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General Government Division

B-275216

October 31, 1996

The Honorable David H. Pryor
Ranking Minority Member
Subcommittee on Post Office
and Civil Service
Committee on Governmental Affairs
United States Senate

Dear Senator Pryor:

This letter responds to your request for trend data on the funds executive branch agencies—individually and together—obligated¹ for advisory and assistance service contracts over fiscal years 1992 through 1995. As agreed with your office, our objectives were to determine the amount of funds obligated for advisory and assistance service contracts over the period and the percent change in funds obligated from year to year and in total. In addition, we agreed to provide similar information for the 10 largest users of advisory and assistance service contracts.

The Office of Management and Budget defines advisory and assistance services as those used to support or improve organization policy development, decisionmaking, management, and administration; support program and/or project management and administration; provide management and support services for research and development activities; provide engineering and technical support services; or improve the effectiveness of management processes or procedures. Such services may take the form of information, advice, opinions, alternatives, analyses, evaluations, recommendations, training, and technical support.

¹Obligations are the amount of orders placed, contracts awarded, services received, and similar transactions during a given period that will require payments during the same or a future period.

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As agreed with your office, we used data from the Federal Procurement Data System (FPDS)² to prepare this letter. Also, as agreed with your office, we used fiscal year 1992 as our base year, and we identified agencies that reported use of advisory and assistance services for that year. We then analyzed the use of advisory and assistance services by these agencies through fiscal year 1995.

The dollar amounts in this letter are expressed in 1995 dollars. Thus, we adjusted (increased) for inflation the amounts the agencies reported to FPDS for fiscal years 1992, 1993, and 1994. Enclosure I expresses reported obligations in adjusted dollars, while enclosure II reports obligations in unadjusted dollars.

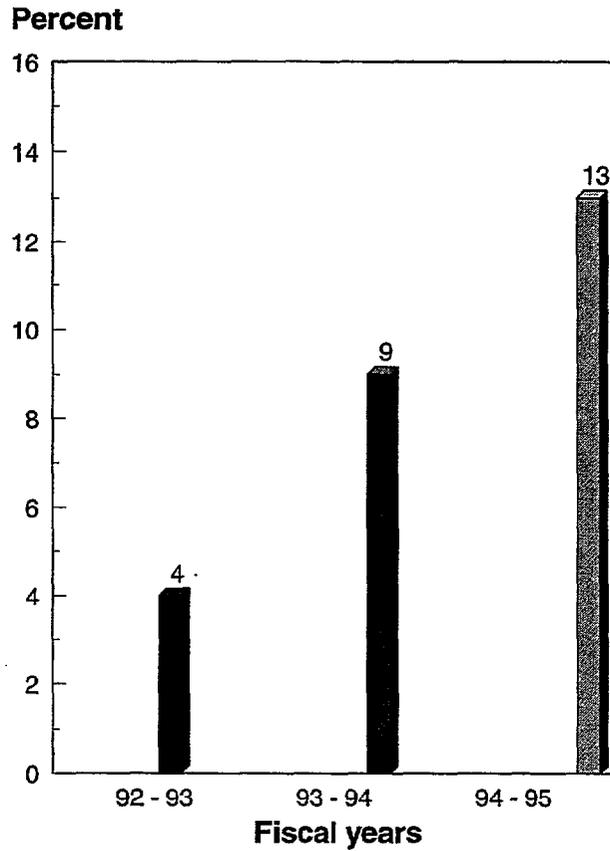
RESULTS

Forty-two agencies reported to FPDS that they obligated funds in fiscal years 1992, 1993, and 1994 for advisory and assistance services. One agency did not report obligations in fiscal year 1995. As detailed in enclosure I, these agencies obligated, in inflation-adjusted dollars, about \$55 billion in total over the 4 years (fiscal years 1992 through 1995) for advisory and assistance services.³ In this period, the amount obligated was larger each succeeding year, growing from about \$12.3 billion in fiscal year 1992 to about \$15.7 billion in fiscal year 1995, an increase of 28 percent. We also computed the percent change between the years in this period. As shown in figure 1, there was an increase from 1 year to the next and the increase grew larger each year.

²FPDS was established by the Office of Federal Procurement Policy (OFPP), which is part of OMB. FPDS is operated by the General Services Administration.

³Without adjustment for inflation, the amount obligated by the 42 agencies for advisory and assistance services totaled about \$53 billion over the 4-year period (see enc. II).

Figure 1: Percent Change in Obligations for Advisory and Assistance Services, Fiscal Years 1992 Through 1995, Adjusted for Inflation



Note: The percentages in figure 1 will not add to 28 percent because they were computed comparing 1 year to the next rather than comparing fiscal year 1992 with fiscal year 1995.

Source: GAO's analysis of FPDS data.

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Although the total dollar amount increased in each succeeding year, the amount obligated by individual agencies varied and in some cases decreased. For example, the Department of the Interior obligated, in inflation-adjusted dollars, about \$97 million in fiscal year 1992 for advisory and assistance services and about \$87 million in fiscal year 1995. The Department of Veterans Affairs obligated about \$186 million in fiscal year 1992 and about \$32 million in fiscal year 1995.

Top 10 Agencies

Ten agencies accounted for about 89 percent of the approximately \$55 billion obligated over the 4 years. Seven of these agencies were among the 10 largest users of advisory and assistance services in each of the 4 years. The other 3, the Tennessee Valley Authority (TVA), the Environmental Protection Agency, and the Department of Health and Human Services (HHS), were among the top 10 in 3 of the 4 years. The total amount of funds that the 10 agencies obligated increased each succeeding year (see table 1).

Table 1: Obligations for Advisory and Assistance Services for the 10 Largest Obligor.
Fiscal Years 1992 Through 1995—Adjusted for Inflation

Dollars in thousands							
Agency	Actual dollars adjusted for inflation				Percent change		
	FY 1992	FY 1993	FY 1994	FY 1995	FY 92-93	FY 93-94	FY 94-95
Department of the Navy	\$2,849,733	\$3,326,553	\$3,045,098	\$3,306,979	16.7	(8.5)	8.6
Department of the Air Force	2,709,350	2,552,211	2,553,366	2,684,280	(5.8)	.05	5.1
Department of the Army	1,465,103	1,697,225	1,986,431	2,161,131	15.8	17.0	8.8
National Aeronautics and Space Administration	1,362,685	1,447,015	1,636,123	1,542,805	6.2	13.1	(5.7)
Department of Energy	725,243	848,161	915,559	911,455	16.9	7.9	(0.4)
Tennessee Valley Authority	177,577	401,658	762,080	1,931,552	126.2	89.7	153.5
Department of Transportation	592,555	336,223	781,500	718,927	(43.3)	132.4	(8.0)
Department of Defense (Other)	375,994	502,600	269,958	286,429	33.7	(46.3)	6.1
Department of Health and Human Services	242,654	256,311	134,154	386,337	5.6	(47.7)	188.0
Environmental Protection Agency	262,711	166,513	232,515	188,446	(36.6)	39.6	(19.0)
Total	\$10,763,605	\$11,534,470	\$12,316,784	\$14,118,341			
Percent					7.2	6.8	14.6

Source: GAO's analysis of FPDS data.

Although the total amount of dollars increased each year, individual agency totals fluctuated. For example, HHS' dollar amount declined in fiscal year 1994 (in comparison to fiscal years 1992 and 1993) and then increased in fiscal year 1995. The Department of Transportation's dollar amount decreased in fiscal year 1993, increased in fiscal year 1994, and decreased in fiscal year 1995.

Table 1 also shows that the percent change for the top 10 agencies between fiscal years 1994 and 1995 was much greater than the percent change for the other years compared—14.6 percent compared to 7.2 percent and 6.8 percent. It appears that two agencies—TVA and HHS—accounted for most of the increases. TVA reported a 153.5 percent increase in 1995, and HHS reported an increase of 188 percent in 1995. Of the remaining 8 agencies, 4 reported a decrease in the 1995 obligations, and the others reported an increase that approximated the rate of increase for the 10 agencies in the aggregate in earlier years.

SCOPE AND METHODOLOGY

To respond to your request, we obtained FPDS data on the amount of dollars federal agencies obligated for advisory and assistance services contracts in fiscal years 1992, 1993, 1994, and 1995. As agreed with your office, we began our analysis using fiscal year 1992 as our base year. We identified 42 agencies that reported the use of advisory and assistance services to FPDS. We then tracked their use of advisory and assistance services over fiscal years 1992 through 1995, computing the changes from year to year and in the aggregate. We identified and did a similar computation for the 10 largest users of advisory and assistance service contracts.

We adjusted the dollar amounts for fiscal years 1992 through 1994 in order to express them in 1995 dollars. We calculated the adjusted amounts using the implicit price deflator for gross domestic products, as determined by the Department of Commerce. The deflator converts dollar amounts in prior years to adjust for the effect of inflation. These adjustments had the effect of increasing, in inflation-adjusted dollars, the amounts for fiscal years 1992 through 1994. We expressed the obligations in inflation-adjusted dollars in order to obtain a more accurate assessment of the change that occurred in the use of advisory and assistance services over the 4-year period.

Although executive branch agencies are required to report procurement data to FPDS, they are not required to identify the types of products or services for obligations of \$25,000 or less. These smaller obligations are reported in summary without that level of specificity. Consequently, the data we obtained for advisory and assistance services may not reflect amounts obligated at, or below, the \$25,000 threshold.

FPDS depends on agencies to submit accurate data. In addition to dollar amounts, agencies must also identify and report the type of product or service procured for obligations over \$25,000. We based our analysis on data agencies reported to FPDS on the use of advisory and assistance services. This data showed obligations for special studies and analyses (excluding research and development) and professional, administrative, and management support services. We did not verify the accuracy of the information submitted by the federal agencies, including whether agencies properly identified the type of product or service procured.

We should note that the data provided by FPDS may not agree with the data contained in the federal budget for advisory and assistance services, which is captured by a different reporting system. OMB officials responsible for FPDS said that the two systems were never meant to be compatible and did not believe that they had ever been reconciled. The officials said that they believed that the data contained in FPDS were reliable. We did not attempt to reconcile the data between the two systems because of time constraints. We also note that our use of the FPDS data is consistent with a September 1996 report issued by the National Performance Review, The Best Kept Secrets in Government, which relied on FPDS for reporting information on the governmentwide use of service contracts.

Our work was done in Washington, D.C., between April 1996 and August 1996 in accordance with generally accepted government auditing standards.

AGENCY COMMENTS

OMB officials reviewed a draft of this report. Comments were provided on October 22, 23, and 24, 1996, by three Deputy Associate Administrators, OFPP. They advised us that OMB agreed with the presentation of data contained in the draft and with our analysis of the data. They made certain suggestions regarding the FPDS data, which we have incorporated into the report where appropriate.

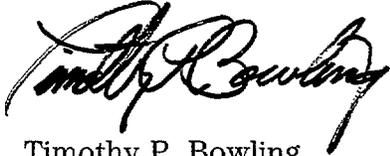
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We are sending copies of this letter to the Chairman of the Subcommittee on Post Office and Civil Service, Senate Committee on Governmental Affairs; and to the Chairman and Ranking Minority Member of the Subcommittee on Civil Service, House Committee on Government Reform and Oversight. We are also sending a copy to the Director of OFPP, and copies will be made available to others on request.

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Major contributors to this letter were Richard Caradine, Assistant Director; William Boshier, Assignment Manager; and Carolyn L. Samuels, Evaluator-in-Charge. If you have any questions concerning this letter, please call me on (202) 512-7680.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Timothy P. Bowling". The signature is written in a cursive style with a large, stylized initial "T".

Timothy P. Bowling
Associate Director
Federal Management and
Workforce Issues

Enclosures - 2

OBLIGATIONS FOR ADVISORY AND ASSISTANCE SERVICES BY AGENCY
FISCAL YEARS 1992, 1993, 1994, AND 1995 – ADJUSTED FOR INFLATION

Dollars in thousands					
Agency	Actual dollars adjusted for inflation				Total
	FY 1992	FY 1993	FY 1994	FY 1995	
Department of the Navy	\$2,849,733	\$3,326,553	\$3,045,098	\$3,306,979	\$12,528,363
Department of the Army	1,465,103	1,697,225	1,986,431	2,161,131	7,309,890
Department of the Air Force	2,709,350	2,552,211	2,553,366	2,684,280	10,499,207
Department of Defense (Other)	375,994	502,600	269,958	286,429	1,434,981
Executive Office of the President	3,002	3,907	3,950	2,219	13,078
Department of Agriculture	72,959	47,102	58,633	51,190	229,884
Department of Commerce	91,501	83,188	86,774	114,951	376,414
Department of the Interior	96,763	85,029	109,162	86,897	377,850
Department of Justice	206,954	133,082	171,164	272,921	784,120
Department of Labor	56,767	47,182	30,414	53,364	187,727
Department of State	210,009	192,639	141,794	196,325	740,766
Department of the Treasury	92,901	95,791	135,752	119,203	443,648
Office of Personnel Management	3,587	2,767	4,447	5,576	16,378
Federal Trade Commission	822	763	980	429	2,994
Nuclear Regulatory Commission	19,608	22,787	4,145	18,115	64,655
Smithsonian Institution	117	357	2,113	2,177	4,765
International Trade Commission	281	378	331	251	1,241
Department of Veterans Affairs	186,242	32,723	15,667	32,125	266,757
ACTION	406	522	2,165	4,332	7,425
Equal Employment Opportunity Commission	27,987	27,699	27,629	27,698	111,013

Dollars in thousands					
Agency	Actual dollars adjusted for inflation				Total
	FY 1992	FY 1993	FY 1994	FY 1995	
General Services Administration	43,315	99,979	445,287	191,038	779,619
National Science Foundation	32,561	20,126	11,973	39,013	103,673
Securities and Exchange Commission	6,038	4,485	2,997	1,830	15,350
Federal Emergency Management Agency	73,703	61,702	68,146	118,283	321,834
National Foundation on the Arts and the Humanities	284	356	41	40	721
Railroad Retirement Board	664	1,028	634	515	2,841
Consumer Product Safety Commission	1,354	1,210	1,904	514	4,982
National Labor Relations Board	5,162	5,274	3,168	3,434	17,038
Tennessee Valley Authority	177,577	401,658	762,080	1,931,552	3,272,867
Federal Maritime Commission	157	126	32	^a	315
U.S. Information Agency	10,976	12,262	18,539	12,501	54,278
Environmental Protection Agency	262,711	166,513	232,515	188,446	850,185
Department of Transportation	592,555	336,223	781,500	718,927	2,429,205
Small Business Administration	3,669	3,067	473	99	7,308
Department of Health and Human Services	242,654	256,311	134,154	386,337	1,019,456
National Aeronautics and Space Administration	1,362,685	1,447,015	1,636,123	1,542,805	5,988,628
Department of Housing and Urban Development	75,314	71,877	77,698	59,387	284,276
National Archives and Records Administration	1,370	326	607	517	2,820
Department of Energy	725,243	848,161	915,559	911,455	3,400,418
Department of Education	193,647	187,927	183,622	158,130	723,326

Dollars in thousands					
Agency	Actual dollars adjusted for inflation				Total
	FY 1992	FY 1993	FY 1994	FY 1995	
U.S. Arms Control and Disarmament Agency	970	987	1,025	706	3,688
Board for International Broadcasting	1,624	1,645	1,824	1,994	7,087
Total	\$12,284,319	\$12,782,763	\$13,929,874	\$15,694,115	\$54,691,071

^aFPDS data showed that the Federal Maritime Commission did not report obligations for FY 95.

Source: GAO's analysis of FPDS data.

OBLIGATIONS FOR ADVISORY AND ASSISTANCE SERVICES BY AGENCY
FISCAL YEARS 1992, 1993, 1994, AND 1995 – UNADJUSTED FOR INFLATION

Dollars in thousands					
Agency	FY 1992	FY 1993	FY 1994	FY 1995	Total
Department of the Navy	\$2,650,916	\$3,174,925	\$2,974,281	\$3,306,979	\$12,107,101
Department of the Army	1,362,887	1,619,864	1,940,235	2,161,131	7,084,117
Department of the Air Force	2,520,327	2,435,879	2,493,985	2,684,280	10,134,471
Department of Defense (Other)	349,762	479,691	263,680	286,429	1,379,562
Executive Office of the President	2,792	3,729	3,858	2,219	12,598
Department of Agriculture	67,869	44,955	57,269	51,190	221,283
Department of Commerce	85,117	79,396	84,756	114,951	364,220
Department of the Interior	90,012	81,153	106,623	86,897	364,685
Department of Justice	192,515	127,016	167,183	272,921	759,635
Department of Labor	52,807	45,031	29,707	53,364	180,909
Department of State	195,357	183,858	138,496	196,325	714,036
Department of the Treasury	86,420	91,425	132,595	119,203	429,643
Office of Personnel Management	3,337	2,641	4,344	5,576	15,898
Federal Trade Commission	765	728	957	429	2,879
Nuclear Regulatory Commission	18,240	21,748	4,049	18,115	62,152
Smithsonian Institution	109	341	2,064	2,177	4,691
International Trade Commission	261	361	323	251	1,196
Department of Veterans Affairs	173,248	31,231	15,303	32,125	251,907
ACTION	378	498	2,115	4,332	7,323
Equal Employment Opportunity Commission	26,034	26,436	26,986	27,698	107,154

Dollars in thousands					
Agency	FY 1992	FY 1993	FY 1994	FY 1995	Total
General Services Administration	40,293	95,422	434,931	191,038	761,684
National Science Foundation	30,289	19,209	11,695	39,013	100,206
Securities and Exchange Commission	5,617	4,281	2,927	1,830	14,655
Federal Emergency Management Agency	68,561	58,890	66,561	118,283	312,295
National Foundation on the Arts and the Humanities	264	340	40	40	684
Railroad Retirement Board	618	981	619	515	2,733
Consumer Product Safety Commission	1,260	1,155	1,860	514	4,789
National Labor Relations Board	4,802	5,034	3,094	3,434	16,364
Tennessee Valley Authority	165,188	383,350	744,357	1,931,552	3,224,447
Federal Maritime Commission	146	120	31	^a	297
U.S. Information Agency	10,210	11,703	18,108	12,501	52,522
Environmental Protection Agency	244,382	158,923	227,108	188,446	818,859
Department of Transportation	551,214	320,898	763,325	718,927	2,354,364
Small Business Administration	3,413	2,927	462	99	6,901
Department of Health and Human Services	225,725	244,628	131,034	386,337	987,724
National Aeronautics and Space Administration	1,267,615	1,381,059	1,598,073	1,542,805	5,789,552
Department of Housing and Urban Development	70,060	68,601	75,891	59,387	273,939
National Archives and Records Administration	1,274	311	593	517	2,695
Department of Energy	674,645	809,501	894,267	911,455	3,289,868
Department of Education	180,137	179,361	179,352	158,130	696,980

Dollars in thousands					
Agency	FY 1992	FY 1993	FY 1994	FY 1995	Total
U.S. Arms Control and Disarmament Agency	902	942	1,001	706	3,551
Board for International Broadcasting	1,511	1,570	1,782	1,994	6,857
Total	\$11,427,279	\$12,200,112	\$13,605,920	\$15,694,115	\$52,927,426

^aFPDS data showed that the Federal Maritime Commission did not report obligations for FY 95.

Source: FPDS.

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