



NATIONAL ENDOWMENT FOR THE HUMANITIES

OFFICE OF ACQUISITION

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NATIONAL ENDOWMENT FOR THE HUMANITIES SERVICE CONTRACT INVENTORY ANALYSIS REPORT FOR FISCAL YEAR 2019

1. Background. Public Law 111-117, Consolidated Appropriations Act, 2010 requires civilian agencies to prepare an annual inventory of their service contracts and to analyze the inventory to determine if the mix of Federal employees and contractors is effective or if rebalancing is required. The National Endowment for the Humanities (NEH) is required to develop an inventory of the Agency's service contracts as it is subject to Section 743 of Division C of the Act.

2. Scope. NEH used the functions outlined by the Office of Management and Budget (OMB), Office of Federal Procurement Policy (OFPP) Memorandum dated November 5, 2010, Subject: "Service Contract Inventories," and the December 19, 2011 OMB-OFPP Memorandum with the same title, to conduct the inventory analysis. Further, NEH used the data elements cited in Section 743 of Division C of the Consolidated Appropriations Act, 2010 and followed the guidance outlined in OMB-OFPP's Letter 11-01 "Performance of Inherently Governmental and Critical Functions" (dated September 12, 2011).

NEH gave priority consideration to all contract actions with a Product or Service Code (PSC) that had been identified by OMB as corresponding to a Special Interest Function (SIF). The total population size for the FY 2019 Service Contract Inventory (SCI) was 20; of the 20 actions, only 1 contract action was identified as aligning with a SIF identified by OMB (PSC R425). NEH conducted its analysis on that contract action and 19 other contract actions that in total accounted for 94% of dollars obligated in FY 2019 for service contracts.

3. Methodology. NEH's Head of the Contracting Activity (HCA) took the following steps in the process of its analysis:

- Step 1: A report was pulled via the Data Bank on the beta System for Award Management (SAM) website using the following search criteria:
 - Awarded between October 1, 2018 and September 30, 2019
 - Obligated amount over \$2,500.00
 - Contracting Agency Name – National Endowment for the Humanities

The search yielded 24 new contract actions, all task or delivery orders against a General Services Administration (GSA) Multiple Award Schedule (MAS) contract, and 9 Modifications, for a total of 33 FY 2019 actions.

- Step 2: Modifications to prior year contract actions were filtered out (3 removed).

- **Step 3:** Contract actions with a supply PSC were filtered out (4 removed).
- **Step 4:** The remain 26 actions were sorted by PSC:

Table 1 – NEH FY 2019 Contract Actions by PSC

PSC	# OF ACTIONS	\$ OBLIGATED	% OF ACTIONS	% OF OBLIGATED
D304	3	\$37,658.53	11.54%	2.5%
D305	1	\$240,534.25	3.85%	15.8%
D317	3	\$145,767.56	11.54%	9.5%
D319	3	\$348,019.71	11.54%	22.8%
D322	3	\$184,148.19	11.54%	12.1%
D399	1	\$16,000.00	3.85%	1.0%
J063	1	\$15,000.00	3.85%	1.0%
J074	1	\$15,000.00	3.85%	1.0%
R425	1	\$111,217.80	3.85%	7.3%
R607	5	\$255,865.68	19.23%	16.8%
R614	1	\$9,542.59	3.85%	0.6%
R704	1	\$113,097.36	3.85%	7.4%
T006	2	\$35,085.00	7.69%	2.3%

- **Step 5:** Based on this, NEH identified SIFs for in-depth review based on the following criteria:
 - Actions with a PSC where the percent of actions exceeded 10%; *or*
 - Actions with a PSC where the percent of obligated funds exceeded 5%.

4. Analysis. NEH chose 8 SIFs from its FY 2019 Service Contract Inventory for further analysis in accordance with the criteria set out in Consolidated Appropriations Act, 2010, (Pub. L. No.111-117, § 743 (2009)) and Appendix D of the OMB Memorandum on Service Contract Inventories dated November 5, 2010. The 8 SIFs encompass 20 FY 2019 actions, accounting for \$1.4M in obligated funds, 94% of the total funds obligated, and 77% of the actions awarded.

Table 2 – PSCs Identified as SIFs as Obligations per PSC and as a Percentage of NEH Total FY 2019 Contract Awards

PSC	PSC CATEGORY	# OF ACTIONS	\$ OBLIGATED	% OF ACTIONS	% OF OBLIGATED
D304	IT AND TELECOM- TELECOMMUNICATIONS AND TRANSMISSION	3	\$37,658.53	11.54%	2.5%
D305	IT AND TELECOM- TELEPROCESSING, TIMESHARE, AND CLOUD COMPUTING	1	\$240,534.25	3.85%	15.8%
D317	IT AND TELECOM- WEB-BASED SUBSCRIPTION	3	\$145,767.56	11.54%	9.5%
D319	IT AND TELECOM- ANNUAL SOFTWARE MAINTENANCE SERVICE PLANS	3	\$348,019.71	11.54%	22.8%
D322	SUPPORT- PROFESSIONAL: ENGINEERING / TECHNICAL	3	\$184,148.19	11.54%	12.1%
R425	SUPPORT- ADMINISTRATIVE: WORD PROCESSING / TYPING	1	\$111,217.80	3.85%	7.3%
R607	SUPPORT- ADMINISTRATIVE: WORD PROCESSING / TYPING	5	\$255,865.68	19.23%	16.8%
R704	SUPPORT- MANAGEMENT: AUDITING	1	\$113,097.36	3.85%	7.4%

5. Findings. The results of NEH’s analysis follow:

- None of the contracts are characterized as "personal services" as described in FAR Subpart 37.104;
- Contractor employees do not perform any inherently governmental functions;
- Ongoing comprehensive monitoring and evaluations are performed by Government personnel and the contractor performance requirements have not changed or been expanded to be classified as inherently governmental type functions;

- Contractor employees are not performing critical functions in such a way that would affect the Department's ability to maintain control of its missions and operations;
- Sufficient Government personnel are available and assigned to manage and oversee contracts effectively without the need to rebalance the mix of federal and contractor employees; and
- Use of contractors for the services provided is the most efficient and economical approach to meeting the NEH's needs.

The majority of the contracts were competed (70.0%); and most (70.0%) were firm-fixed-price. There was one action awarded pursuant to FAR 8.405-6(a)(1)(B) – only one source – and five awarded as a logical follow-on action in accordance with FAR 8.405-6(a)(1)(C). Of the 20 actions awarded, 7 were to small business of varying socio-economic groups, valued over \$400k (33% of dollars obligated).

6. Conclusion. Through its analysis, NEH has determined that contractor staffing and labor hours contracts are being used in an appropriate and effective manner and that the mix of Federal employees and contractors is effectively balanced. As such, rebalancing is not required. NEH staff will continue to effectively award, manage, and oversee its service contracts and has the infrastructure and resources necessary to ensure contractors are not performing inherently governmental functions. NEH will continue to take actions to ensure actions with a PSC that had been identified by OMB as corresponding to a SIF is used in an effective manner.

7. Actions Taken or Planned.

- a. Preparation of FY 2020 Inventory. As in previous years, the inventory shall consist of service contract data extracted from the beta SAM website.
- b. Planned Analysis of FY 2020 Inventory. NEH will select the PSCs categorized as SIFs in accordance with the criteria set out in 2010 Consolidated Appropriations Act and OMB's November 5, 2010 Service Contract Inventories Memorandum. NEH will use the insight gained and lessons learned from its analysis of the FY 2019 inventory, the initiative to reduce spending on management support service contracts, and internal analysis of its FAIR Act inventory in its planned analysis of its FY 2020 inventory. NEH will try to include SIFs that were not previously the subject of a focused analysis, including, if applicable, PSCs R499 (Support – Professional: Other), R699 (Support – Administrative: Other) and R799 (Support – Management: Other).
- c. Posting of Documents. NEH will post the FY 2019 analysis and the plan for analyzing the FY 2020 inventory on its public-facing website (www.neh.gov).
- d. Federal Register Notice. NEH will publish a notice in the *Federal Register* that the inventory is available to the public. The notice will include a link to the documents along with the name, telephone number, and e-mail address of the NEH point of contact.

8. Accountable Officials. The senior NEH official who is accountable for the development of NEH policies, procedures, and training associated with OFPP Policy Letter 11-01 addressing the performance of inherently governmental and critical functions is the HCA, Lindsay Simon, who holds the title of Director, Office of Acquisition. Ms. Simon is also responsible for ensuring appropriate internal management attention is given to the development and analysis of service contract inventories.