

ENCLOSURE 3

**POGO Analysis of DoD's Disparate Data on
Contracts for Services: FY 2010**

Disparate Data on Contracts for Services: FY 2010

The numbers presented below document the disparate data on contracts for services found in Department of Defense (DoD) records. Some of the disparity is accounted for by the fact that DoD compiles data that are intended to be used for comparison purposes but fails to match identical data aggregates to enable accurate comparisons. Most critically, the law requires that the Department's budget exhibits and requests reflect/match its inventory of contracts for services.¹ The Department consistently fails to comply with that law.

Budget Request was \$138 billion

The source for this number is data submitted by DoD to the Office of Management and Budget (OMB) for the President's Budget FY 2010 and subsequently submitted to the House Appropriations Committee. The \$138 billion reflects the \$63.05 billion (base only) FY 2010 budget request reported on FY 2012 budget exhibits.² In addition, the \$138 billion reflects a request for \$68.64 billion in Research, Development, Testing and Evaluation (RDT&E) support contract services,³ as well as \$6.58 billion in family housing, military personnel, procurement, and revolving and management funds.⁴ The \$138 billion does *not* include funds budgeted for overseas contingency operations (OCO).

Budget Execution according to Executive Branch requests was \$181 billion

The source for this number is the same as for the FY 2010 Budget Request data. The \$181 billion reflects \$106.73 billion in FY 2012 budget report.⁵ The \$106.73 billion figure includes actual expenditures for OCO but excludes the \$68.64 billion in RDT&E service contract expenditures and the \$6.58 billion in expenditures for family housing, military personnel, procurement, and revolving and management funds.⁶ Because the DoD's Comptroller treats all Operations and Maintenance (O&M) expenditures as fungible, there is no way to segregate actual O&M expenditure to determine how much was an expenditure of budgeted service contract funds, how much an expenditure of OCO funds, how much an expenditure of budgeted RDT&E support services contract funds, or how much an expenditure of other budgeted O&M funds have nothing to do with contract services, such as civilian personnel, travel, training, or conferences.

¹ 10 U.S.C. § 235 says for each budget account, the materials submitted for the budget will included the number of full time equivalents contractor employees projected and justified "based on the inventory of contracts for services."

² DoD Budget Exhibit on "Contract Services and Civilian Personnel: Contract Services—Includes FY 2010 Estimate (without OCO) for comparison to FY 2011," no date, p. 4.

<http://www.pogoarchives.org/m/co/dod-srv-ks-20120913.pdf> (hereinafter DoD Budget Exhibit on "Contract Services and Civilian Personnel")

³ DoD differentiates between R&D expenditures that are support type services and R&D expenditures that are laboratory testing and evaluation type services.

⁴ These two "requests" are presented as "actual" expenditures in the FY 2010 budget exhibit because DoD never reported the actual "requested" amount of these types of expenditures. Office of the Undersecretary of Defense (Comptroller), *Operation and Maintenance Overview Fiscal Year 2012 Budget Estimates*, February 2011, pp. 121-122. http://comptroller.defense.gov/defbudget/fy2012/fy2012_OM_Overview.pdf (Downloaded September 11, 2012) (hereinafter *Operation and Maintenance Overview Fiscal Year 2012 Budget Estimates*)

⁵ *Operation and Maintenance Overview Fiscal Year 2012 Budget Estimates*, p. 120; DoD Budget Exhibit on "Contract Services and Civilian Personnel," p. 4.

⁶ *Operation and Maintenance Overview Fiscal Year 2012 Budget Estimates*, pp. 121-122.

Inventory of contract services indicates \$121 billion was spent on contracts for services⁷

The source for this number is DoD's 2010 Report to Congress on its Inventory of Contracts for Services (ICS), detailing that 23 "DoD Components awarded \$121.02 billion in Government obligations and estimate there are 623,000 Contract Full-Time Equivalents (CFTEs) across the government."⁸ The report includes a discussion of methodology that states, "[The Army's Contractor Manpower Reporting Application] reports invoice amounts into the ICS for services acquired, while all other DoD Components report dollars obligated. The Army's FY 2010 inventory reflects \$39.53 billion in invoices, whereas FPDS shows Army's 2010 obligations for services to be \$56 billion."⁹ The report notes that the ICS "identifies by function and mission a subset of [the \$204 billion FPDS in obligations] that excludes most research and development and construction-related contracts."¹⁰

Budget Execution according to FPDS Obligations was \$204 billion

The source for this number is DoD's *Report to Congress: The Fiscal Year 2010 Inventory of Contracts for Services*, which states that DoD "obligated \$204 billion in contracts to the private sector for services provided during FY 2010..."¹¹

Budget Execution according to OMB was \$253.8 billion

In OMB's FY 2012 Budget, it stated that \$253.8 billion was actually spent on service contracts by DoD in FY 2010.¹² That amount was higher than a previous estimate of \$248 billion for base and OCO.¹³ More important, however, was a notation in the service contracting portion of the chart stating that "*savings are here. This is a Total Force Manpower, but its growth has been unchallenged and often we don't even know what is in the base.*" [Emphasis added]

⁷ The recently released FY 2011 Inventory of Contracts for Services report states that DoD has nearly 710,000 contractor full-time equivalents costing the government \$144.5 billion. Department of Defense, *Report to Congress: The Fiscal Year 2011 Inventory of Contracts for Services*, August 2012, p. 1. <http://www.pogoarchives.org/m/co/ics-2011-report-20120919.pdf>

⁸ Department of Defense, *Report to Congress: The Fiscal Year 2010 Inventory of Contracts for Services*, August 2011, p. 2. http://www.pogoarchives.org/m/co/dod_2010_contracts_20120801.pdf (Downloaded September 11, 2012) (hereinafter *Report to Congress: The Fiscal Year 2010 Inventory of Contracts for Services*)

⁹ *Report to Congress: The Fiscal Year 2010 Inventory of Contracts for Services*, p. 3.

¹⁰ *Report to Congress: The Fiscal Year 2010 Inventory of Contracts for Services*, p. 2.

¹¹ *Report to Congress: The Fiscal Year 2010 Inventory of Contracts for Services*, p. 2.

¹² The total is reached by adding the totals for services provided under Object Class 25.1 through 25.8. <http://www.pogoarchives.org/m/co/omb-fy-2012-budget-color-short.pdf>; Office of Management and Budget, "Object Class Analysis: Budget of the U.S. Government, Fiscal Year 2012," p. 10. <http://www.whitehouse.gov/sites/default/files/omb/budget/fy2012/assets/objclass.pdf> (Downloaded September 21, 2012)

¹³ Department of Defense, American Society of Military Comptrollers, "Service Support Contractors: One of the FY 2012 Budget Efficiencies," October, 2011, slide 6. <http://www.asmconline.org/wp-content/uploads/2011/10/ASMCBreakfastServiceSupportContractors.pptx> (Downloaded March 27, 2012)