA) Federal Procurement Data System (FPDS), which is the government's repository for federal contract information; the Office of Management and Budget's (OMB) MAX Budget Information System, which is used to collect, validate, analyze, model, and publish federal budget information; the Office of Personnel Management's Central Personnel Data File (CPDF), which is the government's human resources reporting system; agency officials; and Inspector General reports. We did not verify these data independently. Unless otherwise noted, all data in the report are reflected in constant fiscal year 2001

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<sup>2</sup> P.L. 103-355, Oct. 13, 1994. The Federal Acquisition Streamlining Act of 1994 authorized, among other things, federal agencies to enter into multiple award, task- and delivery-order contracts for goods and services. These contracts provide agencies with a great deal of flexibility in buying goods or services while minimizing the burden on government contracting personnel to negotiate and administer contracts.

<sup>3</sup> P.L. 104-106, Feb. 10, 1996. The Clinger-Cohen Act of 1996 authorized, among other things, the use of multiagency contracts and governmentwide acquisition contracts to facilitate purchases of information technology-related products and services such as network maintenance and technical support, systems engineering, and integration services.

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dollars. More information on our scope and methodology may be found in appendix I.

This report does not reflect changes in agency missions, organizational structures, budgets, contracting actions, or personnel resulting from the creation of the Department of Homeland Security. This department, established on January 24, 2003, combined 22 federal agencies specializing in various missions, such as law enforcement, border security, biological research, computer security, and disaster mitigation. With an anticipated budget of almost \$40 billion and an estimated 170,000 employees, the department is expected to be the third largest federal agency, with the potential for some of the government's most extensive acquisition requirements.

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## Results in Brief

Federal agencies procured more than \$235 billion in goods and services during fiscal year 2001, reflecting an 11 percent increase over the amount spent 5 years earlier. Additionally, federal agencies spent almost \$14 billion using purchase cards in fiscal year 2001. Further growth in contract spending, at least in the short term, is likely given the President's request for additional funds for defense and homeland security, agencies' plans to update their information technology systems, and other factors. Overall, contracting for goods and services accounted for about 24 percent of the government's discretionary resources in fiscal year 2001; however, for the four agencies that spent the most, contracting accounted for between 34 percent and 73 percent of discretionary resources.

Federal agencies continue to take advantage of streamlined acquisition processes, relying, for example, on contracts awarded by other federal agencies to obtain goods and services. The use of one such acquisition tool, GSA's Federal Supply Schedule, more than tripled from fiscal years 1997 through 2001 to about \$14.4 billion. This growth was driven largely by purchases of information technology and professional, administrative, and management support services. Similarly, agencies are using purchase cards for many of their low dollar value procurements. Purchase card use increased 160 percent during the 5-year period we studied, to \$13.8 billion in fiscal year 2001. According to our recent reviews, agencies may have missed opportunities to take full advantage of the benefits offered by these methods and other contracting approaches, such as performance-based service contracting, because of inadequate guidance and training, a weak internal control environment, limited performance measures, and data that agencies can use to make informed decisions.

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During the last decade, the federal acquisition workforce has had to adapt to changes in staffing levels, workloads, and the need for new skill sets. Governmentwide data indicate that the acquisition workforce has declined by about 5 percent over the 5-year period we studied,<sup>4</sup> and changes in the acquisition workforce have been accompanied by changes in the types of actions being managed. The total number of contracting actions processed in fiscal year 2001 decreased 6 percent from fiscal year 1997 levels.<sup>5</sup> Our analysis indicates that while most agencies are processing fewer smaller actions—those valued under \$25,000—most agencies are also managing an increased number of larger actions.

Addressing human capital issues in acquisition is not just a matter of the size of the workforce. Agencies must also have the right people with the right skills to successfully meet the increasingly complex demands expected in the future. Meeting this human capital challenge has become a priority at most of the agencies we reviewed, and agencies have made progress in their strategic planning efforts. The need for planning is underscored by the fact that all agencies face the prospect of losing many of their skilled acquisition personnel over the next 5 years—with a significant portion of the government’s acquisition workforce becoming eligible to retire by fiscal year 2008.

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<sup>4</sup> This decline continues a trend beginning in the early 1990s. Overall, the acquisition workforce declined 22 percent from 1991 to 2001.

<sup>5</sup> A contract action is defined as any action to obtain supplies or services from sources outside the federal government that obligates or de-obligates funds, including the award of the contract; an order against an existing indefinite-delivery contract, basic ordering agreement, or federal schedule contract; or a modification of a contract or order such as a funding action, a change order, a termination, or a cancellation.

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## Trends in Federal Procurement Spending Patterns

Federal agencies spent more than \$235 billion in fiscal year 2001 to buy goods and services ranging from weapon systems and medical equipment to information technology services and the operation of government facilities. This is an 11 percent increase over the amount spent in 1997. This growth is expected to continue as federal agencies address emerging threats and acquire enhanced information technology.

The significance of contracting in the federal government is reflected by the sheer magnitude and the degree to which contracting consumes agencies' discretionary resources. Overall, contracting for goods and services accounted for about 24 percent of the government's discretionary resources in fiscal year 2001. However, contract spending consumed between 34 percent and 73 percent of the discretionary resources available to the four largest acquisition spending federal agencies.

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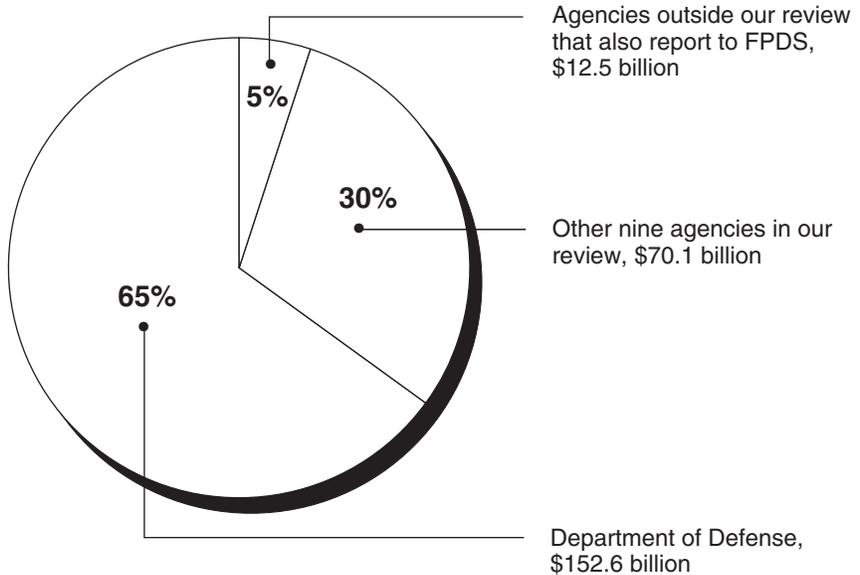
## Recent Growth in Federal Procurement

Federal contracting increased by 11 percent during the 5-year period we studied, from about \$213 billion in fiscal year 1997 to over \$235 billion in fiscal year 2001.<sup>6</sup> As shown in figure 1, DOD is the largest agency in terms of contracting dollars spent, accounting for about two-thirds of the government's total spending on goods and services. In fiscal year 2001, DOD contracted for more than \$152.6 billion of goods and services, or more than twice the amount spent by the next nine largest federal agencies combined. The three military departments—the Air Force, Army, and Navy—individually spend more than the largest civilian agency, the Department of Energy (DOE).

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<sup>6</sup> Federal agencies spent about \$140 billion on services and about \$81 billion on goods for contracts valued at more than \$25,000. FPDS does not provide similar information for contracts valued at \$25,000 or less.

**Figure 1: Federal Contract Spending, Fiscal Year 2001**



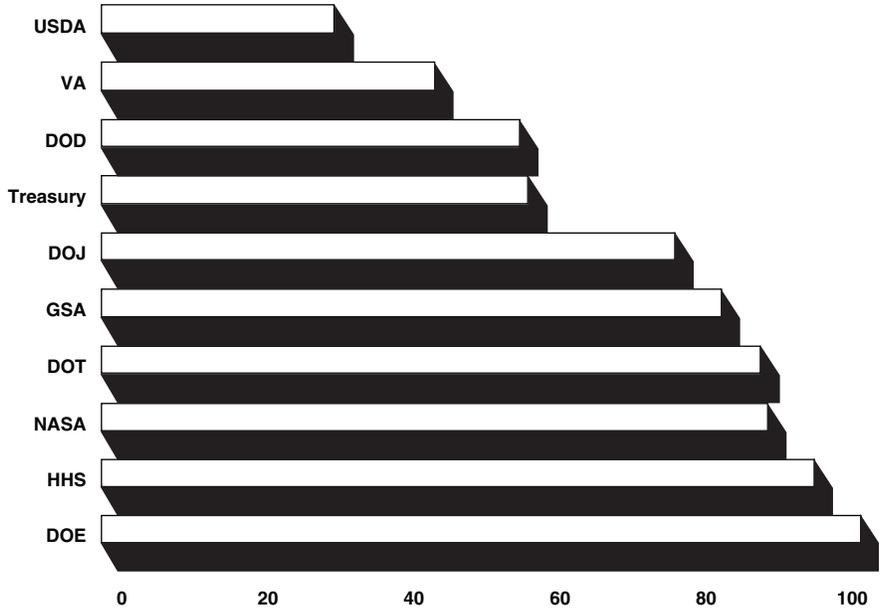
Source: FPDS and FAA.

Note: GAO analysis of data provided by FPDS and FAA.

From fiscal years 1997 through 2001, purchases of goods increased by 17 percent. This was due in large measure to DOD's increased spending on weapon systems and other defense-related items. Overall, however, agencies continued to purchase far more services than goods. Purchases of services grew by about 11 percent, as agencies modernized their information systems and obtained various professional, administrative, and management support services. Nine of the 10 agencies we reviewed increased their spending on services. The other agency, the National Aeronautics and Space Administration (NASA), experienced a 4 percent decrease, reflecting significant reductions in spending for research and development and for professional, administrative, and management support services. As shown in figure 2, agencies varied in the degree to which they contracted for services. For example, DOE spent more than 98 percent of its contract dollars on services in fiscal year 2001, while the Department of Agriculture's (USDA) spending for services accounted for only about 30 percent of its acquisition spending.<sup>7</sup>

<sup>7</sup> These figures represent total contracting actions over \$25,000.

**Figure 2: Percent of Contract Dollars Spent on Services in Fiscal Year 2001**



Source: FPDS and FAA.

Note: GAO analysis of data provided by FPDS and FAA for actions exceeding \$25,000.

The degree to which individual agencies contract for services underscores the importance of ensuring that service acquisitions are managed properly. For example, we noted in May 2001 that some service procurements were not being conducted efficiently, putting taxpayer dollars at risk.<sup>8</sup> Last year, we reported that leading commercial companies had taken a strategic approach to acquiring services, which in turn resulted in significant cost savings and service improvements.<sup>9</sup> Taking a strategic approach involves a range of activities—from developing a better picture of what the company is spending on services, to taking an enterprisewide approach to procuring services, to developing new ways of doing business. Based in part on our

<sup>8</sup> *Contract Management: Trends and Challenges in Acquiring Services*, [GAO-01-753T](#) (Washington, D.C.: May 22, 2001).

<sup>9</sup> *Best Practices: Taking a Strategic Approach Could Improve DOD's Acquisition of Services*, [GAO-02-230](#) (Washington, D.C.: Jan. 18, 2002).

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report, the National Defense Authorization Act For Fiscal Year 2002 required that DOD develop enhanced data collection and management processes for services acquisitions.<sup>10</sup> Additionally, as will be discussed in greater detail in the next section, Congress and the administration are encouraging the use of performance-based approaches to acquiring services as a way of improving the acquisition of services.

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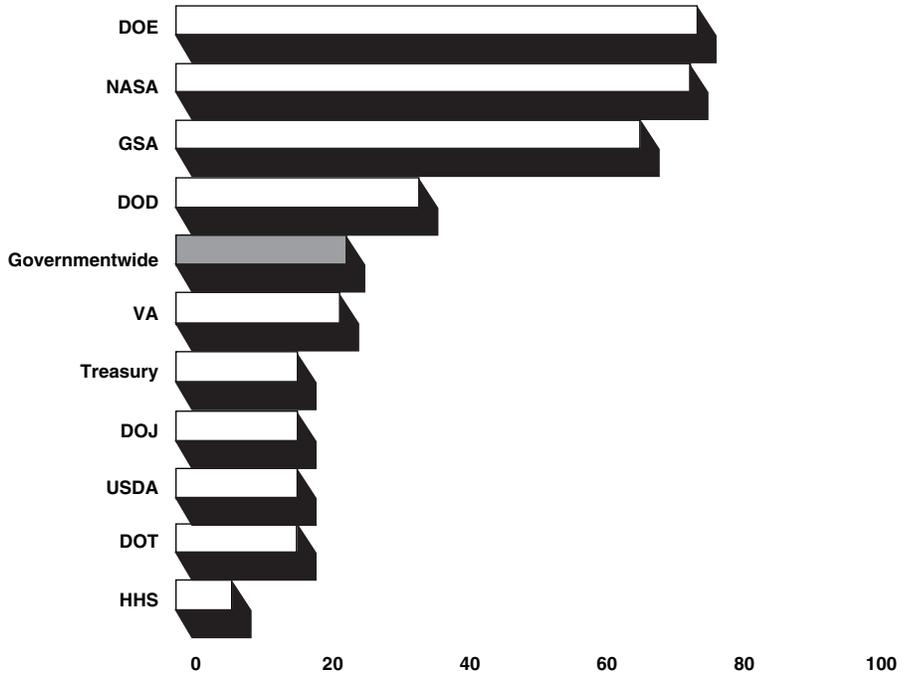
### Acquisition Activity Varies by Agency

Agencies rely to various degrees on private vendors to provide the goods and services needed to carry out their missions and support their operations. Overall, contracting for goods and services accounted for 24 percent of the government's discretionary resources in fiscal year 2001. For four agencies included in our review—DOE, NASA, GSA, and DOD—the acquisition function is central to accomplishing their mission-related goals. About 76 percent of DOE's funds, for example, are spent on the management and operation of over 30 government-owned laboratories and other nuclear facilities. NASA contracts account for about 72 percent of its discretionary budget resources, and one of GSA's primary missions is to help federal agencies procure goods and services. However, spending on contracts accounted for less than 23 percent at each of the other six agencies in our review, as shown in figure 3.

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<sup>10</sup> P.L. 107-107, section 801, Dec. 28, 2001.

**Figure 3: Acquisition of Goods and Services as a Percent of Agencies' Discretionary Budget Resources, Fiscal Year 2001**



Source: FPDS, OMB, and FAA.

Note: GAO analysis of data provided by FPDS, OMB, and FAA.

## Further Growth in Contract Spending Is Likely

Further growth in contract spending, at least in the short term, is likely given the President's request for additional funds for defense and homeland security, agencies' plans to update their information technology systems, and other factors. For example, the President's fiscal year 2004 budget request reflects steady increases in DOD's discretionary budget authority, as well as increases in the budgets of other agencies involved in homeland security. Additionally, the President's budget request reflects increased investment in information technology both for new systems and for related support.

Further, the administration's emphasis on competitive sourcing could increase agencies' reliance on services provided by the private sector. Competitive sourcing in the federal government is conducted under guidance provided in OMB Circular A-76, which outlines procedures for

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determining whether to perform a commercial activity with government employees or by contract. Additionally, the circular provides policy for standardizing how and when an agency competes a commercial activity with the private sector. OMB's current 2-year goal is to compete 15 percent of the federal government's commercial-type positions. This effort could result in significant increases in the number of service contracts, given that in the past the private sector has won over half of the competitions.

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## Emerging Trends in Procurement Methods and Approaches

The past decade has seen the emergence of several procurement trends that have changed the way the government acquires goods and services, as Congress and the administration have sought ways to simplify the acquisition process, shorten procurement times, reduce administrative burdens and costs, and improve acquisition outcomes. In particular, federal agencies are increasingly relying on contracts awarded by other federal agencies to obtain goods and services and have turned to using government purchase cards for many of their low dollar value procurements. The growth in these procurement methods has been dramatic, and is apparent in nearly every agency we reviewed. Additionally, agencies have begun to increase their use of commercial contracting methods and performance-based acquisition approaches.

As we have reported previously, taking full advantage of these methods and approaches requires that agencies have adequate guidance and training, a strong internal control environment, and data that can be used by agency management to make informed decisions.<sup>11</sup> Our work at selected agencies has found that these conditions have not always been present, thereby contributing to agencies missing opportunities to achieve savings, reduce administrative burdens, and improve acquisition outcomes.

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<sup>11</sup> Reports discussing challenges faced by individual agencies can be found in section V of appendixes II through XI. Procurement reports specific to purchase cards and the use of the federal supply schedule can be found in section V of appendix X (GSA).

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## Agencies' Use of Contracts Awarded by Other Agencies

Federal agencies are increasingly using contracts and acquisition services offered by other agencies, a fact that is most notably demonstrated in the growth of GSA's Federal Supply Schedule and governmentwide acquisition contracts (GWAC). These interagency contracts are being used in a variety of situations, from those in which a single agency provides limited contracting assistance to a more comprehensive approach in which the provider agency's contracting officer handles all aspects of the procurement. Agencies charge users of these contracts a fee to cover administrative expenses. GSA's schedule program enables federal agencies to quickly acquire goods and services, thereby helping them to, among other objectives, reduce lead times and lower administrative costs. GSA does this by awarding contracts to vendors and making these contracts available for use by other agencies.<sup>12</sup> GWACs are intended to facilitate purchases of information technology-related products and services, such as network maintenance and technical support, systems engineering, and integration services.<sup>13</sup>

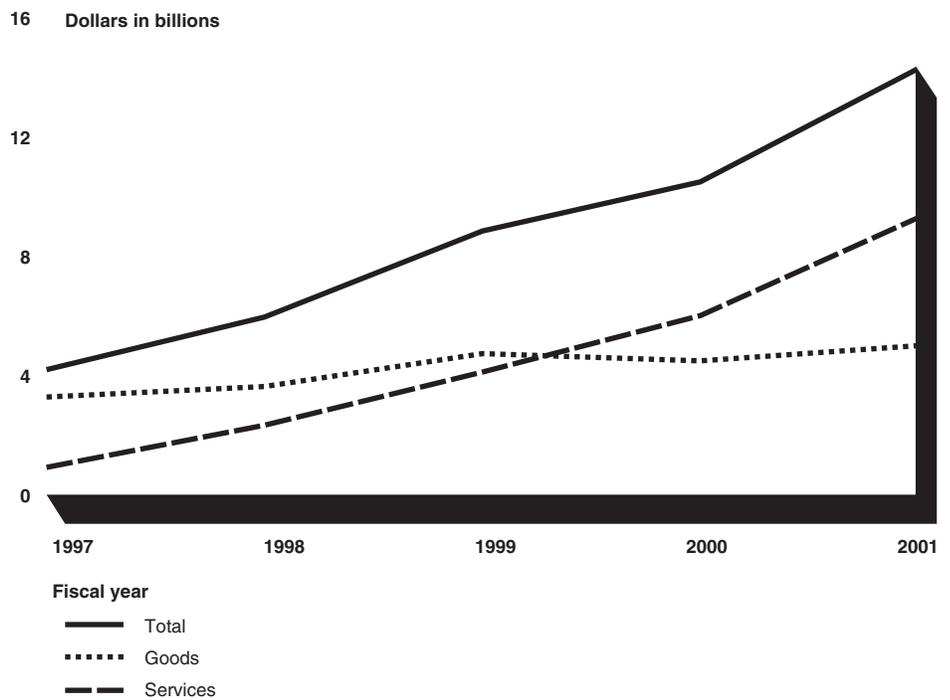
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<sup>12</sup> GSA does not require contractors to compete against one another to receive schedule contracts. Rather, GSA negotiates contracts, including pricing and other terms, with all contractors who meet the qualification standards for the schedule. Generally, contracting officers may place orders for products against the schedule without having to solicit competitive quotes or determine fair and reasonable prices, thereby allowing them to fulfill their agencies' needs quickly and easily. However, for purchases above a certain threshold, it is advantageous for the ordering office to seek a price reduction and consider additional contractors. Further, for service contracts that are valued at more than \$2,500 and require a statement of work, GSA established special ordering procedures under the schedules program that require agency personnel to solicit quotes from at least three contractors and evaluate the mix and price of the labor categories being offered, among other things.

<sup>13</sup> The sponsoring agency awards the contract, and other agencies order from it. GWACs have been operated at the Departments of Commerce and Transportation and at NASA, GSA, and the National Institutes of Health. See *Contract Management: Interagency Contract Program Fees Need More Oversight*, GAO-02-734 (Washington, D.C.: July 25, 2002). However, as of 2002, the Department of Transportation no longer sponsors a GWAC.

As shown in figure 4, sales under the schedule program have more than tripled over the past 5 years, increasing from \$4.3 billion in fiscal year 1997 to about \$14.4 billion in fiscal year 2001. Agency officials at each of the agencies we reviewed reported increases in their use of the schedules program over the past 5 years, driven largely by increased purchases of information technology and professional, administrative, and management support services.

**Figure 4: Amount Spent Using the Federal Supply Schedule, Fiscal Year 1997 through Fiscal Year 2001**



Source: FPDS and FAA.

Note: GAO analysis of data provided by FPDS and FAA for actions exceeding \$25,000.

As shown in table 1, DOD and GSA, the largest users of the schedules program, accounted for about 75 percent of schedule sales in fiscal year 2001. GSA's increased share is largely attributable to the growth of GSA's Federal Technology Service, which places orders under the schedule for information technology services and equipment on behalf of other federal agencies. However, orders placed by the Federal Technology Service are counted as spending by GSA, rather than as spending by the federal agency that will ultimately receive the service or equipment.

**Table 1: Agency Use of the Federal Supply Schedule Program**

Agency	Fiscal year		Change (percent)
	1997	2001	
DOD	\$1,853	\$6,489	250
GSA	498	4,274	758
VA <sup>a</sup>	783	668	-15
DOJ	234	470	101
Treasury	94	324	245
DOT	167	242	45
NASA	32	179	459
HHS	42	159	279
DOE	41	136	232
USDA	38	129	239
Governmentwide	4,324	14,436	234

Source: FPDS and FAA.

Notes: GAO analysis of data provided by FPDS and FAA for actions exceeding \$25,000.

Dollars in millions, shown in constant fiscal year 2001 dollars.

<sup>a</sup>VA officials noted that in addition to figures reflected in table 1, VA's prime vendors for pharmaceuticals and medical/surgical supplies make extensive use of the schedule program to satisfy VA's requirements.

Agency officials also reported that their use of GWACs increased considerably over the 5-year period between fiscal years 1997 and 2001. For example, USDA reported an increase from about \$5.1 million to \$44 million, and Treasury reported an increase from \$92 million to \$155 million. Officials at the other eight agencies we reviewed reported that they also increased their use of GWACs; however, they could not provide detailed GWAC information because this spending was not an integral part of their management information systems. While GSA officials indicated that they

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have not modified the FPDS to collect specific information on GWAC spending, several officials at other agencies stated that they either are collecting or will begin to collect additional information on their agencies' GWAC use.

While use of these interagency contracting methods can allow agencies to meet their needs quickly, our past work has shown that agencies are not adequately adhering to guidelines on competition.<sup>14</sup> Further, recent agency Inspector General reports noted that DOD, VA, and NASA personnel did not consistently follow procedures intended to promote competition or ensure fair and reasonable prices when using these interagency contract methods to acquire information technology services, medical equipment, or research and development projects.<sup>15</sup>

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## Purchase Cards

Purchase card spending has increased significantly governmentwide. This program provides federal agencies a low-cost and efficient means for quickly obtaining goods and services directly from vendors.

Under the Federal Acquisition Regulation, the commercial purchase card is now the preferred method of paying for micropurchases.<sup>16</sup> The purchase card may also be authorized to be used in greater dollar amounts and may be used to make payments under existing contracts.

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<sup>14</sup> *Contract Management: Not Following Procedures Undermines Best Pricing Under GSA's Schedule*, GAO-01-125 (Washington, D.C.: Nov. 28, 2000).

<sup>15</sup> For more information, see DOD's Inspector General reports *Multiple Award Contracts for Services*, Report No. D-2001-189 (Washington, D.C.: Sept. 30, 2001) and *Acquisition: Contract Actions Awarded to Small Businesses*, Report No. D-2003-029 (Washington, D.C.: Nov. 25, 2002); VA's Inspector General report *Evaluation of the Department of Veterans Affairs Purchasing Practices*, 01-01855-75 (Washington, D.C.: May 15, 2001); NASA's Inspector General report *Multiple-Award Contracts*, IG-01-040 (Washington, D.C.: Sept. 28, 2001).

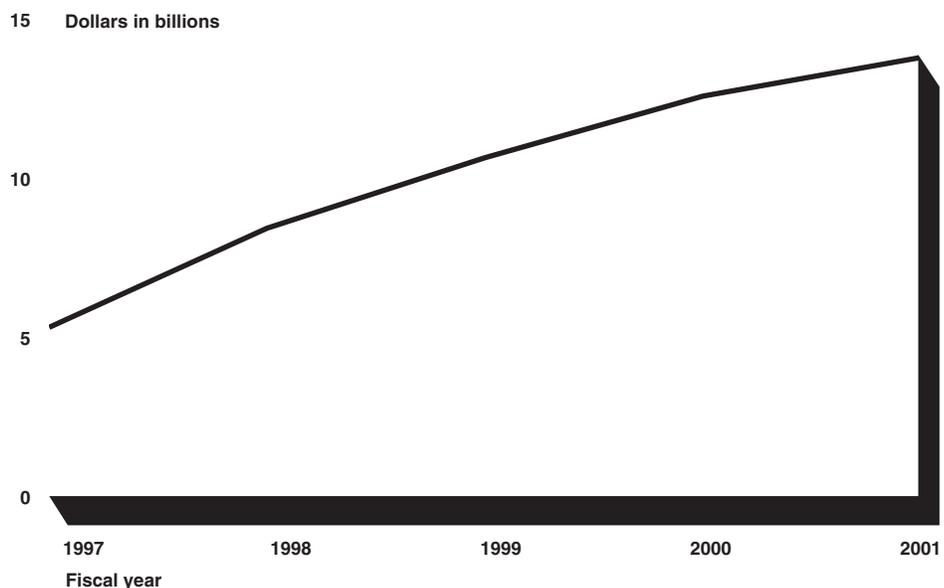
<sup>16</sup> The Federal Acquisition Streamlining Act of 1994 established a micropurchase threshold of \$2,500.

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As figure 5 shows, governmentwide purchase card use increased from \$5.3 billion in fiscal year 1997 to \$13.8 billion in fiscal year 2001—a 160 percent rise. Increases in purchase card use in the agencies we reviewed ranged from 45 percent to 344 percent.

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**Figure 5: Governmentwide Use of Purchase Cards**

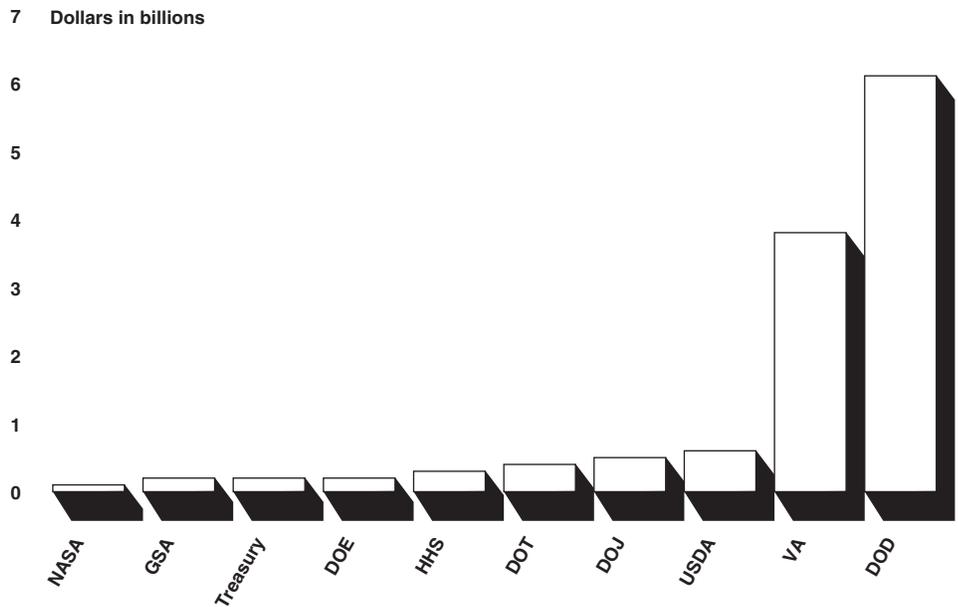


Source: FPDS.

Note: GAO analysis of FPDS data.

As figure 6 shows, agencies used purchase cards to varying degrees. DOD was the largest user of purchase cards, spending about \$6.1 billion in fiscal year 2001. VA was the largest civilian agency user of the purchase card program, spending about \$3.8 billion. VA officials noted that due to VA's organizational structure<sup>17</sup> and its continuous need for disposable medical and surgical supplies, purchase cards are one of VA's key procurement techniques and are used extensively as a payment mechanism.

**Figure 6: Purchase Card Use in Fiscal Year 2001**



Source: FPDS and FAA.

Note: GAO analysis of data provided by FPDS and FAA.

<sup>17</sup> In 2002, VA planned to spend about \$22 billion to provide approximately 4.2 million veterans and family members with health care through 163 VA hospitals and more than 850 outpatient clinics nationwide.

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During the past 2 years, we found that significant internal control weaknesses in several agency purchase card programs allowed cardholders to make fraudulent, improper, abusive, or questionable purchases that resulted in lost, missing, or misused government property.<sup>18</sup>

Agencies are responding to the recommendations that we and others have made regarding internal control weaknesses. For example, the Navy has reduced the number of cardholders by more than 50 percent, from 59,000 in June 2001 to 25,000 by March 2002, thus improving the likelihood of effective program management.<sup>19</sup> Additionally, DOD has begun implementing new training and approval processes. For example, DOD implemented automated controls during fiscal year 2002 to help with monitoring credit limits, cardholder reconciliation, and approving officials' review of monthly statements. Further, OMB requires that agencies provide quarterly reports on their efforts to improve the management oversight of government-issued purchase and travel cards.

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## Use of Streamlined Procedures to Acquire Commercial Items

In recent years, there has been a significant increase in agencies' use of streamlined procedures to acquire commercial items. Many procurement reform advocates have recommended that federal agencies purchase commercial items to save money and reduce acquisition time, rather than pay companies to develop unique items for the government's use. The Federal Acquisition Streamlining Act established a preference for the acquisition of commercial items.<sup>20</sup> Because commercial items are subject to competitive market forces, they may be acquired using streamlined solicitation and evaluation procedures generally provided for under part 12 of the Federal Acquisition Regulation (FAR).<sup>21</sup> For example, contracting officers may reduce the time needed to solicit bids and award contracts by combining certain steps in the solicitation process, using streamlined evaluation techniques, and eliminating certain administrative requirements.

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<sup>18</sup> *Government Purchase Cards: Control Weaknesses Expose Agencies to Fraud and Abuse*, GAO-02-676T (Washington, D.C.: May 1, 2002).

<sup>19</sup> *Purchase Cards: Navy Vulnerable to Fraud and Abuse but Is Taking Action to Resolve Control Weaknesses*, GAO-03-154T (Washington, D.C.: Oct. 8, 2002).

<sup>20</sup> P.L. 103-355, sections 8104 and 8203, Oct. 13, 1994.

<sup>21</sup> Agencies also acquire commercial items using other procurement methods, such as the Federal Supply Schedule program and purchase cards, or they may use other simplified procedures provided for under the FAR.

In fiscal year 2001, the purchase of commercial items using FAR part 12 procedures accounted for 19 percent of the spending for goods and services by federal agencies, up from 9 percent 5 years earlier. From fiscal year 1997 through fiscal year 2001, governmentwide use of part 12 procedures increased by 148 percent. As shown in table 2, 9 of the 10 agencies in our review increased their use of part 12 procedures by at least 100 percent.

**Table 2: Changes in the Extent Agencies Used FAR Part 12 to Acquire Commercial Items, Fiscal Years 1997 through 2001**

Dollars in millions

Agency	Fiscal year		Change (percent)
	1997	2001	
DOE	\$33	\$273	727
VA	491	2,796	469
Treasury	177	981	454
DOT	297	1,595	437
DOJ	234	1,187	407
HHS	85	418	392
NASA	225	794	253
DOD	11,597	26,378	127
GSA	2,121	4,301	103
USDA <sup>a</sup>	768	311	-60
Governmentwide	16,704	41,417	148

Source: FPDS and FAA.

Note: All dollar figures have been converted to constant 2001 dollars.

<sup>a</sup>USDA officials indicated that this decrease was a result of reclassifying certain items as noncommercial.

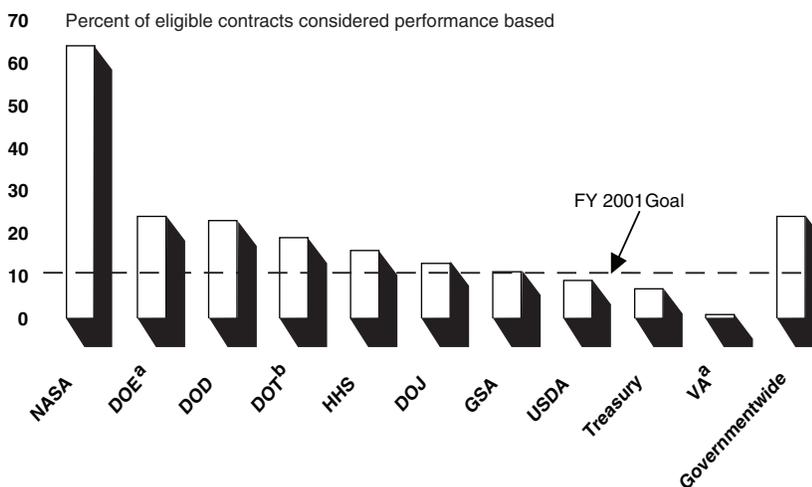
## Performance-Based Service Contracting

Significant growth in service contracts has led Congress and the administration to encourage greater use of performance-based service contracting to achieve greater cost savings and better outcomes. Under performance-based approaches, the contracting agency specifies the outcome or result it desires and lets the contractor decide how best to achieve the desired outcome. Performance-based contracts offer significant benefits, such as encouraging contractors to innovate and find cost-effective ways of delivering services. In fiscal year 2001, agencies

reported that 24 percent of their eligible service contracts, by dollar value, were considered performance based.

There was wide variation in the extent to which agencies used performance-based contracts. As figure 7 shows, 3 of the 10 agencies in our review fell short of OMB’s goal that 10 percent of their eligible service contracts be performance based in fiscal year 2001.<sup>22</sup>

**Figure 7: Performance-Based Service Contracting in Fiscal Year 2001 (by dollar value)**



Source: FPDS.

Note: GAO analysis of data provided by FPDS for actions over \$25,000.

<sup>a</sup>DOE and VA officials stated that their internal data systems report a higher use of performance-based contracting in fiscal year 2001 than the data in FPDS. For example, DOE officials believed 77 percent of their eligible contracts were performance based, while VA officials believed their agency’s figure should be about 11 percent.

<sup>b</sup>Figure reflects data for DOT only; FAA could not provide performance-based service contracting data because it was not an integral part of its management information systems.

<sup>22</sup> For fiscal year 2002, OMB established a goal that 20 percent, by dollar value, of eligible service contracts over \$25,000 be performance based.

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We recently found that some agencies achieved only mixed success in incorporating four basic performance-based attributes into their contracts.<sup>23</sup> These attributes include describing desired outcomes rather than how the services should be performed, setting measurable performance standards, describing how the contractor's performance will be evaluated, and establishing positive and negative incentives, as appropriate. Our review raised questions as to whether agencies have an adequate understanding of performance-based contracting and how to take full advantage of this approach. Agency officials themselves pointed to the need for better guidance on performance-based contracting and better criteria for identifying which contracts should be called "performance based." In response to our recommendations, the Office of Federal Procurement Policy is developing new guidance to help agencies improve their use of performance-based contracting.

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## Acquisition Workforce and Workload Trends

Over the last decade, the federal acquisition workforce has had to adapt to changes in staffing levels, workloads, and the need for new skill sets. Procurement reforms have placed unprecedented demands on the acquisition workforce. For example, contracting specialists are required to have a greater knowledge of market conditions, industry trends, and the technical details of the commodities and services they procure. Governmentwide data indicate that in fiscal year 2001 both the number of acquisition workforce employees<sup>24</sup> and the number of contract actions declined slightly from fiscal year 1997 levels. However, the extent to which these changes occurred varied from agency to agency. Ensuring that agencies will have the right people with the right skills to successfully meet the increasingly complex demands expected in the future has become a priority at most of the agencies we reviewed. While agencies still face many hurdles, our recent work has found that most agencies have taken steps to address their strategic human capital planning challenges.<sup>25</sup>

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<sup>23</sup> *Contract Management: Guidance Needed for Using Performance-Based Service Contracting*, [GAO-02-1049](#) (Washington, D.C.: Sept. 23, 2002).

<sup>24</sup> There is no widely accepted definition of what constitutes the federal acquisition workforce, and agency definitions vary greatly. For this report, GAO defined the acquisition workforce as agency personnel in 14 occupation codes, which include contracting officers, purchasing officers, and procurement clerical support. The occupation codes we used to define the acquisition workforce may be found in appendix I.

<sup>25</sup> *Acquisition Workforce: Status of Agency Efforts to Address Future Needs*, [GAO-03-55](#) (Washington, D.C.: Dec. 18, 2002).

## Current Acquisition Workforce

As of September 2001, the federal acquisition workforce included about 103,000 individuals, reflecting an overall 5 percent decline from 1997 levels. As shown in table 3, changes in the acquisition workforce varied by agency; for example, 6 of the 10 agencies we reviewed lost between 2 percent and 9 percent of their acquisition workforces, while the other 4 agencies increased their acquisition workforces by between 8 percent and 11 percent. DOD experienced the largest personnel decrease in its acquisition workforce, declining by 9 percent to just over 68,500 personnel.

**Table 3: Federal Acquisition Personnel and Workload**

Agency	Acquisition workforce		Changes in contract actions, fiscal years 1997 through 2001		
	Total Sept. 2001	Percent change in workforce since fiscal year 1997	Change in total contract actions (percent)	Change in contract actions exceeding \$25,000 (percent)	Change in contract actions \$25,000 or less (percent)
Governmentwide	103,053	-5	-6	26	-7
DOD	68,513	-9	5	27	4
USDA	5,703	-6	-79	25	-81
DOE	1,449	10	4	19	-3
GSA	2,743	11	-75	68	-82
HHS	2,490	9	-29	44	-31
DOJ	1,457	-2	-11	26	-13
NASA	1,246	-4	-38	-12	-50
DOT	1,514	-7	-37	27	-48
Treasury	2,561	8	12	15	11
VA	2,562	-6	29	-12	30

Source: OPM, FPDS, and FAA.

Changes in the acquisition workforce have been accompanied by changes in the types of actions being managed. The total number of contract actions processed in fiscal year 2001 decreased 6 percent from fiscal year 1997 levels. As shown in table 3, our analysis indicates that while most agencies are processing fewer smaller actions—those valued at less than \$25,000—most agencies are also managing an increased number of larger actions. Agencies have made far greater use of purchase cards for making their smaller dollar purchases, which accounts for the declining rate of smaller dollar actions. While we have not evaluated how these changes have affected federal agencies as a whole, the DOD Inspector General noted

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in 2000 that the increased contract workload was adversely affecting contract oversight by creating imbalances and backlogs in closing out completed contracts.

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## Agencies Showing Progress in Strategic Human Capital Planning Efforts

The changes in staffing levels and workload come at a time when the role of the government's acquisition staff is changing considerably. Federal agency officials expect their acquisition personnel to analyze business problems and help develop strategies in the early stages of the acquisition process. Industry and government experts recognize that a key to making a successful transformation toward a more sophisticated acquisition environment is having the right people with the right skills. To accomplish this, leading public organizations in the United States and abroad have found that strategic human capital management must be the centerpiece of any serious change management initiative.<sup>26</sup> Strategic management of human capital is a key governmentwide initiative in the President's Management Agenda.

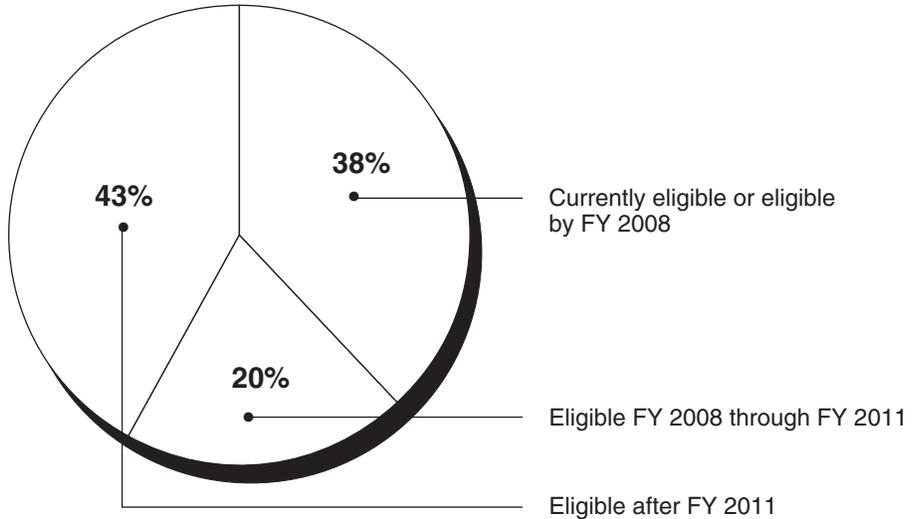
One aspect of strategic human capital planning is succession planning, where an agency identifies its future needs in terms of workforce skills and numbers. Our prior work has shown that when workforce reductions do not consider future needs—such as a staff reduction at DOD during the 1990s—the result is a workforce that is not balanced with regard to experience and skill sets.<sup>27</sup> The need for planning is underscored by the fact that, similar to human capital challenges across a variety of occupation categories, all agencies face the prospect of losing many of their skilled acquisition personnel over the next 5 years. As shown in figure 8, about 38 percent of acquisition personnel governmentwide are either already eligible to retire or will be eligible by September 30, 2007. At DOD and DOE—the two largest contracting agencies in our review—39 percent of the acquisition workforce will be eligible to retire by fiscal year 2008; at the other eight agencies, between 30 to 36 percent of their current workforces will be eligible to retire.

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<sup>26</sup> For additional information, see *Exposure Draft: A Model of Strategic Human Capital Management*, GAO-02-373SP (Washington, D.C.: Mar. 15, 2002) and OPM's Workforce Planning Model (<http://www.opm.gov/workforceplanning/wpmodel.htm>).

<sup>27</sup> See *Contract Management: Trends and Challenges in Acquiring Services*, GAO-01-753T (Washington, D.C.: May 22, 2001) and *Human Capital: Major Human Capital Challenges at the Departments of Defense and State*, GAO-01-565T (Washington, D.C.: Mar. 29, 2001).

**Figure 8: Retirement Eligibility of Current Acquisition Workforce**



Source: OPM.

Notes: GAO analysis of data from OPM's Central Personnel Data File.

Percentages do not add to 100 due to rounding.

Our recent reviews of how agencies are addressing their future acquisition workforce needs found that all of the agencies we reviewed have made progress.<sup>28</sup> For example, the agencies have either published or drafted human capital strategic plans for their overall workforces or for their acquisition workforces, and some are revamping training, recruitment, and retention programs to address future workforce needs. However, these agencies have encountered challenges, in part due to shifting priorities, missions, and budgets that make it difficult to predict with any certainty the specific skills and competencies their acquisition workforces will need. Further, many agencies simply lack good data on their workforces, such as size and location, knowledge and skills, and attrition and retirement rates. This information is critical to mapping out the current condition of the workforce and deciding what needs to be done to ensure that each agency has the right mix of skills and talent for the future.

<sup>28</sup> *Acquisition Workforce: Status of Agency Efforts to Address Future Needs*, GAO-03-55 (Washington, D.C.: Dec. 18, 2002) and *Acquisition Workforce: Department of Defense's Plans to Address Workforce Size and Structure Challenges*, GAO-02-630 (Washington, D.C.: Apr. 30, 2002).

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## Conclusions

Effectively managing federal contracts is essential to ensuring that the more than \$235 billion spent annually through contracts provides high-quality goods and services that meet the users' needs in a timely fashion. While managing spending effectively is always a key management responsibility, the need for effective management is more acute in agencies that rely heavily on acquiring goods and services to carry out their missions or support their operations.

Changes in what the government buys, its contracting approaches and methods, and its acquisition workforce combine to create a dynamic acquisition environment. The purpose of introducing or expanding streamlined purchase methods, such as GWACs, purchase cards, and supply schedules, was to enhance contracting efficiency, reduce administrative burdens, lower transaction costs, and shorten procurement times. However, our work has found that the lack of proper training, guidance, and internal controls can increase an agency's procurement risk and lead to reduced public confidence. While agencies are taking corrective actions to address these concerns, many actions remain in the early stages of implementation.

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## Agency Comments and Our Evaluation

We requested comments on a draft of this report from each of the agencies we reviewed, as well as from the Office of Federal Procurement Policy. Each agency provided comments, generally via electronic mail. Agency officials concurred with our analyses and provided technical comments, which we incorporated as appropriate.

Some agencies noted that their internal data systems contained procurement data that differed from that contained in the Federal Procurement Data System or contained workforce data that differed from that reflected in the Central Personnel Data File. For example, DOE and VA officials noted that their systems indicated higher use of performance-based contracting than the data contained in Federal Procurement Data System. We have noted these differences where appropriate in the report. Additionally, HHS and DOT officials noted that their definitions of their acquisition workforces differed from what we used. Because there is no commonly accepted definition of the acquisition workforce, we elected to use a consistent definition, as discussed in our scope and methodology, to better enable cross-agency comparisons.

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We are sending copies of this report to the Director, Office of Management and Budget; the Administrator, Office of Federal Procurement Policy; the Secretaries of Agriculture, Defense, Energy, Health and Human Services, Transportation, Treasury, and Veterans Affairs; the Administrator of General Services; the Administrator, National Aeronautics and Space Administration; the Attorney General; and interested congressional committees. We will also provide copies to others on request. This report will also be available at no charge on GAO's Web site at <http://www.gao.gov>.

Major contributors to this report were Don Bumgardner, Chad Holmes, Kevin Heinz, Robert L. Ackley, Julia Kennon, Gary Middleton, John W. Mingus, Jr., John Van Schaik, Greg Wilmoth, and Suzanne Melancon.

If you have any questions about this report, please contact me at (202) 512-4841 or Timothy J. DiNapoli at (202) 512-3665.

*William T. Woods*

William T. Woods  
Director, Acquisition and Sourcing Management

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# Scope and Methodology

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To identify spending, procurement methods, and acquisition workforce trends, we judgmentally selected 15 data elements. These elements are not intended to be all-inclusive or exhaustive; rather, they reflect data relevant to key issues and trends identified in prior GAO reports or that provide basic information valuable to understanding an agency's procurement function and approach. We reviewed these elements with senior procurement officials at each of the agencies we reviewed; these officials generally agreed that such elements provided useful and relevant information for gauging their agencies' procurement activities.

We obtained data on these elements from the General Services Administration's Federal Procurement Data Center (FPDC), agency officials, and the Office of Management and Budget (OMB). FPDC administers the Federal Procurement Data System (FPDS), which is the federal government's central database on contracting actions. FPDS contains detailed information on contracting actions over \$25,000, including contract type, amount obligated, the types of goods or services purchased, and various vendor characteristics. FPDS contains less detailed information on actions of \$25,000 or less. Because FPDC relies on federal agencies for procurement information, these data are only as reliable, accurate, and complete as the information reported by the agencies. We did not independently verify the information contained in the database. However, in 1998, FPDC conducted an accuracy audit, which showed that the average rate of accurate reporting in the FPDS database was 96 percent. GAO used data from FPDS that covered the 5-year period fiscal year 1997 through fiscal year 2001, the last year for which complete data were available. We subsequently adjusted the data provided by DOD to FPDS to correct for a fiscal year 2001 reporting error.

We obtained additional information from agency procurement officials for certain data elements that were not readily available from FPDS, such as their agency's use of governmentwide acquisition contracts. Additionally, we obtained data from the Federal Aviation Administration, which is not required to submit information to the FPDC.<sup>1</sup> We reflected this data in the governmentwide analyses, as well as in the Department of Transportation's profile. We also asked each agency to provide a description of its key

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<sup>1</sup> The FPDC collects procurement data from approximately 60 executive branch agencies. The Federal Aviation Administration, the U.S. Postal Service, the legislative and judicial branches, and several other government entities are not required to report their procurement activities to the FPDC.

procurement initiatives undertaken during the past 2 years. We did not independently verify the information provided or assess the degree to which agency-reported initiatives achieved their objectives.

We collected information on each agency's discretionary resources from the Office of Management and Budget's MAX Budget Information System, which is used to collect, validate, analyze, model, and publish federal budget information. Discretionary budget resources reflect the budget amount that the agency is appropriated for a current fiscal year plus the budget authority that the agency carries over from prior fiscal years.

Unless otherwise noted, all figures were adjusted for inflation and represent constant fiscal year 2001 dollars.

To determine trends in the acquisition workforce, we analyzed data obtained from the Office of Personnel Management's Central Personnel Data File (CPDF), which is the governmentwide human resources reporting system. The data we used reflect information on permanent employees reported to the CPDF as of September 30 of the particular year. The CPDF relies on agencies to ensure that the data are timely, accurate, complete, and edited in accordance with OPM standards. There is no standard definition of what constitutes an agency's acquisition workforce, and agencies have defined their workforces in various ways. To provide consistency and comparability among agencies, we defined the acquisition workforce as those individuals serving in the following 14 occupation series:

1. GS-246: Industrial relations
2. GS-346: Logistics management
3. GS-511: Auditors
4. GS-1101: General business
5. GS-1102: Contracting series
6. GS-1103: Industrial property manager
7. GS-1104: Property disposal
8. GS-1105: Purchasing officer

9. GS-1106: Procurement clerical support
10. GS-1150: Industrial specialists
11. GS-1152: Production control
12. GS-1910: Quality assurance
13. GS-2003: Supply management
14. GS-2010: Inventory management

Table 4 provides additional information on the data elements we included in each agency's profile.

**Table 4: Information on Data Elements**

Category/Description	Notes/Comments
<b>Acquisition spending</b>	
Figure 1: Procurement's Relationship to Discretionary Spending, Fiscal Years 1997 through 2001	<p>To determine the extent that the agency's discretionary budget resources could be accounted for by contracting, we divided the agency's total contract obligations by the agency's discretionary resources available for that year. We excluded the amount that the agency spent through purchase cards because we were unable to account for the extent that purchase cards were used to make payments on contracts. Excluding purchase card use provides a conservative estimate of the agency's total contract spending and reduces the likelihood of double-counting.</p> <p>Discretionary budget resources reflect the budget amount that the agency is appropriated for a current fiscal year plus the budget authority that the agency carries over from prior fiscal years.</p> <p>These data exclude contract actions of \$25,000 or less and purchase card data.</p>
Figure 2: Spending on Goods and Services, Fiscal Years 1997 through 2001	<p>To determine the total amount spent on goods and services, we obtained the total amount spent for contracts over \$25,000 on goods and services from fiscal year 1997 through fiscal year 2001. Services consisted of the 21 service categories identified in FPDS, as well as construction and research and development. Goods reflected all other FPDS-required reporting categories.</p> <p>These data exclude contract actions of \$25,000 or less and purchase card data.</p>
Figure 3: Principal Types of Goods and Services in Fiscal Year 2001	<p>To determine the principal types of goods and services contracted for by each agency, we used FPDS-reported data that identified how much each agency spent on specific goods and services in fiscal years 1997 and 2001. We identified the three types of goods and services that the agencies spent the most on during fiscal year 2001.</p> <p>These data exclude contract actions of \$25,000 or less and purchase card data.</p>

**Appendix I**  
**Scope and Methodology**

(Continued From Previous Page)

Category/Description	Notes/Comments
Figure 4: Vendor Type, Fiscal Year 2001	<p>To determine the contracts awarded to various types of vendors, we obtained FPDS data for fiscal year 2001 for six groups:</p> <ul style="list-style-type: none"> <li>• Small disadvantaged business</li> <li>• Other small business</li> <li>• Large business</li> <li>• Javits-Wagner-O'Day (JWOD) and nonprofit organizations. The JWOD program provides employment opportunities for Americans who are blind or have other severe disabilities.</li> <li>• State/local government</li> <li>• Other, which includes hospitals, foreign contractors, domestic contractors working outside the United States, educational institutions, and historically black colleges and universities and minority institutions.</li> </ul> <p>In addition, we used FPDS data to determine the percentage of contracts awarded to women-owned businesses.</p> <p>These data exclude contract actions of \$25,000 or less and purchase card data.</p>

Figure 5: Top Five Vendors, Fiscal Year 2001	Agency officials provided us with data on the five vendors they contracted with the most, by dollar value, in fiscal year 2001.
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**Procurement methods**

Figure 6: Principal Contract Types Employed in Fiscal Year 2001	<p>To determine the contract types used, we obtained FPDS data for four principal types of contracts used in fiscal year 2001. These types are: (1) firm fixed-price contracts; (2) other fixed-price contracts, which include fixed-price redetermination, fixed-price-economic price adjustment, and fixed-price incentive; (3) cost-type, which include cost-plus award fee, cost-no fee, cost sharing, cost-plus fixed fee, and cost-plus incentive fee; and (4) labor hours/time and materials contracts.</p> <p>Cost-type contracts provide for payment of allowable incurred costs, to the extent prescribed in the contract. These contracts establish an estimate of total cost for the purpose of obligating funds and establish a ceiling that the contractor may not exceed (except at its own risk) without the approval of the contracting officer.</p> <p>These data exclude contract actions of \$25,000 or less and purchase card data.</p>
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Figure 7: Competition, Fiscal Year 2001	<p>To determine the extent that agency officials competed their contracts over \$25,000, we used FPDS data for fiscal year 2001. We graphically illustrated two categories: (a) competed contracts and (b) contracts that were not competed. The latter category included the following four groups:</p> <ul style="list-style-type: none"> <li>• Contracts that were follow-ons to a competed action, which are those subsequent actions awarded to a particular contractor who had previously been awarded the initial contract under competitive procedures;</li> <li>• Contracts not available for competition, which include utilities, contracts authorized or required by statute to be awarded to a designated source, sole source contracts awarded to certain small disadvantaged businesses, or actions where the agency has determined that there is no opportunity for competition, among other things;</li> <li>• Other, which includes actions for which data on competition were missing or not required to be entered, such as contracts awarded to Federal Prison Industries.</li> <li>• Contracts that were eligible to be competed but which the agency chose not to compete.</li> </ul> <p>These data exclude contract actions of \$25,000 or less and purchase card data.</p>
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**Appendix I**  
**Scope and Methodology**

*(Continued From Previous Page)*

<b>Category/Description</b>	<b>Notes/Comments</b>
Figure 8: Degree of Competition for Competed Contracts, Fiscal Years 1997 through 2001	<p>To determine the degree of competition for competed contracts, we calculated the value of contracts for which one offer was received and the value of contracts for which two or more offers were received.</p> <p>These data exclude contract actions of \$25,000 or less and purchase card data.</p>
Figure 9: Extent the Federal Supply Schedule Is Used to Purchase Goods and Services, Fiscal Years 1997 through 2001	<p>To determine the extent the federal supply schedule is used to purchase goods and services, we obtained FPDS data on orders and modifications under the federal supply schedule.</p> <p>These data exclude contract actions of \$25,000 or less and purchase card data.</p>
Figure 10: Amount Spent Using Purchase Cards, Fiscal Years 1997 through 2001	<p>To determine the amount spent using purchase cards, we used the summary purchase card data included in FPDS annual reports. These reports also included data on the number of cards authorized by each agency.</p>
Figure 11: Commercial Item Purchases Using FAR Part 12 Procedures, Fiscal Years 1997 through 2001	<p>To determine the extent that agencies used FAR part 12 procedures to acquire commercial items, we obtained data from FPDS.</p> <p>These data exclude contract actions of \$25,000 or less and purchase card data.</p>
Figure 12: Extent That Eligible Contracts are Performance Based, Fiscal Year 2001 (by dollar value)	<p>To determine the extent that agencies used performance-based contracting, we obtained fiscal year 2001 data from FPDS regarding contracts the agencies identified as performance based. We then compared the reported value of performance-based contracts with the total value of contracts eligible for performance-based contracting.</p> <p>According to FAR part 37.102, performance-based methods are to be used to the maximum extent practicable for all services, except for: (1) construction, (2) utilities, (3) architect and engineering, or (4) services that are incidental to supply purchases. Eligible contracts exclude contracts for the services listed above and reflect contracts with a value of more than \$25,000. Data for performance-based service contracts were available only for fiscal year 2001.</p> <p>These data exclude contract actions of \$25,000 or less and purchase card data.</p>
Figure 13: Workforce Trends, Fiscal Years 1997 through 2001	<p>To determine workforce trends, we obtained data from OPM's Central Personnel Data File on all civilian full-time employees for the federal agencies that we reviewed. We used this data to identify the changes in the size of the total and acquisition workforces in the 10 agencies we reviewed. We defined the acquisition workforce using the 14 occupation series described previously in this section.</p>
Figure 14: Acquisition Workforce by Years of Federal Service	<p>To determine the acquisition workforce years of federal service, we obtained data as reported to CPDF by September 2000. This data was displayed in increments of:</p> <ul style="list-style-type: none"> <li>• Fewer than 5 years</li> <li>• 5 to 10 years</li> <li>• 10 to 20 years</li> <li>• 20 years or more</li> </ul>

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**Appendix I**  
**Scope and Methodology**

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*(Continued From Previous Page)*

Category/Description	Notes/Comments
Figure 15: Acquisition Workforce Retirement Eligibility	To determine the acquisition workforce retirement eligibility, we obtained data as reported to CPDF by September 2000. This data was displayed in increments of: <ul style="list-style-type: none"><li>• Before fiscal year 2002</li><li>• Fiscal years 2002 through 2007</li><li>• Fiscal years 2008 through 2011</li><li>• After fiscal year 2011</li></ul>

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Source: GAO.

We reviewed each agency profile with senior agency procurement officials and incorporated their comments where appropriate.

We conducted this work between September 2002 and March 2003 in accordance with generally accepted government auditing standards.

## Appendix II: Section 1—Department of Defense

### Agency Overview and Highlights

**Mission:** To support and defend the Constitution of the United States; provide for the common defense of the nation, its citizens, and its allies; and protect and advance U.S. interests around the world.

#### Significant departments

The following departments combine for the majority of Department of Defense's (DOD) fiscal year 2001 total discretionary budget resources:

- The Army accounted for 25 percent.
- The Air Force accounted for 23 percent.
- The Navy accounted for 21 percent.
- Other defense agencies<sup>1</sup> account for 31 percent.

#### Spending

DOD's discretionary resources increased by 10 percent from fiscal year 1997 through fiscal year 2001 and totaled \$446.3 billion in fiscal year 2001. Over the 5-year period, the proportion of DOD's discretionary resources spent under contracts remained stable at 34 percent.

- DOD's purchases of goods have increased by 23 percent and totaled \$66.1 billion in fiscal year 2001. Purchases of services for contracts over \$25,000 increased by 7 percent over the 5-year period, accounting for more than 54 percent of DOD's contracts, or about \$77.0 billion, in fiscal year 2001.
- Over the 5-year period, DOD's service spending was driven by increased spending for information technology (46 percent); professional, administrative, and management support (21 percent); and medical services (22 percent).
- Although slightly declining since fiscal year 1997, research and development contracts accounted for about 28 percent, or \$21.5 billion, of DOD's total service spending in fiscal year 2001.
- Over the 5-year period, spending changed on the following goods: ships (128 percent) and aircraft (42 percent).

#### Procurement methods

DOD spent about \$143.1 billion on contracts over \$25,000 in fiscal year 2001, with firm fixed-price and other kinds of fixed-price contracts accounting for over 63 percent of DOD's contract dollars.

- Since fiscal year 1997, the amount of contract dollars awarded under competitive procedures was about 58 percent of DOD's total contract dollars over \$25,000.
- Purchase card use has increased by 169 percent over the 5-year period, totaling \$6.1 billion in fiscal year 2001. In fiscal year 2001, DOD authorized the use of 230,646 purchase cards.
- In fiscal year 2001, about 23 percent of DOD's eligible contracts were performance based.

#### Workforce

DOD's total workforce and acquisition workforce have declined by 9 percent since fiscal year 1997, continuing a decade-long decline that began in the early 1990s. DOD's total workforce decreased to about 629,000 and the acquisition workforce decreased to about 69,000 in fiscal year 2001.

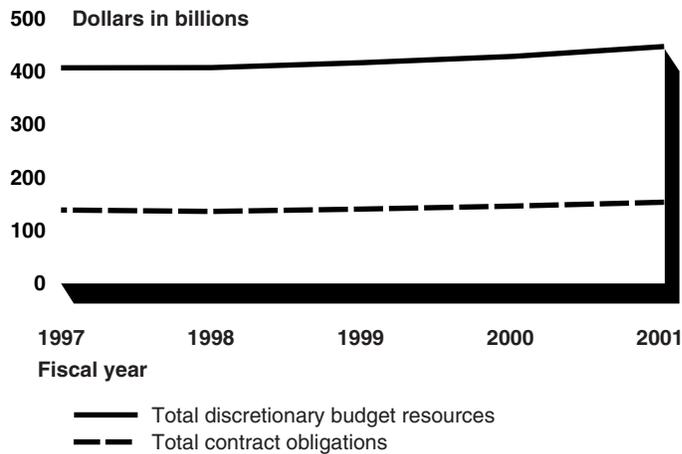
- Over 90 percent of DOD's acquisition workforce has at least 10 years of federal service; by fiscal year 2008, 39 percent will be eligible to retire.

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<sup>1</sup> (1) Defense Advanced Research Projects Agency, (2) Defense Commissary Agency, (3) Defense Contract Audit Agency, (4) Defense Security Service, (5) Defense Threat Reduction Agency, (6) Missile Defense Agency, (7) National Imagery and Mapping Agency, (8) Pentagon Force Protection Agency, (9) Defense Contract Management Agency, (10) Defense Finance and Accounting Service, (11) Defense Information Systems Agency, (12) Defense Intelligence Agency, (13) Defense Legal Services Agency, (14) Defense Logistics Agency, (15) Defense Security Cooperation Agency, (16) National Security Agency, and (17) Army Corps of Engineers.

I. Spending

**Figure 1: Procurement’s Relationship to Discretionary Budget Resources, Fiscal Years 1997 through 2001**



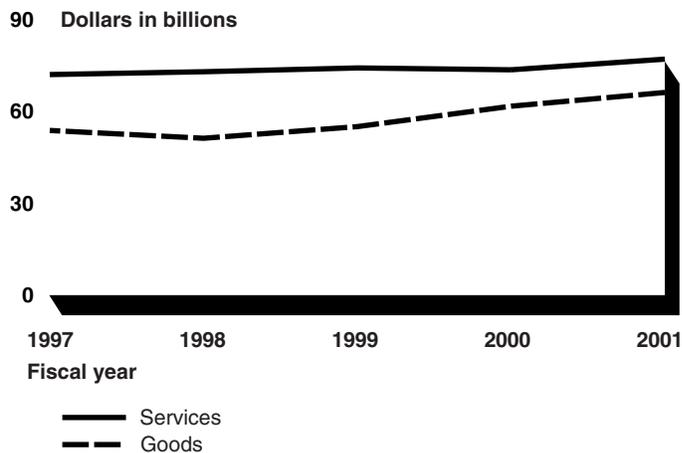
Source: FPDS and OMB.

Notes: Discretionary budget resources reflect the budget amount that an agency is appropriated for a current fiscal year plus the budget authority that the agency carries over from prior fiscal years.

Total contract obligations exclude purchase card use.

All dollar figures have been converted to constant 2001 dollars.

**Figure 2: Spending on Goods and Services, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

**Figure 3: Principal Types of Goods and Services in Fiscal Year 2001**

Dollars in millions

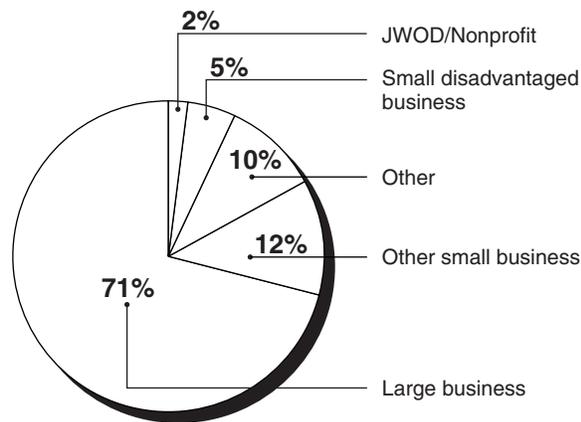
Goods	Fiscal year		Change (percent)
	2001	1997	
Aircraft and airframe structural components	\$14,759.8	\$10,368.4	42
Ships, small craft, pontoons, and floating docks	8,296.8	3,631.8	128
Communication and detection equipment	4,326.8	4,880.2	-11
Other goods	38,747.6	34,853.6	11
<b>Total goods</b>	<b>\$66,131.0</b>	<b>\$53,734.0</b>	<b>23</b>
<b>Services</b>			
Research and development	21,541.1	21,665.6	-1
Professional, administrative, and management support	11,428.1	9,411.5	21
Construction of structures and facilities	6,656.2	6,893.8	-3
Other services	37,385.1	34,006.3	10
<b>Total services</b>	<b>\$77,010.5</b>	<b>\$71,977.2</b>	<b>7</b>
<b>Total goods and services</b>	<b>\$143,141.5</b>	<b>\$125,711.2</b>	<b>14</b>

Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

**Figure 4: Vendor Type, Fiscal Year 2001**



Source: FPDS.

Notes: 2 percent of DOD's vendors are women-owned businesses.

Other includes hospitals, foreign contractors, domestic contractors working outside the United States, and educational institutions, including historically black colleges and universities and minority institutions.

These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

**Figure 5: Top Five Vendors, Fiscal Year 2001**

Dollars in billions

Vendor	Goods and services provided	Amount awarded
1. Lockheed Martin	Weapons systems integration and IT	\$14.7
2. Boeing	Aircraft, electronics, and IT	\$13.3
3. Newport News Shipbuilding	Ship building and repair	\$5.9
4. Raytheon Company	Guided missile systems, electronics, and IT	\$5.6
5. Northrop Grumman	Aircraft, electronics, and IT	\$5.1

Source: DOD.

II. Procurement Methods

**Figure 6: Principal Contract Types Employed in Fiscal Year 2001**

Dollars in billions

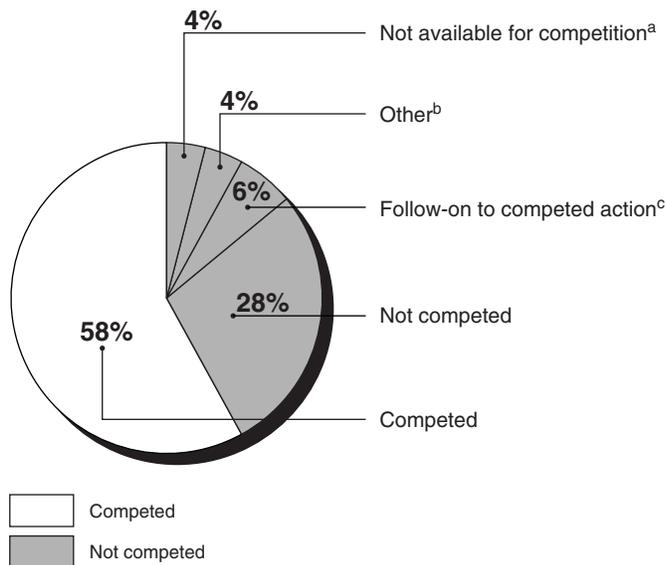
Contract type	Amount spent	Percent of total amount spent
Firm fixed-price	\$73.1	51.0
Other fixed-price	\$17.5	12.2
Cost-type	\$41.3	28.9
Labor hours/time and materials	\$4.9	3.4

Source: FPDS.

Note: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

Percentages do not add to 100 as information on the number of offers was either missing or not required to be reported.

**Figure 7: Competition, Fiscal Year 2001**



Source: FPDS.

<sup>a</sup>Contracts not available for competition are for utilities, contracts authorized or required by statute to be awarded to a designated source, sole source contracts awarded to certain small disadvantaged businesses, or actions where the agency has determined that there is no opportunity for competition, among other things.

<sup>b</sup>Other includes actions for which data on competition were missing or not required to be entered, such as contracts awarded to Federal Prison Industries.

<sup>c</sup>Contracts that were follow-on to a competed action are those subsequent actions awarded to the particular contractor who had previously been awarded the initial contract under competitive procedures.

Note: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

**Figure 8: Degree of Competition for Competed Contracts, Fiscal Years 1997 through 2001**

Dollars in billions

Fiscal year	Amount spent on competed contracts	One offer (percent)	More than one offer (percent)
1997	\$70.9	7.3	90.1
1998	\$71.9	8.3	88.5
1999	\$77.0	8.9	89.3
2000	\$80.0	8.1	90.1
2001	\$82.7	10.3	86.8

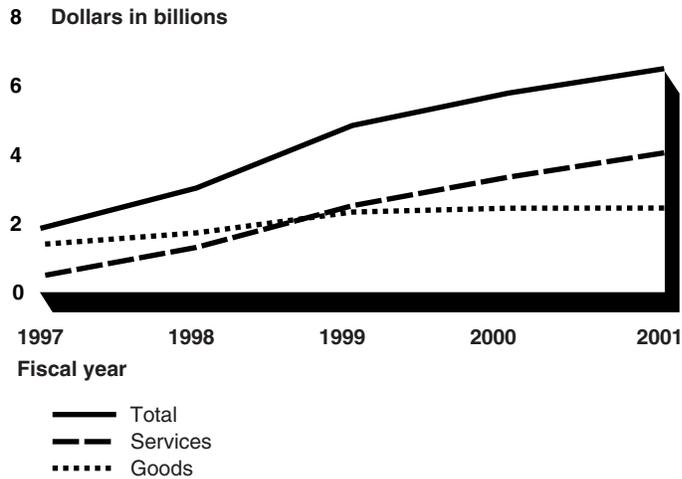
Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

Percentages do not add to 100 as information on the number of offers was either missing or not required to be reported.

All dollar figures have been converted to constant 2001 dollars.

**Figure 9: Extent the Federal Supply Schedule is Used to Purchase Goods and Services, Fiscal Years 1997 through 2001**

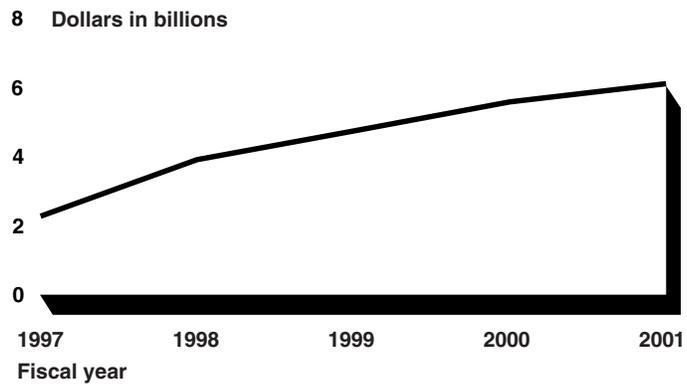


Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

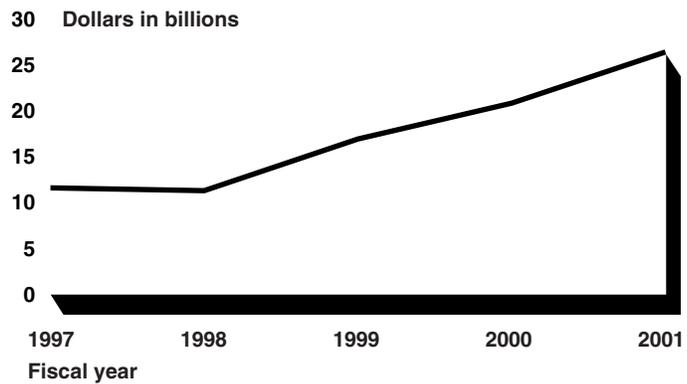
**Figure 10: Amount Spent Using Purchase Cards, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: In fiscal year 2001, DOD authorized the use of 230,646 purchase cards. All dollar figures have been converted to constant 2001 dollars.

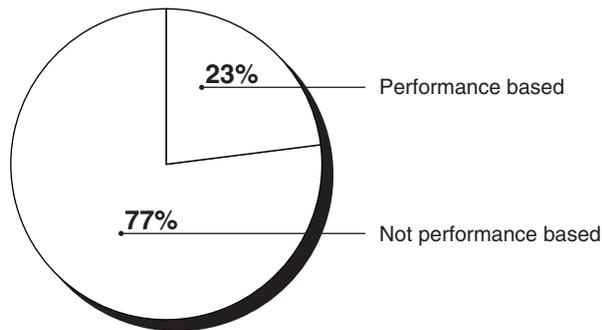
**Figure 11: Commercial Item Purchases Using FAR Part 12 Procedures, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded. All dollar figures have been converted to constant 2001 dollars.

**Figure 12: Extent That Eligible Contracts Are Performance Based, Fiscal Year 2001 (by dollar value)**



Source: FPDS.

Notes: Based on FAR 37.102, performance-based methods should be used to the maximum extent practicable for all services, except for construction, utilities, architect and engineering, or services that are incidental to supply purchases.

These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

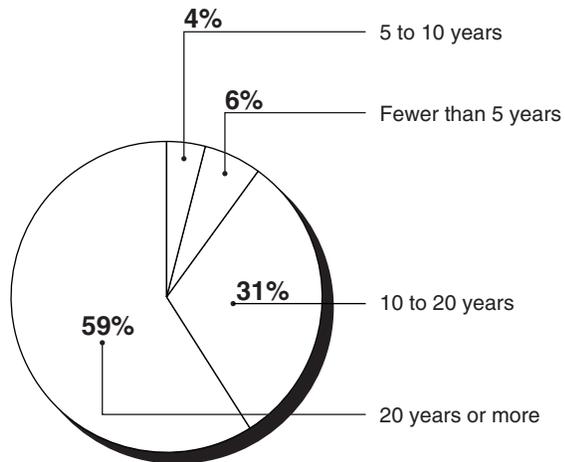
### III. Workforce

**Figure 13: Workforce Trends, Fiscal Years 1997 through 2001**

Fiscal year	Total workforce	Acquisition workforce	Percent
1997	691,931	74,890	10.8
1998	664,563	71,949	10.8
1999	645,990	69,408	10.7
2000	632,523	68,450	10.8
2001	628,915	68,513	10.9

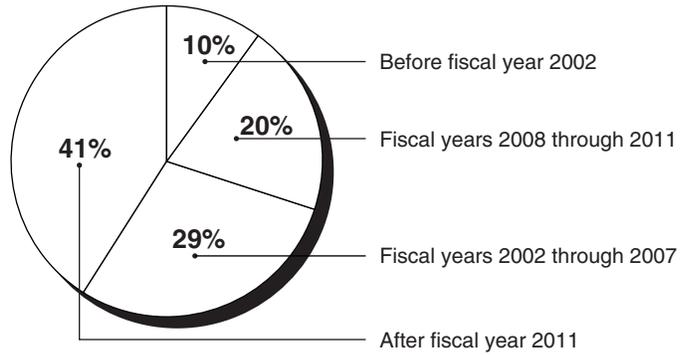
Source: CPDF.

**Figure 14: Acquisition Workforce by Years of Federal Service**



Source: CPDF.

**Figure 15: Acquisition Workforce Retirement Eligibility**



Source: CPDF.

#### IV. Key Procurement Initiatives as Reported by Agency Officials

**Improve the credibility and effectiveness of the acquisition and logistics support process.**

- Change budgeting, procurement, program management, and logistics processes and policies to support implementation of evolutionary acquisition and reduce cycle time.
- Improve logistics responsiveness and supply chain integration to make DOD's logistics system more efficient.
- Implement reforms to increase efficiency and effectiveness in the acquisition of services and improve support of socioeconomic programs.

**Revitalize the quality and morale of the DOD acquisition workforce.**

- Improve training and education by building a new learning environment designed to empower each DOD acquisition workforce member with more control over learning needs.
- Establish a life-cycle workforce management approach to the civilian workforce, including human capital strategic planning.
- Use new outreach and communication strategies to create better awareness and knowledge of acquisition initiatives.

**Improve the health of the defense industrial base.**

- Establish a strategic approach to adopt commercial acquisition processes.

#### V. Key Procurement Reports

**General Accounting Office**

*Sourcing and Acquisition: Challenges Facing the Department of Defense.* [GAO-03-574T](#). Washington, D.C.: March 19, 2003.

*Major Management Challenges and Program Risks: Department of Defense.* [GAO-03-98](#). Washington, D.C.: January 2003.

*Purchase Cards: Control Weaknesses Leave Army Vulnerable to Fraud, Waste, and Abuse.* [GAO-02-732](#). Washington, D.C.: June 27, 2002.

*Acquisition Workforce: Department of Defense's Plans to Address Workforce Size and Structure Challenges.* [GAO-02-630](#). Washington, D.C.: April 30, 2002.

*Contract Management: DOD Needs Better Guidance on Granting Waivers for Certified Cost or Pricing Data.* [GAO-02-502](#). Washington, D.C.: April 22, 2002.

*Purchase Cards: Continued Control Weaknesses Leave Two Navy Units Vulnerable to Fraud and Abuse.* [GAO-02-506T](#). Washington, D.C.: March 13, 2002.

*Best Practices: Taking A Strategic Approach Could Improve DOD's Acquisition of Services.* [GAO-02-230](#). Washington, D.C.: January 18, 2002.

*DOD Systems Modernization: Continued Investment in the Standard Procurement System Has Not Been Justified.* [GAO-01-682](#). Washington, D.C.: July 31, 2001.

*Contract Management: Not Following Procedures Undermines Best Pricing Under GSA's Schedule.* [GAO-01-125](#). Washington, D.C.: November 28, 2000.

*Acquisition Reform: DOD's Guidance on Using Section 845 Agreements Could Be Improved.* [GAO/NSIAD-00-33](#). Washington, D.C.: April 7, 2000.

*Contract Management: Few Competing Proposals for Large DOD Information Technology Orders.* [GAO/NSIAD-00-56](#). Washington, D.C.: March 20, 2000.

**Inspector General**

Report Number D-2002-075—*Controls Over the DOD Purchase Card Program*, March 29, 2002.

Report Number D-2000-100—*Contracts for Professional, Administrative, and Management Support Services*, March 10, 2000.

Report Number D-2000-088—*DOD Acquisition Workforce Reduction Trends and Impacts*, February 29, 2000.

## Appendix II: Section 2—Department of the Air Force

### Agency Overview and Highlights

#### Spending

The Air Force's total discretionary budget resources, after declining between fiscal years 1997 and 1999, increased by 8 percent between fiscal years 2000 and 2001 and totaled \$101.1 billion in fiscal year 2001. Over the 5-year period, the proportion of the Air Force's discretionary resources spent through contracts increased from 36 percent to about 40 percent.

- Since fiscal year 1997, Air Force spending has been driven by a 16 percent increase in the purchases of goods. In fiscal year 2001, service contracts remained steady at \$20.9 billion, or about 53 percent of Air Force's contracts over \$25,000.
- Research and development contracts decreased by 7 percent during the 5-year period, totaling \$8.9 billion in fiscal year 2001.
- The Air Force increased its combined purchases of aircraft components and related parts by 64 percent—spending about \$13.0 billion on these items in fiscal year 2001. In addition, the Air Force changed its spending in other categories: information technology services (94 percent); aircraft engines and related parts (71 percent); professional, administrative, and management support (15 percent); and repair of equipment (-41 percent).

#### Procurement methods

The Air Force spent about \$40 billion through contracts over \$25,000 in fiscal year 2001, with firm fixed-price and other kinds of fixed-price contracts accounting for about 62 percent of the Air Force's total contract dollars.

- About 24 percent of the Air Force's eligible service contracts are performance based.
- Purchase card spending increased by almost 200 percent over the 5-year period. In fiscal year 2001, the Air Force authorized the use of 79,762 purchase cards.
- The Air Force's significant increase in its use of the federal supply schedule has been driven by purchases of services.

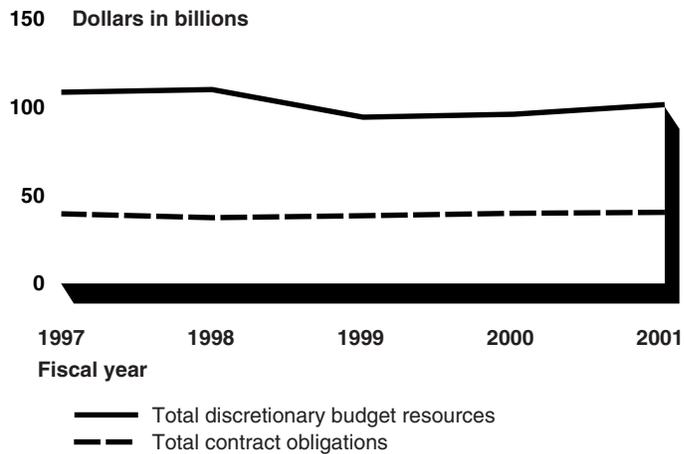
#### Workforce

The Air Force's total workforce and acquisition workforce decreased by 9 percent from fiscal year 1999 through fiscal year 2001.

- By fiscal year 2008, about 38 percent of the current acquisition workforce will be eligible to retire.

I. Spending

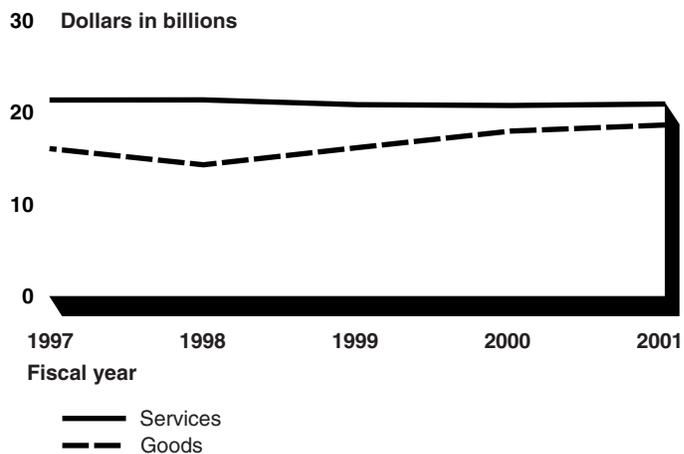
**Figure 1: Procurement’s Relationship to Discretionary Budget Resources, Fiscal Years 1997 through 2001**



Source: FPDS, OMB, and DOD.

Notes: Discretionary budget resources reflect the budget amount that an agency is appropriated for a current fiscal year plus the budget authority that the agency carries over from prior fiscal years. Total contract obligations exclude purchase card use. All dollar figures have been converted to constant 2001 dollars.

**Figure 2: Spending on Goods and Services, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded. All dollar figures have been converted to constant 2001 dollars.

**Figure 3: Principal Types of Goods and Services in Fiscal Year 2001**

Dollars in millions

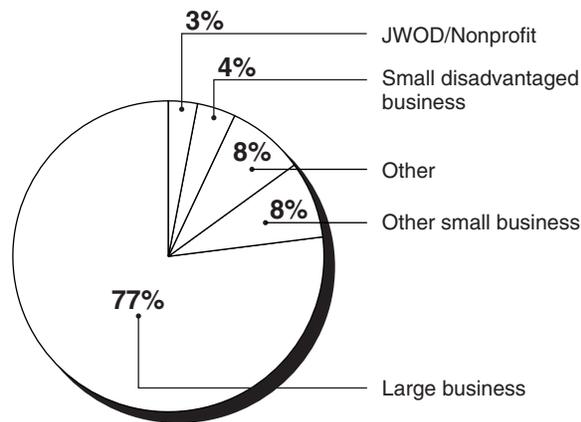
Goods	Fiscal year		Change (percent)
	2001	1997	
Aircraft and airframe structural components	\$9,978.5	\$6,259.9	59
Aircraft engines and related parts	2,205.7	1,292.7	71
Aircraft components and accessories	938.7	447.1	110
Other goods	5,515.1	8,068.3	-32
<b>Total goods</b>	<b>\$18,638.0</b>	<b>\$16,068.0</b>	<b>16</b>
<b>Services</b>			
Research and development	8,901.4	9,599.3	-7
Professional, administrative, and management support	2,887.8	2,509.5	15
Maintenance, repair, and rebuilding of equipment	1,599.0	2,709.0	-41
Other services	7,532.4	6,535.8	15
<b>Total services</b>	<b>\$20,920.6</b>	<b>\$21,353.6</b>	<b>-2</b>
<b>Total goods and services</b>	<b>\$39,558.6</b>	<b>\$37,421.6</b>	<b>6</b>

Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

**Figure 4: Vendor Type, Fiscal Year 2001**



Source: FPDS.

Notes: 1 percent of the Air Force’s vendors are women-owned businesses.

Other includes hospitals, foreign contractors, domestic contractors working outside the United States, and educational institutions, including historically black colleges and universities and minority institutions.

These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

**Figure 5: Top Five Vendors, Fiscal Year 2001**

Dollars in millions

Vendor	Goods and services provided	Amount awarded
1. Lockheed Martin	Aircraft, space systems, and IT	\$9,533.0
2. Boeing	Aircraft, space systems, and IT	\$6,950.0
3. Northrop Grumman	Aircraft, electronics, and IT	\$1,910.5
4. United Technologies Corporation	Gas turbines and jet engines	\$1,803.3
5. Raytheon Company	Guided missiles and electronics	\$1,767.8

Source: DOD.

II. Procurement Methods

**Figure 6: Principal Contract Types Employed in Fiscal Year 2001**

Dollars in billions

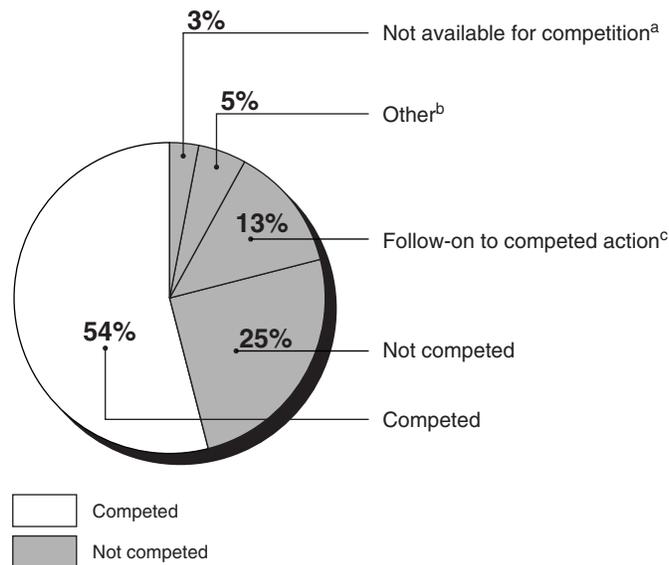
Contract type	Amount spent	Percent of total amount spent
Firm fixed-price	\$21.2	53.5
Other fixed-price	\$3.3	8.3
Cost-type	\$11.4	28.7
Labor hours/time and materials	\$1.7	4.2

Source: FPDS.

Note: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

Percentages do not add to 100 as information on the number of offers for some data was either missing or not required to be reported.

**Figure 7: Competition, Fiscal Year 2001**



Source: FPDS.

<sup>a</sup>Contracts not available for competition are for utilities, contracts authorized or required by statute to be awarded to a designated source, sole source contracts awarded to certain small disadvantaged businesses, or actions where the agency has determined that there is no opportunity for competition, among other things.

<sup>b</sup>Other includes actions for which data on competition were missing or not required to be entered, such as contracts awarded to Federal Prison Industries.

<sup>c</sup>Contracts that were follow-on to a competed action are those subsequent actions awarded to the particular contractor who had previously been awarded the initial contract under competitive procedures.

Note: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

**Figure 8: Degree of Competition for Completed Contracts, Fiscal Years 1997 through 2001**

Dollars in billions

Fiscal year	Amount spent on competed contracts	One offer (percent)	More than one offer (percent)
1997	\$18.7	8.5	88.0
1998	\$19.4	8.5	87.0
1999	\$20.2	8.4	90.2
2000	\$20.1	7.4	91.6
2001	\$21.1	7.5	90.9

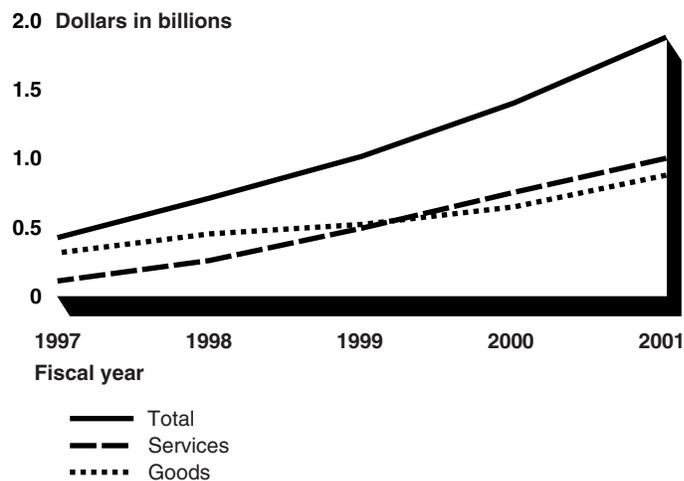
Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

Percentages do not add to 100 as information on the number of offers was either missing or not required to be reported.

All dollar figures have been converted to constant 2001 dollars.

**Figure 9: Extent the Federal Supply Schedule Is Used to Purchase Goods and Services, Fiscal Years 1997 through 2001**

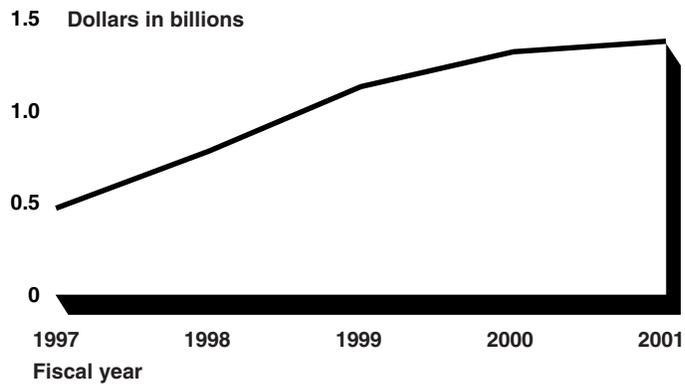


Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

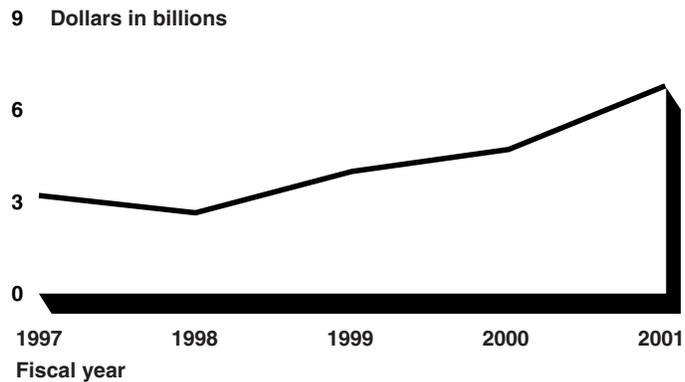
**Figure 10: Amount Spent Using Purchase Cards, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: In fiscal year 2001, the Air Force authorized the use of 79,762 purchase cards. All dollar figures have been converted to constant 2001 dollars.

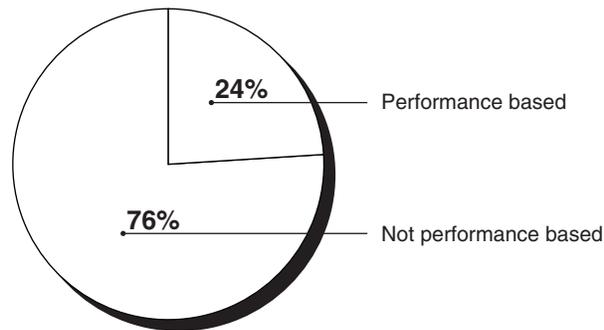
**Figure 11: Commercial Item Purchases Using FAR Part 12 Procedures, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded. All dollar figures have been converted to constant 2001 dollars.

**Figure 12: Extent That Eligible Contracts Are Performance Based, Fiscal Year 2001 (by dollar value)**



Source: FPDS.

Notes: Based on FAR 37.102, performance-based methods should be used to the maximum extent practicable for all services, except for construction, utilities, architect and engineering, or services that are incidental to supply purchases.

These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

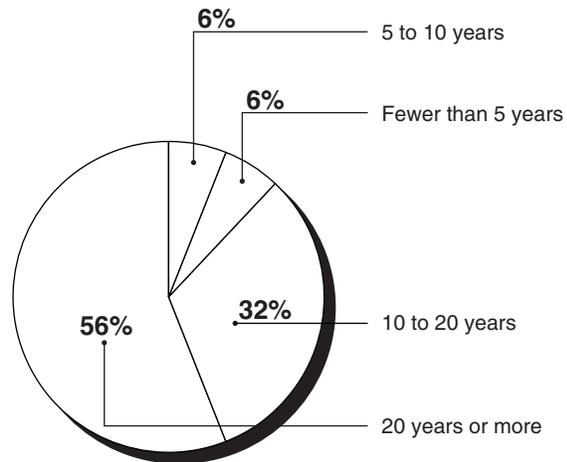
### III. Workforce

**Figure 13: Workforce Trends, Fiscal Years 1997 through 2001**

Fiscal year	Total workforce	Acquisition workforce	Percent
1997	159,686	18,608	11.7
1998	154,379	17,854	11.6
1999	150,563	17,480	11.6
2000	145,560	17,101	11.8
2001	145,197	16,885	11.6

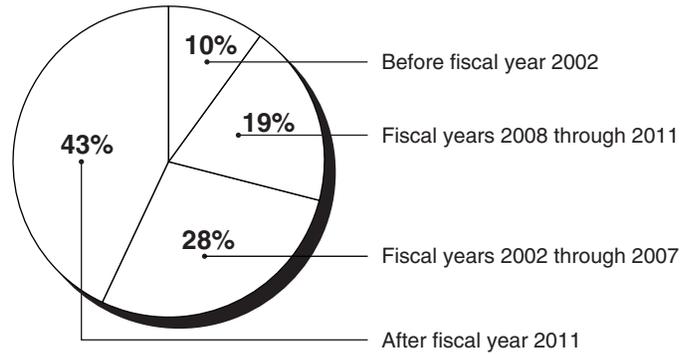
Source: CPDF.

**Figure 14: Acquisition Workforce by Years of Federal Service**



Source: CPDF.

**Figure 15: Acquisition Workforce Retirement Eligibility**



Source: CPDF.

## Appendix II: Section 3—Department of the Army

### Agency Overview and Highlights

#### Spending

The Army's total discretionary budget resources decreased 4 percent from fiscal year 1997 to fiscal year 2001 and totaled \$113.1 billion in fiscal year 2001. The amount spent through contracts accounted for more than one-third of the Army's discretionary resources in fiscal year 2001.

- Spending on goods increased by about 29 percent over fiscal year 1997 levels. In particular, the Army nearly tripled its spending on aircraft and increased its spending on ground vehicles by 66 percent.
- Spending on services increased by about 15 percent over the 1997 level, driven by a 55 percent increase in spending for professional, administrative, and management support contracts. Such contracts now account for 16 percent of the Army's service contract spending, up from less than 12 percent in fiscal year 1997.
- The Army's spending for research and development increased by about 8 percent over fiscal year 1997 levels.

#### Procurement methods

Of the \$37 billion the Army spent on contracts over \$25,000 in fiscal year 2001, \$21.7 billion, or 59 percent, was spent using firm fixed-price contracts.

- Between fiscal years 1997 and 2001, purchase card use increased 139 percent, to \$2.5 billion in fiscal year 2001. In fiscal year 2001, the Army authorized the use of 109,446 purchase cards.
- During the 5-year period, about 59 percent of the Army's contract dollars were spent on competitively awarded contracts.
- In fiscal year 2001, 25 percent of the Army's service contracts were performance based.
- The Army's use of the federal supply schedule program increased by more than 190 percent over the 5-year period. This increase was driven primarily by the increased purchases of services, which rose from about \$604 million in fiscal year 1997 to over \$1.7 billion in fiscal year 2001.

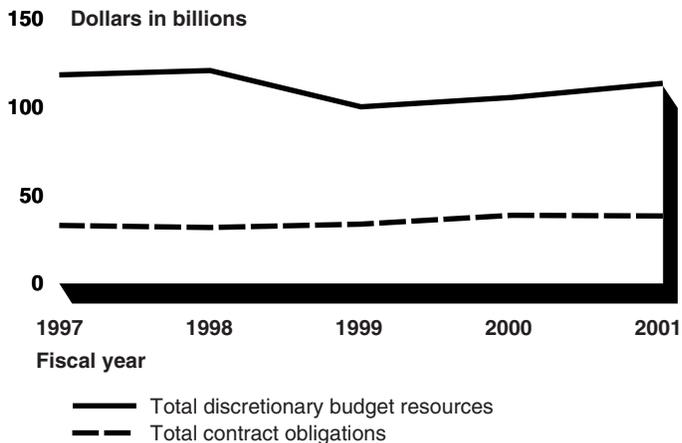
#### Workforce

From fiscal year 1997 through fiscal year 2001, the Army's total workforce and acquisition workforce decreased by 6 and 7 percent, respectively. Throughout this period, the acquisition workforce accounted for about 8 percent of the total workforce.

- In fiscal year 2001, 61 percent of the acquisition workforce had 20 years or more of federal service, while 4 percent had fewer than 5 years of federal service.
- By fiscal year 2008, 40 percent of the current acquisition workforce will be eligible to retire.

I. Spending

**Figure 1: Procurement’s Relationship to Discretionary Budget Resources, Fiscal Years 1997 through 2001**



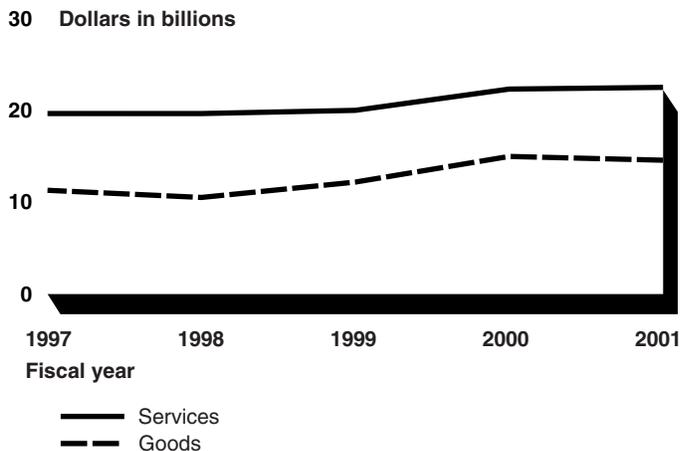
Source: FPDS, OMB, and DOD.

Notes: Discretionary budget resources reflect the budget amount that an agency is appropriated for a current fiscal year plus the budget authority that the agency carries over from prior fiscal years.

Total contract obligations exclude purchase card use.

All dollar figures have been converted to constant 2001 dollars.

**Figure 2: Spending on Goods and Services, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

**Figure 3: Principal Types of Goods and Services in Fiscal Year 2001**

Dollars in millions

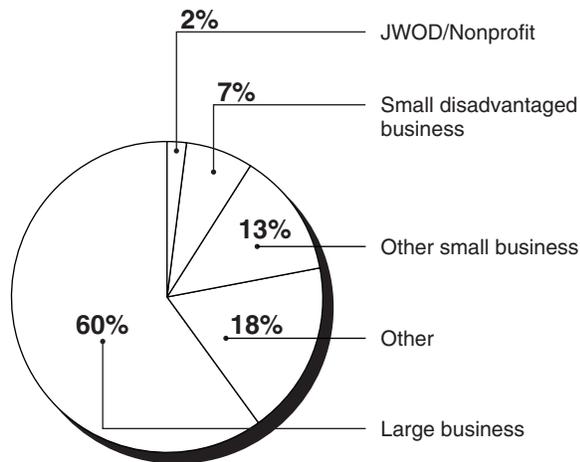
Goods	Fiscal year		Change (percent)
	2001	1997	
Ground effect vehicles, motor vehicles, trailers and cycles	\$2,923.4	\$1,757.6	66
Communication and detection equipment	1,852.3	2,091.0	-11
Aircraft and airframe structural components	1,507.0	549.8	174
Other goods	8,270.3	6,881.7	20
<b>Total goods</b>	<b>\$14,553.0</b>	<b>\$11,280.1</b>	<b>29</b>
<b>Services</b>			
Research, development, test, and evaluation	5,848.6	5,417.3	8
Professional, administrative, and management support	3,608.3	2,332.7	55
Construction	3,097.0	3,426.0	-10
Other services	9,924.4	8,455.3	17
<b>Total services</b>	<b>\$22,478.3</b>	<b>\$19,631.3</b>	<b>15</b>
<b>Total goods and services</b>	<b>\$37,031.3</b>	<b>\$30,911.4</b>	<b>20</b>

Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

**Figure 4: Vendor Type, Fiscal Year 2001**



Source: FPDS.

Notes: 3 percent of Army's vendors are women-owned businesses.

Other includes hospitals, foreign contractors, domestic contractors working outside the United States, and educational institutions, including historically black colleges and universities and minority institutions.

These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

**Figure 5: Top Five Vendors, Fiscal Year 2001**

Dollars in millions

Vendor	Goods and services provided	Amount awarded
1. General Dynamics	Combat vehicles and IT	\$1,940.9
2. Lockheed Martin	Weapons systems integration, missiles, and IT	\$1,754.5
3. Raytheon Company	Guided missiles, electronics, and IT	\$1,440.3
4. Boeing	Aircraft, electronics, and IT	\$1,299.2
5. The Carlyle Group	Combat vehicles and weapons	\$943.2

Source: DOD.

II. Procurement Methods

**Figure 6: Principal Contract Types Employed in Fiscal Year 2001**

Dollars in billions

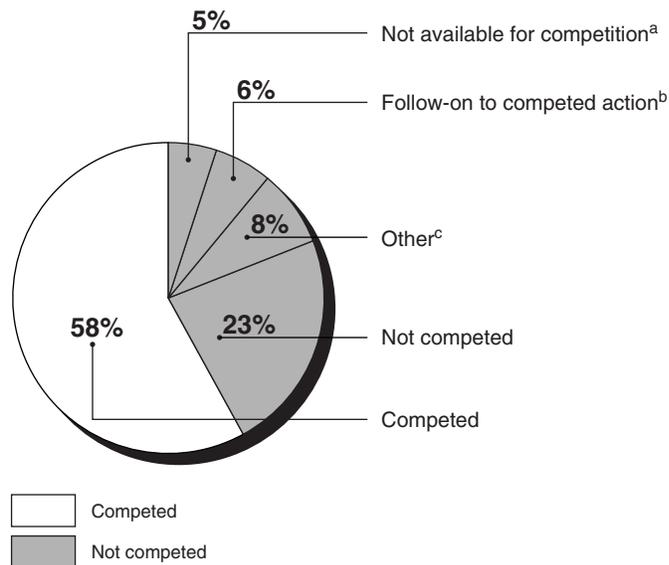
Contract type	Amount spent	Percent of total amount spent
Firm fixed-price	\$21.7	58.7
Other fixed-price	\$1.4	3.8
Cost-type	\$9.1	24.7
Labor hours/time and materials	\$1.7	4.6

Source: FPDS.

Note: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

Percentages do not add to 100 as information on the number of offers was either missing or not required to be reported.

**Figure 7: Competition, Fiscal Year 2001**



Source: FPDS.

<sup>a</sup>Contracts not available for competition are for utilities, contracts authorized or required by statute to be awarded to a designated source, sole source contracts awarded to certain small disadvantaged businesses, or actions where the agency has determined that there is no opportunity for competition, among other things.

<sup>b</sup>Contracts that were follow-on to a competed action are those subsequent actions awarded to the particular contractor who had previously been awarded the initial contract under competitive procedures.

<sup>c</sup>Other includes actions for which data on competition were missing or not required to be entered, such as contracts awarded to Federal Prison Industries.

Note: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

**Figure 8: Degree of Competition for Completed Contracts, Fiscal Years 1997 through 2001**

Dollars in billions

Fiscal year	Amount spent on competed contracts	One offer (percent)	More than one offer (percent)
1997	\$18.1	4.9	92.8
1998	\$18.1	8.0	90.1
1999	\$19.3	9.7	88.8
2000	\$21.6	7.1	91.3
2001	\$21.4	9.4	87.7

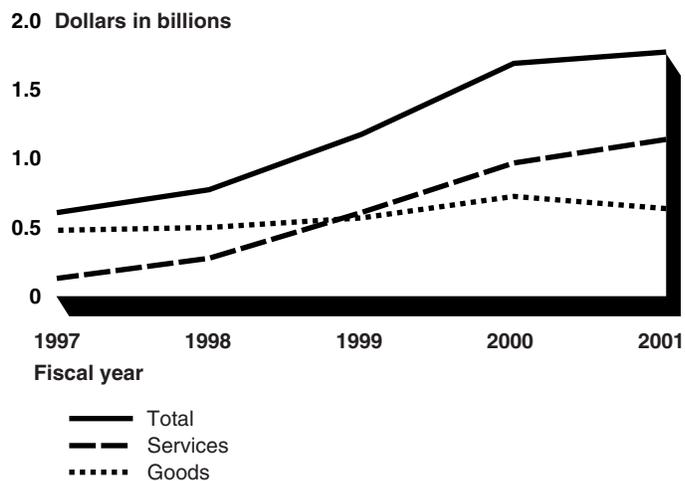
Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

Percentages do not add to 100 as information on the number of offers was either missing or not required to be reported.

All dollar figures have been converted to constant 2001 dollars.

**Figure 9: Extent the Federal Supply Schedule Is Used to Purchase Goods and Services, Fiscal Years 1997 through 2001**



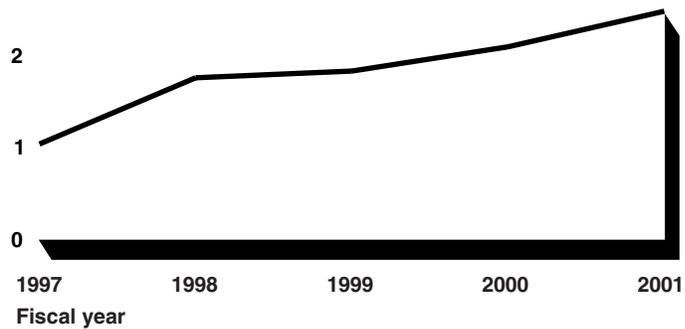
Source: FPDS.

Note: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

**Figure 10: Amount Spent Using Purchase Cards, Fiscal Years 1997 through 2001**

3 Dollars in billions

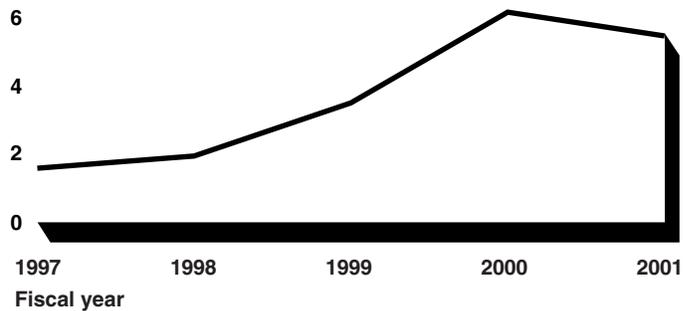


Source: FPDS.

Notes: In fiscal year 2001, the Army authorized the use of 109,446 purchase cards. All dollar figures have been converted to constant 2001 dollars.

**Figure 11: Commercial Item Purchases Using FAR Part 12 Procedures, Fiscal Years 1997 through 2001**

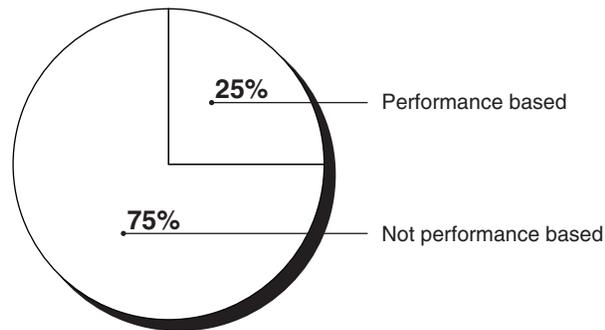
8 Dollars in billions



Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded. All dollar figures have been converted to constant 2001 dollars.

**Figure 12: Extent That Eligible Contracts Are Performance Based, Fiscal Year 2001 (by dollar value)**



Source: FPDS.

Notes: Based on FAR 37.102, performance-based methods should be used to the maximum extent practicable for all services, except for construction, utilities, architect and engineering, or services that are incidental to supply purchases.

These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

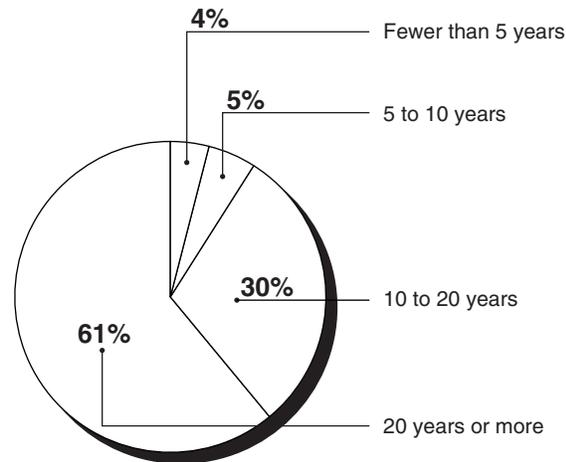
### III. Workforce

**Figure 13: Acquisition Workforce, Fiscal Year 1997 through Fiscal Year 2001**

Fiscal year	Total workforce	Acquisition workforce	Percent
1997	226,457	18,025	8.0
1998	218,601	17,391	8.0
1999	212,816	16,780	8.0
2000	211,516	16,690	8.0
2001	212,046	16,731	8.0

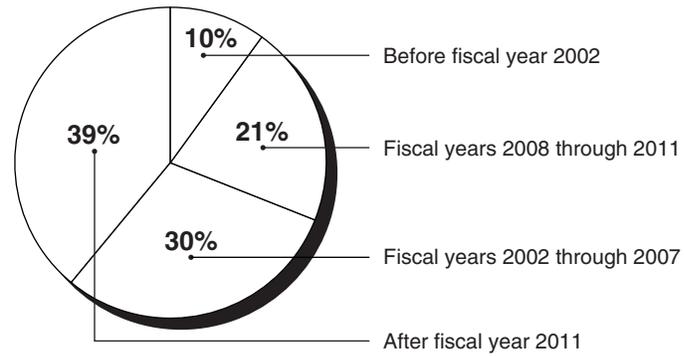
Source: CPDF.

**Figure 14: Acquisition Workforce by Years of Federal Service**



Source: CPDF.

**Figure 15: Acquisition Workforce Retirement Eligibility**



Source: CPDF.

## Appendix II: Section 4—Department of the Navy

### Agency Overview and Highlights

#### Spending

The Navy's total discretionary budget resources increased 12 percent from fiscal year 1997 to fiscal year 2001 and totaled \$95.3 billion in fiscal year 2001. The proportion of the Navy's discretionary resources spent through contracts was about 45 percent in fiscal year 2001.

- From fiscal years 1997 through 2001, a 25 percent increase in spending for goods, coupled with a 6 percent decline in spending on services, resulted in the Navy spending nearly as much on goods as on services in fiscal year 2001. The principal causes of this shift were significant increases in spending on ships (up 133 percent) and decreased spending on research and development (down 17 percent).

#### Procurement methods

The Navy relies on a mix of fixed-price and cost-type contracts to achieve its mission. For example, in fiscal year 2001, firm fixed and other kinds of fixed-price contracts accounted for more than 53 percent of the Navy's total contract dollars, while another 42 percent was spent under cost-type contracts.

- In fiscal year 2001, more than half of the Navy's contract dollars were awarded under noncompeted contracts. Further, 16 percent of the Navy's competitively awarded dollars were made on contracts in which only 1 offer was received.
- The Navy's use of the federal supply schedule program increased by more than 227 percent over the 5-year period. This increase was driven primarily by the increased purchases of services, which rose from about \$132 million in fiscal year 1997 to over \$1.1 billion in fiscal year 2001.
- Purchase card use has increased by 185 percent over the 5-year period. In fiscal year 2001, the Navy spent about \$1.8 billion with 27,926 purchase cards.
- About 15 percent of Navy's eligible service contracts were considered performance based in fiscal year 2001.

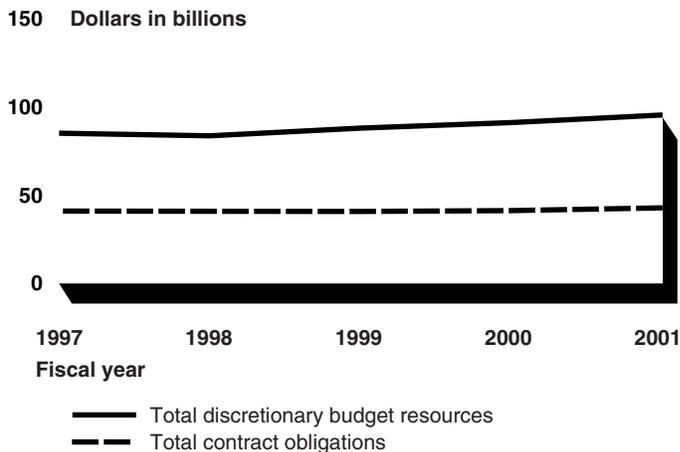
#### Workforce

Since fiscal year 1997, both the Navy's total workforce and its acquisition workforce have declined by about 10 percent, to about 176,000 and 15,000, respectively.

- In fiscal year 2001, more than 60 percent of the Navy's acquisition workforce had 20 years or more of service; conversely, only 11 percent had fewer than 10 years of service.
- By fiscal year 2008, about 40 percent of the Navy's acquisition workforce will be eligible to retire.

I. Spending

**Figure 1: Procurement’s Relationship to Discretionary Budget Resources for Fiscal Years 1997 through 2001**



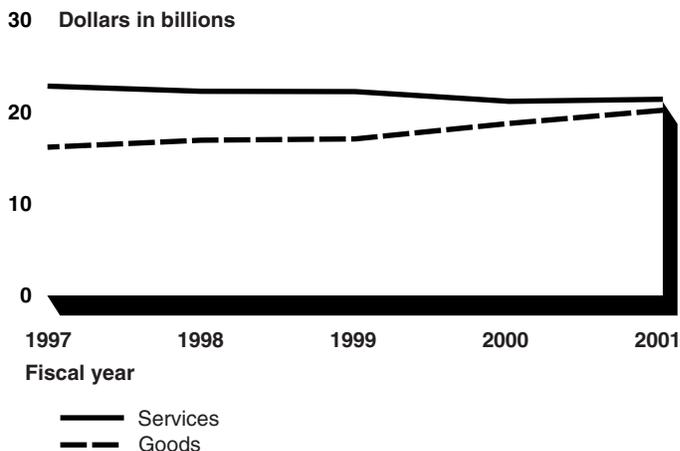
Source: FPDS, OMB, and DOD.

Notes: Discretionary budget resources reflect the budget amount that an agency is appropriated for a current fiscal year plus the budget authority that the agency carries over from prior fiscal years.

Total contract obligations exclude purchase card use.

All dollar figures have been converted to constant 2001 dollars.

**Figure 2: Spending on Goods and Services, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

**Figure 3: Principal Types of Goods and Services in Fiscal Year 2001**

Dollars in millions

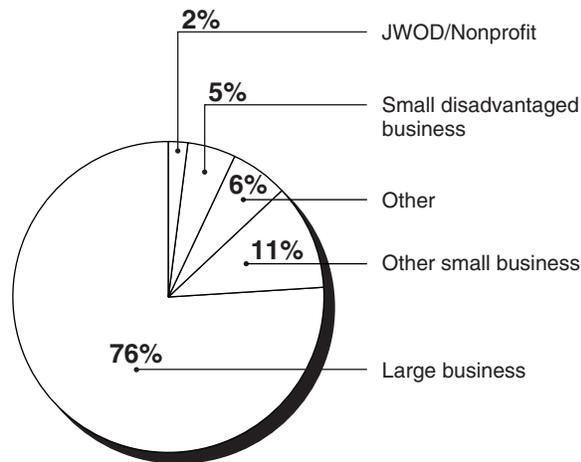
Goods	Fiscal year		Change (percent)
	2001	1997	
Ships, small craft, pontoons, and floating docks	\$8,245.7	\$3,544.1	133
Aircraft and airframe structural components	3,068.2	3,415.5	-10
Guided missiles	1,357.7	1,918.9	-29
Other goods	7,482.5	7,254.9	3
<b>Total goods</b>	<b>\$20,154.1</b>	<b>\$16,133.4</b>	<b>25</b>
<b>Services</b>			
Research, development, testing, and evaluation	4,545.6	5,471.1	-17
Professional, administrative, and management support	4,133.9	4,330.1	-5
Equipment maintenance and repair	3,187.5	2,734.3	17
Other services	9,479.4	10,244.1	-7
<b>Total services</b>	<b>\$21,346.4</b>	<b>\$22,779.6</b>	<b>-6</b>
<b>Total goods and services</b>	<b>\$41,500.5</b>	<b>\$38,913.0</b>	<b>7</b>

Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

**Figure 4: Vendor Type, Fiscal Year 2001**



Source: FPDS.

Notes: 2 percent of Navy's vendors are women-owned businesses.

Other includes hospitals, foreign contractors, domestic contractors working outside the United States, and educational institutions, including historically black colleges and universities and minority institutions.

These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

**Figure 5: Top Five Vendors, Fiscal Year 2001**

Dollars in millions

Vendor	Goods and services provided	Amount awarded
1. Newport News Shipbuilding	Shipbuilding and repair	\$5,889.3
2. Boeing	Aircraft, electronics, and IT	\$3,617.0
3. Lockheed Martin	IT and systems integration	\$3,134.4
4. General Dynamics	Submarines and ships	\$2,535.1
5. Northrop Grumman	Aircraft, electronics, and IT	\$2,484.3

Source: DOD.

II. Procurement Methods

**Figure 6: Principal Contract Types Employed in Fiscal Year 2001**

Dollars in billions

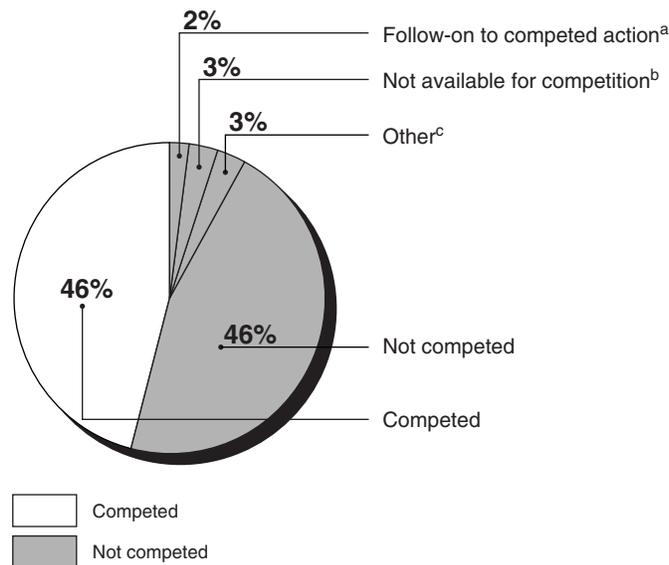
Contract type	Amount spent	Percent of total amount spent
Firm fixed-price	\$15.4	37.3
Other fixed-price	\$6.6	15.8
Cost-type	\$17.5	42.1
Labor hours/time and materials	\$0.9	2.2

Source: FPDS.

Note: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

Percentages do not add to 100 as information on the number of offers was either missing or not required to be reported.

**Figure 7: Competition, Fiscal Year 2001**



Source: FPDS.

<sup>a</sup>Contracts that were follow-on to a competed action are those subsequent actions awarded to the particular contractor who had previously been awarded the initial contract under competitive procedures.

<sup>b</sup>Contracts not available for competition are for utilities, contracts authorized or required by statute to be awarded to a designated source, sole source contracts awarded to certain small disadvantaged businesses, or actions where the agency has determined that there is no opportunity for competition, among other things.

<sup>c</sup>Other includes actions for which data on competition were missing or not required to be entered, such as contracts awarded to Federal Prison Industries.

Note: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

**Figure 8: Degree of Competition for Competed Contracts, Fiscal Years 1997 through 2001**

Dollars in billions

Fiscal year	Amount spent on competed contracts	One offer (percent)	More than one offer (percent)
1997	\$19.3	10.5	87.9
1998	\$19.0	9.8	87.0
1999	\$20.7	12.0	87.0
2000	\$21.3	13.0	85.2
2001	\$19.4	16.0	81.7

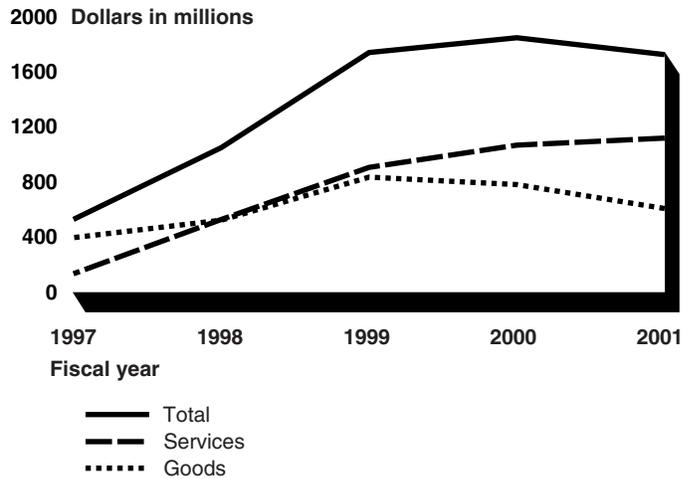
Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

Percentages do not add to 100 as information on the number of offers was either missing or not required to be reported.

All dollar figures have been converted to constant 2001 dollars.

**Figure 9: Extent the Federal Supply Schedule is Used to Purchase Goods and Services, Fiscal Years 1997 through 2001**

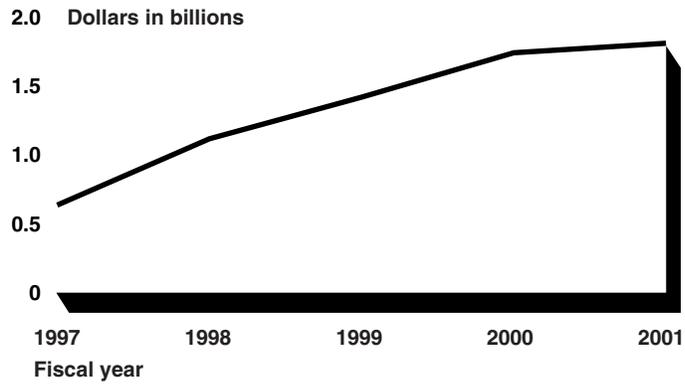


Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

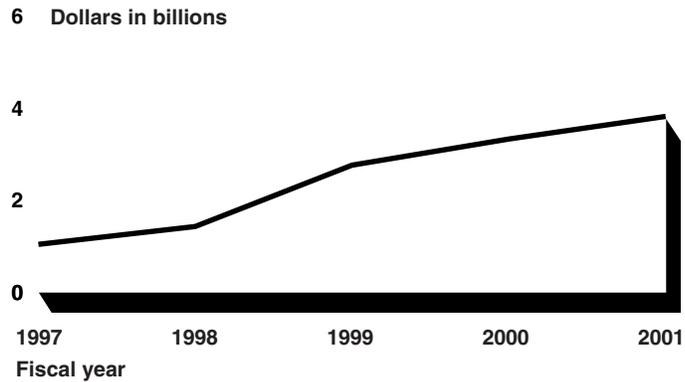
**Figure 10: Amount Spent Using Purchase Cards, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: In fiscal year 2001, the Navy authorized the use of 27,926 purchase cards. All dollar figures have been converted to constant 2001 dollars.

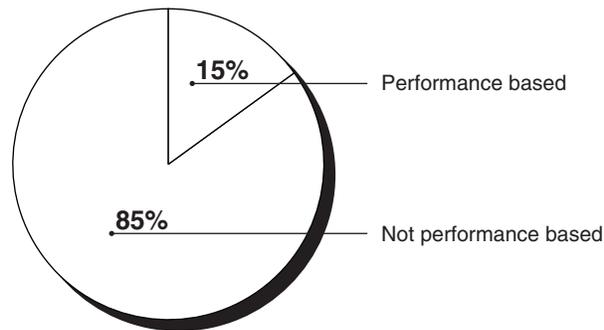
**Figure 11: Commercial Item Purchases Using FAR Part 12 Procedures, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded. All dollar figures have been converted to constant 2001 dollars.

**Figure 12: Extent That Eligible Contracts Are Performance Based, Fiscal Year 2001 (by dollar value)**



Source: FPDS.

Notes: Based on FAR 37.102, performance-based methods should be used to the maximum extent practicable for all services, except for construction, utilities, architect and engineering, or services that are incidental to supply purchases.

These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

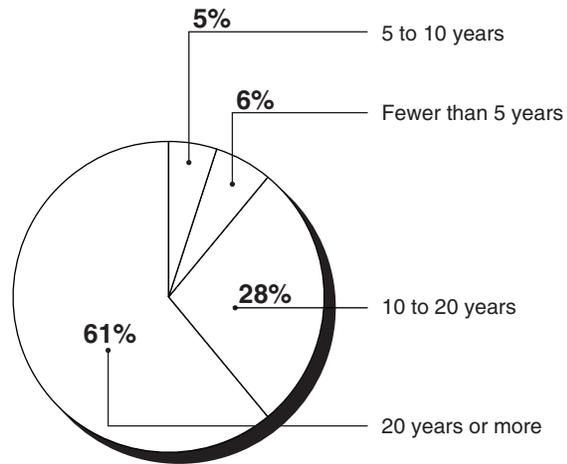
### III. Workforce

**Figure 13: Acquisition Workforce, Fiscal Year 1997 through Fiscal Year 2001**

Fiscal year	Total workforce	Acquisition workforce	Percent
1997	195,809	16,933	8.6
1998	188,251	16,157	8.6
1999	182,694	15,542	8.5
2000	177,819	15,051	8.5
2001	176,242	15,161	8.6

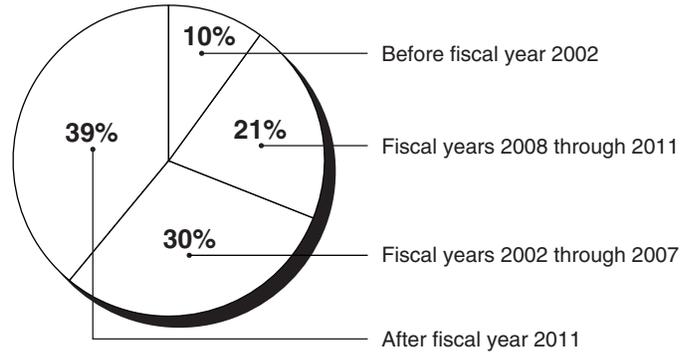
Source: CPDF.

**Figure 14: Acquisition Workforce by Years of Federal Service**



Source: CPDF.

**Figure 15: Acquisition Workforce Retirement Eligibility**



Source: CPDF.

## Appendix III: Department of Agriculture

### Agency Overview and Highlights

**Mission:** To support agriculture production by ensuring a safe, affordable, nutritious, and accessible food supply; caring for agricultural, forest, and range lands; supporting sound development of rural communities; providing economic opportunities for farm and rural residents; expanding global markets for agricultural and forest products and services; and working to reduce hunger in America and throughout the world.

#### Significant components

The following components account for the majority of the Department of Agriculture's (USDA) fiscal year 2001 total discretionary budget resources:

- **The Forest Service** manages public lands in national forests and grasslands. In fiscal year 2001, the Forest Service accounted for 21 percent of USDA's discretionary resources.
- **Food and Nutrition Service** provides better access to food and a more healthful diet through its food assistance programs and comprehensive nutrition education efforts. In fiscal year 2001, the Food and Nutrition Service accounted for 20 percent of USDA's discretionary resources.
- **Other key components**, which combined to account for about 21 percent of USDA's discretionary resources, include the Farm Service, the Rural Housing Service, and the Rural Development Service.

#### Spending

USDA's discretionary resources increased by 18 percent between fiscal years 1997 and 2001 and totaled \$23.5 billion in fiscal year 2001. Over the 5-year period, the proportion of USDA's discretionary resources spent through contracts increased from 14 percent to about 16 percent. About 70 percent of USDA's contract spending went for purchases of goods, while about 30 percent was spent on services.

- For contracts valued over \$25,000, spending on goods increased by 53 percent from fiscal year 1997 through fiscal year 2001. This increase was driven by purchases of food-related products and nonmetallic crude materials, such as cereal grains. Overall, purchases of food accounted for nearly half of USDA's contract spending.
- Similarly, spending on services increased by 44 percent over the same period, primarily as a result of increased purchases of services related to natural resources and conservation and property maintenance and construction.
- Since fiscal year 1997, USDA's spending has increased significantly in the following categories: natural resources and conservation (152 percent), nonmetallic crude materials (145 percent), construction (43 percent), and food (40 percent).

#### Procurement methods

USDA spent about \$3.7 billion through contracts in fiscal year 2001, with firm fixed-price and other kinds of fixed-price contracts accounting for about 99 percent of USDA's contract dollars.

- Purchase card spending between fiscal years 1997 and 2001 quadrupled, rising from \$140.2 million to \$564.2 million. In fiscal year 2001, USDA authorized the use of 22,865 purchase cards.
- Spending on commercial items using FAR part 12 procedures increased by about 93 percent from fiscal years 1997 through 1999, but decreased by 79 percent from fiscal years 1999 through 2001. USDA officials indicated that this decrease was a result of USDA reclassifying certain items as noncommercial.
- In fiscal year 2001, 93 percent of USDA's contracts over \$25,000 were competed.

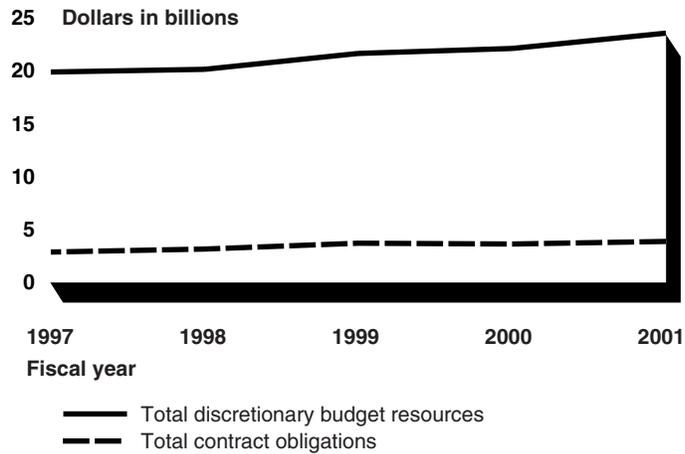
#### Workforce

USDA's total workforce in fiscal year 2001 was slightly higher than its fiscal year 1997 level. Over the same period, its acquisition workforce decreased by about 6 percent, to about 5,700 personnel.

- By fiscal year 2008, 29 percent of USDA's current acquisition workforce will be eligible to retire.

I. Spending

**Figure 1: Procurement's Relationship to Discretionary Budget Resources, Fiscal Years 1997 through 2001**

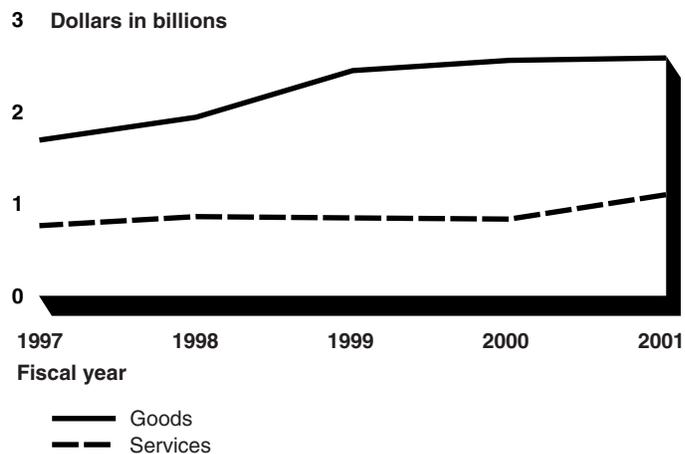


Source: FPDS and OMB.

Notes: Discretionary budget resources reflect the budget amount that an agency is appropriated for a current fiscal year plus the budget authority that the agency carries over from prior fiscal years. Total contract obligations exclude purchase card use.

All dollar figures have been converted to constant 2001 dollars.

**Figure 2: Spending on Goods and Services, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

**Figure 3: Principal Types of Goods and Services in Fiscal Year 2001**

Dollars in millions

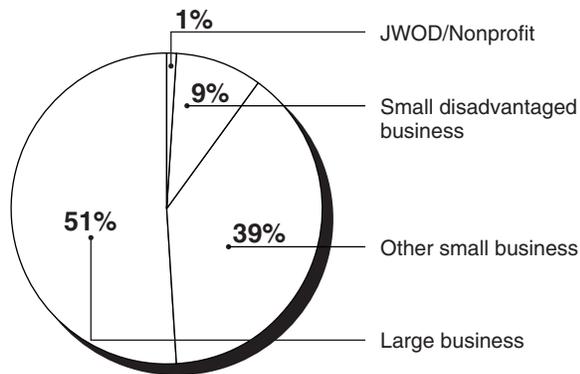
Goods	Fiscal year		Change (percent)
	2001	1997	
Food	\$1,840.7	\$1,317.0	40
Nonmetallic crude materials	464.3	189.2	145
IT equipment	132.2	101.5	30
Other goods	148.8	84.5	76
<b>Total goods</b>	<b>\$2,586.0</b>	<b>\$1,692.2</b>	<b>53</b>
<b>Services</b>			
Natural resources and conservation	267.4	106.2	152
Maintenance, repair, or alteration of real property	174.2	110.9	57
Construction	147.2	210.5	-31
Other services	509.6	333.7	53
<b>Total services</b>	<b>\$1,098.4</b>	<b>\$761.3</b>	<b>44</b>
<b>Total goods and services</b>	<b>\$3,684.4</b>	<b>\$2,453.5</b>	<b>50</b>

Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

**Figure 4: Vendor Type, Fiscal Year 2001**



Source: FPDS.

Notes: 4 percent of USDA's vendors are women-owned businesses.

These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

**Figure 5: Top Five Vendors, Fiscal Year 2001**

Dollars in millions

Vendor	Goods and services provided	Amount awarded
1. Archer Daniels Midland	Grain and flour	\$136.5
2. IBM	IT services and equipment	\$112.1
3. Cal Western Packaging Corp.	Food oils	\$104.5
4. Cargill, Inc.	Grain	\$102.9
5. Kalam Export Co.	Grain	\$73.2

Source: USDA.

II. Procurement Methods

**Figure 6: Principal Contract Types Employed in Fiscal Year 2001**

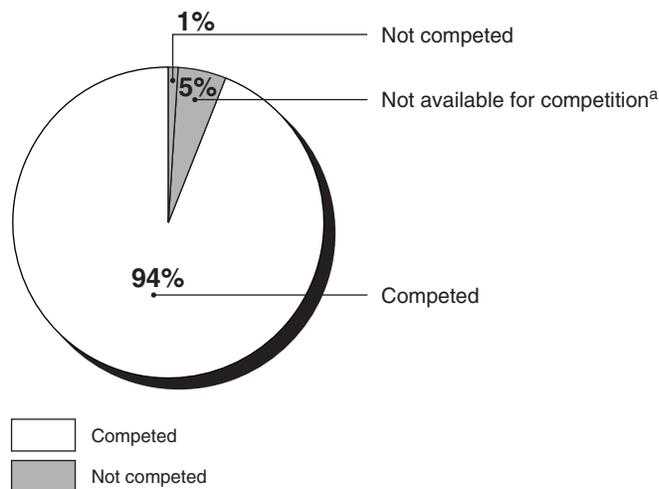
Dollars in billions

Contract type	Amount spent	Percent of total amount spent
Firm fixed-price	\$3.2	86.0
Other fixed-price	\$0.5	13.0
Cost-type	<\$0.1	0.6
Labor hours/time and materials	<\$0.1	0.4

Source: FPDS.

Note: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

**Figure 7: Competition, Fiscal Year 2001**



Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

<sup>a</sup>Contracts not available for competition are for utilities, contracts authorized or required by statute to be awarded to a designated source, sole source contracts awarded to certain small disadvantaged businesses, or actions where the agency has determined that there is no opportunity for competition, among other things.

**Figure 8: Degree of Competition for Completed Contracts, Fiscal Years 1997 through 2001**

Dollars in billions

Fiscal year	Amount spent on competed contracts	One offer (percent)	More than one offer (percent)
1997	\$2.3	3.2	86.1
1998	\$2.7	3.4	82.5
1999	\$3.2	2.8	86.1
2000	\$3.1	2.1	95.3
2001	\$3.4	3.5	93.8

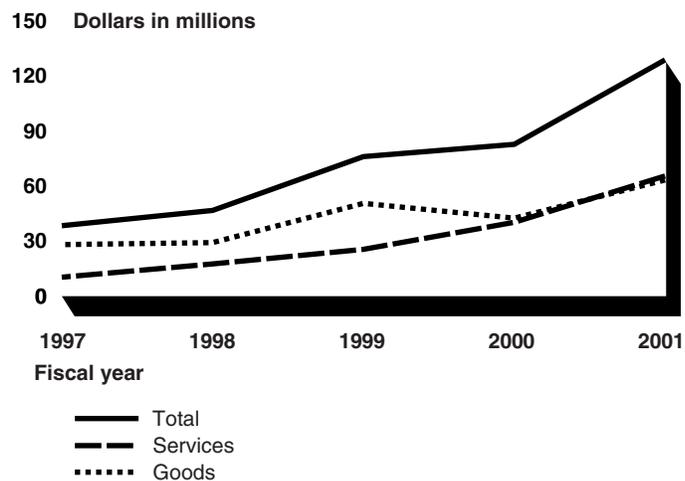
Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

Percentages do not add to 100 as information on the number of offers was either missing or not required to be reported.

All dollar figures have been converted to constant 2001 dollars.

**Figure 9: Extent the Federal Supply Schedule is Used to Purchase Goods and Services, Fiscal Years 1997 through 2001**

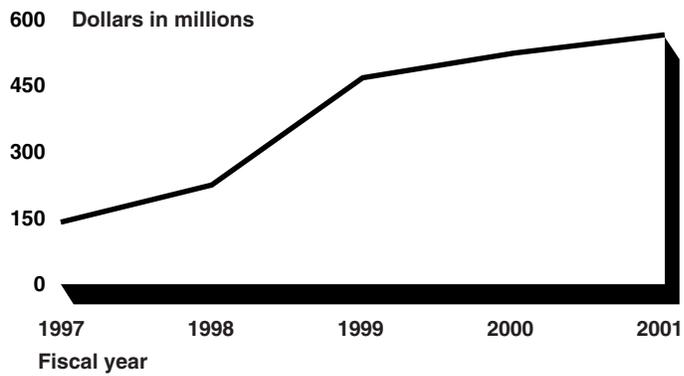


Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

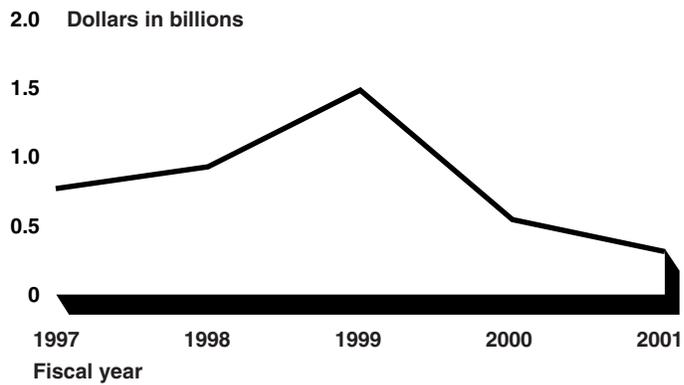
**Figure 10: Amount Spent Using Purchase Cards, Fiscal Years 1997 through 2001**



Source: FPDS.

Note: In fiscal year 2001, USDA authorized the use of 22,865 purchase cards. All dollar figures have been converted to constant 2001 dollars.

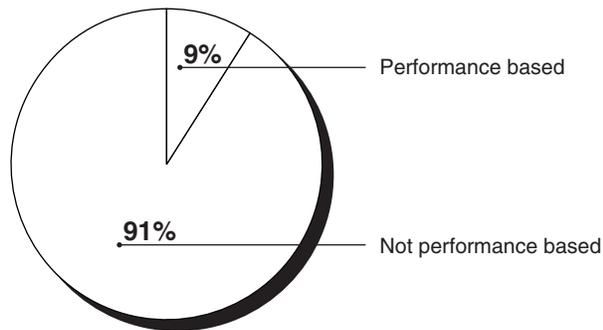
**Figure 11: Commercial Item Purchases Using FAR Part 12 Procedures, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded. All dollar figures have been converted to constant 2001 dollars.

**Figure 12: Extent That Eligible Contracts Are Performance Based, Fiscal Year 2001 (by dollar value)**



Source: FPDS.

Notes: Based on FAR 37.102, performance-based methods should be used to the maximum extent practicable for all services, except for construction, utilities, architect and engineering, or services that are incidental to supply purchases.

These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

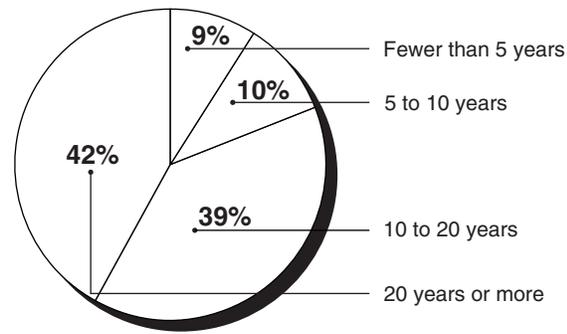
### III. Workforce

**Figure 13: Workforce Trends, Fiscal Years 1997 through 2001**

Fiscal year	Total workforce	Acquisition workforce	Percent
1997	87,993	6,095	6.9
1998	86,260	5,796	6.7
1999	85,798	5,690	6.6
2000	85,921	5,685	6.6
2001	88,897	5,703	6.4

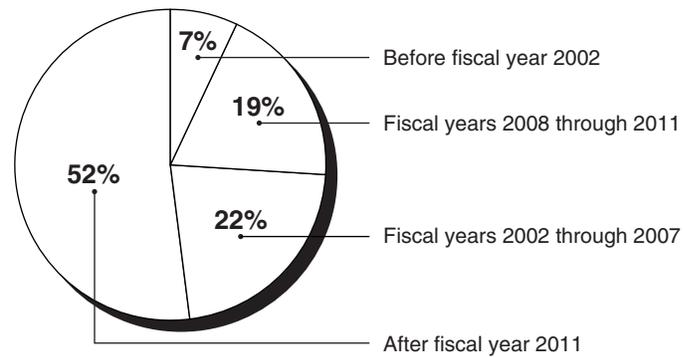
Source: CPDF.

**Figure 14: Acquisition Workforce by Years of Federal Service**



Source: CPDF.

**Figure 15: Acquisition Workforce Retirement Eligibility**



Source: CPDF.

#### IV. Key Procurement Initiatives as Reported by Agency Officials

**Purchase Card Oversight:** To strengthen its oversight of purchase card transactions, USDA officials reported that they are:

- scanning the USDA Purchase Card Management System database for questionable transactions and requesting USDA agencies to justify these transactions as appropriate;
- issuing revised regulations to tighten card use and oversight procedures—for example, employees who fail to reconcile their accounts within 60 days will have their cards deactivated; and
- forming an interagency working group to define criteria for both automated alerts and preformatted reports for agency use in identifying questionable transactions.

**Performance-Based Service Contracting:** USDA is emphasizing the use of performance-based service contracting procedures by using a monthly “report card,” which is furnished to senior management in each contracting activity’s headquarters. This report card addresses how well each USDA agency is doing in meeting established goals. In fiscal year 2002, USDA reported that more than 20 percent of its eligible service contracts were performance based, exceeding the governmentwide goal.

**Integrated Acquisition System:** USDA is working to deploy its first corporate procurement automation system to support electronic requisitioning and contract document generation. The system is expected to interface with USDA’s corporate financial system and help improve the timeliness and accuracy of USDA’s financial statements. The system is currently undergoing pilot testing in locations within two USDA agencies.

**Workforce:** To deal with the potential retirement of a large percentage of its skilled procurement workforce over the next few years, USDA is developing new regulations addressing classroom training, on-the-job experience, and education requirements for its acquisition workforce. USDA also recently added information on training resources and on-line classes to its procurement Web site’s home page.

#### V. Key Procurement Reports

##### General Accounting Office

*Major Management Challenges and Program Risks: Department of Agriculture.* [GAO-03-96](#). Washington, D.C.: January 2003.

## Appendix IV: Department of Energy

### Agency Overview and Highlights

**Mission:** To foster a secure and reliable energy system that is environmentally and economically sustainable; to be a responsible steward of the nation's nuclear weapons and nuclear materials; to clean up the department's facilities; to lead in the physical sciences and advance the biological, environmental, and computational sciences; and to provide scientific instruments important to the Department of Energy (DOE).

#### Significant components

DOE groups its activities into three areas, which together comprised more than 90 percent of its fiscal year 2001 total discretionary budget resources.

- **National Nuclear Security Administration (NNSA)** maintains and enhances the safety, reliability, and performance of the U.S. nuclear weapons stockpile, including the ability to design, produce, and test weapons, to meet national security requirements. NNSA also engages in nonproliferation activities and the operation of Navy reactors. In fiscal year 2001, NNSA accounted for 35 percent of DOE's discretionary resources.
- **Energy Programs** include nondefense environmental management, scientific research and development regarding renewable energy resources and nuclear energy, the remediation and maintenance of uranium facilities, and nuclear waste disposal. In fiscal year 2001, Energy Programs accounted for 31 percent of DOE's discretionary resources.
- **Environmental and other defense activities** include defense-related environmental restoration and waste management, nuclear waste disposal, facilities closure projects, and environmental management privatization. In fiscal year 2001, these activities accounted for 29 percent of DOE's discretionary resources.

#### Spending

DOE's discretionary resources rose by about 6 percent from fiscal year 1997 through fiscal year 2001 and totaled \$25.5 billion in fiscal year 2001. DOE relies heavily on contracting to support its mission. For example, during the 5-year period, an average of 73 percent of its discretionary resources were spent on contracts.

- In fiscal year 2001, about 98 percent of DOE's contracts over \$25,000 were spent on services, of which three-quarters went to the management and operation of over 30 government-owned laboratories and nuclear facilities.
- DOE's spending on natural resources and conservation services rose from \$331.7 million in fiscal year 1997 to \$1.35 billion in fiscal year 2001, a 306 percent increase. This increase was mostly driven by three large contracts for the cleanup, removal, and disposal of hazardous substances.
- DOE ranks as one of the largest agencies in research and development contracting, spending almost \$1.1 billion in fiscal year 2001.

#### Procurement methods

DOE has historically relied on cost-type contracts as its primary contracting vehicle. In fiscal year 2001, \$17.4 billion of the \$18.6 billion—or 93 percent—that DOE spent on contracts over \$25,000 was spent on cost-type contracts. Nearly all of DOE's contracts for managing and operating its laboratories and facilities were cost-type.

- DOE continues to increase the amount awarded under competed contracts. For example, in fiscal year 2001, 64 percent of DOE's contracts were competed.
- The use of purchase cards grew by an average of 12 percent annually from fiscal year 1997 through fiscal year 2001, and totaled approximately \$220 million in fiscal year 2001. In fiscal year 2001, DOE authorized the use of 6,250 purchase cards.

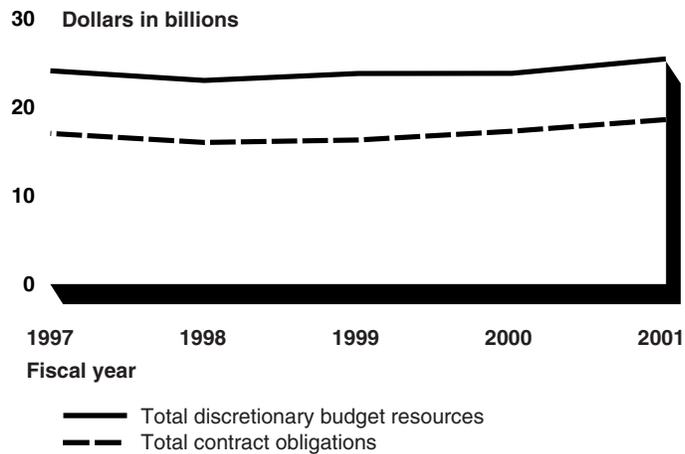
#### Workforce

DOE's total workforce, as well as its acquisition workforce, remained relatively stable from fiscal year 1997 through fiscal year 2001. In fiscal year 2001, DOE's total workforce was 15,997, with 1,449, or 9 percent, in the acquisition workforce.

- In fiscal year 2001, 57 percent of the acquisition workforce had 20 years or more of federal service, while 7 percent had fewer than 5 years of federal service.

I. Spending

**Figure 1: Procurement's Relationship to Discretionary Budget Resources, Fiscal Years 1997 through 2001**



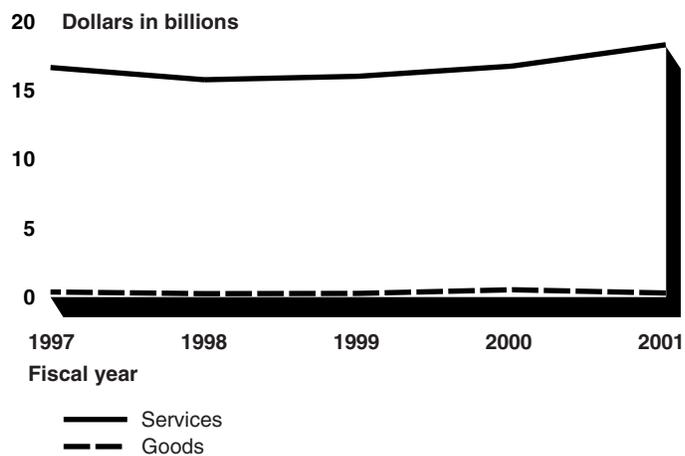
Source: FPDS and OMB.

Notes: Discretionary budget resources reflect the budget amount that an agency is appropriated for a current fiscal year plus the budget authority that the agency carries over from prior fiscal years.

Total contract obligations exclude purchase card use.

All dollar figures have been converted to constant 2001 dollars.

**Figure 2: Spending on Goods and Services, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

**Figure 3: Principal Types of Goods and Services in Fiscal Year 2001**

Dollars in millions

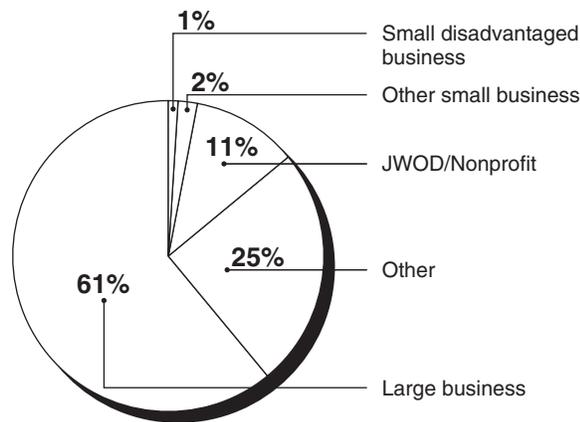
Goods	Fiscal year		Change (percent)
	2001	1997	
Nuclear reactor-related equipment	\$194.8	\$275.1	-29
Containers, packaging, and packing supplies	18.3	0	NA
IT equipment	14.6	35.4	-59
Other goods	58.8	52.0	13
<b>Total goods</b>	<b>\$286.5</b>	<b>\$362.5</b>	<b>-21</b>
<b>Services</b>			
Operation of government-owned facilities	13,955.4	13,702.6	2
Natural resources and conservation	1,347.4	331.7	306
Research and development	1,096.5	912.8	20
Other services	1,896.1	1,697.3	12
<b>Total services</b>	<b>\$18,295.4</b>	<b>\$16,644.4</b>	<b>10</b>
<b>Total goods and services</b>	<b>\$18,581.9</b>	<b>\$17,006.9</b>	<b>9</b>

Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

**Figure 4: Vendor Type, Fiscal Year 2001**



Source: FPDS.

Notes: Less than 1 percent of DOE's vendors are women-owned businesses.

Other includes hospitals, foreign contractors, domestic contractors working outside the United States, and educational institutions, including historically black colleges and universities and minority institutions.

These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

**Figure 5: Top Five Vendors, Fiscal Year 2001**

Dollars in millions

Vendor	Goods and services provided	Amount awarded
1. University of California	Management of national laboratories/research	\$3,916.9
2. Bechtel	Management of national laboratories and environmental restoration site/design, construction and decontamination/decommissioning studies	\$2,406.4
3. Westinghouse	Management of national laboratories and waste isolation sites/research	\$1,727.6
4. Lockheed Martin	Management of national laboratories/technical and research support	\$1,356.0
5. Battelle	Management of national laboratories/compliance studies	\$1,105.4

Source: DOE.

II. Procurement Methods

**Figure 6: Principal Contract Types Employed in Fiscal Year 2001**

Dollars in billions

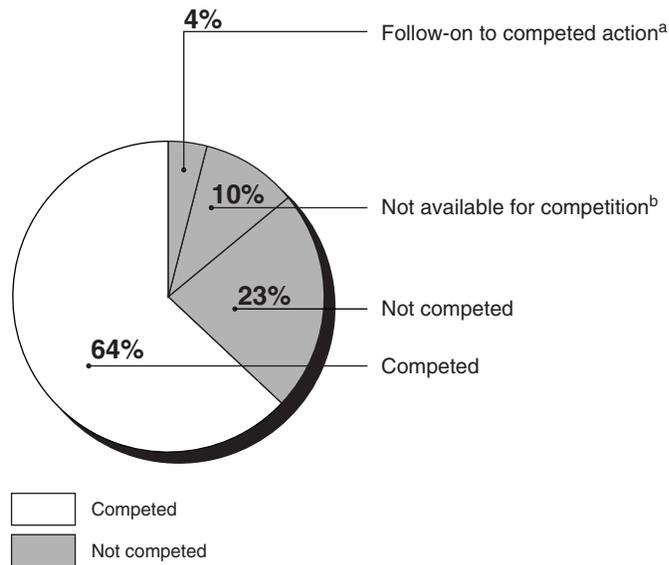
Contract type	Amount spent	Percent of total amount spent
Firm fixed-price	\$0.4	2.2
Other fixed-price	\$0.5	2.6
Cost-type	\$17.4	93.5
Labor hours/time and materials	\$0.3	1.6

Source: FPDS.

Note: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

Percentages may not equal 100 due to rounding.

**Figure 7: Competition, Fiscal Year 2001**



Source: FPDS.

<sup>a</sup>Contracts that were follow-on to a competed action are those subsequent actions awarded to the particular contractor who had previously been awarded the initial contract under competitive procedures.

<sup>b</sup>Contracts not available for competition are for utilities, contracts authorized or required by statute to be awarded to a designated source, sole source contracts awarded to certain small disadvantaged businesses, or actions where the agency has determined that there is no opportunity for competition, among other things.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

Percentages may not equal 100 due to rounding.

**Figure 8: Degree of Competition for Completed Contracts, Fiscal Years 1997 through 2001**

Dollars in billions

Fiscal year	Amount spent on competed contracts	One offer (percent)	More than one offer (percent)
1997	\$9.3	20.1	67.6
1998	\$8.9	19.0	71.3
1999	\$9.6	16.6	70.6
2000	\$10.3	16.6	76.8
2001	\$11.9	22.0	80.2

Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

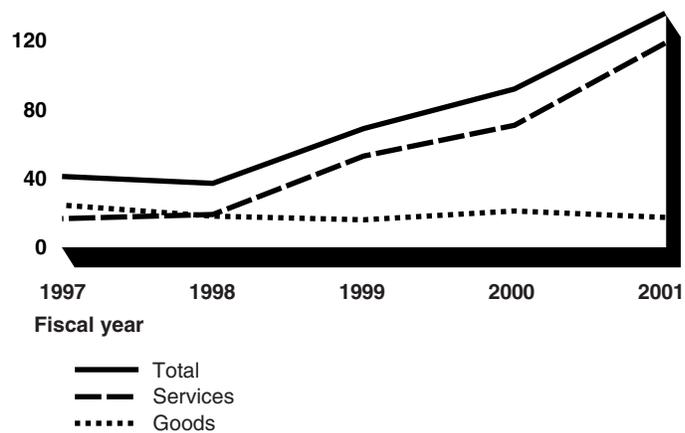
Values for 2001 exceed 100 percent due to an adjustment of \$260 million on existing contracts.

Percentages do not add to 100 as information on the number of offers was either missing or not required to be reported.

All dollar figures have been converted to constant 2001 dollars.

**Figure 9: Extent Federal Supply Schedule is Used to Purchase Goods and Services, Fiscal Years 1997 through 2001**

160 Dollars in millions

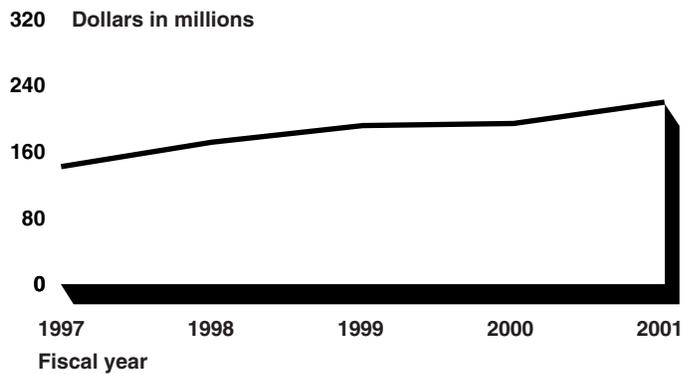


Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

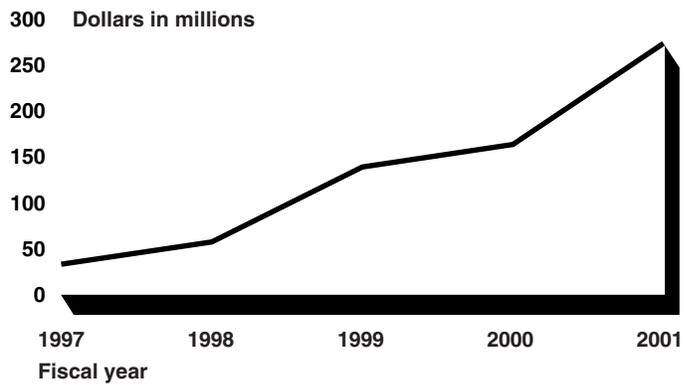
**Figure 10: Amount Spent Using Purchase Cards, Fiscal Years 1997 through 2001**



Source: FPDS.

Note: In fiscal year 2001, DOE authorized the use of 6,250 purchase cards. All dollar figures have been converted to constant 2001 dollars.

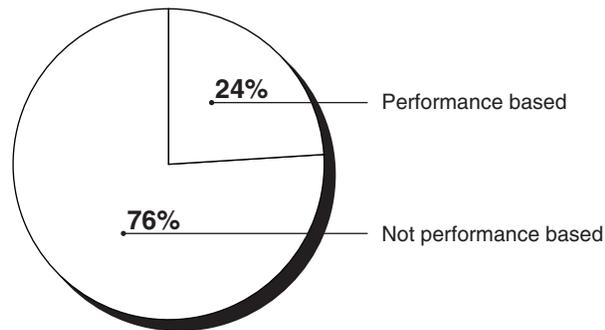
**Figure 11: Commercial Item Purchases Using FAR Part 12 Procedures, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded. All dollar figures have been converted to constant 2001 dollars.

**Figure 12: Extent that Eligible Contracts Are Performance Based, Fiscal Year 2001 (by dollar value)**



Source: FPDS.

Notes: Based on FAR 37.102, performance-based methods should be used to the maximum extent practicable for all services, except for construction, utilities, architect and engineering, or services that are incidental to supply purchases.

DOE officials noted that their internal procurement data system reported a significantly higher rate of performance-based contracting (77 percent) in fiscal year 2000.

These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

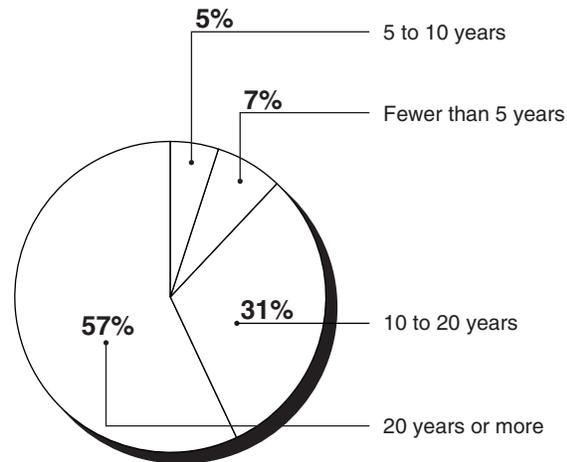
### III. Workforce

**Figure 13: Workforce Trends, Fiscal Year 1997 through Fiscal Year 2001**

Fiscal year	Total workforce	Acquisition workforce	Percent
1997	16,752	1,319	7.9
1998	15,826	1,286	8.1
1999	15,498	1,315	8.5
2000	15,367	1,328	8.6
2001	15,997	1,449	9.1

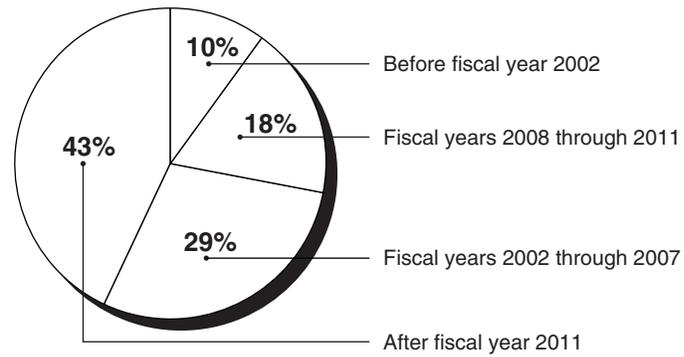
Source: CPDF.

**Figure 14: Acquisition Workforce by Years of Federal Service**



Source: CPDF.

**Figure 15: Acquisition Workforce Retirement Eligibility**



Source: CPDF.

#### IV. Key Procurement Initiatives as Reported by Agency Officials

**Contract Management:** To address both pre-award and post-award contract administration issues, a Contract Administration Division was formed to provide guidance and seek out and resolve contract administration issues. During fiscal year 2002, the division conducted a review of over 50 internal DOE directives. As a result of this review, a significant number of directives will be revised, canceled, or consolidated in an effort to be more consistent with performance-based management principles.

**Acquisition Career Development Program:** To ensure that workforce skills stay current, DOE adopted the requirement for 80 hours of continuous learning every two years. As of the first quarter of 2002, 88 percent of the covered workforce met the certification requirements.

**Electronic Procurement:** To streamline and eliminate redundant processes and develop paperless solutions, DOE developed DOE/C-Web, a Web-based electronic small purchase system, and the Industry Interactive Procurement System (IIPS), a Web-based system for large contracts (over \$100,000) to issue solicitations, receive proposals, conduct negotiations, and make awards via the Internet. The systems have allowed DOE to achieve the following results:

- 100 percent of all synopses and notices requiring posting in FedBizOpps were posted electronically through IIPS. The number of solicitations posted on IIPS increased from 88 in fiscal year 1999 to approximately 900 in fiscal year 2002.
- The number of transactions conducted via DOE/C-Web increased from approximately 1,800 in fiscal year 1998 to 2,743 in fiscal year 2002.

#### V. Key Procurement Reports

##### General Accounting Office

*Department of Energy: Status of Contract and Project Management Reforms.* [GAO-03-570T](#). Washington, D.C.: March 20, 2003.

*Major Management Challenges and Program Risks: Department of Energy.* [GAO-03-100](#). Washington, D.C.: January 2003.

*Contract Reform: DOE Has Made Progress, but Actions Needed to Ensure Initiatives Have Improved Results.* [GAO-02-798](#). Washington, D.C.: September 13, 2002.

*Department of Energy: Contractor Litigation Costs.* [GAO-02-418R](#). Washington, D.C.: March 8, 2002.

##### Inspector General

IG-0538—*Management Challenges at the Department of Energy*, December 21, 2001.

IG-0510—*Use of Performance-Based Incentives at Selected Departmental Sites*, July 9, 2001.

IG-0509—*Integrated Planning, Accountability, and Budgeting System-Information System*, June 28, 2001.

# Appendix V: Department of Health and Human Services

## Agency Overview and Highlights

**Mission:** The Department of Health and Human Services (HHS) is the United States government's principal agency for protecting the health and welfare of all Americans.

### Significant bureaus

The following bureaus account for the majority of HHS' fiscal year 2001 discretionary budget resources:

- **National Institutes of Health (NIH)** is responsible for conducting scientific research regarding the nature and behavior of living systems to extend healthy life and reduce the burdens of illness and disability. In fiscal year 2001, NIH accounted for 36 percent of HHS' discretionary resources.
- **Administration for Children and Families** is responsible for promoting the economic and social well being of families, children, individuals, and communities. In fiscal year 2001, the administration accounted for 21 percent of HHS' discretionary resources.
- **Other key bureaus:** Food and Drug Administration, Centers for Medicare and Medicaid Services, Centers for Disease Control and Prevention, and Indian Health Service.

### Spending

HHS' discretionary budget increased by 47 percent from fiscal year 1997 through fiscal year 2001, and totaled \$61 billion in fiscal year 2001. Over the 5-year period, the proportion of HHS' discretionary resources spent under contracts decreased slightly, dropping from more than 9 percent in fiscal year 1997 to 8 percent in fiscal year 2001.

- HHS relied heavily on services from fiscal years 1997 through 2001. Although HHS' spending on goods increased 127 percent, from \$159 million to \$360 million during the 5-year period, spending on services increased 19 percent, from \$3.3 billion to \$3.9 billion, between fiscal years 1997 and 2001.
- HHS spent about \$1.1 billion on research and development projects in fiscal year 2001, or about 27 percent of total contract spending. The amount spent on these projects remained relatively stable during the 5-year period.
- From fiscal years 1997 through 2001, HHS experienced significant spending increases in three categories: medical, dental, and veterinary equipment (363 percent); professional, administrative, and management support (123 percent); and IT services (115 percent).

### Procurement methods

HHS spent about \$4.3 billion through contracts over \$25,000 in fiscal year 2001. HHS relies on cost-type contracts as its primary contracting vehicle, accounting for 66 percent of these contract dollars.

- Purchase card spending increased by 258 percent over the 5-year period, from \$95.2 million in fiscal year 1997 to \$341.2 million in fiscal year 2001.
- HHS' significant increase in its use of the federal supply schedule has been driven by purchases of services, which increased from about \$6 million to over \$98 million, during the 5-year period.

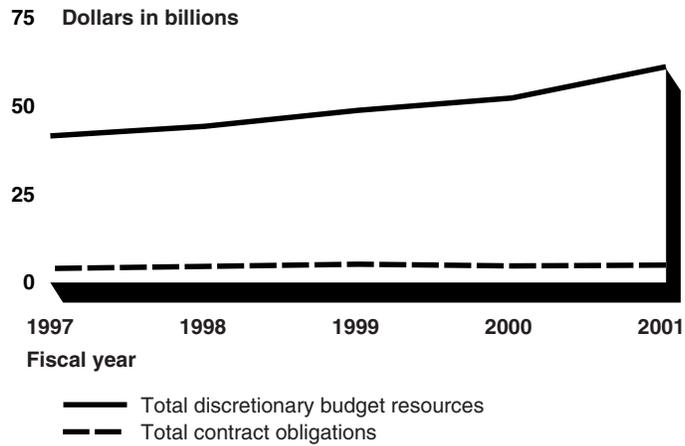
### Workforce

The total HHS workforce has been increasing, particularly at NIH and the Food and Drug Administration, due to bio-defense initiatives. This trend is expected to continue, given the current focus on combating the threat of biological or chemical terrorism.

- In fiscal year 2002, more than 80 percent of the acquisition workforce had more than 10 years of federal service; the majority has 20 years or more of service.
- By fiscal year 2008, about 33 percent of the current acquisition workforce will be eligible to retire.

I. Spending

**Figure 1: Procurement's Relationship to Discretionary Budget Resources, Fiscal Years 1997 through 2001**



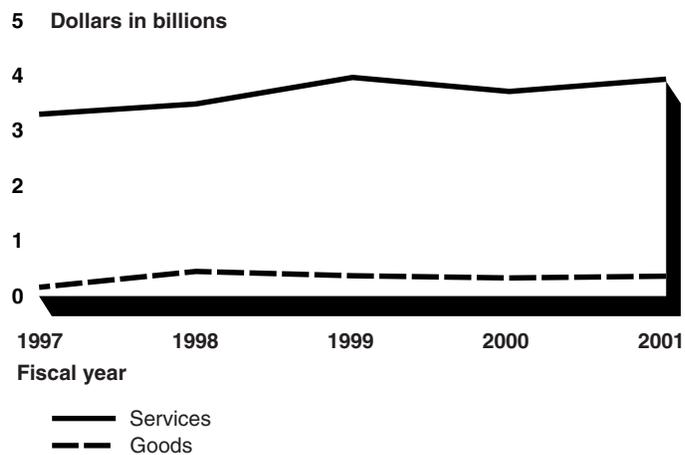
Source: FPDS and OMB.

Notes: Discretionary budget resources reflect the budget amount that an agency is appropriated for a current fiscal year plus the budget authority that the agency carries over from prior fiscal years.

Total contract obligations exclude purchase card use.

All dollar figures have been converted to constant 2001 dollars.

**Figure 2: Spending on Goods and Services, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

**Figure 3: Principal Types of Goods and Services in Fiscal Year 2001**

Dollars in millions

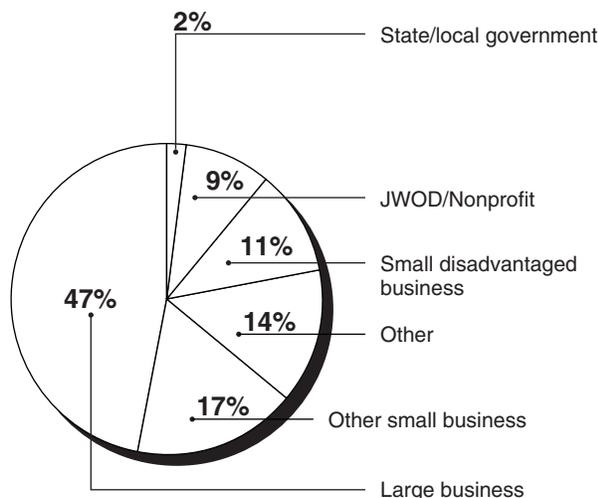
Goods	Fiscal year		Change (percent)
	2001	1997	
IT equipment	\$109.0	\$81.6	34
Medical, dental and veterinary equipment, and supplies	87.0	18.8	363
Instruments and laboratory equipment	52.0	13.4	288
Other goods	112.1	45.2	148
<b>Total goods</b>	<b>\$360.1</b>	<b>\$159.0</b>	<b>127</b>
<b>Services</b>			
Research and development	1,157.5	1,133.2	2
Professional, administrative, and management support	957.8	428.6	123
IT services	790.1	366.8	115
Other services	1,027.4	1,368.0	-25
<b>Total services</b>	<b>\$3,932.7</b>	<b>\$3,296.6</b>	<b>19</b>
<b>Total goods and services</b>	<b>\$4,292.8</b>	<b>\$3,455.6</b>	<b>24</b>

Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

**Figure 4: Vendor Type, Fiscal Year 2001**



Source: FPDS.

Notes: 6 percent of HHS' vendors are women-owned businesses.

Other includes hospitals, foreign contractors, domestic contractors working outside the United States, and educational institutions, including historically black colleges and universities and minority institutions.

These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

**Figure 5: Top Five Vendors, Fiscal Year 2001**

Dollars in millions

Vendor	Goods and services Provided	Amount awarded
1. SAIC Frederick, Inc.	Operations and technical support services	\$192.9
2. Westat	Research and development in physical, engineering, and life sciences	\$187.9
3. McCarthy Construction Company, Inc.	Construction of infectious disease lab	\$106.3
4. Research Triangle Institute	Research and development in the social sciences and humanities	\$85.7
5. ACAMBIS	Smallpox vaccine	\$2.0

Source: HHS.

II. Procurement Methods

**Figure 6: Principal Contract Types Employed in Fiscal Year 2001**

Dollars in billions

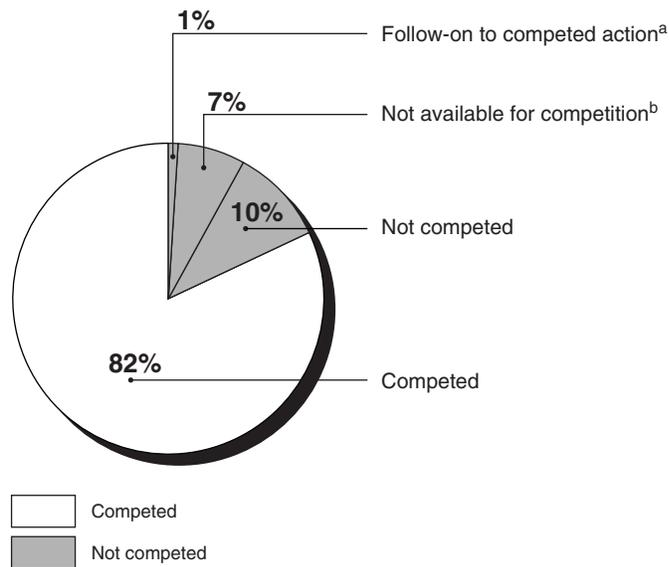
Contract type	Amount spent	Percent of total amount spent
Firm fixed-price	\$1.2	28.3
Other fixed-price	\$0.1	2.2
Cost-type	\$2.8	65.7
Labor hours/time and materials	\$0.2	3.5

Source: FPDS.

Note: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

Percentages may not add to 100 due to rounding.

**Figure 7: Competition, Fiscal Year 2001**



Source: FPDS.

<sup>a</sup>Contracts that were follow-on to a competed action are those subsequent actions awarded to a particular contractor who had previously been awarded the initial contract under competitive procedures.

<sup>b</sup>Contracts not available for competition are for utilities, contracts authorized or required by statute to be awarded to a designated source, sole source contracts awarded to certain small disadvantaged businesses, or actions where the agency has determined that there is no opportunity for competition, among other things.

Note: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

**Figure 8: Degree of Competition for Competed Contracts, Fiscal Years 1997 through 2001**

Fiscal year	Amount spent on competed contracts	One offer (percent)	More than one offer (percent)
1997	\$2.2	25.6	73.7
1998	\$2.5	23.1	74.2
1999	\$3.1	22.1	69.4
2000	\$3.1	20.9	77.7
2001	\$3.5	30.3	66.9

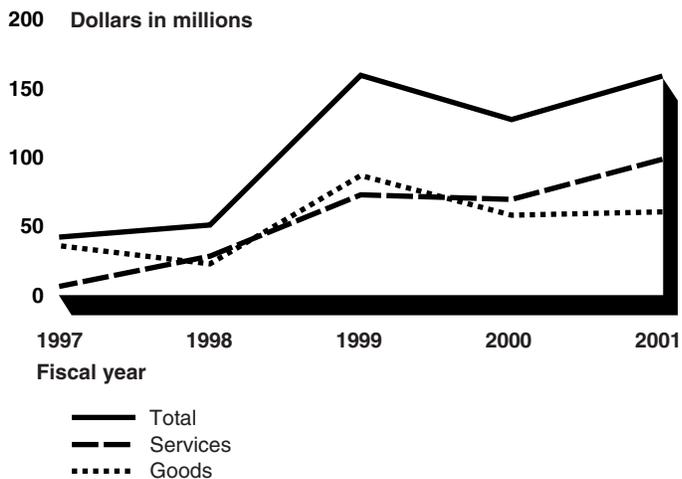
Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

Percentages do not add to 100 as information on the number of offers was either missing or not required to be reported.

**Figure 9: Extent the Federal Supply Schedule is Used to Purchase Goods and Services, Fiscal Years 1997 through 2001**

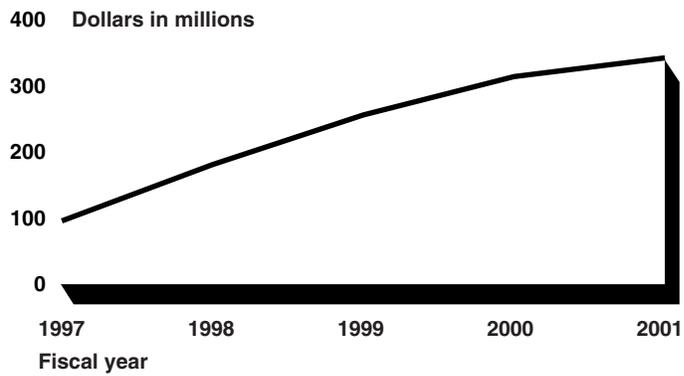


Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

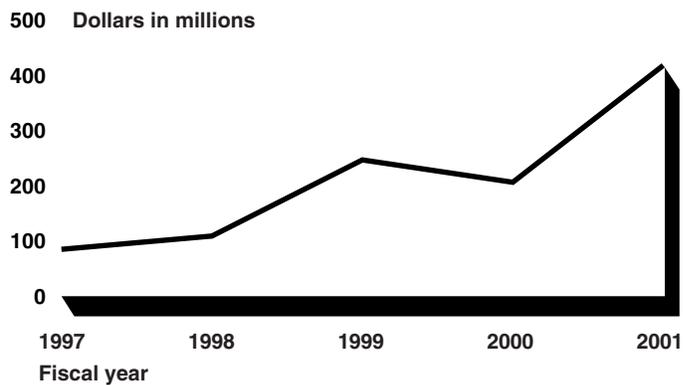
**Figure 10: Amount Spent Using Purchase Cards, Fiscal Years 1997 through 2001**



Source: FPDS.

Note: In fiscal year 2001, HHS authorized the use of 7,468 purchase cards. All dollar figures have been converted to constant 2001 dollars.

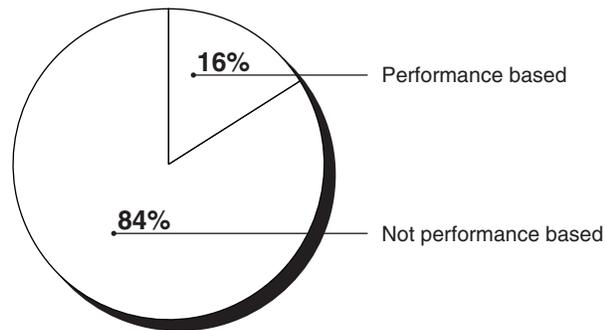
**Figure 11: Commercial Item Purchases Using FAR Part 12 Procedures, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded. All dollar figures have been converted to constant 2001 dollars.

**Figure 12: Extent That Eligible Contracts Are Performance Based, Fiscal Year 2001 (by dollar value)**



Source: FPDS.

Notes: Based on FAR 37.102, performance-based methods should be used to the maximum extent practicable for all services, except for construction, utilities, architect and engineering, or services that are incidental to supply purchases.

These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

### III. Workforce

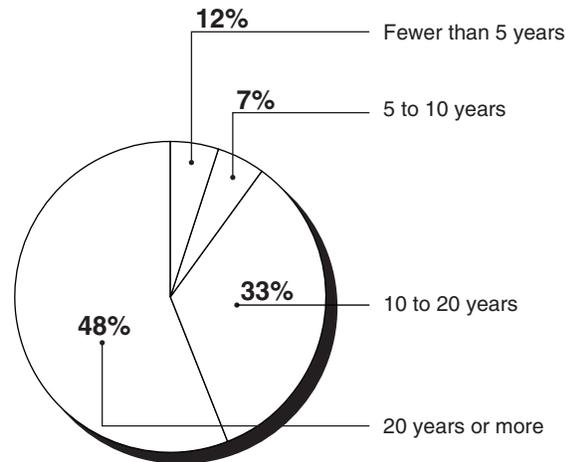
**Figure 13: Workforce Trends, Fiscal Years 1997 through 2001**

Fiscal year	Total workforce	Acquisition workforce	Percent
1997	48,817	2,281	4.7
1998	49,329	2,248	4.6
1999	50,512	2,395	4.8
2000	51,443	2,443	4.7
2001	52,534 <sup>a</sup>	2,490	4.7

Source: CPDF.

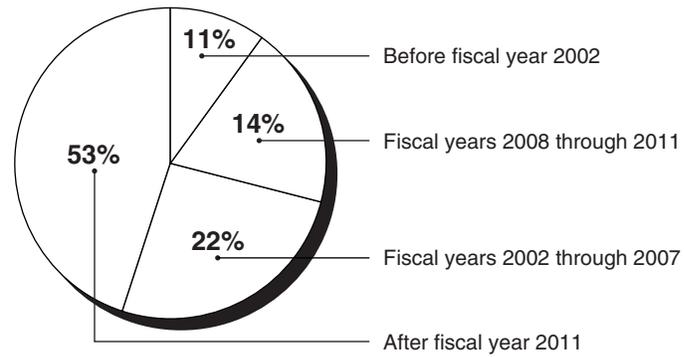
<sup>a</sup> HHS officials reported a total workforce of over 64,000 in fiscal year 2001. In part, the difference reflects CPDF's exclusion of more than 6,000 members of the United States Public Health Service Commissioned Corps, who provide health expertise in times of national and international emergencies. HHS did not provide data for fiscal years 1997 through 2000.

**Figure 14: Acquisition Workforce by Years of Federal Service**



Source: CPDF.

**Figure 15: Acquisition Workforce Retirement Eligibility**



Source: CPDF.

#### IV. Key Procurement Initiatives as Reported by Agency Officials

**Reverse auctioning:** Reverse auctioning is a process that allows many sellers to compete for the business of a single buyer. However, unlike a traditional auction, bid prices go down. HHS claimed cost savings of more than \$1.3 million from fiscal year 2000 through 2001 using reverse auctioning techniques.

**Performance-based service contracting:** HHS officials reported significant increases in their use of performance-based contracting, including contracts with Medicare intermediaries and carriers.

#### V. Key Procurement Reports

##### General Accounting Office

*Major Management Challenges and Program Risks: Department of Health and Human Services.* [GAO-03-101](#). Washington, D.C.: January 2003.

*Medicare: Comments on HHS' Claims Administration Contracting Reform Proposal.* [GAO-01-1046R](#). Washington, D.C.: August 17, 2001.

*Medicare Contracting Reform: Opportunities and Challenges in Contracting for Claims Administration Services.* [GAO-01-918T](#). Washington, D.C.: June 28, 2001.

*Medicare: Opportunities and Challenges in Contracting for Program Safeguards.* [GAO-01-616](#). Washington, D.C.: May 18, 2001.

##### Inspector General

Inspector General Report Number A-04-99-05561—*Audit of Medicare Administrative Costs Claimed by Blue Cross Blue Shield of Florida for Fiscal Years 1995 through 1998*, July 31, 2002.

# Appendix VI: Department of Justice

## Agency Overview and Highlights

**Mission:** Enforcing laws in the public interest and protecting the public from criminal activity.

### Significant bureaus

The following bureaus account for the majority of the Department of Justice's (DOJ) fiscal year 2001 total discretionary budget resources:

- **Office of Justice Programs** develops programs that improve law enforcement's ability to prevent and control crime, improve the criminal and juvenile justice systems, increase knowledge about crime and related issues, and assist crime victims. In fiscal year 2001, the office accounted for 24 percent of DOJ's discretionary resources.
- **Federal Bureau of Prisons** seeks to provide safe, efficient, and humane correctional services and programs. In fiscal year 2001, the bureau accounted for 18 percent of DOJ's discretionary resources.
- **Federal Bureau of Investigation (FBI)** conducts investigations and enforces federal laws. In fiscal year 2001, the FBI accounted for 16 percent of DOJ's discretionary resources.
- **Other key bureaus:** Immigration and Naturalization Service, Drug Enforcement Administration, and the U.S. Marshals Service.

### Spending

DOJ's discretionary resources increased 16 percent from fiscal year 1997 through fiscal year 2001 and totaled \$26.4 billion in fiscal year 2001. Over the 5-year period, the proportion of DOJ's discretionary resources spent under contracts increased slightly, rising from 15 percent in fiscal year 1997 to 17 percent in fiscal year 2001.

- For contracts valued over \$25,000, spending on services increased 64 percent from fiscal year 1997 through fiscal year 2001. This growth was driven by increases in the following services: professional, administrative and management support services (128 percent); building construction (125 percent); information technology services (64 percent).

### Procurement methods

DOJ spent about \$3.9 billion on contracts over \$25,000 in fiscal year 2001. DOJ relied on firm fixed-price and other kinds of fixed-price contracts as the agency's primary contracting vehicles. On average from fiscal year 1997 through fiscal year 2001, fixed-price contracts accounted for 85 percent of DOJ's contract dollars.

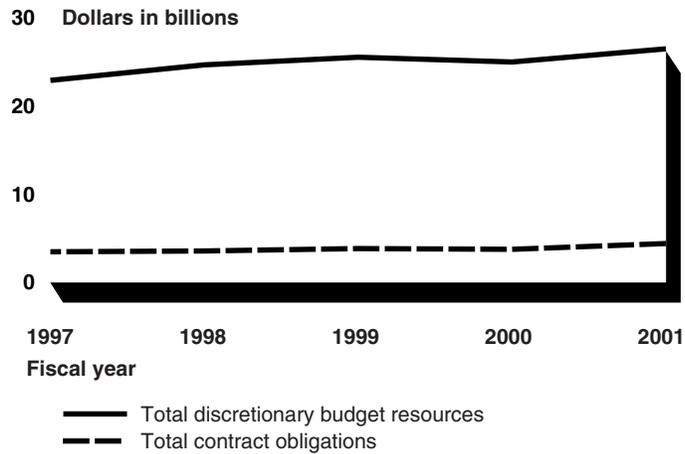
- DOJ's use of the federal supply schedule and contracts awarded by other agencies increased considerably during the 5-year period. For example, DOJ spent \$234 million in fiscal year 1997 using the federal supply schedule; in fiscal year 2001, it had spent \$470 million.
- Purchase card spending increased by 179 percent over the 5-year period, from \$190.9 million in fiscal year 1997 to \$533.4 million in fiscal year 2001. In fiscal year 2001, DOJ authorized the use of 16,073 purchase cards.
- DOJ's use of FAR part 12 to purchase commercial items grew more than 400 percent over the last 5 years. This increase was due to DOJ's increased emphasis on (1) commercial purchases, and (2) more accurate reporting of data to FPDS.

### Workforce

- From fiscal year 1997 through fiscal year 2001, DOJ's total workforce increased by 11 percent—growing from about 110,000 to 123,000. However, DOJ's acquisition workforce remained relatively stable, decreasing 2 percent over the 5-year period.
- In fiscal year 2002, more than 85 percent of the acquisition workforce had 10 years or more of federal service.
- By fiscal year 2008, about 30 percent of the current acquisition workforce will be eligible to retire.

I. Spending

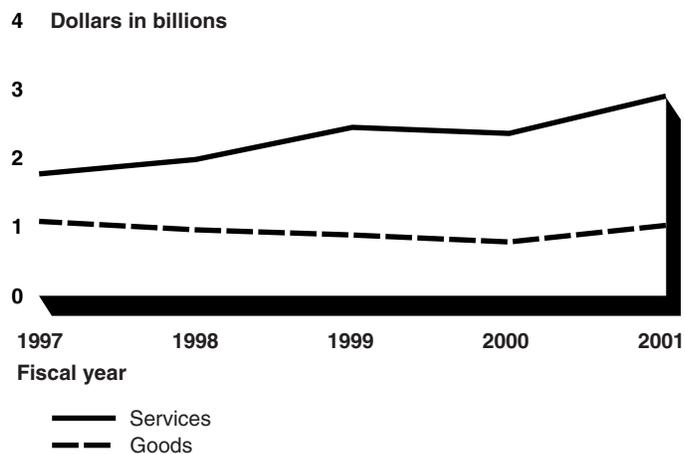
**Figure 1: Procurement's Relationship to Discretionary Budget Resources, Fiscal Years 1997 through 2001**



Source: FPDS and OMB.

Notes: Discretionary budget resources reflect the budget amount that an agency is appropriated for a current fiscal year plus the budget authority that the agency carries over from prior fiscal years. Total contract obligations exclude purchase card use. All dollar figures have been converted to constant 2001 dollars.

**Figure 2: Spending on Goods and Services, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded. All dollar figures have been converted to constant 2001 dollars.

**Figure 3: Principal Types of Goods and Services in Fiscal Year 2001**

Dollars in millions

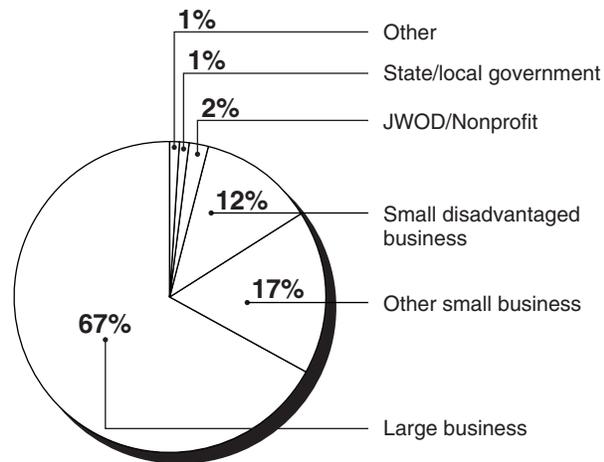
	Fiscal year		Change (percent)
	2001	1997	
<b>Goods</b>			
IT equipment	\$495.0	\$390.1	27
Furniture	121.3	128.4	-6
Communication and detection equipment	65.7	100.3	-34
Other goods	337.2	458.7	-26
<b>Total goods</b>	<b>\$1,019.2</b>	<b>\$1,077.5</b>	<b>-5</b>
<b>Services</b>			
IT services	723.0	441.7	64
Construction	568.6	252.9	125
Professional, administrative, and management support	537.2	235.2	128
Other services	1,066.2	835.8	28
<b>Total services</b>	<b>\$2,895.0</b>	<b>\$1,765.6</b>	<b>64</b>
<b>Total goods and services</b>	<b>\$3,914.2</b>	<b>\$2,843.1</b>	<b>38</b>

Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

**Figure 4: Vendor Type, Fiscal Year 2001**



Source: FPDS.

Notes: 4 percent of DOJ's vendors are women-owned businesses.

Other includes hospitals, foreign contractors, domestic contractors working outside the United States, and educational institutions, including historically black colleges and universities and minority institutions.

These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

**Figure 5: Top Five Vendors, Fiscal Year 2001**

Dollars in millions

Vendor	Goods and services provided	Amount awarded
1. Hensel Phelps Construction	Design and build correction facilities	\$441.8
2. Akal Security Services	Guard services	\$348.4
3. Wackenhut Corrections	Private jail service, management and operation	\$297.4
4. SAIC	IT system development, maintenance, and administrative services	\$222.1
5. Dyncorp	IT administrative support	\$179.8

Source: DOJ.

II. Procurement Methods

**Figure 6: Principal Contract Types Employed in Fiscal Year 2001**

Dollars in billions

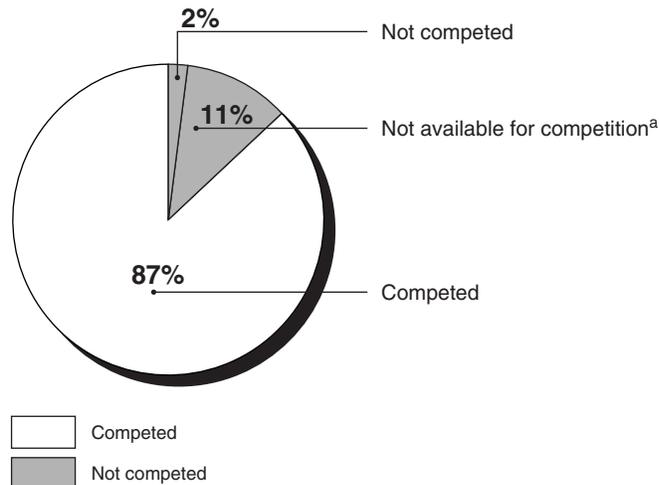
Contract type	Amount spent	Percent of total amount spent
Firm fixed-price	\$2.9	74.2
Other fixed-price	\$0.4	11.2
Cost-type	\$0.3	7.6
Labor hours/time and materials	\$0.3	6.8

Source: FPDS.

Note: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

Percentages may not add to 100 due to rounding.

**Figure 7: Competition, Fiscal Year 2001**



Source: FPDS.

<sup>a</sup>Contracts not available for competition are for utilities, contracts authorized or required by statute to be awarded to a designated source, sole source contracts awarded to certain small disadvantaged businesses, or actions where the agency has determined that there is no opportunity for competition, among other things.

Note: These figures include only orders and contracts for \$25,000 or more; contracts under \$25,000 and purchase cards are excluded.

**Figure 8: Degree of Competition for Completed Contracts, Fiscal Years 1997 through 2001**

Fiscal year	Amount spent on competed contracts	One offer (percent)	More than one offer (percent)
1997	\$2.4	9.8	89.1
1998	\$2.5	8.2	90.7
1999	\$2.8	6.9	92.1
2000	\$2.6	11.3	87.6
2001	\$3.4	8.2	91.0

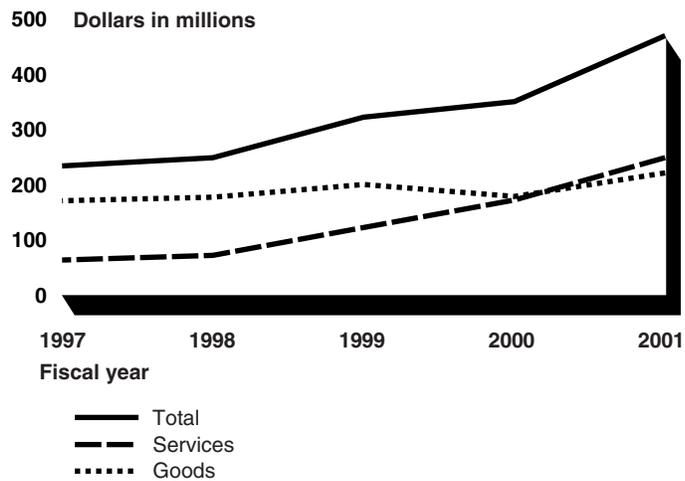
Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

Percentages do not add to 100 as information on the number of offers was either missing or not required to be reported.

**Figure 9: Extent the Federal Supply Schedule is Used to Purchase Goods and Services, Fiscal Years 1997 through 2001**

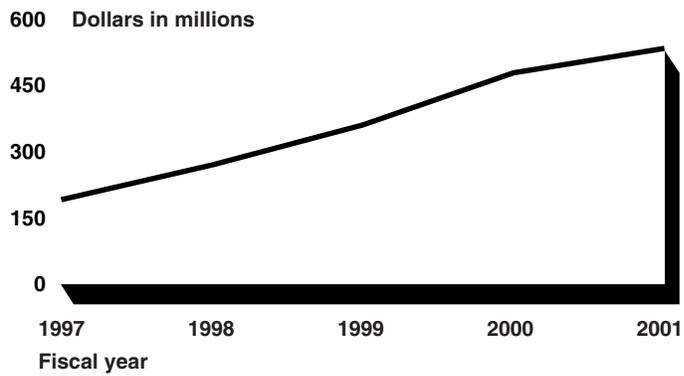


Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

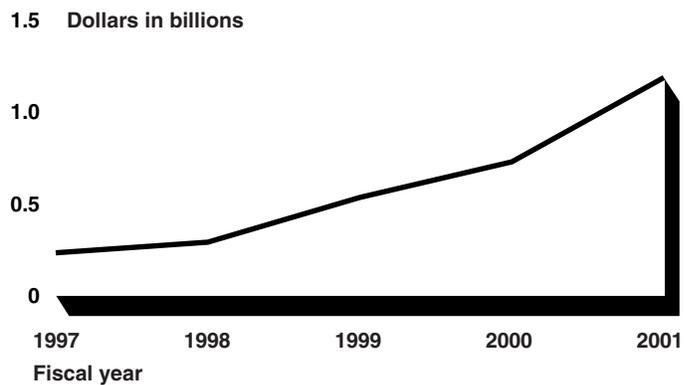
**Figure 10: Amount Spent Using Purchase Cards, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: In fiscal year 2001, DOJ authorized the use of 16,073 purchase cards. All dollar figures have been converted to constant 2001 dollars.

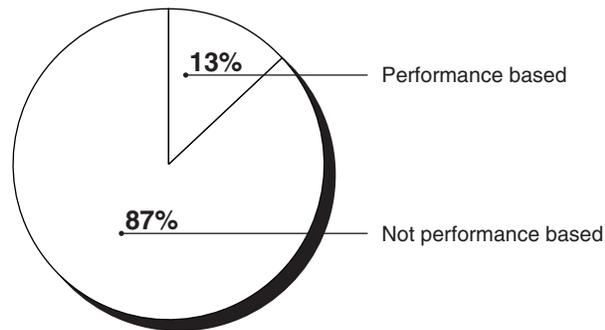
**Figure 11: Commercial Item Purchases Using FAR Part 12 Procedures, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded. All dollar figures have been converted to constant 2001 dollars.

**Figure 12: Extent That Eligible Contracts Are Performance Based, Fiscal Year 2001 (by dollar value)**



Source: FPDS.

Notes: Based on FAR 37.102, performance-based methods should be used to the maximum extent practicable for all services, except for construction, utilities, architect and engineering, or services that are incidental to supply purchases.

These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

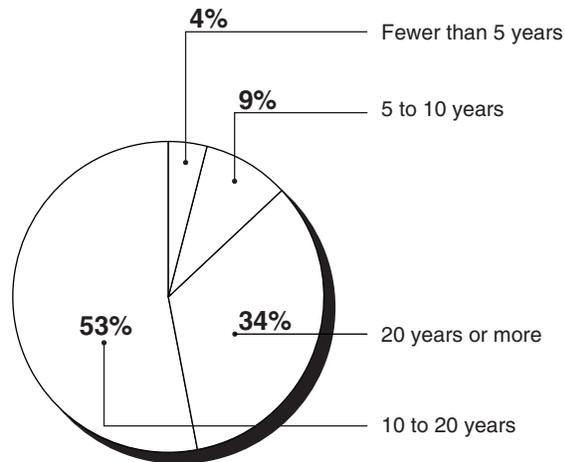
### III. Workforce

**Figure 13: Workforce Trends, Fiscal Years 1997 through 2001**

Fiscal year	Total workforce	Acquisition workforce	Percent
1997	110,448	1,485	1.3
1998	117,380	1,529	1.3
1999	120,288	1,515	1.3
2000	121,272	1,496	1.2
2001	123,096	1,457	1.2

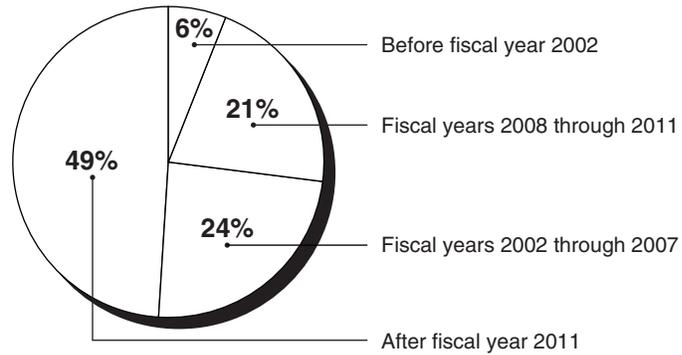
Source: CPDF.

**Figure 14: Acquisition Workforce by Years of Federal Service**



Source: CPDF.

**Figure 15: Acquisition Workforce Retirement Eligibility**



Source: CPDF.

#### IV. Key Procurement Initiatives as Reported by Agency Officials

**Acquisition-related electronic government initiatives:** Since October 2000, DOJ has implemented several e-government programs to improve its procurement processes. These programs include:

- **Federal Business Opportunities**, which is a GSA-managed Web-based system that provides for electronic notice of agency requirements and solicitations for contract opportunities. This system has been deployed departmentwide, and all DOJ synopses for contracts over \$25,000 are now posted to that site.
- **Central Contractor Registration** is a Web-based governmentwide database of vendor information.

**DOJ is the administrator for two programs used to track contractor performance:**

- **Contractor Past Performance System:** an electronic federal report card collection system that is used to collect and record past performance information for subsequent use in determining contractor eligibility and selection.
- **Past Performance Information Retrieval System:** A Web-enabled application that allows the retrieval of contractor past performance information from various databases.

**Departmentwide guidelines for evaluating candidates for GS-1102 contract specialist**

**positions:** Over the last 5 years, guidelines were issued to bureau personnel officers for evaluating candidates for GS-1102 contract specialist positions. Key elements include new education standards and certification processes.

#### V. Key Procurement Reports

##### General Accounting Office

*Major Management Challenges and Program Risks: Department of Justice.* [GAO-03-105](#). Washington, D.C.: January 2003.

*Information Technology: INS Needs to Strengthen Its Investment Management Capability.* [GAO-01-146](#). Washington, D.C.: December 29, 2000.

*Border Patrol: Procurement of MD 600N Helicopters Should Be Reassessed.* [GGD-00-201](#). Washington, D.C.: September 29, 2000.

##### Inspector General

Report Number 02-32—*Federal Bureau of Prisons Management of Construction Contracts*, August 2002.

Report Number 01-16—*Justice's Reliance on Private Contractors for Prison Services*, July 31, 2002.

# Appendix VII: Department of the Treasury

## Agency Overview and Highlights

**Mission:** To promote a stable economy, manage the government’s finances, and safeguard federal financial systems and our nation’s leaders.

### Significant bureaus

The following bureaus account for the majority of Treasury’s fiscal year 2001 total discretionary budget resources:

- **Internal Revenue Service (IRS)**—responsible for determining, assessing, and collecting tax revenue in the United States. In fiscal year 2001, the IRS accounted for 51 percent of Treasury’s total discretionary budget resources.
- **U.S. Customs Service**—responsible for enforcing laws to safeguard U.S. borders against the illegal entry of goods and of regulating legitimate commercial activity. In fiscal year 2001, Customs accounted for 20 percent of Treasury’s total discretionary budget resources.
- **Other key bureaus**—the U.S. Mint, the Secret Service, and the Bureau of Alcohol, Tobacco, and Firearms.

### Spending

Treasury’s total discretionary budget resources increased by 32 percent from fiscal year 1997 through fiscal year 2001 and totaled \$19.7 billion in fiscal year 2001. Over the same period, the amount spent through contracts increased slightly, both in real terms and as a share of Treasury’s discretionary resources. For example, in fiscal year 1997, contract obligations accounted for about 14 percent of Treasury’s discretionary resources; by fiscal year 2001, contract obligations accounted for 17 percent.

- For contracts valued over \$25,000, spending on services increased by 71 percent from fiscal year 1997 through fiscal year 2001, while spending on goods increased by 44 percent. Treasury’s spending on goods increased significantly during fiscal year 1999; this was attributed to (1) the U.S. Mint’s development of the “state quarters” program, (2) the Secret Service’s upgrade in hand weapons, and (3) preparation for Y2K-related incidents.
- Since fiscal year 1997, Treasury experienced significant spending increases in four categories: information technology (IT) equipment (181 percent), communication detection equipment (144 percent), administrative and management support services (138 percent), and IT services (81 percent).

### Procurement methods

Treasury has changed its procurement approach in several key areas since fiscal year 1997:

- Treasury’s use of contracts awarded or administered by other agencies has doubled over this period and accounted for about 16 percent of Treasury’s contract obligations in fiscal year 2001.
- After increasing by about 53 percent from fiscal years 1997 through 1999, purchase card use remained relatively stable through fiscal year 2001. In fiscal year 2001, Treasury authorized the use of 16,558 purchase cards.

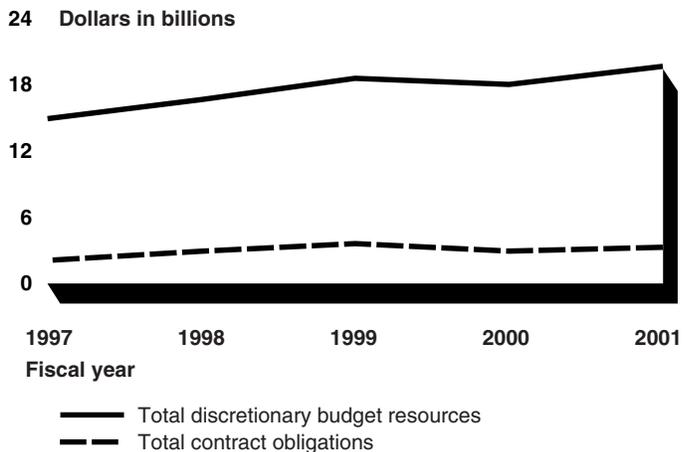
### Workforce

Treasury’s workforce size has remained relatively stable over the 5-year period. Between fiscal years 1997 through 2001, Treasury’s total workforce grew about 2 percent from about 156,000 employees to almost 159,000. Treasury’s acquisition workforce represents about 1.5 percent of its total workforce.

- In fiscal year 2001, 47 percent of the acquisition workforce had 20 years or more of federal service, while only 4 percent of the workforce had fewer than 5 years of service.
- By fiscal year 2008, approximately 30 percent of Treasury’s acquisition workforce will be eligible to retire.

I. Spending

**Figure 1: Procurement’s Relationship to Discretionary Budget Resources, Fiscal Years 1997 through 2001**



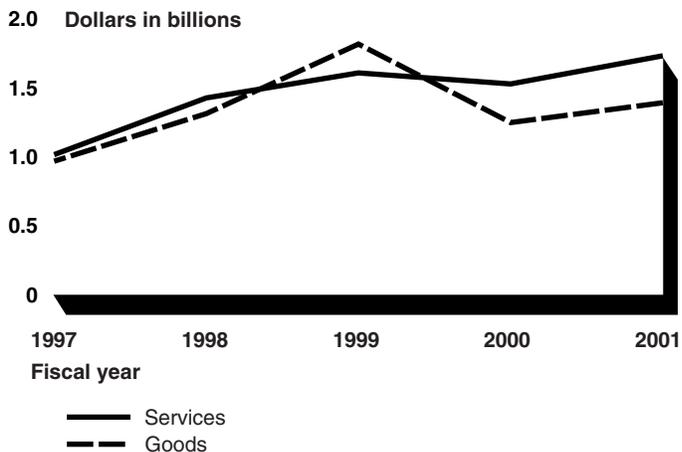
Source: FPDS and OMB.

Notes: Discretionary budget resources reflect the budget amount that an agency is appropriated for a current fiscal year plus the budget authority that the agency carries over from prior fiscal years.

Total contract obligations exclude purchase card use.

All dollar figures have been converted to constant 2001 dollars.

**Figure 2: Spending on Goods and Services, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

**Figure 3: Principal Types of Goods and Services in Fiscal Year 2001**

Dollars in millions

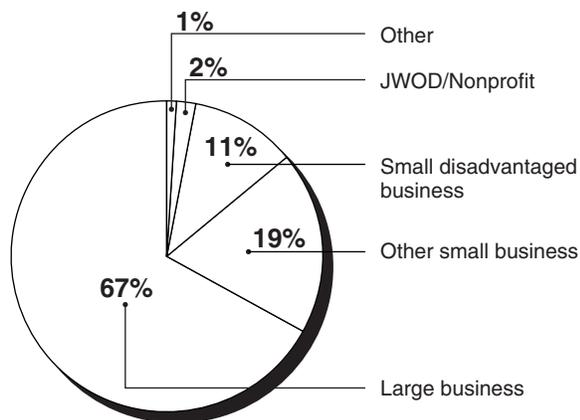
Goods	Fiscal year		Change (percent)
	2001	1997	
IT equipment	\$619.5	\$220.5	181
Ores and minerals	189.5	363.3	-48
Communication and detection equipment	148.2	60.6	144
Other goods	434.7	323.4	34
<b>Total goods</b>	<b>\$1,391.9</b>	<b>\$967.8</b>	<b>44</b>
<b>Services</b>			
IT & telecommunications	851.2	469.2	81
Professional, administrative, and management support	416.5	174.7	138
Maintenance, repair, and rebuilding of equipment	87.4	137.3	-36
Other services	377.5	234.2	61
<b>Total services</b>	<b>\$1,732.6</b>	<b>\$1,015.4</b>	<b>71</b>
<b>Total goods and services</b>	<b>\$3,124.4</b>	<b>\$1,983.2</b>	<b>57</b>

Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

**Figure 4: Vendor Type, Fiscal Year 2001**



Source: FPDS.

Notes: 5 percent of Treasury’s vendors are women-owned businesses.

Other includes hospitals, foreign contractors, domestic contractors working outside the United States, and educational institutions, including historically black colleges and universities and minority institutions.

These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

**Figure 5: Top Five Vendors, Fiscal Year 2001**

Dollars in millions

Vendor	Goods and services provided	Amount awarded
1. Computer Sciences Corporation	IT systems development	\$217.3
2. TRW	IT services	\$144.3
3. IBM	IT and telecommunication services	\$76.5
4. Lockheed Martin	Aircraft components and engine services	\$72.8
5. Olin Brass	Non-ferrous metal	\$70.5

Source: Department of the Treasury.

II. Procurement Methods

**Figure 6: Principal Contract Types Employed in Fiscal Year 2001**

Dollars in billions

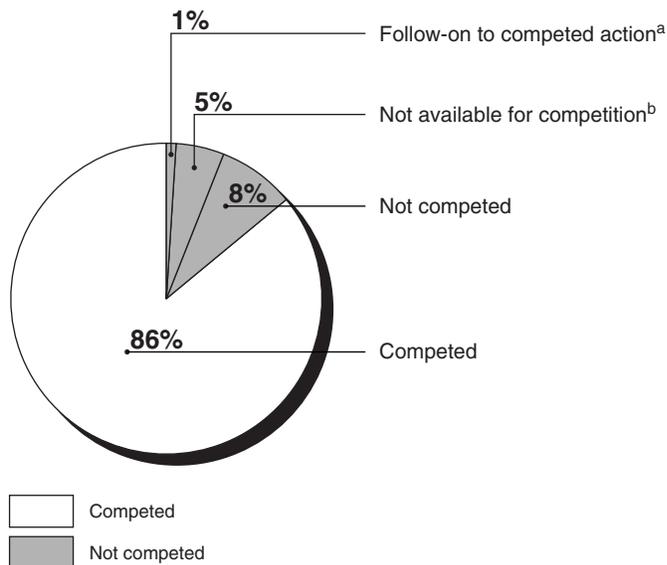
Contract type	Amount spent	Percent of total amount spent
Firm fixed-price	\$2.1	68.5
Other fixed-price	\$0.3	8.9
Cost-type	\$0.6	18.2
Labor hours/time and materials	\$0.1	4.2

Source: FPDS.

Note: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

Totals may not add to 100 due to rounding.

**Figure 7: Competition, Fiscal Year 2001**



Source: FPDS.

<sup>a</sup>Contracts that were follow-on to a competed action are those subsequent actions awarded to the particular contractor who had previously been awarded the initial contract under competitive procedures.

<sup>b</sup>Contracts not available for competition are for utilities, contracts authorized or required by statute to be awarded to a designated source, sole source contracts awarded to certain small disadvantaged businesses, or actions where the agency has determined that there is no opportunity for competition, among other things.

Note: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

**Figure 8: Degree of Competition for Completed Contracts, Fiscal Years 1997 through 2001**

Dollars in billions

Fiscal year	Amount spent on completed contracts	One offer (percent)	More than one offer (percent)
1997	\$1.5	3.5	75.6
1998	\$2.3	4.1	62.7
1999	\$2.8	8.4	58.1
2000	\$2.4	6.6	68.8
2001	\$2.7	10.8	74.1

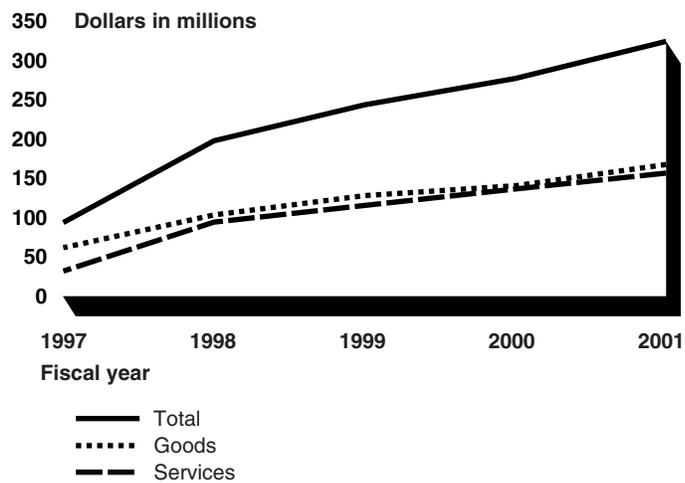
Source: FPDS.

Note: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

Percentages do not add to 100 as information on the number of offers was either missing or not required to be reported.

All dollar figures have been converted to constant 2001 dollars.

**Figure 9: Extent the Federal Supply Schedule Is Used to Purchase Goods and Services, Fiscal Years 1997 through 2001**

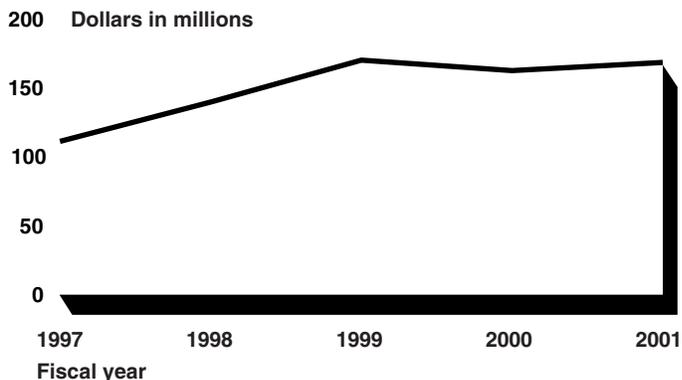


Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

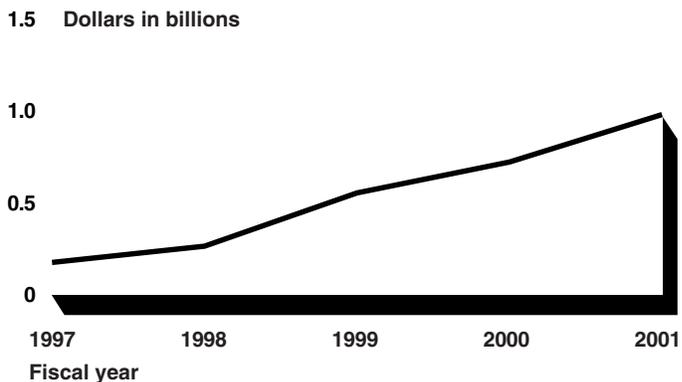
**Figure 10: Amount Spent Using Purchase Cards, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: In fiscal year 2001, Treasury authorized the use of 16,558 purchase cards. All dollar figures have been converted to constant 2001 dollars.

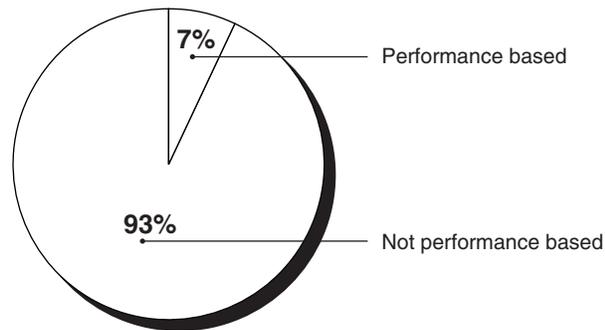
**Figure 11: Commercial Item Purchases Using FAR Part 12 Procedures, Fiscal Years 1997 through 2001**



Source: FPDS.

Note: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded. All dollar figures have been converted to constant 2001 dollars.

**Figure 12: Extent That Eligible Contracts Are Performance Based, Fiscal Year 2001 (by dollar value)**



Source: FPDS.

Notes: Based on FAR 37.102, performance-based methods should be used to the maximum extent practicable for all services, except for construction, utilities, architect and engineering, or services that are incidental to supply purchases.

These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

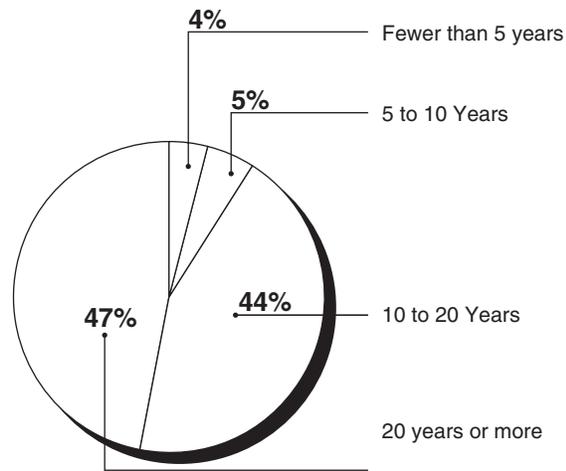
### III. Workforce

**Figure 13: Workforce Trends, Fiscal Years 1997 through 2001**

Fiscal year	Total workforce	Acquisition workforce	Percent
1997	155,916	2,374	1.5
1998	153,603	2,400	1.6
1999	155,137	2,378	1.5
2000	156,694	2,412	1.5
2001	158,660	2,561	1.6

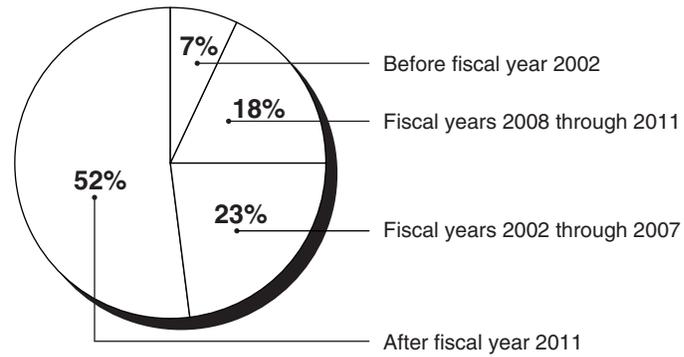
Source: CPDF.

**Figure 14: Acquisition Workforce by Years of Federal Service**



Source: CPDF.

**Figure 15: Acquisition Workforce Retirement Eligibility**



Source: CPDF.

#### IV. Key Procurement Initiatives as Reported by Agency Officials

**Performance-based Service Contracting (PBSC):** To increase its use of PBSC methods, Treasury developed PBSC training and a handbook, presented information on PBSC to all bureaus, and worked with bureaus on individual procurements. Procurement officials at Treasury stated that these efforts resulted in increasing Treasury's use of performance-based contracts to 20 percent in fiscal year 2002.

**Improving procurement system reviews:** Treasury developed the Acquisition Management Assistance Review program to assess three key areas (people, process, and tools) to determine the health of Treasury's procurement systems.

**Procurement Intern Program:** Because its acquisition workforce is aging, Treasury developed a procurement intern program to identify and develop new talent for the bureaus.

#### V. Key Procurement Reports

##### General Accounting Office

*Major Management Challenges and Program Risks: Department of the Treasury.* [GAO-03-109](#). Washington, D.C.: January 2003.

*Acquisition Workforce: Status of Agency Efforts to Address Future Needs.* [GAO-03-55](#). Washington, D.C.: December 18, 2002.

*IRS Contracting: New Procedure Adds Price or Cost as a Selection Factor for Task Order Awards.* [GAO-03-218](#). Washington, D.C.: December 10, 2002.

*Business Systems Modernization: IRS Needs to Better Balance Management Capacity with System Acquisition Workload.* [GAO-02-356](#). Washington, D.C.: February 28, 2002.

##### Inspector General

OIG-02-074—*General Management: The Mint Leased Excessive Space For Its Headquarters Operation*, March 29, 2002.

# Appendix VIII: Department of Transportation

## Agency Overview and Highlights

**Mission:** To ensure a fast, safe, efficient, accessible, and convenient transportation system that meets our vital national interests and enhances the quality of life of the American people, today and into the future.

### Significant administrations

Two administrations account for the majority of the Department of Transportation's (DOT) fiscal year 2001 total discretionary budget resources:

- The **Federal Aviation Administration (FAA)** regulates civil aviation to promote safety and fulfill the requirements of national defense; encourages and develops civil aeronautics, including new aviation technology; operates a common system of air traffic control and navigation for both civil and military aircraft; implements programs to control aircraft noise and other environmental effects of civil aviation; and regulates U.S. commercial space transportation. In fiscal year 2001, the FAA accounted for 41 percent of DOT's total discretionary budget resources.
- The **United States Coast Guard (USCG)** is responsible for maritime search and rescue, recreational boating safety, vessel traffic management, at-sea enforcement of living marine resource laws and treaty obligations, at-sea drug and illegal migrant interdiction, and port security. In fiscal year 2001, the USCG accounted for 15 percent of DOT's total discretionary budget resources.
- **Other key organizations:** Federal Transit Administration and Federal Highway Administration.

### Spending

DOT's discretionary resources decreased 28 percent from \$51.8 billion in fiscal year 1997 to \$37.3 billion in fiscal year 2001. This was due largely to changes brought about by the Transportation Equity Act for the 21st Century (TEA-21).<sup>1</sup> TEA-21, which was enacted in June 1998, shifted a significant amount of discretionary funds to mandatory spending categories. While discretionary resources decreased during the 5-year period, the amount spent through contracts increased by 26 percent. In fiscal year 2001, the DOT spent almost \$5.6 billion, or 15 percent of its discretionary resources, through contracting.

- Spending on goods decreased by 29 percent from fiscal year 1997 to fiscal year 2001, while spending on services increased 49 percent. In fiscal year 2001, 85 percent of the amount spent through contracts over \$25,000 was for services.

### Procurement methods

DOT relies on a mix of contract types to achieve its mission; slightly more than half of DOT's fiscal year 2001 contracts were fixed-price, while more than a quarter were cost-type. Another 14 percent were labor hours or time and materials contracts.

- In fiscal year 2001, 19 percent of DOT's service contracts were performance based.
- In fiscal year 2001, DOT authorized the use of 21,728 purchase cards.
- The amount spent using FAR part 12 procedures increased from \$297 million in fiscal year 1997 to \$1.6 billion in fiscal year 2001, a 437 percent increase.

### Workforce

In fiscal year 2001, DOT's total workforce was 64,509, a 2 percent increase from fiscal year 1997. About 2 percent of the total workforce was made up of the acquisition workforce, which decreased by 7 percent during the 5-year period, from 1,634 in fiscal year 1997 to 1,514 in fiscal year 2001.

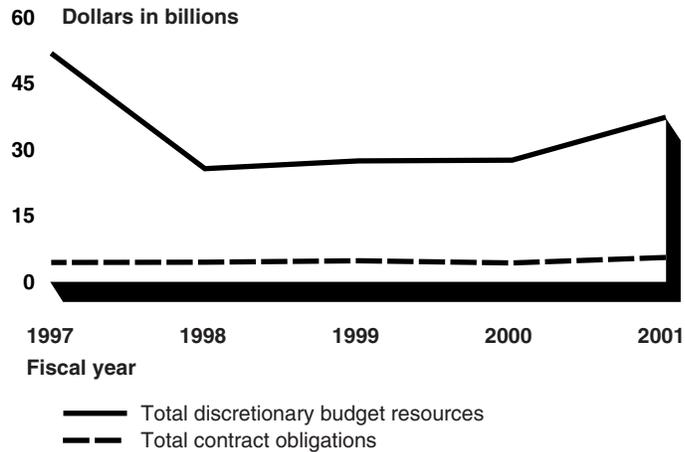
- In fiscal year 2001, 56 percent of the acquisition workforce had 20 years or more of federal service, while 5 percent had fewer than 5 years of service.
- By fiscal year 2008, approximately 36 percent of DOT's acquisition workforce will be eligible to retire.

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<sup>1</sup> P.L. 105-178, June 9, 1998.

I. Spending

**Figure 1: Procurement's Relationship to Discretionary Budget Resources, Fiscal Years 1997 through 2001**



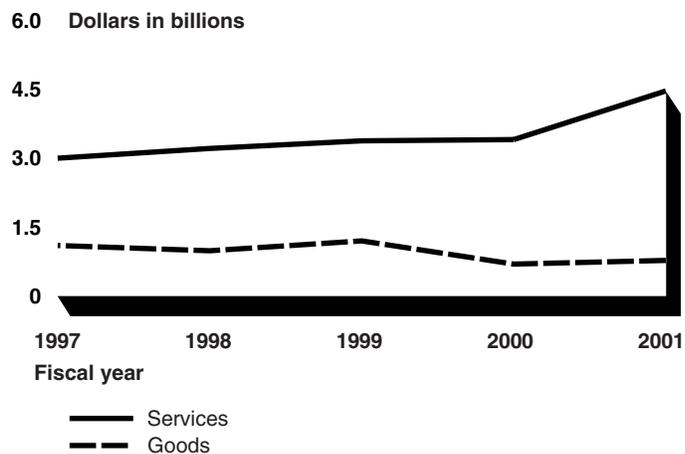
Source: FPDS, OMB, and FAA.

Notes: Discretionary budget resources reflect the budget amount that an agency is appropriated for a current fiscal year plus the budget authority that the agency carries over from prior fiscal years.

Total contract obligations exclude purchase card use.

All dollar figures have been converted to constant 2001 dollars.

**Figure 2: Spending on Goods and Services, Fiscal Years 1997 through 2001**



Source: FPDS and FAA.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

**Figure 3: Principal Types of Goods and Services in Fiscal Year 2001**

Dollars in millions

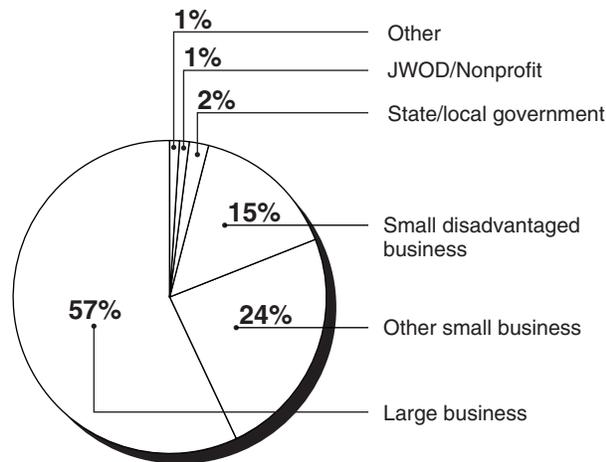
Goods	Fiscal year		Change (percent)
	2001	1997	
Ships, small craft, pontoons, and floating docks	\$183.9	\$214.4	-14
Communication and detection equipment	97.6	203.0	-52
IT equipment	69.3	355.0	-80
Other goods	438.8	332.4	32
<b>Total goods</b>	<b>\$789.6</b>	<b>\$1,104.8</b>	<b>-29</b>
<b>Services</b>			
Professional, administrative, and management support	1,093.8	1,004.9	9
IT Services	597.7	455.1	31
Construction of structures and facilities	490.1	330.9	48
Other services	2,285.8	1,213.0	88
<b>Total services</b>	<b>\$4,467.4</b>	<b>\$3,003.9</b>	<b>49</b>
<b>Total goods and services</b>	<b>\$5,257.0</b>	<b>\$4,108.7</b>	<b>28</b>

Source: FPDS and FAA.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

**Figure 4: Vendor Type, Fiscal Year 2001**



Source: FPDS and FAA.

Notes: 5 percent of DOT's vendors are women-owned businesses.

Other includes hospitals, foreign contractors, domestic contractors working outside the United States, and educational institutions, including historically black colleges and universities and minority institutions.

These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

**Figure 5: Top Five Vendors, Fiscal Year 2001**

Dollars in millions

Vendor	Goods and services provided	Amount awarded
1. Lockheed Martin	Planning and integration of air traffic control systems and IT support services	\$472.6
2. Raytheon	Air traffic management systems	\$299.4
3. Invision Technologies	Explosives detection systems	\$240.0
4. Huntleigh USA Corp.	Airport security and screening services	\$158.0
5. Globe Aviation Services Corp.	Aviation, security, terminal and ground-support functions	\$151.9

Source: DOT and FAA.

II. Procurement Methods

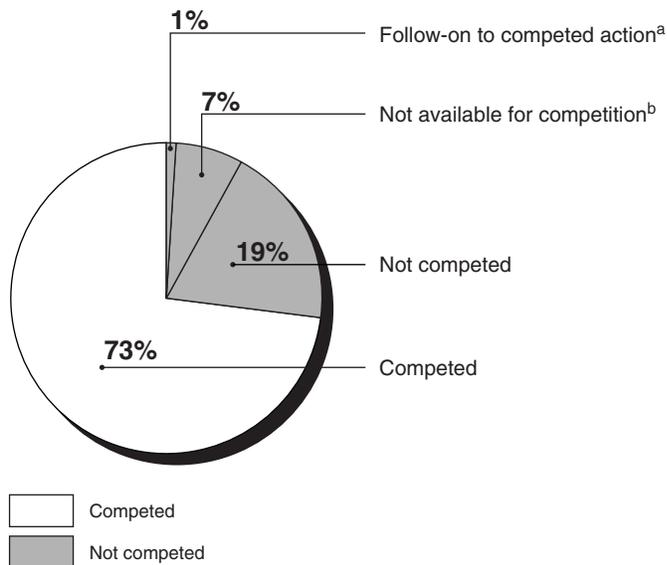
**Figure 6: Principal Contract Types Employed in Fiscal Year 2001**

Dollars in billions

Contract type	Amount spent	Percent of total amount spent
Firm fixed-price	\$2.8	53.3
Other fixed-price	\$0.3	4.9
Cost-type	\$1.4	26.6
Labor hours/time and materials	\$0.7	13.7

Source: FPDS and FAA.  
 Note: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.  
 Percentages do not add to 100 as information on the number of offers was either missing or not required to be reported.

**Figure 7: Competition, Fiscal Year 2001**



Source: FPDS and FAA.

<sup>a</sup>Contracts that were follow-on to a competed action are those subsequent actions awarded to the particular contractor who had previously been awarded the initial contract under competitive procedures.

<sup>b</sup>Contracts not available for competition are for utilities, contracts authorized or required by statute to be awarded to a designated source, sole source contracts awarded to certain small disadvantaged businesses, or actions where the agency has determined that there is no opportunity for competition, among other things.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

**Figure 8: Degree of Competition for Completed Contracts, Fiscal Years 1997 through 2001**

Dollars in billions

Fiscal year	Amount spent on completed contracts	One offer (percent)	More than one offer (percent)
1997	\$1.5	8.9	84.4
1998	\$1.5	5.8	92.3
1999	\$1.4	5.6	92.4
2000	\$1.5	4.7	93.0
2001	\$1.8	8.6	88.6

Source: FPDS.

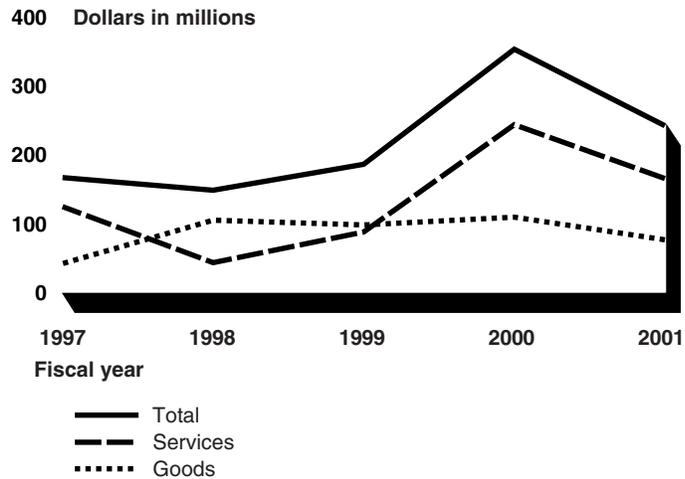
Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

FAA could not provide data for the number of offers on competed contracts and is not represented in this chart.

Percentages do not add to 100 as information on the number of offers was either missing or not required to be reported.

All dollar figures have been converted to constant 2001 dollars.

**Figure 9: Extent the Federal Supply Schedule is Used for Purchases of Goods and Services, Fiscal Years 1997 through 2001**

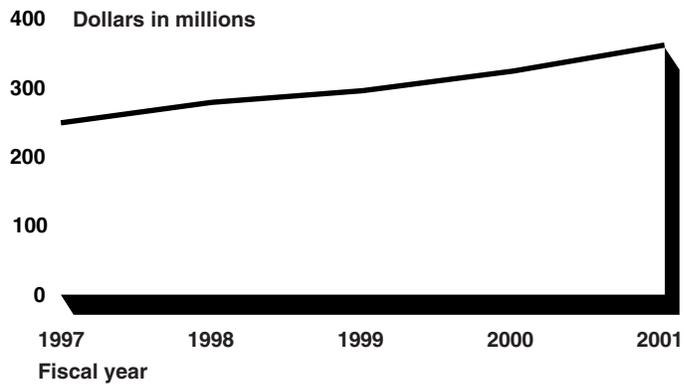


Source: FPDS and FAA.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

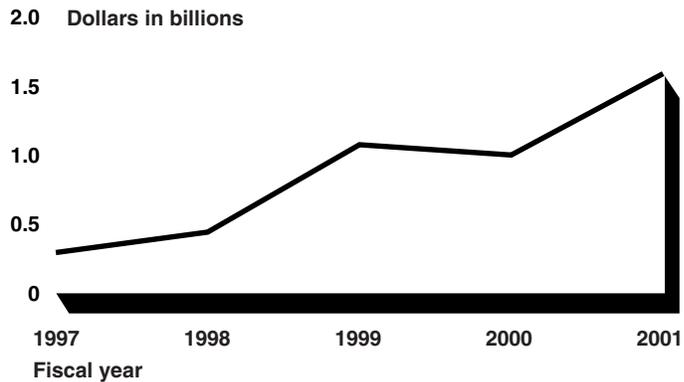
**Figure 10: Amount Spent Using Purchase Cards, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: In fiscal year 2001, DOT authorized the use of 21,728 purchase cards. All dollar figures have been converted to constant 2001 dollars.

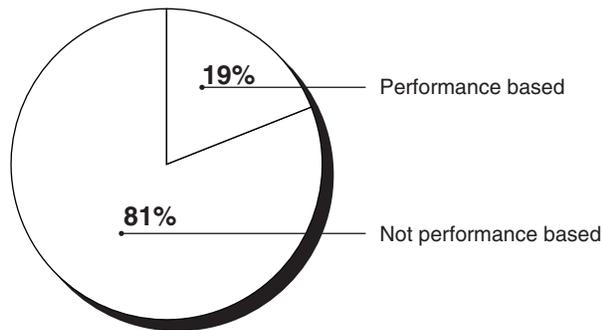
**Figure 11: Commercial Item Purchases Using FAR Part 12 Procedures, Fiscal Years 1997 through 2001**



Source: FPDS and FAA.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded. All dollar figures have been converted to constant 2001 dollars.

**Figure 12: Extent That Eligible Contracts Are Performance Based, Fiscal Year 2001 (by dollar value)**



Source: FPDS.

Notes: Based on FAR 37.102, performance-based methods should be used to the maximum extent practicable for all services, except for construction, utilities, architect and engineering, or services that are incidental to supply purchases.

FAA could not provide the amount spent on performance-based service contracting because this data was not an integral part of its management information systems.

These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

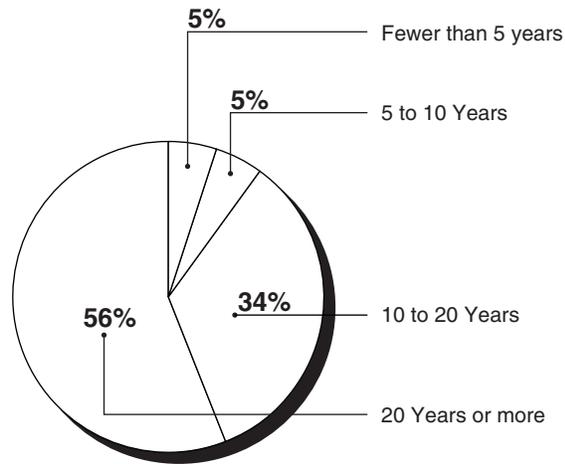
### III. Workforce

**Figure 13: Workforce Trends, Fiscal Years 1997 through 2001**

Fiscal year	Total workforce	Acquisition workforce	Percent
1997	63,110	1,634	2.6
1998	63,745	1,572	2.5
1999	63,051	1,470	2.3
2000	62,520	1,458	2.3
2001	64,509	1,514	2.3

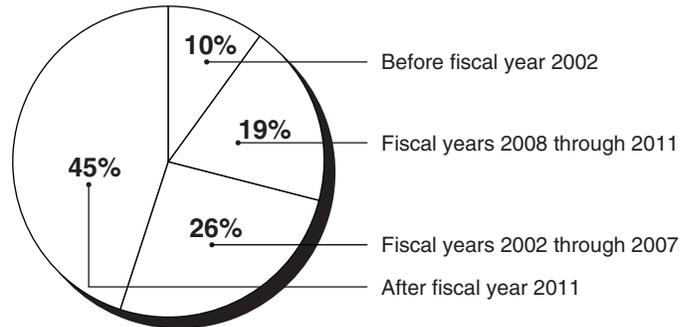
Source: CPDF.

**Figure 14: Acquisition Workforce by Years of Federal Service**



Source: CPDF.

**Figure 15: Acquisition Workforce Retirement Eligibility**



Source: CPDF.

#### IV. Key Procurement Initiatives as Reported by Agency Officials

**Security:** To support the current security crisis within our country after September 11, 2001, DOT: (1) helped stand up the Transportation Security Administration (TSA) by assisting in creating a TSA Acquisition Management System, developing a standard set of TSA contract provisions and clauses, and providing operational support in the solicitation and award of TSA contracts; and (2) continues to address security issues relating to controlling access to sensitive information and background checks on contractor personnel in positions where sensitive information or national security interests are present.

**Procurement Performance Management System:** DOT continues its major initiative to improve procurement performance by implementing DOT's procurement performance management program. This program assists managers in targeting areas for improvement based on the results of specified metrics chosen for their importance to the administration, DOT management, or DOT customers.

#### V. Key Procurement Reports

##### General Accounting Office

*Major Management Challenges and Program Risks: Department of Transportation.* [GAO-03-108](#). Washington, D.C.: January 2003.

*National Airspace System: Status of FAA's Standard Terminal Automation Replacement System.* [GAO-02-1071](#). Washington, D.C.: September 17, 2002.

*National Airspace System: FAA's Approach to Its New Communications System Appears Prudent, but Challenges Remain.* [GAO-02-710](#). Washington, D.C.: July 15, 2002.

*FAA Alaska: Weak Controls Resulted in Improper and Wasteful Purchases.* [GAO-02-606](#). Washington, D.C.: May 30, 2002.

*Coast Guard: Budget and Management Challenges for 2003 and Beyond.* [GAO-02-538T](#). Washington, D.C.: March 19, 2002.

*Coast Guard: Progress Being Made on Deepwater Project, but Risks Remain.* [GAO-01-564](#). Washington, D.C.: May 2, 2001.

*National Airspace System: Persistent Problems in FAA's New Navigation System Highlight Need for Periodic Re-evaluation.* [GAO/RCED/AIMD-00-130](#). Washington, D.C.: June 12, 2000.

##### Inspector General

FI-2002-092—*FAA Oversight of Cost Reimbursable Contracts*, May 8, 2002.

FI-2002-089—*DOT's Information Technology Omnibus Procurement Program (ITOP)*, April 15, 2002.

FI-2001-057—*FRA E-Mail System Replacement Contracts*, May 3, 2001.

FI-2000-125—*Inactive Obligations on Contracts*, September 25, 2000.

AV-2000-127—*Technical Support Services Contract: Better Management Oversight and Sound Business Practices Are Needed*, September 28, 2000.

# Appendix IX: Department of Veterans Affairs

## Agency Overview and Highlights

**Mission:** To restore the capability of those who suffered harm during their military service; to ensure a smooth transition as veterans return to civilian life in their communities; to honor and serve all veterans for the sacrifices they made on behalf of the nation; to contribute to the public health, socioeconomic well being, and history of the nation.

### Significant administrations

The following administrations account for nearly all of the Department of Veterans Affairs' (VA) fiscal year 2001 total discretionary budget resources.

- **Veterans Health Administration** is responsible for medical care, education, and research, and serves as medical backup to the Department of Defense. In fiscal year 2001, VHA accounted for 89 percent of VA's discretionary resources.
- **Veterans Benefits Administration** provides benefits and services to veterans and their dependents, including compensation and pensions, education benefits, loan guarantees, and insurance.
- **National Cemetery Administration** provides burial benefits to veterans and eligible dependents and Presidential Memorial Certificates to deceased veterans' next of kin.

### Spending

VA's discretionary resources rose by about 20 percent from fiscal years 1997 through fiscal year 2001 and totaled \$26.5 billion in fiscal year 2001. In fiscal year 2001, contract obligations accounted for 22 percent, or \$5.9 billion, of VA's discretionary resources.

- VA spends almost half of its contract dollars on medical and dental equipment and supplies. Since fiscal year 1997, spending for these supplies has grown by 92 percent due in large part to an increase in patient workload.
- Spending on services grew by about 14 percent, largely driven by increased spending for information technology (226 percent) and medical services (24 percent).

### Procurement methods

VA relies heavily on firm fixed-price contracts. In fiscal year 2001, \$3.9 billion—or 91 percent—of the \$4.3 billion that VA obligated for contracts over \$25,000 was obligated on firm fixed-price contracts.

- Purchase card spending increased from \$855 million in fiscal year 1997 to \$3.8 billion in fiscal year 2001, a 344 percent increase. In fiscal year 2001, VA authorized the use of 34,090 purchase cards.
- VA spent \$3.4 billion, 79 percent of total contracting dollars, on competed contracts in fiscal year 2001. VA typically received two or more offers on more than 90 percent of its competed contracts.

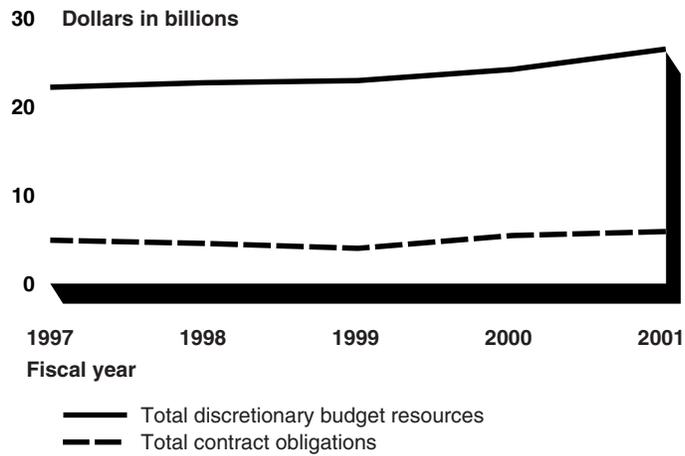
### Workforce

At 202,414 personnel in fiscal year 2001, VA's total workforce was about the same level as fiscal year 1997. VA's acquisition workforce decreased by 6 percent from its fiscal year 1997 level and totaled about 2,562 personnel in fiscal year 2001.

- In fiscal year 2001, 52 percent of the acquisition workforce had 20 years or more of federal service, while 5 percent had fewer than 5 years of federal service.

I. Spending

**Figure 1: Procurement's Relationship to Discretionary Budget Resources, Fiscal Years 1997 through 2001**



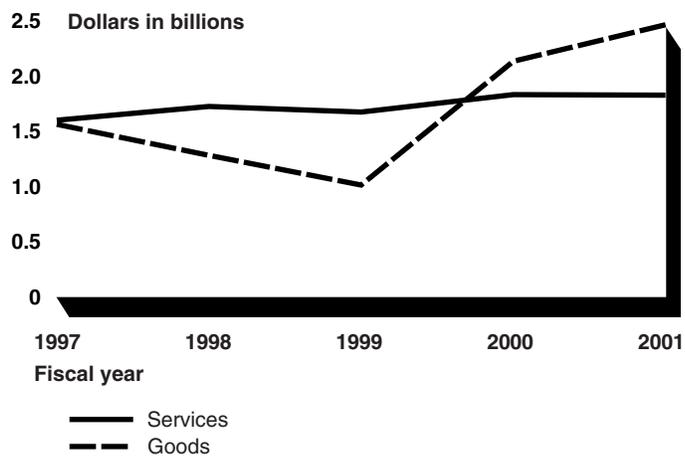
Source: FPDS and OMB.

Notes: Discretionary budget resources reflect the budget amount that an agency is appropriated for a current fiscal year plus the budget authority that the agency carries over from prior fiscal years.

Total contract obligations exclude purchase card use.

All dollar figures have been converted to constant 2001 dollars.

**Figure 2: Spending on Goods and Services, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

**Figure 3: Principal Types of Goods and Services in Fiscal Year 2001**

Dollars in millions

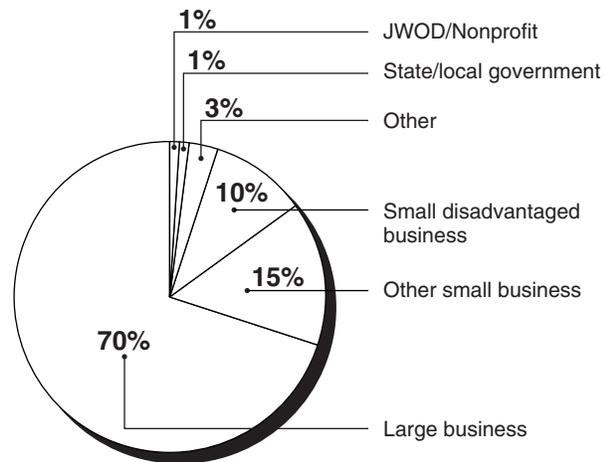
Goods	Fiscal year		Change (percent)
	2001	1997	
Medical, dental and veterinary equipment, and supplies	\$2,130.8	\$1,109.9	92
IT equipment	185.8	245.0	-24
Food	18.1	17.9	1
Other goods	132.7	191.8	-31
<b>Total goods</b>	<b>\$2,467.4</b>	<b>\$1,564.6</b>	<b>58</b>
<b>Services</b>			
Medical services	522.7	420.3	24
IT services	326.6	100.1	226
Utilities and housekeeping services	271.5	250.7	8
Other services	707.7	830.4	-15
<b>Total services</b>	<b>\$1,828.5</b>	<b>\$1,601.5</b>	<b>14</b>
<b>Total goods and services</b>	<b>\$4,295.9</b>	<b>\$3,166.0</b>	<b>36</b>

Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

**Figure 4: Vendor Type, Fiscal Year 2001**



Source: FPDS.

Notes: 5 percent of VA's vendors are women-owned businesses.

Other includes hospitals, foreign contractors, domestic contractors working outside the United States, and educational institutions, including historically black colleges and universities and minority institutions.

These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

**Figure 5: Top Five Vendors, Fiscal Year 2001**

Dollars in millions

Vendor	Goods and services provided	Amount awarded
1. Amerisource Corp.	Health care products	\$1,600.0
2. Datatrack Information Services	IT services	\$68.1
3. General Electric Co.	Health care equipment	\$49.8
4. Integic Corp.	IT services	\$46.1
5. GRC International, Inc.	IT services	\$31.9

Source: Department of Veterans Affairs.

II. Procurement Methods

**Figure 6: Principal Contract Types Employed in Fiscal Year 2001**

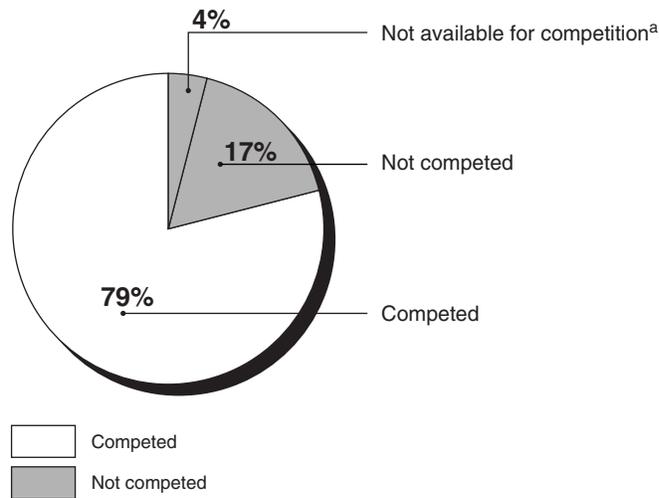
Dollars in billions

Contract type	Amount spent	Percent of total amount spent
Firm fixed-price	\$3.9	90.7
Other fixed-price	\$0.4	9.1
Cost-type	<\$0.1	0.1
Labor hours/time and materials	<\$0.1	0.1

Source: FPDS.

Note: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

**Figure 7: Competition, Fiscal Year 2001**



Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

<sup>a</sup>Contracts not available for competition are for utilities, contracts authorized or required by statute to be awarded to a designated source, sole source contracts awarded to certain small disadvantaged businesses, or actions where the agency has determined that there is no opportunity for competition, among other things.

**Figure 8: Degree of Competition for Completed Contracts, Fiscal Years 1997 through 2001**

Dollars in billions

Fiscal Year	Amount spent on competed contracts	One offer (percent)	More than one offer (percent)
1997	\$2.3	7.6	91.1
1998	\$2.1	5.9	92.2
1999	\$2.0	4.7	93.8
2000	\$3.1	7.0	91.7
2001	\$3.4	5.3	93.1

Source: FPDS.

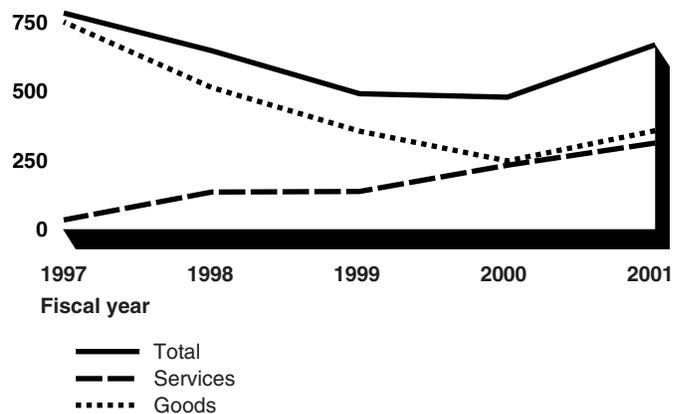
Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

Percentages do not add to 100 as information on the number of offers was either missing or not required to be reported.

All dollar figures have been converted to constant 2001 dollars.

**Figure 9: Extent the Federal Supply Schedule is Used to Purchase Goods and Services, Fiscal Years 1997 through 2001**

1000 Dollars in millions

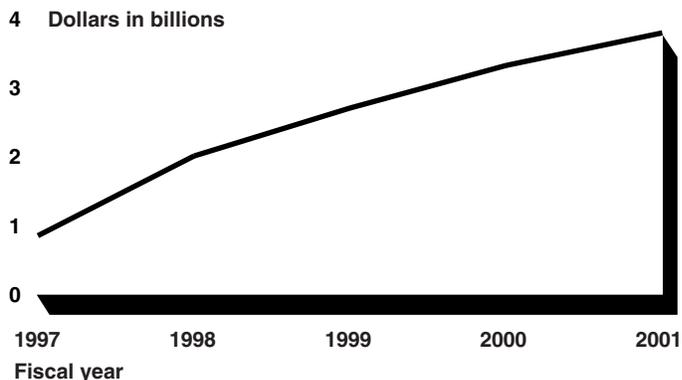


Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

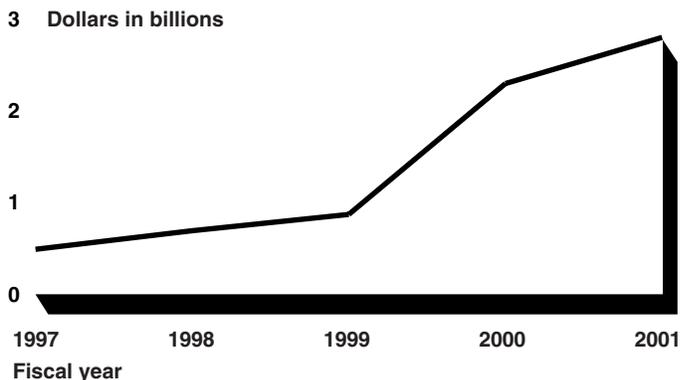
**Figure 10: Amount Spent Using Purchase Cards, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: in fiscal year 2001, VA authorized the use of 34,090 purchase cards. All dollar figures have been converted to constant 2001 dollars.

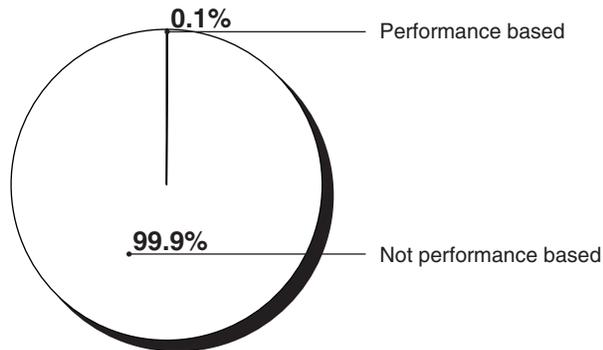
**Figure 11: Commercial Item Purchases Using FAR Part 12 Procedures, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded. All dollar figures have been converted to constant 2001 dollars.

**Figure 12: Extent That Eligible Contracts Are Performance Based, Fiscal Year 2001 (by dollar value)**



Source: FPDS.

Notes: Based on FAR 37.102, performance-based methods should be used to the maximum extent practicable for all services, except for construction, utilities, architect and engineering, or services that are incidental to supply purchases.

These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

VA officials stated that their internal data system reported a higher use of performance-based contracting in fiscal year 2001. These officials believed their agency's figure should be about 11 percent.

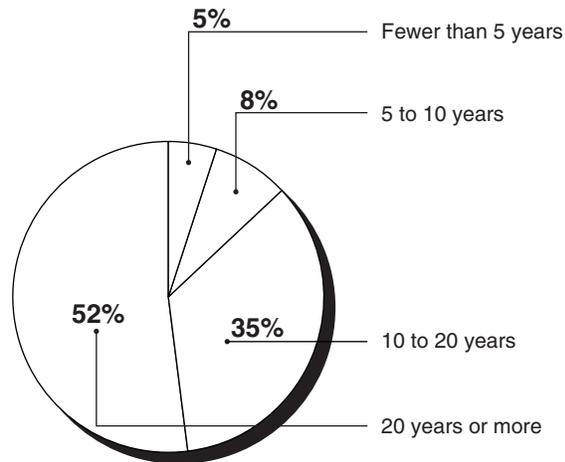
### III. Workforce

**Figure 13: Workforce Trends, Fiscal Years 1997 through 2001**

Fiscal year	Total workforce	Acquisition workforce	Percent
1997	202,414	2,737	1.4
1998	198,890	2,610	1.3
1999	195,847	2,574	1.3
2000	196,643	2,488	1.3
2001	202,041	2,562	1.3

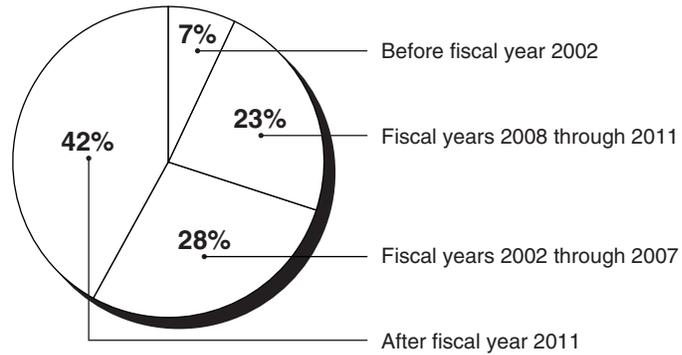
Source: CPDF.

**Figure 14: Acquisition Workforce by Years of Federal Service**



Source: CPDF.

**Figure 15: Acquisition Workforce Retirement Eligibility**



Source: CPDF.

#### IV. Key Procurement Initiatives as Reported by Agency Officials

**Computer, hardware and software procurement:** VA requires that computer hardware and software vendors offer products to VA at a cost equal to or lower than those offered any other customers. Prices that are found to be too high are required to be lowered before they are accepted. According to VA officials, this initiative resulted in savings of \$33 million in the period of June through October 2002. The prices paid by VA over this time period average 21.6 percent below the vendors' GSA Federal Supply Schedule prices for the same items.

**Vocational rehabilitation and employment service national acquisition strategy:** To address concerns related to contracting for services in the field, a task force developed the National Acquisition Strategy to provide uniform prices and services at the 58 Veterans Benefit Administration regional offices. In September 2002 VA awarded 249 performance-based service contracts using a uniform format. According to VA officials, over 95 percent of the awards went to small businesses, veteran-owned businesses, and service-disabled, veteran-owned businesses.

**Joint contracting between VA and DOD:** In March 2001 VA had 34 joint contracts for pharmaceuticals between VA and DOD. In November 2002, that number more than doubled, to 76. In addition, there are 18 pending joint contracts for pharmaceuticals, vital sign monitors, and radiation therapy equipment.

**VA Federal Supply Schedule Program:** The VA Federal Supply Schedule Program was expanded in late 2000, to include professional health care services. This schedule is open to all federal agencies and provides for temporary contract services of surgeons, specialists, nurses, radiologists, pharmacists, and dentists. Recently, allied health services (nursing assistants, pharmacy technicians, and dental assistants) were added to this schedule.

#### V. Key Procurement Reports

##### General Accounting Office

*Major Management Challenges and Program Risks: Department of Veterans Affairs.* [GAO-03-110](#). Washington, D.C.: January 2003.

*VA and DOD Health Care: Factors Contributing to Reduced Pharmacy Costs and Continuing Challenges.* [GAO-02-969T](#). Washington, D.C.: July 22, 2002.

*VA and Defense Health Care: Potential Exists for Savings through Joint Purchasing of Medical and Surgical Supplies.* [GAO-02-872T](#). Washington, D.C.: June 26, 2002.

*DOD and VA Pharmacy: Progress and Remaining Challenges in Jointly Buying and Mailing Out Drugs.* [GAO-01-588](#). Washington, D.C.: May 25, 2001.

*VA Laundry Service: Consolidations and Competitive Sourcing Could Save Millions.* [GAO-01-61](#). Washington, D.C.: November 30, 2000.

##### Inspector General

01-00504-9–*Summary Report—Combined Assessment Program Reviews at Veterans Health Administration Medical Facilities (January 1999–March 2001)*, October 10, 2001.

01-01855-75–*Evaluation of the Department of Veterans Affairs Purchasing Practices*, May 15, 2001.

9R3-E99-037–*Audit Of The Department Of Veterans Affairs Purchase Card Program*, February 12, 1999.

8D2-E01-002–*Audit of VA Procurement Initiatives For Computer Hardware, Software, and Services (PCHS/PAIRS) and Selected Information Technology Investments*, January 22, 1998.

# Appendix X: General Services Administration

## Agency Overview and Highlights

**Mission:** To provide policy leadership and expertly managed space, products, services, and solutions, at the best value, to enable federal agencies to accomplish their missions.

### Significant services

The following services account for the majority of the General Services Administration's (GSA) fiscal year 2001 total discretionary budget resources.

- **Federal Technology Service (FTS)** provides information technology solutions and network services to support federal agencies. In fiscal year 2001, FTS accounted for 46 percent of GSA's total discretionary budget resources.
- The **Public Building Service (PBS)** oversees the construction, development, and maintenance of federal buildings and manages the leasing of commercial office space. In fiscal year 2001, PBS accounted for 51 percent of GSA's total discretionary budget resources.
- **Federal Supply Service (FSS)** provides agencies with numerous supplies and services, including commercial products, professional services, vehicle acquisition and leasing, and travel and transportation services. FSS manages the Federal Supply Schedule program, which provides federal agencies with access to more than 4 million products and services and coordinates the governmentwide travel and purchase card programs. The FSS accounts for none of GSA's discretionary resources, because the service is financed by a revolving fund. With a revolving fund, the FSS obtains most of its funding from the fees paid by other agencies to buy from the FSS program.

### Spending

GSA's discretionary resources increased by 38 percent from fiscal year 1997 through fiscal year 2001 and totaled \$19.3 billion in fiscal year 2001. Over the 5-year period, the proportion of GSA's discretionary resources spent under contracts increased from 59 percent to about 64 percent. GSA relies heavily on service contracts, which accounted for more than 80 percent of all contracts over \$25,000 in fiscal year 2001.

- For contracts valued over \$25,000, spending on services increased by 75 percent from fiscal year 1997 through fiscal year 2001. Spending on goods increased by 13 percent.
- The increase in service spending was driven by increased purchases of IT services, which grew from \$594.0 million in fiscal year 1997 to \$4.7 billion in fiscal year 2001. GSA's increased share is largely attributable to the growth of GSA's Federal Technology Service. However, orders placed by the Federal Technology Service are counted as spending by GSA, rather than spending by the federal agency that will ultimately receive the service or equipment.
- Since fiscal year 1997, GSA's spending has undergone significant increases in the following categories: IT and telecommunication services (691 percent), motor vehicles (24 percent), IT equipment (19 percent), and lease of facilities (17 percent).

### Procurement methods

GSA spent about \$11.7 billion through contracts in fiscal year 2001, with firm fixed-price and other kinds of fixed-price contracts accounting for over 90 percent of GSA's contract dollars.

- Purchase card spending doubled since fiscal year 1997, and totaled nearly \$160 million in fiscal year 2001. In fiscal year 2001, GSA authorized the use of 3,776 purchase cards.

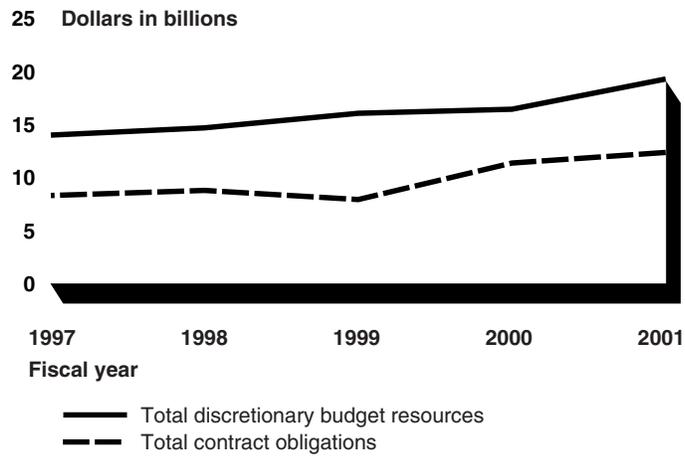
### Workforce

GSA's total workforce has remained relatively stable over the 5-year period, at about 14,100. Over this same period, its acquisition workforce has increased by more than 10 percent.

- More than 91 percent of GSA's acquisition workforce has more than 10 years of federal service; by fiscal year 2008, 34 percent will be eligible to retire.

I. Spending

**Figure 1: Procurement's Relationship to Discretionary Budget Resources, Fiscal Years 1997 through 2001**



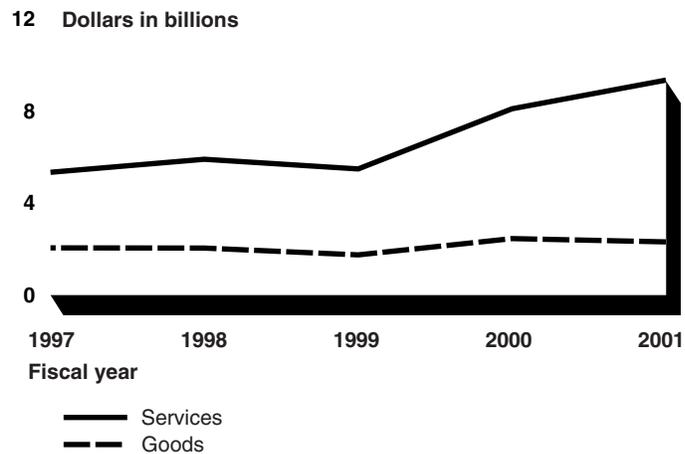
Source: FPDS and OMB.

Notes: Discretionary budget resources reflect the budget amount that an agency is appropriated for a current fiscal year plus the budget authority that the agency carries over from prior fiscal years.

Total contract obligations exclude purchase card use.

All dollar figures have been converted to constant 2001 dollars.

**Figure 2: Spending on Goods and Services, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

**Figure 3: Principal Types of Goods and Services in Fiscal Year 2001**

Dollars in millions

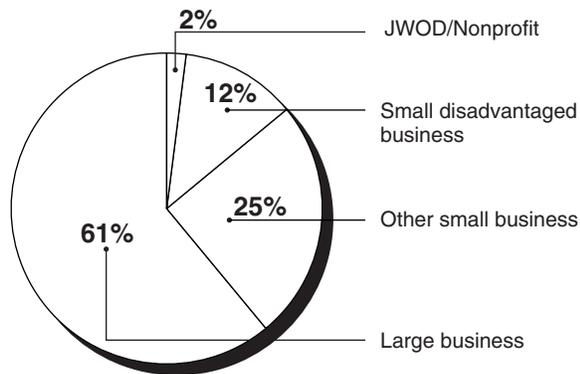
	Fiscal year		Change (percent)
	2001	1997	
<b>Goods</b>			
IT equipment	\$876.6	\$734.3	19
Motor vehicles	850.0	688.2	24
Furniture	206.7	182.1	14
Other goods	372.8	441.4	-16
<b>Total goods</b>	<b>\$2,306.1</b>	<b>\$2,046.0</b>	<b>13</b>
<b>Services</b>			
IT & telecommunications	4,697.4	594.0	691
Lease of facilities	2,199.4	1,873.4	17
Utilities and housekeeping	816.5	1,218.3	-33
Other services	1,633.1	1,649.6	-1
<b>Total services</b>	<b>\$9,346.4</b>	<b>\$5,335.3</b>	<b>75</b>
<b>Total goods and services</b>	<b>\$11,652.5</b>	<b>\$7,381.3</b>	<b>58</b>

Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

**Figure 4: Vendor Type, Fiscal Year 2001**



Source: FPDS.

Notes: 4 percent of GSA's vendors are women-owned businesses.

These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

**Figure 5: Top Five Vendors, Fiscal Year 2001**

Dollars in millions

Vendor	Goods and services provided	Amount awarded
1. American Management Systems	IT and management services	\$1,479.8
2. Leers Weinzapfel Associated	Architectural design	\$690.2
3. SAIC	IT	\$326.3
4. DaimlerChrysler Corporation	Automobiles and parts/supplies	\$320.7
5. Ben Fitzgerald Real Estate	Rental estate services	\$204.0

Source: GSA.

II. Procurement Methods

**Figure 6: Principal Contract Types Employed in Fiscal Year 2001**

Dollars in billions

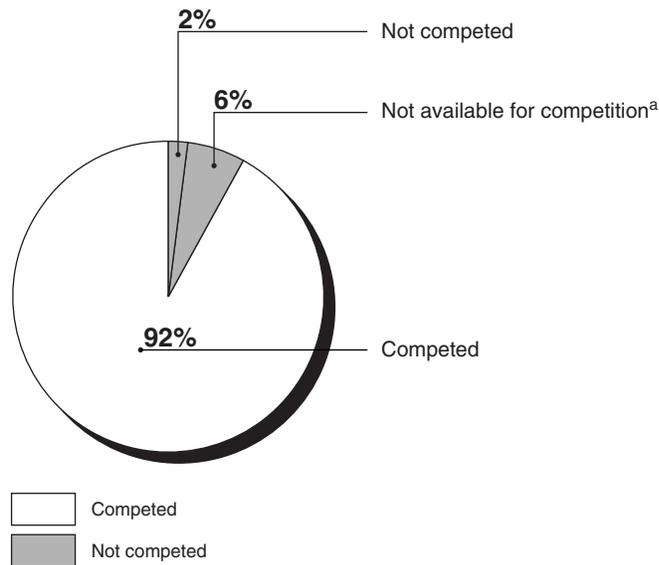
Contract type	Amount spent	Percent of total amount spent
Firm fixed-price	\$7.4	63.7
Other fixed-price	\$3.2	27.1
Cost-type	\$0.5	3.4
Labor hours/time and materials	\$0.7	5.7

Source: FPDS.

Note: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

Percentages may not add to 100 due to rounding.

**Figure 7: Competition, Fiscal Year 2001**



Source: FPDS.

<sup>a</sup>Contracts not available for competition are for utilities, contracts authorized or required by statute to be awarded to a designated source, sole source contracts awarded to certain small disadvantaged businesses, or actions where the agency has determined that there is no opportunity for competition, among other things.

Note: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

**Figure 8: Degree of Competition for Competed Contracts, Fiscal Years 1997 through 2001**

Fiscal year	Amount spent on competed contracts	One offer (percent)	More than one offer (percent)
1997	\$6.3	27.2	71.4
1998	\$6.9	28.9	70.0
1999	\$6.5	25.7	72.1
2000	\$8.8	4.5	94.1
2001	\$10.6	2.8	95.5

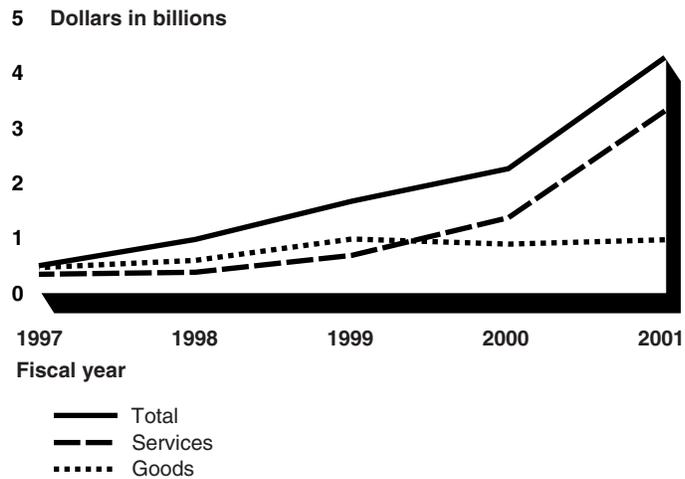
Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

Percentages do not add to 100 as information on the number of offers was either missing or not required to be reported.

All dollar figures have been converted to constant 2001 dollars.

**Figure 9: Extent the Federal Supply Schedule Is Used to Purchase Goods and Services, Fiscal Years 1997 through 2001**

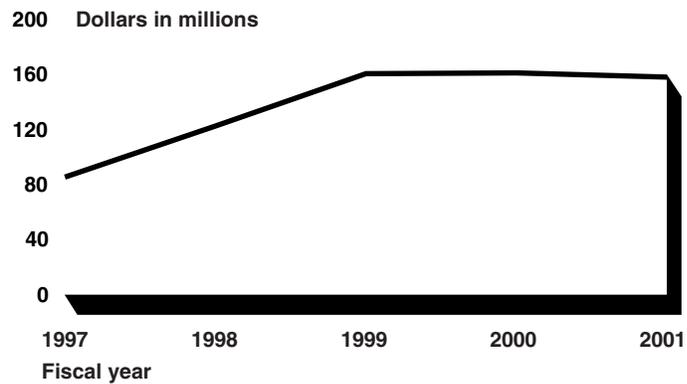


Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

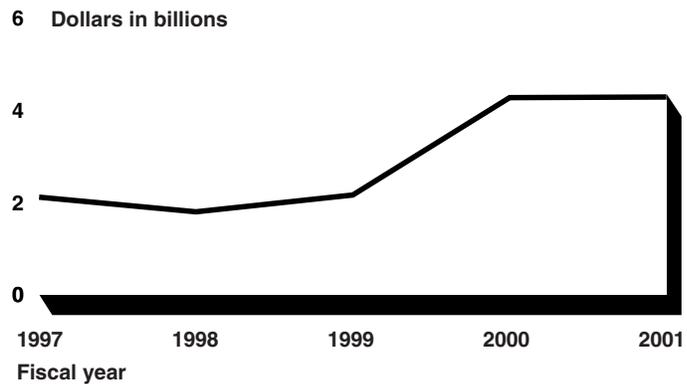
**Figure 10: Amount Spent Using Purchase Cards, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: In fiscal year 2001, GSA authorized the use of 3,776 purchase cards. All dollar figures have been converted to constant 2001 dollars.

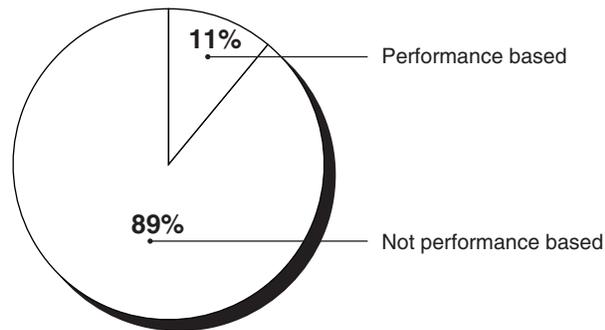
**Figure 11: Commercial Item Purchases Using FAR Part 12 Procedures, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded. All dollar figures have been converted to constant 2001 dollars.

**Figure 12: Extent That Eligible Contracts Are Performance Based, Fiscal Year 2001 (by dollar value)**



Source: FPDS.

Notes: Based on FAR 37.102, performance-based methods should be used to the maximum extent practicable for all services, except for construction, utilities, architect and engineering, or services that are incidental to supply purchases.

These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

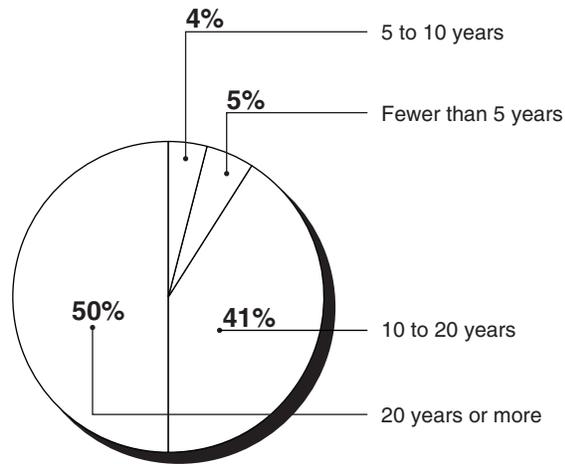
### III. Workforce

**Figure 13: Workforce Trends, Fiscal Years 1997 through 2001**

Fiscal year	Total workforce	Acquisition workforce	Percent
1997	14,148	2,475	17.5
1998	14,064	2,489	17.7
1999	14,021	2,631	18.8
2000	14,081	2,732	19.4
2001	14,102	2,743	19.5

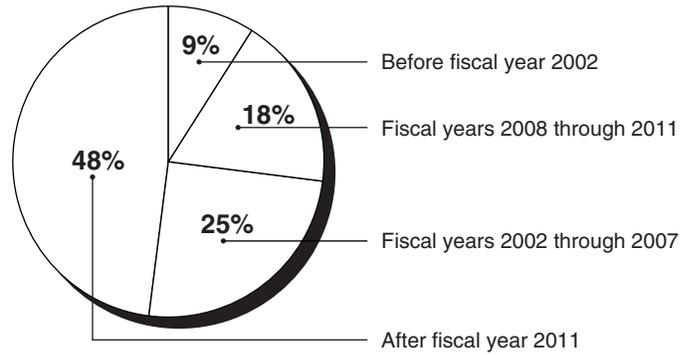
Source: CPDF.

**Figure 14: Acquisition Workforce by Years of Federal Service**



Source: CPDF.

**Figure 15: Acquisition Workforce Retirement Eligibility**



Source: CPDF.

#### IV. Key Procurement Initiatives as Reported by Agency Officials

**Construction Brain Trust.** The Construction Brain Trust was implemented in fiscal year 2001 to reduce the time, cost and complexity of the construction contracting process. The membership consists of representatives from GSA policy offices, GSA regions, and construction-related associations, surety companies, and law firms.

**Agency-wide performance-based contracting program.** To improve GSA's use of performance-based contracts, it established a Web site and developed additional training materials, such as the *Seven Steps to Performance-based Service Acquisition Guide*, for use by its acquisition personnel.

**Applied Learning Center.** This initiative was implemented in 2001. The long-term goal of the center is to assist acquisition professionals perform their jobs, identify skill gaps, and broaden the knowledge base of acquisition professionals into areas such as budget, finance, and program management.

#### V. Key Procurement Reports

##### General Accounting Office

*Contract Management: Government Faces Challenges in Gathering Socioeconomic Data on Purchase Card Merchants.* [GAO-03-56](#). Washington, D.C.: December 13, 2002.

*Acquisition Workforce: Status of Agency Efforts to Address Future Needs.* [GAO-03-55](#). Washington, D.C.: December 18, 2002.

*Acquisition Workforce: Agencies Need to Better Define and Track the Training of Their Employees.* [GAO-02-737](#). Washington, D.C.: July 29, 2002.

*Contract Management: Interagency Contract Program Fees Need More Oversight.* [GAO-02-734](#). Washington, D.C.: July 25, 2002.

*Contract Management: Roles and Responsibilities of the Federal Supply Service and Federal Technology Service.* [GAO-02-821R](#). Washington, D.C.: June 7, 2002.

*Telecommunications: GSA Action Needed to Realize Benefits of Metropolitan Area Acquisition Program.* [GAO-02-325](#). Washington, D.C.: April 4, 2002.

*Contract Management: Not Following Procedures Undermines Best Pricing Under GSA's Schedule.* [GAO-01-125](#). Washington, D.C.: November 28, 2000.

##### Inspector General

*Special Report on FSS's Multiple Award Schedule Pricing Practices*, August 24, 2001.

Report Number A995288—*Audit of Federal Technology Service's Use of Multiple Award Indefinite Delivery Indefinite Quantity Contracts*, September 19, 2000.

Report Number A995175—*Audit of the Federal Protective Service's Contract Guard Program*, March 28, 2000.

# Appendix XI: National Aeronautics and Space Administration

## Agency Overview and Highlights

**Mission:** To develop human exploration of space, advance and communicate scientific knowledge, and research and develop aeronautics and space technologies.

### Significant components

Two accounts account for the majority of the National Aeronautics and Space Administration's (NASA) fiscal year 2001 total discretionary budget resources:

- **Science, Aeronautics and Technology (SAT)** provides funds for research and development in the offices of Space Science, Earth Science, Biological and Physical Research, and Aerospace Technology, respectively. SAT also funds academic programs that NASA has established in elementary and secondary schools, as well as research conducted at more than 100 universities in the United States. In fiscal year 2001, SAT accounted for 44 percent of NASA's discretionary resources.
- **Human Space Flight (HSF)** primarily provides funds for the construction and operation of the international space station and the operation of the space shuttle program. Other programs include developing expendable launch vehicles, improving space communications and data systems, and providing safety and mission support. HSF also provides for the design, repair, rehabilitation, and modification of facilities and construction of new facilities. In fiscal year 2001, HSF accounted for 45 percent of NASA's discretionary resources.

### Spending

NASA's discretionary resources decreased by about 6 percent from fiscal year 1997 through fiscal year 2001, totaling \$15.8 billion in fiscal year 2001. The amount spent through contracts decreased slightly, both in real terms and as a share of NASA's discretionary resources. Nevertheless, NASA relies on contracts to achieve its mission to a greater extent than most federal agencies.

- NASA contracts primarily for services. Of NASA's \$11 billion spent on contracts over \$25,000 in fiscal year 2001, about \$9.6 billion—or 86 percent—were for services, including operating various government-owned facilities, providing professional and administrative support, and conducting research and development activities. Overall, NASA's spending for services declined by 7 percent between fiscal years 1997 and 2001, though there were significant variations in individual service categories.

### Procurement methods

NASA uses a variety of methods in carrying out its procurement functions.

- Due to the nature of the items and services needed to carry out its mission, NASA relies heavily on cost-type contracts; 83 percent of contract obligations over \$25,000 for fiscal year 2001 were made under cost-type contracts.
- NASA spent slightly more than half of its contracts over \$25,000 on competed contracts, a relatively lower percentage than other federal agencies. For those contracts it competes, NASA receives two or more bids nearly 90 percent of the time.
- NASA reports that 64 percent of eligible service contracts were performance based in fiscal year 2001.
- NASA's use of purchase cards grew since fiscal year 1997, but accounts for a small percentage of its budget resources.
- While NASA generally acquires government-unique items, it increased its purchases using FAR part 12 procedures from \$225 million in fiscal year 1997 to about \$794 million in fiscal year 2001.

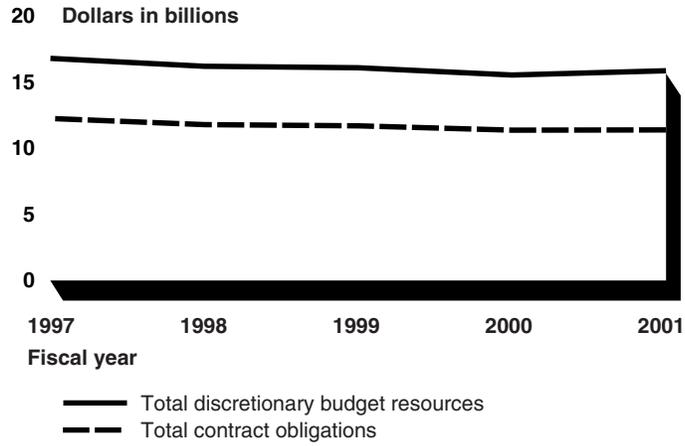
### Workforce

The size of NASA's workforce remained relatively stable from fiscal year 1997 through fiscal year 2001, decreasing by about 4 percent. NASA's acquisition workforce, which represented about 7 percent of its total workforce, experienced a similar trend.

- In fiscal year 2001, 56 percent of the acquisition workforce had 20 years or more of federal service, while only 3 percent had fewer than 5 years of service.
- By fiscal year 2008, approximately 33 percent of NASA's acquisition workforce will be eligible to retire.

I. Spending

**Figure 1: Procurement's Relationship to Discretionary Budget Resources, Fiscal Years 1997 through 2001**



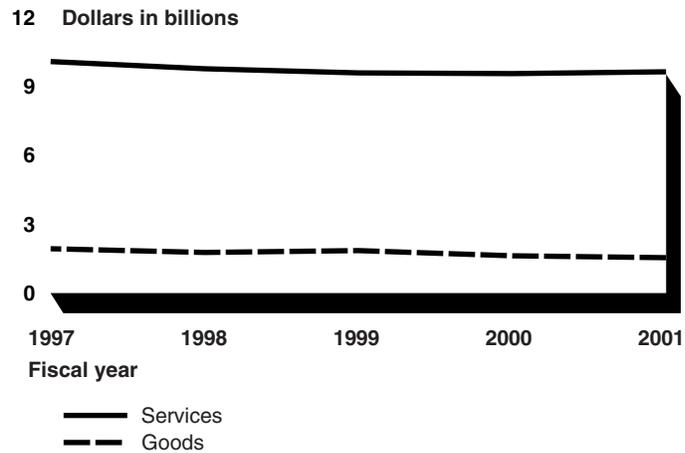
Source: OMB and FPDS.

Notes: Discretionary budget resources reflect the budget amount that an agency is appropriated for a current fiscal year plus the budget authority that the agency carries over from prior fiscal years.

Total contract obligations exclude purchase card use.

All dollar figures have been converted to constant 2001 dollars.

**Figure 2: Spending on Goods and Services, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

**Figure 3: Principal Types of Goods and Services in Fiscal Year 2001**

Dollars in millions

Goods	Fiscal year		Change (percent)
	2001	1997	
Space vehicles	\$1,158.6	\$1,080.6	7
IT equipment	110.0	245.8	-55
Engines, turbines, and components	43.0	81.7	-47
Other goods	223.7	516.9	-57
<b>Total goods</b>	<b>\$1,535.3</b>	<b>\$1,925.0</b>	<b>-20</b>
<b>Services</b>			
Research, development, testing, and evaluation	2,738.0	3,669.0	-25
Professional, administrative, and management support	2,716.1	3,157.8	-14
Operation of government-owned facilities	1,989.2	1,432.9	39
Other services	2,182.5	1,811.4	20
<b>Total services</b>	<b>\$9,625.8</b>	<b>\$10,071.1</b>	<b>-4</b>
<b>Total goods and services</b>	<b>\$11,161.0</b>	<b>\$11,996.1</b>	<b>-7</b>

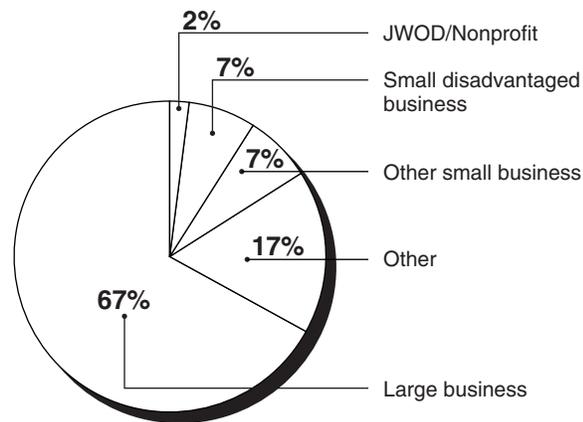
Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

Totals may not add due to rounding.

All dollar figures have been converted to constant 2001 dollars.

**Figure 4: Vendor Type, Fiscal Year 2001**



Source: FPDS.

Notes: 3 percent of NASA's vendors are women-owned businesses.

Other includes hospitals, foreign contractors, domestic contractors working outside the United States, and educational institutions, including historically black colleges and universities and minority institutions.

These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

**Figure 5: Top Five Vendors, Fiscal Year 2001**

Dollars in millions

Vendor	Goods and services provided	Amount awarded
1. United Space Alliance	Operation and maintenance of multi-purpose space systems	\$1,658.6
2. Boeing	Space shuttle orbiter production, modification and operation	\$951.7
3. Lockheed Martin	Aeronautics, space systems, systems integration and technology services	\$608.3
4. Lockheed Martin Space Operations	Space-related support services including project management, systems engineering and integration, and IT	\$493.6
5. Thiokol Corp.	Propulsion motors	\$377.7

Source: NASA.

II. Procurement Methods

**Figure 6: Principal Contract Types Employed in Fiscal Year 2001**

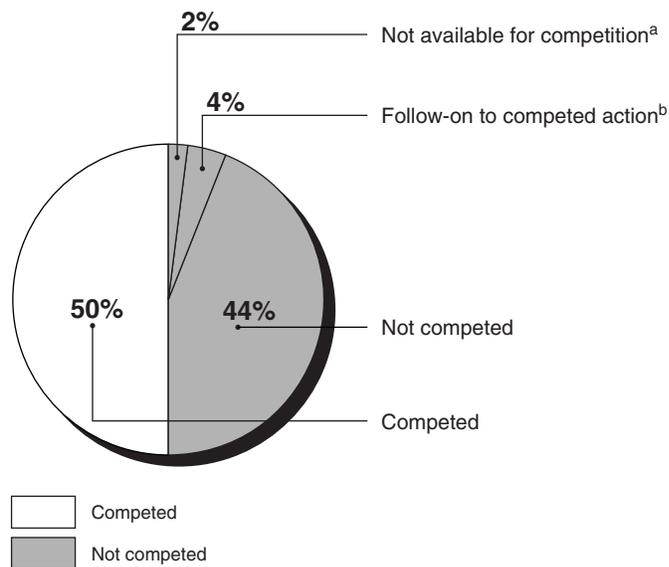
Dollars in billions

Contract type	Amount spent	Percent of total amount spent
Firm fixed-price	\$1.6	14.6
Other fixed-price	\$0.3	2.6
Cost-type	\$9.2	82.6
Labor hours/time and materials	<\$0.1	0.2

Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

**Figure 7: Competition, Fiscal Year 2001**



Source: FPDS.

<sup>a</sup>Contracts not available for competition are for utilities, contracts authorized or required by statute to be awarded to a designated source, sole source contracts awarded to certain small disadvantaged businesses, or actions where the agency has determined that there is no opportunity for competition, among other things.

<sup>b</sup>Contracts that were follow-on to a competed action are those subsequent actions awarded to the particular contractor who had previously been awarded the initial contract under competitive procedures.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

**Figure 8: Degree of Competition for Competed Contracts, Fiscal Years 1997 through 2001**

Dollars in billions

Fiscal year	Amount spent on competed contracts	One offer (percent)	More than one offer (percent)
1997	\$5.7	10.5	84.3
1998	\$5.4	10.0	85.6
1999	\$5.6	8.0	90.0
2000	\$5.4	7.2	90.5
2001	\$5.6	8.2	89.4

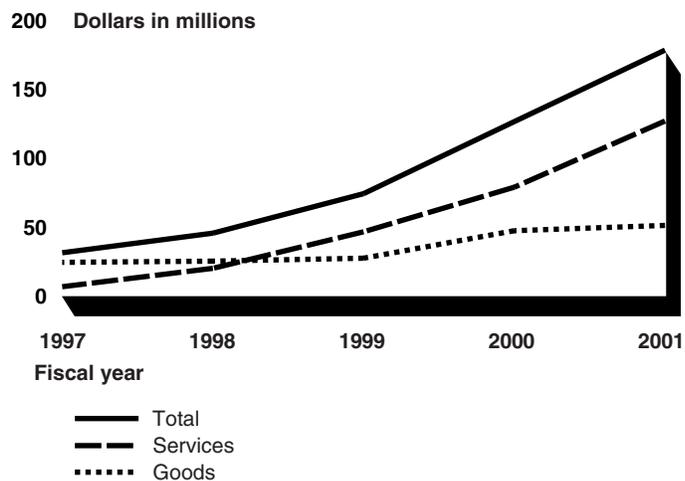
Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

Percentages do not add to 100 as information on the number of offers was either missing or not required to be reported.

All dollar figures have been converted to constant 2001 dollars.

**Figure 9: Extent the Federal Supply Schedule is Used to Purchase Goods and Services, Fiscal Years 1997 through 2001**

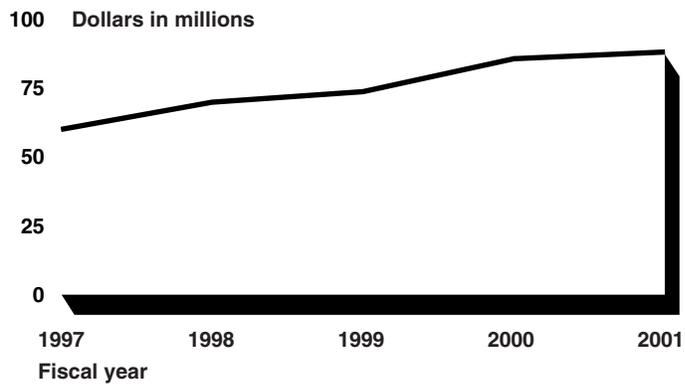


Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

All dollar figures have been converted to constant 2001 dollars.

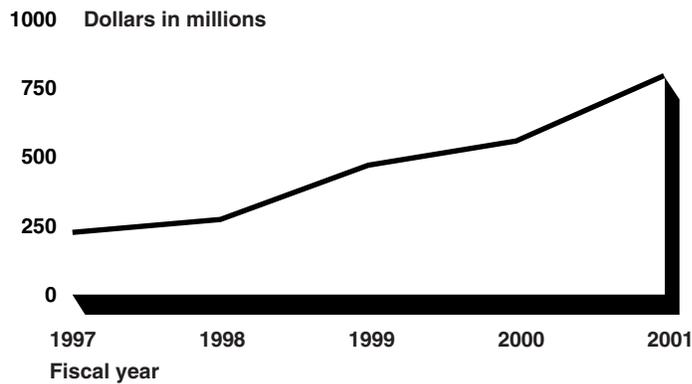
**Figure 10: Amount Spent Using Purchase Cards, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: In fiscal year 2001, NASA authorized the use of 4,258 purchase cards. All dollar figures have been converted to constant 2001 dollars.

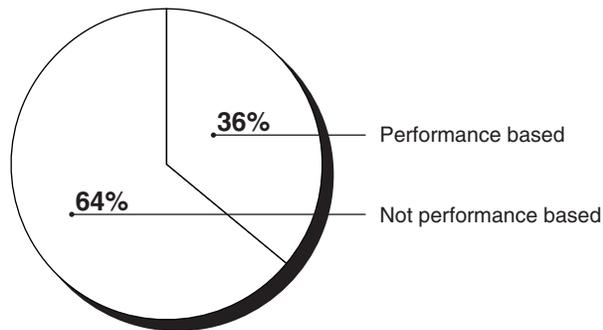
**Figure 11: Commercial Item Purchases Using FAR Part 12 Procedures, Fiscal Years 1997 through 2001**



Source: FPDS.

Notes: These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded. All dollar figures have been converted to constant 2001 dollars.

**Figure 12: Extent That Eligible Contracts Are Performance Based, Fiscal Year 2001 (by dollar value)**



Source: FPDS.

Notes: Based on FAR 37.102, performance-based methods should be used to the maximum extent practicable for all services, except for construction, utilities, architect and engineering, or services that are incidental to supply purchases.

These figures include only orders and contracts for more than \$25,000; contracts for \$25,000 or less and purchase cards are excluded.

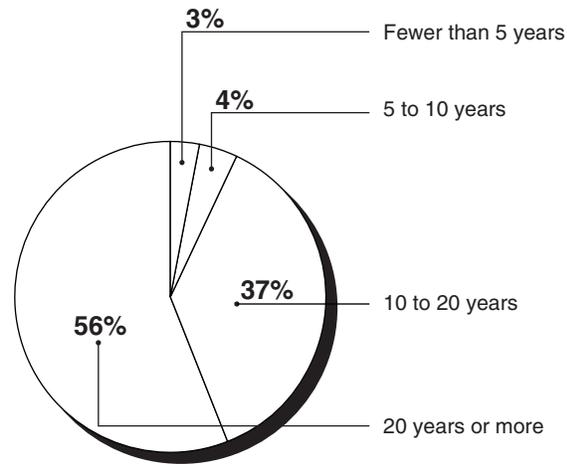
### III. Workforce

**Figure 13: Workforce Trends, Fiscal Years 1997 through 2001**

Fiscal year	Total workforce	Acquisition workforce	Percent
1997	19,614	1,293	6.6
1998	18,505	1,228	6.6
1999	18,055	1,177	6.5
2000	18,670	1,241	6.6
2001	18,879	1,246	6.6

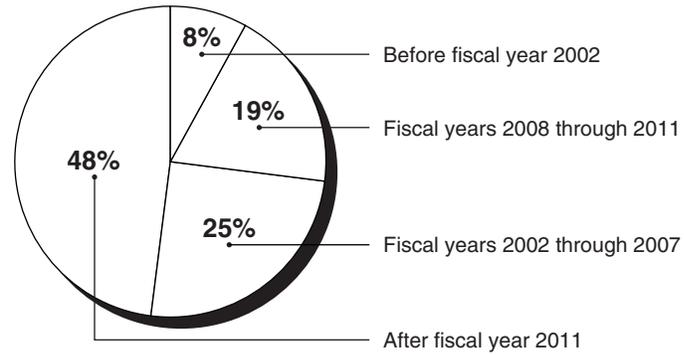
Source: CPDF.

**Figure 14: Acquisition Workforce by Years of Federal Service**



Source: CPDF.

**Figure 15: Acquisition Workforce Retirement Eligibility**



Source: CPDF.

#### IV. Key Procurement Initiatives as Reported by Agency Officials

**Risk-based acquisition management:** To reduce the incidence and severity of impacts arising from unforeseen programmatic events, NASA recently developed this process to integrate risk principles when developing the acquisition strategy, selecting sources, choosing contract type, structuring fee incentives, and conducting contractor surveillance.

**Award term contracting:** NASA is using this approach to reward contractor performance by enabling contract extension for excellent performance and reduced costs. In addition to profit, a continuing relationship becomes a prime motivator for the contractor.

**Evaluate and Improve Performance-Based Service Contracting:** NASA has initiated an agencywide awareness program and training sessions for government and contractor employees relating to performance-based service contracting.

#### V. Key Procurement Reports

##### General Accounting Office

*Major Management Challenges and Program Risks: National Aeronautics and Space Administration.* [GAO-03-114](#). Washington, D.C.: January 2003.

*Space Station: Actions Under Way to Manage Cost, but Significant Challenges Remain.* [GAO-02-735](#). Washington, D.C.: July 17, 2002.

*NASA: Compliance With Cost Limits Cannot Be Verified.* [GAO-02-504R](#). Washington, D.C.: April 10, 2002.

##### Inspector General

IG-03-003–*NASA Contracts for Professional, Administrative, and Management Support Services*, October 16, 2002.

IG-02-027–*NASA's Contract Audit Follow-up System*, September 30, 2002.

IG-02-011–*Review of Performance-Based Service Contract Quality Assurance Surveillance Plans*, June 24, 2002.

IG-02-011–*International Space Station Spare Parts Costs*, March 22, 2002.

IG-02-002–*Restructuring of the International Space Station Contract*, November 8, 2001.

IG-01-027–*Acquisition of the Space Station Propulsion Module*, May 21, 2001.

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The General Accounting Office, the audit, evaluation and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

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