



NATIONAL ENDOWMENT FOR THE HUMANITIES

OFFICE OF ACQUISITION

August 25, 2021

NATIONAL ENDOWMENT FOR THE HUMANITIES SERVICE CONTRACT INVENTORY ANALYSIS REPORT FOR FISCAL YEAR 2020

- 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 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 OFPP's Letter 11-01 "Performance of Inherently Governmental and Critical Functions" (dated September 12, 2011).

NEH considered the Special Interest Functions (SIF) identified by OFPP as warranting additional scrutiny, however no contract actions had a Product Service Code (PSC) identified as falling under a SIF (November 5, 2010 Memorandum, Attachment page 5).

The total population size for the FY 2020 Service Contract Inventory (SCI) was 15. NEH conducted its analysis on all 15 contract actions that in total accounted for 93.2% of dollars obligated in FY 2020 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, 2019 and September 30, 2020
 - Obligated amount over \$2,500.00
 - Contracting Agency Name – National Endowment for the Humanities

The search yielded 12 new actions, all task or delivery orders against an established contract or vehicle such as a General Services Administration Multiple Award Schedule or the National Aeronautics and Space Administration Solution for Enterprise-Wide Procurement. There were also 7 modifications, for a total of 19 FY 2020 actions.

- **Step 2:** Modifications to prior year contract actions were filtered out (2 removed).
- **Step 3:** Contract actions with a supply PSC were filtered out (2 removed).

- 4. Analysis.** Based on the number of actions, NEH performed its FY 2020 in-depth review and analysis on all 15 actions in accordance with the criteria set out in the Consolidated Appropriations Act, 2010, (Pub. L. No.111-117, § 743 (2009)) and Appendix D of the OFPP Memorandum on Service Contract Inventories dated November 5, 2010. The 15 FY 2020 actions accounted for \$917k in obligated funds, 93.2% of the total funds obligated, and 78.9% of the actions awarded.

Table 1 – PSCs Analyzed by Obligations per PSC and as a Percentage of NEH Total FY 2020 Awards

PSC	PSC CATEGORY	# OF ACTIONS	\$ OBLIGATED	% OF ACTIONS	% OF OBLIGATED
D304	IT AND TELECOM- TELECOMMUNICATIONS AND TRANSMISSION	1	\$3,715.50	5.26%	0.38%
D305	IT AND TELECOM - TELEPROCESSING, TIMESHARE, CLOUD COMPUTING, AND HIGH-PERFORMANCE COMPUTING	2	\$31,075.62	10.53%	3.16%
D317	IT AND TELECOM- WEB-BASED SUBSCRIPTION	2	\$146,560.38	10.53%	14.89%
D318	IT AND TELECOM- INTEGRATED HARDWARE/SOFTWARE/SERVICES SOLUTIONS, PREDOMINANTLY SERVICES	3	\$500,070.32	15.79%	50.81%
D319	IT AND TELECOM- ANNUAL SOFTWARE MAINTENANCE SERVICE PLANS	2	\$58,001.00	10.53%	5.89%
D320	IT AND TELECOM- ANNUAL HARDWARE MAINTENANCE SERVICE PLANS	1	\$22,384.93	5.26%	2.27%
D322	IT AND TELECOM- INTERNET	1	\$11,615.08	5.26%	1.18%
D399	IT AND TELECOM- OTHER IT AND TELECOMMUNICATIONS	1	\$16,000.00	5.26%	1.63%
R607	SUPPORT- ADMINISTRATIVE: WORD PROCESSING/TYPING	1	\$7,113.15	5.26%	0.72%
R704	SUPPORT- MANAGEMENT: AUDITING	1	\$120,744.78	5.26%	12.27%

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.

Of the 15 actions, 40.0% were competed; 26.7% were not competed as a result of COVID-related needs or urgency; the vast majority (86.7%) were firm-fixed-price. There was 1 action awarded pursuant to FAR 8.405-6(a)(1)(B) – only one source – and 4 were awarded as a logical follow-on action in accordance with FAR 8.405-6(a)(1)(C). Of the 15 actions awarded, 7 were to small businesses of varying socio-economic groups, valued over \$325k (35.8% of dollars obligated, an increase from 33% in FY 2019).

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 OFPP as corresponding to a SIF is used in an effective manner.

7. Actions Taken or Planned.

- a. Preparation of FY 2021 Inventory. As in previous years, the inventory shall consist of service contract data extracted from the beta SAM website.
- b. Planned Analysis of FY 2021 Inventory. NEH will select the PSCs categorized as SIFs in accordance with the criteria set out in 2010 Consolidated Appropriations Act and OFPP's Memorandum entitled "Service Contract Inventories" dated November 5, 2010. NEH will use the insight gained and lessons learned from its analysis of the FY 2019 and 2020 inventories, 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 2021 inventory. NEH will try to include SIFs that were not previously the subject of a focused analysis, including, if applicable.
- c. Posting of Documents. NEH will post the FY 2020 analysis and the plan for analyzing the FY 2021 inventory on its public-facing website:
www.NEH.gov/Office-Acquisition
- 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.