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Department of Defense Trends in Overseas Contract Obligations

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Committees of Congress

Summary

The Department of Defense (DOD) has long relied on contractors to support military operations. Contractors provide the U.S. military with weapons, food, uniforms, and logistic services. Without contractor support, the United States would currently be unable to arm and field an effective fighting force. DOD spends more on federal contracts than all other federal agencies combined.

Understanding the costs associated with contractor support of overseas military operations could provide Congress more information upon which to weigh the relative costs and benefits of different military operations—including contingency operations and maintaining bases around the world.

The federal government tracks contract obligations through a database called the Federal Procurement Data System-Next Generation (FPDS-NG). Obligations occur when agencies enter into contracts, employ personnel, or otherwise commit to spending money. This report examines DOD overseas contract obligations within the context of U.S. government and DOD contract spending.

Total DOD Contract Obligations

From FY1999 to FY2012, DOD contract obligations increased from $170 billion to $360 billion (in FY2012 dollars). However, over the last five fiscal years, adjusted for inflation, contract obligations dropped from a high of $420 billion in FY2008 to $360 billion in FY2012. DOD's contract obligations in FY2012 were equal to 10% of the entire federal budget.

DOD Contract Obligations Performed Overseas

DOD obligated $44 billion (12% of total contract obligations) for contracts performed overseas in FY2012. Although much of these funds were to support operations in Afghanistan and Iraq, $18 billion (40%) was spent to support operations in other parts of the world.

DOD contract obligations for work performed overseas occurred primarily in the area under the jurisdiction of U.S. Central Command (59% of total), which includes the Iraq and Afghanistan areas of operation. DOD contractors working abroad performed their remaining work in the geographic regions that fall under U.S. European Command (25%), U.S. Pacific Command (11%), U.S. Northern Command (2%), U.S. Southern Command (1%), and U.S. African Command (1%).

Comparison of DOD, State, and USAID Overseas Contract Obligations

Some analysts argue that to achieve its foreign policy objectives, the United States must bring together the resources of, among others, DOD, the Department of State, and the U.S. Agency for International Development (USAID)—and government contractors. DOD's share of federal government obligations for contracts performed abroad has declined from a high of 88% in FY2000 to 74% in FY2012. Over the same period, combined Department of State and USAID contract obligations increased from 5% to 16% of all overseas obligations.

Contents

Introduction 1
Total DOD Contract Obligations 1
DOD Contract Obligations Performed Overseas 4
Where DOD Obligates Contract Dollars 6
Operations in Afghanistan and Iraq 8
Whole-of-Government Approach 9
How Reliable Are the Data on Overseas Contract Obligations? 10

Figures

Figure 1. Contract Obligations by Agency 3
Figure 2. DOD Contract Obligations (FY2012 dollars) 4
Figure 3. Percentage of DOD Contract Obligations Performed Outside the United States 6
Figure 4. DOD Contract Obligations for Work Performed in Combatant Commands Areas of Responsibility 7
Figure 5. Contract Obligations in Iraq and Afghanistan Theaters 9
Figure 6. DOD's Proportion of Total U.S. Government Contract Work Performed Overseas 10

Tables

Table 1. Value of Obligations for Contracts Performed Overseas 7
Table 2. Top 12 Foreign Countries 8

Appendixes

Appendix A. The Federal Procurement Data System 13

Contacts

Author Information 14

Introduction

The Department of Defense (DOD) has long relied on contractors to support overseas military operations and installations. Contractors provide the U.S. military with weapons, food, uniforms, and logistic services. Without contractor support, the United States would currently be unable to arm and field an effective fighting force. In FY2012, DOD obligated $44 billion for contracts performed overseas.[1] Although much of these funds were obligated to fund operations in Afghanistan and Iraq, a significant portion—$18 billion, or 41%—was spent to support DOD operations in other parts of the world. Most of the overseas contract obligations are related to supporting U.S. troops stationed abroad.

Congress has long recognized the critical role contractors play in supporting overseas military operations and has grappled with the role of contractors in supporting overseas operations and the costs associated with DOD's reliance on contractors. Understanding the costs associated with contractor support of overseas military operations could provide Congress more information upon which to weigh the relative costs and benefits of different military operations, including contingency operations and maintaining permanent bases around the world. This report examines (1) DOD's overseas contract obligations in the larger context of U.S. government and DOD contract spending, and (2) how contract obligations are used to support DOD operations in different regions. This report also examines the extent to which these data are sufficiently reliable to use as a factor when developing policy or understanding government operations.

Total DOD Contract Obligations

When Congress appropriates money, it provides *budget authority*—the authority to enter into obligations. *Obligations* occur when agencies enter into contracts, submit purchase orders, employ personnel, or otherwise legally commit to spending money. *Outlays* occur when obligations are liquidated (primarily through the issuance of checks, electronic fund transfers, or the disbursement of cash).[2]

[1] For purposes of this report, U.S. territories (including American Samoa, Guam, Northern Mariana Islands, Puerto Rico, the U.S. Virgin Islands, Johnston Atoll, and Wake) are deemed as domestic spending. For a list of U.S. territories, see http://www.doi.gov/oia/islands/politicatypes.cfm.

[2] CRS Report 98-721, *Introduction to the Federal Budget Process*, coordinated by Bill Heniff Jr., p. 2. The Government Accountability Office (GAO) defines an obligation as "a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received, or a legal duty on the part of the United States that could mature into a legal liability by virtue of actions on the part of the other party beyond the control of the United States. Payment may be made immediately or in the future. An agency incurs an obligation, for example, when it places an order, signs a contract, awards a grant, purchases a service, or takes other actions that require the government to make payments to the public or from one government account to another." U.S. Government Accountability Office, *A Glossary of Terms Used in the Federal Budget Process*, GAO-05-734SP, September 1, 2005.

How Are Government Contract Data Tracked?

The Federal Procurement Data System—Next Generation (FPDS-NG) is a central database of U.S. government-wide procurement. The purpose of FPDS-NG is to provide data that can be used as "[A] basis for recurring and special reports to the President, the Congress, the Government Accountability Office, Federal executive agencies, and the general public."[3] The contract data in this report come from the FPDS-NG database.

FPDS-NG generally reports information on contracts that exceed $3,000 in obligations.[4] FPDS-NG does not include data from judicial branch agencies, the legislative branch, certain DOD components, or select executive branch agencies, such as the Central Intelligence Agency and National Security Agency.[5] FPDS-NG does list data from the Government Accountability Office.[6]

Due to concerns over data reliability (see below), data from FPDS-NG are used in this report to identify broad trends and rough estimations. FPDS-NG contains data from 1978 to the present. For a more detailed discussion on how FPDS operates, see **Appendix A**.

In FY2012, the U.S. government obligated $515 billion for contracts for the acquisition of goods, services, and research and development. The $515 billion obligated on contracts was equal to approximately 15% of the entire FY2012 U.S. budget of $3.5 trillion.[7] As noted in **Figure 1**, in FY2012, DOD obligated more money on federal contracts ($360 billion) than all other government agencies obligated combined. DOD's obligations were equal to 10% of the entire U.S. budget.

[3] Federal Acquisition Regulation 4.602.

[4] U.S. General Services Administration, "FPDS-NG FAQ," at https://www.fpds.gov/wiki/index2.php/FPDS-NG_FAQ.

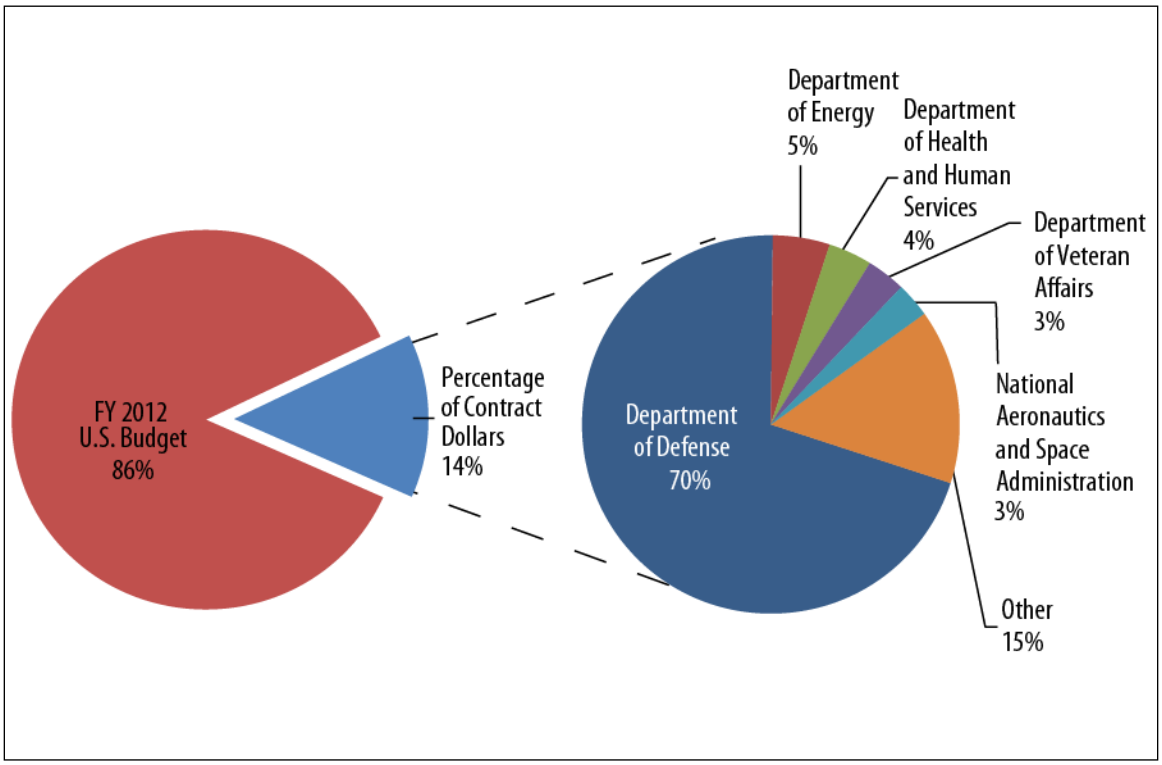
[5] U.S. Government Accountability Office, *Defense Contracting: Improved Policies and Tools Could Help Increase Competition on DOD's National Security Exception Procurements*, GAO-12-263, January 2012, p. 11, at http://www.gao.gov/assets/590/587681.pdf. Based also on CRS review of data found in FPDS-NG.

[6] FPDS-NG lists the General Accounting Office, which in 2004 was renamed the Government Accountability Office.

[7] In FY2012, the Federal Government obligated more money on services (49%), than on goods (40%) or research and development (10%). Calculations are based on total contract dollars in FY2012 from Federal Procurement Data System—Next Generation, January, 2013. Figures do not sum to 100% due to rounding. See also: the Budget of the United States Government for Fiscal Year 2012 (see http://www.treasury.gov/press-center/press-releases/Pages/tg1734.aspx).

Figure 1. Contract Obligations by Agency

FY2012



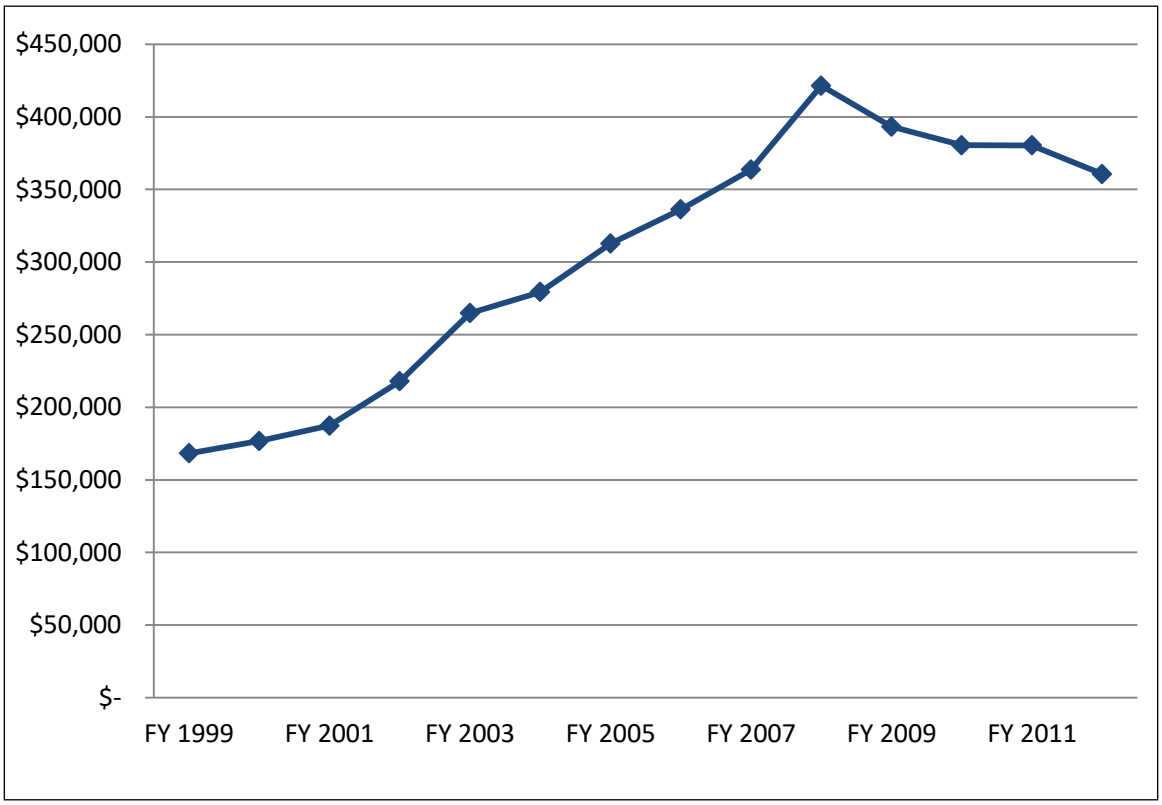
Source: Federal Procurement Data System-Next Generation, January, 2013. Figure by CRS Graphics.

From FY1999 to FY2012, adjusted for inflation (FY2012 dollars), DOD contract obligations increased from $170 billion to $360 billion in FY2012 (see **Figure 2**). In FY2012, contract obligations represented 52% of total DOD obligations, down from a high of 60% in FY2008.[8]

[8] For purposes of this report, total obligations are defined as total direct obligations. See Department of Defense, *Budget for Fiscal Year 2005-FY2012*, Financial Summary Tables. Deflators for converting into constant dollars derived from Office of the Under Secretary of Defense (Comptroller), Department of Defense, *National Defense Budget Estimates for FY2012*, "Department of Defense Deflators – TOA 'Total Non-Pay,'" Table 5-5, p. 58, March 2011.

Figure 2. DOD Contract Obligations (FY2012 dollars)

FY1999-FY2012 (in millions)



Source: Federal Procurement Data System—Next Generation, January, 2013.

Over the last five fiscal years, DOD contract obligations decreased by more than $35 billion (9%), from a high of $395 billion to $360 billion in FY2012. Adjusted for inflation, the decrease in contract obligations is more pronounced, dropping from $420 billion in FY2008 to $360 billion in FY2012 (FY2012 dollars). This decrease in contract obligations is *not* due to a drop in operations in Iraq and Afghanistan, as contract obligations in the theater of operations have remained relatively stable over the past four years.[9]

DOD Contract Obligations Performed Overseas

DOD relies on contractors to support operations worldwide, including contingency operations in Afghanistan, permanently garrisoned troops overseas, and ships docking at foreign ports.

What Is Place of Performance?

[9] Contract obligations in the Afghanistan and Iraq areas of operation were $26.3 billion in FY2009 and $26.3 billion in FY2012.

FPDS-NG defines place of performance as "the location of the principal plant or place of business where the items will be produced, supplied from stock, or where the service will be performed."[10] Foreign place of performance is defined here as work produced, supplied, or performed primarily outside of the United States or its territories.

According to DOD, the FPDS-NG is required to collect only the predominant place of performance for contract actions. Because FPDS-NG lists only one country for place of performance, contracts listed as being performed in one country can also involve substantial performance in other countries. In an April 2012 report, GAO noted that FPDS-NG's inability to provide more granular data entry and analysis limits the "utility, accuracy, and completeness" of the data.[11]

In FY2012, DOD obligated more than $44 billion or 12% of its total contract obligations for work performed outside of the United States (see **Figure 3**).[12] Operations in the Afghanistan and Iraq areas of responsibility accounted for approximately 60% of all contract obligations ($26 billion) for work performed outside of the United States.[13] Excluding operations in Afghanistan and Iraq, overseas obligations would represent approximately 6% of all DOD contract obligations.[14]

[10] General Services Administration, Federal Procurement Data System-Next Generation (FPDS-NG) Data Element Dictionary, version 1.4, p. 98, February 15, 2011, at https://www.fpds.gov/downloads/Version_1.4_specs/FPDSNG_DataDictionary_V1.4.pdf.

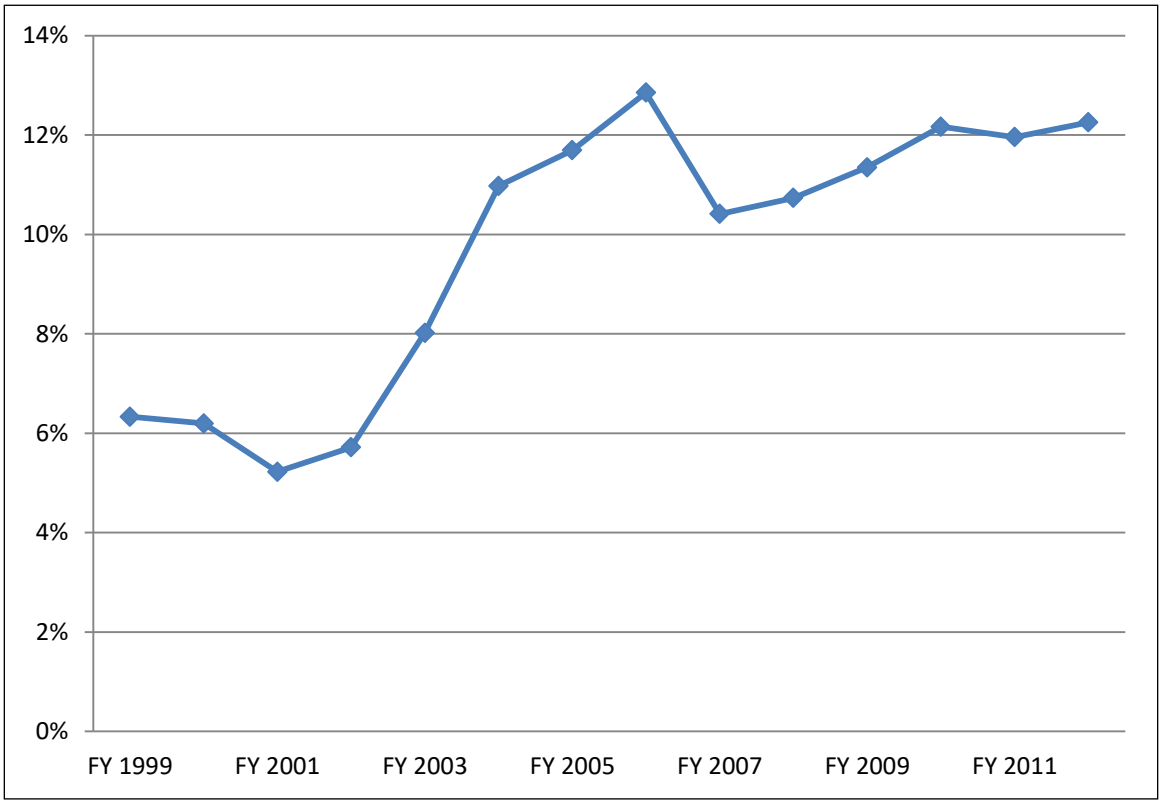
[11] U.S. Government Accountability Office, *Defense Acquisitions: Further Actions Needed to Improve Accountability for DOD's Inventory of Contracted Services*, GAO-12-357, April 2012, Highlights, at http://www.gao.gov/assets/590/589951.pdf.

[12] FPDS-NG, January 2012, for FY1999 through FY2012.

[13] Based on Congressional Budget Office (CBO) methodology, the Iraqi theater includes Iraq, Bahrain, Jordan, Kuwait, Oman, Qatar, Saudi Arabia, Turkey, and the United Arab Emirates. See Congressional Budget Office, *Contractors' Support of U.S. Operations in Iraq*, August 2008, p. 3. For purposes of this analysis, the Afghan theater includes Afghanistan, Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan, Turkmenistan, and Uzbekistan.

[14] Projection calculated by determining obligations for Iraq and Afghanistan theaters prior to the onset of operations (adjusted for inflation); subtracting adjusted value from current obligations in those theaters; and calculating adjusted total of current overseas obligations as a percentage of total overall current obligations (less increased obligations in Afghanistan and Iraq theaters).

Figure 3. Percentage of DOD Contract Obligations Performed Outside the United States



Source: CRS Analysis of data from Federal Procurement Data System—Next Generation, January, 2013.

Where DOD Obligates Contract Dollars

DOD divides its missions and geographic responsibilities among six unified combatant commands, including the U.S. Northern Command (NORTHCOM), U.S. African Command (AFRICOM), U.S. Central Command (CENTCOM), U.S. European Command (EUCOM), U.S. Pacific Command (PACOM), and U.S. Southern Command (SOUTHCOM). These commands do not control all DOD contracting activity that occurs within their respective geographic areas of responsibility. For example, Transportation Command (TRANSCOM) may contract with a private company to provide transportation services in CENTCOM. For purposes of this report, DOD contract obligations are categorized by the place of performance, not the DOD component that signed the contract or obligated the money. For example, all contract obligations for work in the geographic location that falls under the responsibility of CENTCOM will be allocated to CENTCOM.

In FY2012, most of DOD's contract work (87%) was performed in NORTHCOM. While NORTHCOM includes the Bahamas, Canada, and Mexico, the majority of this money is spent within the United States and its territories.[15] DOD obligated 7% of total contract work in CENTCOM, followed by EUCOM (3%), PACOM (2%), AFRICOM (0.16%), and SOUTHCOM (0.15%).[16]

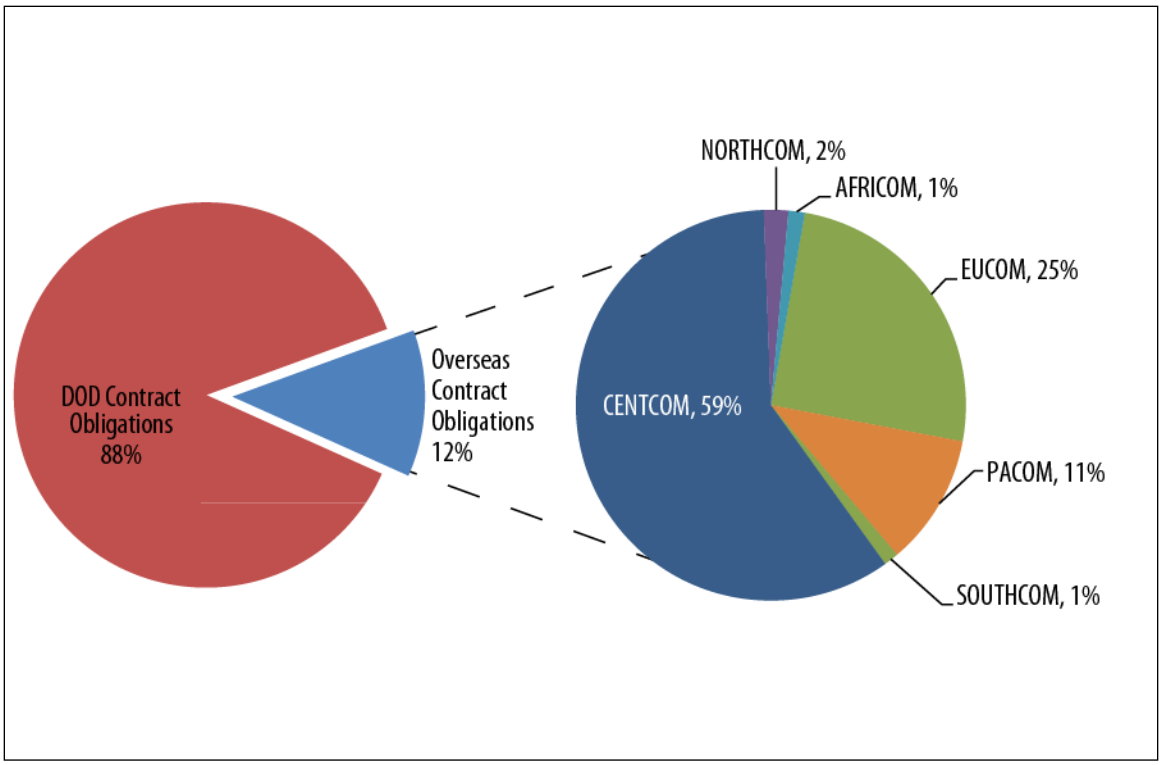
[15] In FY2012, DOD obligated 99% of its contract work in NORTHCOM to the United States and its territories.

[16] Percentages based on data from FPDS-NG, January 2013, for FY1999 through FY2012.

When looking at contract obligations for work performed overseas, where DOD obligates contract dollars reflects DOD's military operations and overseas permanent garrisoned U.S. troops. DOD contract obligations for work performed overseas went primarily to CENTCOM (59%), which includes the Afghanistan and Iraq theaters. DOD contractors performed their remaining work abroad in EUCOM (25%), PACOM (11%), NORTHCOM (2%), SOUTHCOM (1%), and AFRICOM (1%) (see **Figure 4** and **Table 1**). CENTCOM and EUCOM combined represent almost 85% of all overseas contract obligations.

Figure 4. DOD Contract Obligations for Work Performed in Combatant Commands Areas of Responsibility

FY2012



Source: Federal Procurement Data System—Next Generation, January, 2013. Figure by CRS Graphics.

Table 1. Value of Obligations for Contracts Performed Overseas

by Combatant Command Areas of Responsibility

Unified Combatant Command	FY2012	FY2010
CENTCOM	$26,236,292,880	$27,731,927,974
EUCOM	$11,135,582,040	$10,073,663,619
PACOM	$4,800,906,828	$3,353,670,787
NORTHCOM	$898,793,052	$3,004,515,128
AFRICOM	$583,182,220	$148,775,678
SOUTHCOM	$535,807,297	$418,349,177

Source: Federal Procurement Data System—Next Generation, January, 2013.

Note: Values are not adjusted for inflation.

Of the top 10 countries where DOD contractors perform work abroad, 5 were in CENTCOM, 2 in EUCOM, 2 in PACOM, and 1 in NORTHCOM (see **Table 2**).

Table 2. Top 12 Foreign Countries

By Contract Place of Performance, FY2012

Rank 2012	Rank 2010	Country	FY2012	FY2010	Unified Combatant Command
1	1	Afghanistan	$17,571,754,012	$11,494,331,690	CENTCOM
2	8	Switzerland	$3,970,713,545	$2,090,144,678	EUCOM
3	5	Germany	$2,903,285,547	$2,551,483,054	EUCOM
4	3	Kuwait	$2,423,034,071	$4,503,947,541	CENTCOM
5	10	South Korea	$2,102,879,920	$1,246,419,688	PACOM
6	9	Japan	$1,890,498,759	$1,759,317,605	PACOM
7	27	Kyrgyzstan	$1,846,200,497	$119,623,907	CENTCOM
8	6	United Arab Emirates	$1,491,473,321	$2,374,103,632	CENTCOM
9	18	Qatar	$807,436,617	$313,418,891	CENTCOM
10	4	Canada	$729,839,841	$2,878,122,689	NORTHCOM
11	7	United Kingdom	$681,214,974	$2,318,909,795	EUCOM
12	2	Iraq	$667,118,490	$7,039,364,738	CENTCOM

Source: Federal Procurement Data System—Next Generation, January, 2013.

Note: Values are not adjusted for inflation.

Contract obligations for work performed in Iraq dropped by more than $6.3 billion dollars over the last two fiscal years, reflecting the winding down of military operations. This decrease is offset by a corresponding increase of approximately $6 billion of contract obligations for work performed in Afghanistan.

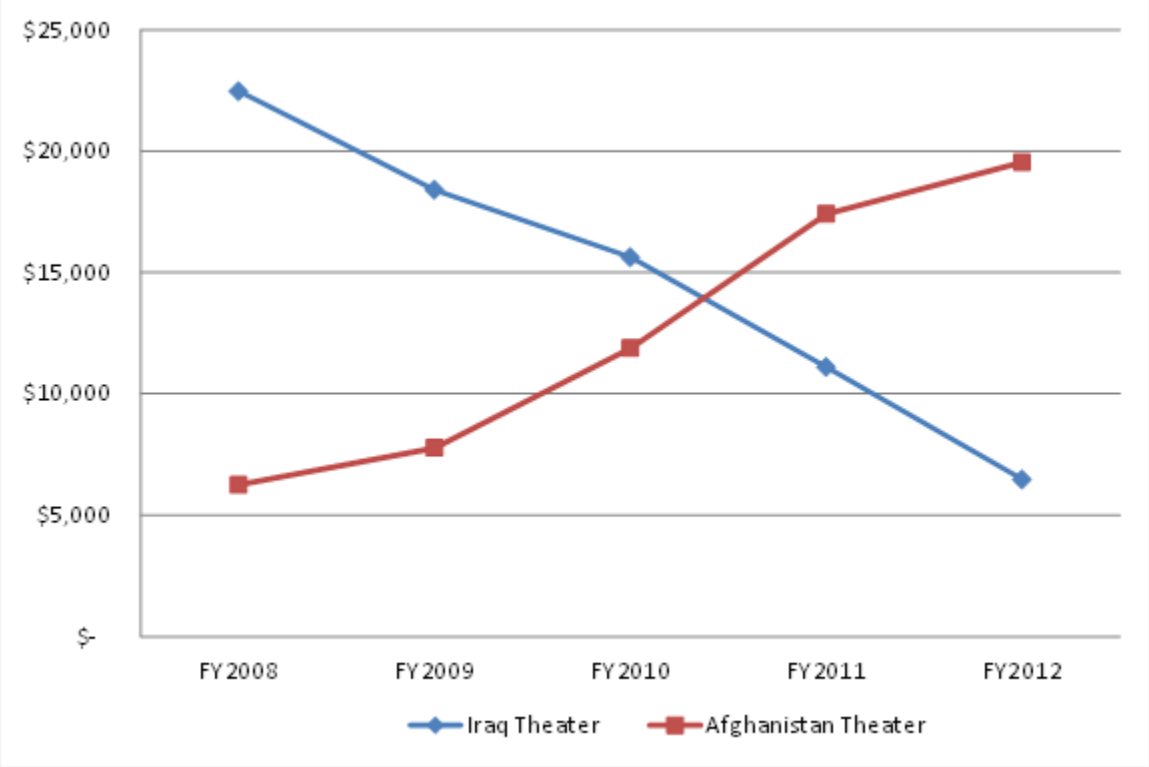
Operations in Afghanistan and Iraq

Contractors provide a wide variety of services and products to support DOD operations in Afghanistan and Iraq—including base support, construction, security, training of local security forces, and transportation. While many of these contracts are for work in Afghanistan and Iraq, a number of contracts are for work to be performed in surrounding countries within the U.S. Central Command in support of operations within Iraq and Afghanistan.

As discussed above, 60% ($26 billion) of all DOD overseas contract obligations in FY2012 were for work performed in the greater Afghanistan and Iraq areas of operation (including surrounding countries). Over the last five years, contract obligations for the region have remained relatively stable, ranging from $26 billion to $28.5 billion. As reflected in **Figure 5**, while total contract obligations for the regions have remained relatively stable, there has been a significant shift in where resources are allocated. From FY2008 to FY2012, contract obligations for the Iraq area of operations dropped from $22.5 billion to $6.5 billion, compared to an increase from $6 billion to $19.5 billion in the Afghanistan area of operations.

Figure 5. Contract Obligations in Iraq and Afghanistan Theaters

(in millions)



Source: Federal Procurement Data System—Next Generation, January, 2013.

If military activity in the Afghanistan theater decreased to FY2007 levels, adjusted for inflation, DOD could save approximately $16.5 billion on contracting alone.[17]

Whole-of-Government Approach

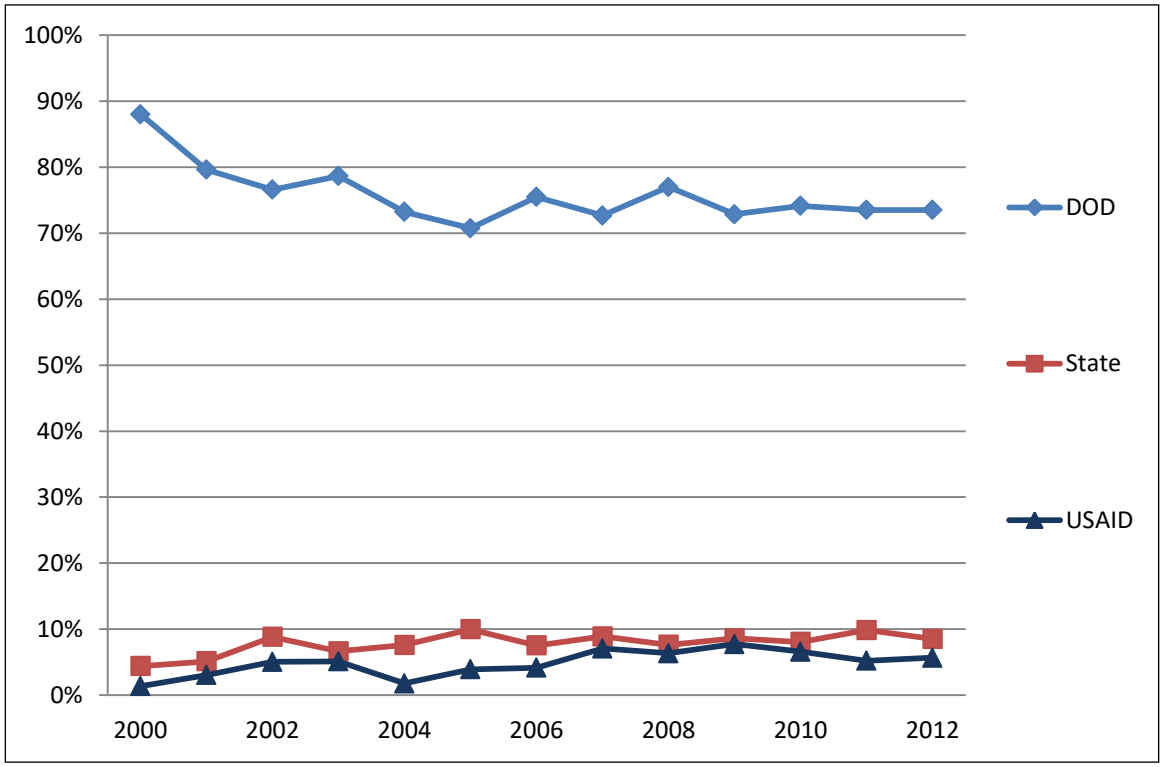
A number of analysts have argued that as a result of its larger budget and workforce, DOD often undertakes traditionally civilian missions because other agencies do not have the necessary resources to fulfill those missions. The Senate Foreign Relations Committee Majority, Discussion Paper on Peacekeeping, Majority Staff, April 8, 2010, states, "The civilian capacity of the U.S. Government to prevent conflict and conduct post-conflict stabilization and reconstruction is beset by fragmentation, gaps in coverage, lack of resources and training, coordination problems, unclear delineations of authority and responsibility, and policy inconsistency." These analysts have argued that to achieve its foreign policy goals, the United States needs to take a more whole-of-government approach that brings together the resources of, among others, DOD, the Department of State, and USAID—and government contractors. Then-Secretary of Defense Robert Gates echoed this approach when he argued, in 2007, for strengthening the use of soft power in national security through increased non-defense spending. As Secretary Gates stated:

[17] CRS analysis of data contained in the Federal Procurement Data System-Next Generation, January, 2013. DOD contract obligations for the Afghanistan theater were $2.6 billion in FY2006 and $19.4 billion in FY2012. To adjust for inflation, a deflator factor of .8937 was used.

> What is clear to me is that there is a need for a dramatic increase in spending on the civilian instruments of national security—diplomacy, strategic communications, foreign assistance, civic action, and economic reconstruction and development.... We must focus our energies beyond the guns and steel of the military, beyond just our brave soldiers, sailors, Marines, and airmen. We must also focus our energies on the other elements of national power that will be so crucial in the coming years.[18]

Contract obligations since FY2000 indicate a shift toward a more whole-of-government approach to achieving foreign policy objectives. DOD's share of total government obligations for contracts performed abroad has trended down from a high of 88% in FY2000 to 74% in FY2012. Over the same period, combined Department of State and USAID contract obligations increased from 5% to 15% of all U.S. government overseas obligations (see **Figure 6**).

Figure 6. DOD's Proportion of Total U.S. Government Contract Work Performed Overseas



Source: Federal Procurement Data System—Next Generation, January, 2013.

Notes: USAID was established as an independent agency in 1961, but receives overall foreign policy guidance from the Secretary of State.

How Reliable Are the Data on Overseas Contract Obligations?

According to the Federal Acquisition Regulation, FPDS-NG can be used to measure and assess "the effect of Federal contracting on the Nation's economy and ... the effect of other policy and management initiatives (e.g., performance based acquisitions and competition)." FPDS is also

[18] Remarks delivered by Secretary of Defense Robert M. Gates at Manhattan, KS, November 26, 2007.

used to meet the requirements of the Federal Funding Accountability and Transparency Act of 2006 (P.L. 109-282), which requires all federal award data to be publicly accessible.

Congress, legislative and executive branch agencies, analysts, and the public all rely on FPDS as a primary source of information for understanding how the federal government spends contracting dollars. Congress and the executive branch rely on the information to help make informed policy and spending decisions. Analysts and the public rely on the data in FPDS to conduct analysis and gain visibility into government operations.

Data reliability is essential to the usefulness of FPDS. As GAO has stated, "[R]eliable information is critical to informed decision making and to oversight of the procurement system."[19] If the data contained in FPDS are not sufficiently reliable, the data may not provide an appropriate basis for measuring or assessing federal contracting, making policy decisions, or providing transparency into government operations. In some circumstances, unreliable data could lead analysts and decision makers to draw incorrect or misleading conclusions. The result could be the implementation of policies that squander resources and waste taxpayer dollars.

GAO and other analysts have raised concerns over the accuracy and reliability of the data contained in the FPDS-NG database. According to GAO, FPDS-NG often contains data with limited "utility, accuracy, and completeness."[20] Because of the concerns raised over the reliability of data, many analysts rely on FPDS-NG primarily to identify broad trends and make rough estimations. According to one GAO report:

> DOD acknowledged that using FPDS-NG as the main data source for the inventories has a number of limitations. These limitations include that FPDS-NG does not provide the number of contractor FTEs performing each service, identify the requiring activity, or allow for the identification of all services being procured.[21]

Officials from the General Services Administration, the agency that administers FPDS-NG, stated that data errors in FPDS-NG do not substantively alter the larger context of 1.4 million actions and billions of dollars of obligations entered into the system by DOD every year. Officials have also indicated that whenever possible and feasible, steps are taken to improve the reliability and integrity of the data contained in FPDS. For example, in FY2011, the Congressional Research Service found specific data reliability concerns regarding contracts listed as having been performed overseas that were actually performed in the United States.[22] The CRS analysis of contract obligations from FY2005 to FY2010 found that more than $1.4 billion in contract

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[19] U.S. General Accounting Office, *Reliability of Federal Procurement Data*, GAO-04-295R, December 30, 2003, p. 1, at http://www.gao.gov/assets/100/92399.pdf.

[20] U.S. Government Accountability Office, *Defense Acquisitions: Further Actions Needed to Improve Accountability for DOD's Inventory of Contracted Services*, GAO-12-357, April 2012, Highlights, at http://www.gao.gov/assets/590/589951.pdf. See also, U.S. Government Accountability Office, *Federal Contracting: Observations on the Government's Contracting Data Systems*, GAO-09-1032T, September 29, 2009, p. Highlights. at http://gao.gov/assets/130/123442.pdf.

[21] U.S. Government Accountability Office, *Defense Acquisitions: Further Actions Needed to Improve Accountability for DOD's Inventory of Contracted Services*, GAO-12-357, April 2012, p. 2.

[22] For example, contract obligations performed in Texas were incorrectly coded as having taken place in Turkmenistan. Both Texas and Turkmenistan shared the same two letter code; the coding error occurred when TX was mistakenly entered into the country-code data field rather than the state-code data field, thus marking the place of performance as Turkmenistan. CRS found 32 instances where foreign locations shared the same two letter code as a U.S. state or territory. This error was first identified in a news article published in *Eurasianet.org*. See Deirdre Tynan, "Turkmenistan: Memo to Pentagon – Austin and Ashgabat Are on Different Continents," *EURASIANET.org*, July 5, 2011 (http://www.eurasianet.org/node/63803).

obligations that were listed as having been performed overseas were likely performed in the United States.[23]

DOD addressed the data error by reviewing past data and correcting coding errors.[24] To prevent similar coding errors in the future, a rule change was implemented requiring agencies to adopt three-letter International Standard (ISO) codes when coding a particular country into FPDS-NG.[25]

[23] CRS reviewed every DOD contract action listed in FPDS-NG as having a place of performance in the 29 countries that shared identical codes as U.S. states or territories for the period FY2005-FY2010. The CRS methodology for identifying likely errors was discussed with officials in DOD and GSA. Data were collected from the FPDS-NG system between June 27 and July 8, 2011.

[24] CRS independently confirmed that data has been adjusted.

[25] Information provided via e-mail to the authors on January 29, 2013. To implement the use of the three-digit ISO country code standard, GSA modified FPDS-NG to accept and return only ISO codes in the appropriate data elements and verified that the contractor charged with maintaining the system had the appropriate subscriptions with ISO to provide continuous country coding updates as they are released. The coding change document is available at https://www.fpds.gov/wiki/index.php/V1.4_SP_16.0.

Appendix A. The Federal Procurement Data System

On August 30, 1974, Congress enacted the Office of Federal Procurement Policy Act, which established an Office of Federal Procurement Policy (OFPP) within the Office of Management and Budget (OMB) and required the establishment of "a system for collecting, developing, and disseminating procurement data which takes into account the needs of Congress, the executive branch, and the private sector."[26] One of the goals of establishing a system for tracking procurement data was to "promote economy, efficiency, and effectiveness in the procurement of property and services."[27]

In February 1978, the OFPP issued a government-wide memorandum that designated the Department of Defense as the executive agent to operate the Federal Procurement Data System.[28] Agencies were instructed to begin collection of procurement data on October 1, 1978, and to report the data to DOD in February 1979.[29] Since 1982, the General Services Administration has operated the system on behalf of the OFPP.[30] Today, FPDS is the only government-wide, publicly available system that contains all federal procurement data. FDPS data are used by other federal-spending information resources, including *USASpending.gov*.

Almost from FPDS's inception, the Government Accountability Office expressed concerns about the accuracy of the information in the database.[31] OMB attempted to eliminate many of the errors in FPDS by introducing a successor system—the Federal Procurement Data System-Next Generation (FPDS-NG), which began operation on October 1, 2003.[32] FPDS-NG was to "rely less

[26] P.L. 93-400, §6(d)(5).

[27] Ibid. §2. The section also states that Congress has a policy interest in "avoiding or eliminating unnecessary overlapping or duplication of procurement and related activities" and in "coordinating procurement policies and programs of the several departments and agencies."

[28] U.S. General Accounting Office, *The Federal Procurement Data System - Making it Work Better*, April 18, 1980, p. 3, http://archive.gao.gov/f0202/112171.pdf.

[29] Ibid., p. 4.

[30] Letter from Katherine V. Schinasi, Managing Director, Acquisition and Sourcing Management, Government Accountability Office, to The Honorable Joshua B. Bolten, Director, Office of Management and Budget, September 27, 2005, GAO-05-960R, p. 2, at http://www.gao.gov/new.items/d05960r.pdf.

[31] For example, in an October 1979 letter to former Representative Herbert E. Harris, II, then-Comptroller General Elmer B. Staats wrote of FPDS that "the extent of completion and accuracy varies for the different agencies involved." Moreover he wrote, "the Federal Procurement Data System relies on the integrity of many individuals to prepare the Individual Procurement Action reports ... and to prepare them correctly." Letter from Elmer B. Staats, Comptroller General Of the United States, to The Honorable Herbert E. Harris, II, Chairman, Subcommittee on Human Resources of the Committee on Post Office and Civil Service, October 12, 1979, GAO/PSAD-79-109, pp. 1-2, at http://archive.gao.gov/d46t13/110552.pdf. In an August 19, 1994 report, GAO wrote "we found that the [Federal Procurement Data] Center does not have standards detailing the appropriate levels of accuracy and completeness of FPDS data.... [U]sers have identified instances where contractor names and dollar amounts were erroneous. We believe developing standards for FPDS data accuracy and completeness, then initiating a process to ensure that these standards are met, would improve data accuracy and completeness." U.S. General Accounting Office, *OMB and GSA: FPDS Improvements*, GAO.AIMD-94-178R, August 19, 1994, p. 2, at http://archive.gao.gov/t2pbat2/152380.pdf. In a September 27, 2005, report, GAO wrote that "GSA has not informed users about the extent to which agencies' data are accurate and complete. This lack of confirmation perpetuates a lack of confidence in the system's ability to provide quality data." Letter from Katherine V. Schinasi, Managing Director, Acquisition and Sourcing Management, Government Accountability Office, to The Honorable Joshua B. Bolten, Director, Office of Management and Budget, September 27, 2005, GAO-05-960R, at http://www.gao.gov/new.items/d05960r.pdf.

[32] Letter from William T. Woods, Director, Acquisition and Sourcing Management, Government Accountability Office, to The Honorable Joshua B. Bolten, Director, the Office of Management and Budget, December 30, 2003, p. 3, at http://www.gao.gov/new.items/d04295r.pdf. FPDS-NG was designed and is maintained and updated by Global Computer Enterprises, Inc., through a contract with GSA.

on manual inputs and more on electronic 'machine-to-machine' approaches."[33] Despite the systems update, GAO said "[i]nformation in FPDS-NG can only be as reliable as the information agencies enter though their own systems."[34]

In September 29, 2009, testimony before the Senate Homeland Security and Government Affair's Subcommittee on Contracting Oversight, William T. Woods, director of Acquisition and Sourcing Management said the following about FPDS information:

> Our past work has found that federal contracting data systems, particularly FPDS-NG, contain inaccurate data. FPDS-NG is the primary government contracting data system for obligation data. Despite its critical role, GAO and others have consistently reported on FPDS-NG data quality issues over a number of years.[35]

A 2012 GAO report reiterated its finding that DOD needs to "obtain better data on its contracted services to enable it to make more strategic workforce decisions and ensure that it maintains appropriate control of government operations."[36]

Author Information

Moshe Schwartz
Specialist in Defense Acquisition

Wendy Ginsberg
Analyst in American National Government

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[33] Ibid. According to GAO, most agencies were "expected to have computerized contract writing systems that [would] allow for direct submission of data to FPDS. Reliability of data [was] expected to improve because agency submissions to FPDS-NG [would] be based on data already in the contract writing systems, reducing or eliminate separate data entry requirements. The system provides for immediate data verification to detect errors. If errors are detected, agency procurement officials will have the opportunity to correct them immediately while the information is still readily available."

[34] Ibid.

[35] U.S. Government Accountability Office, *Federal Contracting: Observations on the Government's Contracting Data Systems*, GAO-09-1032T, September 29, 2009, p. 3, http://www.gao.gov/new.items/d091032t.pdf.

[36] U.S. Government Accountability Office, *Defense Acquisitions: Further Actions Needed to Improve Accountability for DOD's Inventory of Contracted Services*, GAO-12-357, April 2012, Highlights, at http://www.gao.gov/assets/590/589951.pdf.