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ELIMINATING WASTEFUL CONTRACTOR BONUSES

HEARING

BEFORE THE

FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT INFORMATION, FEDERAL SERVICES, AND INTERNATIONAL SECURITY SUBCOMMITTEE

OF THE

COMMITTEE ON
HOMELAND SECURITY AND
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

OF THE

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ELIMINATING WASTEFUL CONTRACTOR BONUSES

MONDAY, AUGUST 3, 2009

U.S. SENATE,
SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT,
GOVERNMENT INFORMATION, FEDERAL SERVICES,
AND INTERNATIONAL SECURITY,
OF THE COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS,
Washington, DC.

The Subcommittee met, pursuant to notice, at 3:03 p.m., in room SD–342, Dirksen Senate Office Building, Hon. Thomas R. Carper, Chairman of the Subcommittee, presiding.

Present: Senators Carper, McCaskill, Burris, and Coburn.

OPENING STATEMENT OF SENATOR CARPER

Senator CARPER. The hearing will come to order.

Welcome Mr. Zients and Mr. Hutton. We are glad that you are here and thankful that you both are in your jobs. There is plenty of work to do, and I hope that you will talk about some of that work here today.

We are going to be joined by several of my colleagues. I think Senator McCain is on the Senate floor. I am told by his staff he might be talking about the President's nominee to the Supreme Court as we speak. But I know this hearing will get a lot more attention than anything that is going to be said over on the Senate floor this afternoon—well, maybe it will. We will see.

But what we are going to talk about today is real important, and I am delighted that this panel is here and delighted that our second panel has joined us, too. We look forward to your testimonies, and we look forward to having a chance to go back and forth and kick around some ideas with each of you.

I think it was about a year ago that Senator Coburn, I believe it was Senator Sanders, and I asked the Government Accountability Office to examine whether agencies were giving away what is known as "award fees" to contractors and whether or not contractors really deserved them in many instances.

In the private sector, those payments would probably be called "bonuses." They are intended to help incentivize contractors to deliver exceptional performance. In essence, the award fee might be described as extra profit that the contractor may earn if they save our government money and deliver a superior product.

The practice of aligning performance to profit is not a new concept, as we know. It can lead to excellent results if used appropriately. However, several recent controversies in the financial sector have shown that rewards and incentives that are not properly aligned with outcomes can sometimes lead to failure, with dramatic and adverse consequences.

Unfortunately, government agencies have made some of the same mistakes that private firms we hear about in the news have made over the years, and much to my disappointment, it seems that a number of agencies—not all, but a number of agencies continue to struggle in figuring out how to manage award fees appropriately.

I might add that some who were not doing such a very good job not that long ago have, I think, taken steps to maybe show the way for the rest of our agencies.

In fact, the GAO has told us that agencies, some agencies, continue to hand out hundreds of millions of dollars to contractors for reasons that just do not make a whole lot of sense.

In one interview I am told GAO conducted as part of its analysis, an Air Force official reportedly said that a contractor would have to do a "pretty bad job" just to receive 85 percent of the potential bonus, meaning, I assume, that a plain bad job might warrant 100 percent of a bonus. In another case, at this time at the Department of Homeland Security, a contractor was cited for "egregious behavior" and still received an award fee.

Even when agencies do hold contractors' feet to the fire, they often give them second and sometimes third chances to try and earn profit despite repeated shortcomings. This practice, known as "rollover," is meant to be used in limited situations when contractors are not able to deliver for reasons outside of their control. Unfortunately, rollover sometimes seems to have become a rule instead of the exception—not always, but in too many instances.

What is even more troubling to me is that senior management does not appear to be examining the results of award fees to see if they are incentivizing contractors to actually perform well. Instead, agencies continue to hand out millions, in some cases billions, of dollars in bonuses, assuming that they are getting the best result for American taxpayers.

For instance, GAO reported that the Department of Defense inappropriately paid $8 billion in award fees in 2005 alone. Only recently, 4 years later, have they started to analyze whether award fees are actually leading to improved performance.

This situation has caused many of us to question how, during a time when households around our country are tightening their budgets, Federal agencies continue to award extra profit to companies as if it is expected and not earned. It is as if one went to a restaurant as a customer, and your waiter or waitress forgot your order, they spilled your food on you, and charged you for items you did not even ask for. Most of us would not give that person a very big tip, maybe none at all. But some agencies continue to give contractors who perform just as poorly pretty much everything they could want.

Let me just pause and try to be clear. I am a strong believer that appropriate incentives, including bonuses, can lead to better performance. But I worry that, at the end of the day, agencies are not aligning contractor profitability in too many cases with performance. And in those cases when a contractor does fail to deliver, there need to be consequences.

Agencies cannot keep giving contractors a second bite at the apple. We just cannot afford to give contractors money and get too little in return. That said, I do believe that there may be some possible solutions that are currently being discussed and others that we may want to pursue.

For example, after GAO had exposed the fact that the Department of Defense contractors were continually given multiple opportunities to earn award fees, the use of this practice dropped dramatically. This has led to an estimated $450 million in savings in eight programs in which the rollover practice was once used. Perhaps this should be expanded to other agencies.

I personally do not see the logic of using award fees to incentivize contractors when we do not know whether or not they work. I got the sense that agencies are using this type of contracting because in some cases they do not know exactly what they want out of the contractors let alone know how that performance should be delivered. So instead of taking the time to lay out objective cost schedules and specific performance measures, agencies may be using wasteful bonuses as a crutch.

In closing, I am looking forward to hearing what our witnesses have to say about the ongoing efforts to get the issue under control and to explore some other possible solutions that will help to rein in wasteful contractor incentives.

If Senator McCain was here, I would recognize him for his opening statement. He will be joining us shortly. And we have been joined by Senator Burris and Senator Coburn. Before you got here, Senator Coburn, I was talking about how you, Senator Sanders, and I were among the people who said these award fees are troublesome, and we asked GAO to do something about it. And I very much appreciate your leadership on this and a whole lot of other issues.

Senator Burris got here just a little bit ahead of you. I am going to go ahead and yield to him, and then we will yield to Senator Coburn. But we are delighted that you are both here. Senator Burris, you are always good to come, and I am grateful for that. Thank you.

OPENING STATEMENT OF SENATOR BURRIS

Senator BURRIS. Thank you, Mr. Chairman. I would like to commend you, Mr. Chairman, for holding this hearing today. The importance of this issue cannot be overstated, especially in these economically challenging times. It is more important than ever that we end wasteful spending associated with Federal contracting; moreover, we need to fully embrace transparent practices that will assure taxpayers that their money is being put to good use.

I look forward to hearing more about the use of the award fee contracts and the steps the GAO and the Office of Management and Budget are taking to ensure that this practice does not lend itself to wasteful spending.

We need to ensure that Federal contractors receive payment only for the projects that they are hired to complete. We cannot continue to use taxpayers' dollars to pay for work that does not meet the contract requirements.

So I will have a few questions during the question and answer session, and thank you very much, Mr. Chairman. I appreciate it.

Senator CARPER. You bet. Thank you. It is not your birthday today, is it?

Senator BURRIS. Yes, today is my birthday.

Senator COBURN. Happy birthday.

Senator CARPER. Happy birthday.

Senator BURRIS. August 3. I will not tell you that I am X years old.

Senator CARPER. Around here, at your age they still think you are a teenager.

Senator COBURN. You are young. [Laughter.]

Senator BURRIS. I am 72 today.

Senator CARPER. You are still a teenager. Plenty of rowing time. Well, happy birthday. Delighted to share this day with you.

Senator Coburn is probably as much as anybody I know, a member of the Senate who focuses on waste, fraud, and abuse, and I am delighted that he is partnering on a number of those initiatives. Senator Coburn.

OPENING STATEMENT OF SENATOR COBURN

Senator COBURN. Mr. Chairman, thank you so much for holding the hearing, and I thank GAO for their report.

Americans think we do not get it up here. I am going to enter into the record a list of bonus payments that were paid under CPAF across almost every agency, but let me just highlight a few.

Medicare and Medicaid paid out more than $312 million last year for quality care bonuses to nursing homes that provided below-average care and had significant past health and safety violations.

The Department of Defense paid $8 billion in unwarranted bonuses to contractors for weapons programs that had severe cost overruns, performance problems, and delays between 1999 and 2004.

NASA paid Boeing a bonus of $425 million for work on the Space Station that ran 8 years late, cost twice what was expected, and Boeing estimates an additional $76 million in overruns by the time the contract is completed. Yet we paid $425 million in bonuses.

The Department of Commerce selected Northrop Grumman in 2002 to build a $6.5 billion satellite system supposedly to save the American people $1.6 billion. It was supposed to be launched in 2008. It has not happened. The project's budget has doubled to $13.1 billion, and Northrop's performance has been deemed unsatisfactory, yet from 2002 to 2005, we gave them $123 million worth of bonuses.

In 2007, Harris Corp. developed a handheld device to collect data for the 2010 census that failed to work properly and was $198 million over budget. In spite of that, we gave them $14.2 million in bonuses.

The Federal National Mortgage Association, a sponsored mortgage enterprise better known as Fannie Mae, suffered $59 billion in losses last year and requested $15 billion in taxpayer assistance, yet it plans to pay $4.4 million in bonuses to its top executives.

In 2006, more than $3.8 million in bonuses were paid out to senior officials at the Department of Veterans Affairs, months after a $1 billion shortfall threatened to imperil the care of thousands of injured veterans returning from combat in Iraq and Afghanistan.

In 2006, the Department of Treasury abandoned a $14.7 million computer project intended to detect terrorist money laundering. The failed project was 65 percent over its original budget, but the vendor, EDS, was awarded $638,000 in bonuses.

The repair and restart of a Tennessee Valley Authority Nuclear reactor cost $90 million more than the Federal utility budget was, but TVA paid the primary contractors on the project—Bechtel Power and Stone and Webster—an extra $42 million in bonuses and other fees.

I will just add the rest of them to the record, if I may, Mr. Chairman.[1]

Senator CARPER. Without objection, they will be added.

Senator COBURN. I look forward to your testimony. I know that OMB is aware of these problems. I have a lot of confidence in OMB that they will get it right.

Senator CARPER. Thanks, Dr. Coburn.

One of the things Dr. Coburn and I have talked about for any number of times is the idea that we have OMB—part of OMB's job is to manage and to manage effectively in a cost-effective way. Part of the job of GAO is to help us to make sure as a watchdog that agencies are doing their jobs, doing it in a cost-effective way.

Part of our job is to provide oversight, and we like to in this Committee, and this Subcommittee especially—which Dr. Coburn has chaired from time to time, and I get to chair it now for a little while. But one of the things we try to do is to work with OMB, to work with GAO, to work with the Inspectors General, as misspending, inappropriate spending is identified, wasteful spending is identified, for us to put a spotlight on that. And what we try to do is to spotlight bad behavior, and we like to spotlight good behavior, in an effort to hold up to other agencies those agencies that are doing the right thing, behaving appropriately, and set themselves out as an example.

So here today I think we will have the opportunity to hold some folks up, to say we appreciate what you are doing, and to maybe say to some others, let us see what you can learn from those that we hold up.

Our first witness today will be the Hon. Jeffrey Zients, the Deputy Secretary for Management and the government's first ever Chief Performance Officer. We are delighted that he has taken on this responsibility. It seems like, what, about a month ago that you were confirmed and assumed this responsibility. But we are happy to have you on board.

Mr. Zients comes to government with an impressive resume, having worked for over 20 years as a management consultant and entrepreneur. He also co-founded the Urban Alliance Foundation, a nonprofit that helps economically disadvantaged young people obtain year-round internships and job training.

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[1] The list provided by Senator Coburn appears in the Appendix on page 162.

And our second witness on this panel, no stranger here, is John Hutton, and he is the sourcing manager for the Government Accountability Office. Mr. Hutton, I am told, began his career in GAO in—this says 1878. Could it have been then? [Laughter.]

Maybe it is a typo—1978. He has led reviews on topics ranging from reconstruction in Iraq and Afghanistan, places we all have been, to U.S. efforts to combat the AIDS virus.

Again, our thanks to both of you for your work and for your stewardship, and I am going to call on Mr. Zients to lead us off and then Mr. Hutton to follow. Your entire statements will be made part of the record. Feel free to summarize as you wish. Thanks.

TESTIMONY OF HON. JEFFREY D. ZIENTS,[1] DEPUTY DIRECTOR FOR MANAGEMENT, OFFICE OF MANAGEMENT AND BUDGET

Mr. ZIENTS. Thank you, Chairman Carper, Senator Coburn, and Senator Burris. I appreciate the opportunity to appear before you today to discuss award-fee contracting along with strategies for eliminating waste and maximizing the value achieved from these contracts. I have prepared a full statement for the record and, with your permission, would like to insert into the record and highlight a few key points.

Senator CARPER. You have our permission.

Mr. ZIENTS. Thank you.

As you mentioned, I was confirmed last month as the Deputy Director for Management at OMB and Chief Performance Officer of the Federal Government. It is my responsibility to help lead efforts to improve government performance—in other words, to make sure that taxpayer dollars are being used effectively and efficiently, a task that is critical in any Administration but is especially critical during these difficult economic times. I believe that a sound acquisition system can play an important role in driving down costs and increasing the value the taxpayers get for their dollars.

As demonstrated by the President's March 4 memorandum on government contracting, the Administration is committed to creating an environment that can support such a system, which is currently used for more than $500 billion in annual spending.

Last week, OMB issued an initial set of guidance to help agencies improve the effectiveness of their acquisition practices and the results achieved from their contracts. These efforts are designed to save the taxpayers at least $40 billion a year.

The President's memorandum identifies an agency's selection of contract type as a key area in need of immediate and increased attention to achieve better results from our contractors. The selection of an award-fee contract can be an effective way to both achieve strong performance from a contractor and mitigate the government's risk in circumstances where requirements may be difficult to define and to measure objectively.

To get the benefits of an award-fee contract, agencies must focus on three areas:

First, fees must be linked to cost, timeliness, and quality of the contractor's performance.

[1] The prepared statement of Mr. Zients appears in the Appendix on page 47.

Second, the amount of fee an agency pays must be commensurate with the level of demonstrated performance.

And, third, an agency must not pay an award fee when contractor performance is unsatisfactory.

OMB's Office of Federal Procurement Policy laid out these basic tenets of award-fee contracting in a 2007 policy memorandum. Unfortunately, agencies have not consistently achieved good results from their award-fee contracts, in part because these tenets have not yet been incorporated into the Federal Acquisition Regulation (FAR). As a result, OMB is taking two steps to significantly improve government-wide implementation of award-fee contracting.

First, we are working with the FAR Council to expand the existing FAR rules. The new rules will require that an agency effectively determine that an award-fee contract is the appropriate contract type for the agency's requirements and circumstances. The new rules will also provide evaluation standards to help agencies differentiate between levels of performance and the corresponding percentage of available award fees that could be earned. Equally important, the rules will prohibit award fees for contractor performance that is judged to be unsatisfactory. Finally, the rules will provide clear guidance on the use of rollover.

Second, we will bring more agency management attention to bear on award-fee contracting activities in coordination with the five agencies that represent at least 95 percent of the total dollars spent on award-fee contracts. Most of those agencies are represented in your second panel.

One area where we will increase management attention is on monitoring of internal practices and data collection. We will work with the agencies to put appropriate mechanisms in place to determine if award fees have been made in accordance with their approved award-fee plan. We will further work with agencies to compare award-fee determinations to the agency's evaluation of the contractor's overall performance. This cross-check will help managers ensure that fee determinations track with performance evaluations and that contractor performance is being evaluated by the agency in a consistent manner.

Finally, we will look at how current data collection on award-fee contracts can be improved. One option we are considering is the centralized collection of award-fee determinations into the same system that serves as the central repository for contractor performance information. This consolidation would have the added benefit of providing an additional source of analysis for agencies to consider in future source selections.

In addition, we will focus management attention on training the acquisition workforce, which is central to achieving good results from award-fee contracts. For this reason, it is critical that the rollout of our new guidance be supplemented with tailored training that reinforces the skills that are essential to achieving cost-effective quality performance under award-fee contracts.

In summary, we have begun an aggressive effort to address well-documented weaknesses with award-fee contracts and to create an environment that enables continual improvement. Ultimately, these reforms will lead to a government that is using its funds wisely and with care and delivering for the American people.

I appreciate the Subcommittee's leadership on this subject and welcome the opportunity to work with you as we improve our use of award-fee contracting and strengthen the overall acquisition system.

Senator CARPER. Good. Thanks, Mr. Zients.

We are going to have questions. When we get to questions, Mr. Hutton, I will telegraph this picture: I am going to be asking you to comment on the steps that Mr. Zients just outlined. But you are recognized to make your statement now, and your full statement will be made a part of the record. Thank you again.

TESTIMONY OF JOHN HUTTON,[1] DIRECTOR, ACQUISITION AND SOURCING MANAGEMENT, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Mr. HUTTON. Thank you, Mr. Chairman and Members of the Subcommittee. I am pleased to be here today to discuss our recent report on use of award-fee contracts.

From 2004 through 2008, agencies have spent over $300 billion on contracts which include award fees. In 2008, over 95 percent of those dollars were spent at five agencies: Department of Energy, Departments of Health and Human Services, Defense, Energy, and Homeland Security, and NASA. I think that was six, but I repeated one.

In 2007, OMB issued guidance to chief acquisition officers and procurement executives that emphasized several actions we had recommended in 2005 aimed at improving award-fee practices. My statement today is based on our May 29, 2009, report on award-fee contracts, and specifically I would like to discuss how agencies are addressing OMB's award-fee guidance: First, what agencies have done to revise or develop policies and practices reflecting that guidance; second, the extent agency practices for using award-fee contracts are consistent with that guidance; and, third, the extent agencies have collected and shared information on award fees to help evaluate the effectiveness.

So what have agencies done? DOD and NASA have revised or clarified guidance that supports better use of award fees and are generally consistent with the OMB guidance. For example, DOD's guidance now reserves for exceptional circumstances the practice of offering contractors a second chance at unearned fees; emphasizes the linkage between award fees and desired outcomes; defines the level of performance used to evaluate contractors; and prohibits payment of award fees for unsatisfactory performance. NASA's guidance now requires a documented cost/benefit analysis to support the use of an award-fee contract.

Efforts to incorporate OMB guidance into departmental guidance at DOE, HHS, and DHS have varied. Although acquisition professionals at each of these agencies told us that they would benefit from additional guidance on using award fees, some were unaware of the contents of the OMB guidance.

Are agency practices consistent with the OMB guidance? On the one hand, we found that agency practices for using award-fee contracts were not always consistent with the OMB guidance. At HHS,

[1] The prepared statement of Mr. Hutton appears in the Appendix on page 53.

for example, a contractor received an award fee based in part on process-oriented criteria such as requiring a contractor to have appropriate staffing levels, whereas OMB policy calls for linking fees to demonstrated efforts.

At DOE, one office developed a scoring system without defining the terms used, resulting in inconsistent application that could allow for payment of as much as 84 percent of an award fee for not meetings expectations.

But, on the other hand, DOD, the agency at which our initial work was done in 2005, has in some cases applied its revised guidance and realized some benefits. Of the 50 DOD contracts we reviewed, 40 were for programs included in our 2005 work, and we estimate DOD will pay $450 million less in award fees from fiscal years 2006 through 2010 on eight of those cases to which the new guidance has been applied. In other instances, through adopting more discreet criteria, a program was able to better evaluate contractor performance.

Have agencies collected data evaluating effectiveness and shared information about the use of award fees? In most cases, the answer is no. Of the five agencies we reviewed, only DOD collects data on award-fee contracts, and no agency has developed methods for evaluating the effectiveness of an award fee as a tool for improving contractor performance.

As for sharing information, other than a Community of Practice established by DOD, no formal networks exist for agencies to exchange best practices, lessons learned, or other strategies. Instead, information is shared through informal networks, if at all. This lack of more formal exchanges has created an atmosphere in which agencies do not know whether fees are being used effectively, and one in which poor practices go unnoticed and positive practices were isolated.

So what should be done? In our report, we recommended that DOE, HHS, and DHS update or develop guidance on using award fees which would provide instructions and definitions on developing criteria to better link award fees to acquisition outcomes; using award fees in combination with incentive fees; determining when rolling over unearned fees may be justified; and establishing evaluation factors to motivate contractors towards excellent performance and prohibiting payments of award fees for unsatisfactory performance.

In addition, we recommended that DOD emphasize consistent application of its revised guidance and, where feasible, review contracts awarded before the guidance was in effect to identify additional opportunities for improvement.

Finally, we also recommended that the five agencies establish an interagency work group to identify how best to evaluate the effectiveness of award fees and develop methods for sharing information on successful strategies.

The agencies concurred with our recommendations and noted that an existing Federal Acquisition Regulation work group and an Interagency Incentive Contracting Work Group could be leveraged as mechanisms to implement our recommendations.

Mr. Chairman, this concludes my oral statement, and I look forward to addressing any questions you or other Members of the Committee may have.

Senator CARPER. Thanks, Mr. Hutton.

Mr. Zients mentioned near the—well, actually at the beginning of his testimony, I think he laid out maybe three major things that were promulgated by OMB. I think it was in 2007.

Mr. ZIENTS. Yes.

Senator CARPER. And the last one, I believe, was that award fees should not be awarded when performance was unsatisfactory. I think that was the third point. I do not recall exactly the other two.

But to go back to the 2007 guidance that OMB provided, and then if we fast-forward to what Mr. Zients said here today that should be done, is being done, how does it work together as a package in terms of getting us closer to better practice that we would all applaud rather than disdain or despair? I just want you to comment on what he laid out, like the road ahead.

Mr. HUTTON. Sure. Mr. Chairman, I do point out that when OMB issued their memorandum back in 2007, I believe, it reflected a lot of the key findings in our work that we did at DOD back in December 2005, and it really——

Senator CARPER. You didn't think they were listening. They were paying attention.

Mr. HUTTON. Well, sir, I do point out that DOD actually, once that report was issued, quickly modified their guidance. That was one positive step taken. You had OMB coming from behind later with additional guidance to make it apply to other Federal agencies.

But Congress itself several times has pushed DOD to clarify their guidance, put more detail in their guidance, as well as ask that the FAR be amended to incorporate many of the things that we pointed out based on our 2005 work. And I think this is clearly an example, sir, where you said at the outset, GAO put a spotlight on some of the issues on the use of award fees back in 2005, and I think this is a clear case where putting a spotlight brought a little heat, and the heat brought some change so far.

Senator CARPER. Let me just back up a little bit. Do you believe that the guidance that OMB now provides is appropriate? Are there some aspects of it that——

Mr. HUTTON. For DOD's guidance?

Senator CARPER. Well, for DOD or really broadly, the guidance broadly for the awarding of award fees.

Mr. HUTTON. I think OMB's guidance, again, hits many of the key things, but what our work has shown, even this most recent report, is that the word has not gotten down to everyone throughout all the different agencies. As we have pointed out, some of the agencies like HHS and DOE in some cases have not incorporated all those attributes of the OMB guidance into their own guidance yet. So I think there is further room for improvement.

But even within an agency—and DOD has taken some steps where we have seen some improvement—it is not across the board yet, but they certainly were initial steps.

So you have to ensure that those steps are taken and pushed down across the agency down the contracting activities.

Senator CARPER. So from what I am hearing from you, OMB's guidance is generally pretty good, gotten better over time. Some of the agencies, including DOD, maybe NASA, are doing a better job of adhering to that guidance and have improved.

We have the obligation to try to back you up when you point out activities that are really undefendable, that you continue to bring attention to them, and in some cases to embarrass or shame, in other cases to encourage agencies to do the right thing.

What is the role of the Inspectors General in all this? Do they have any role at all in terms of trying to make sure that when OMB promulgates this guidance and you are out there as a watchdog, what is the role of the IGs in this, the Inspectors General?

Mr. HUTTON. Yes, sir. GAO has looked more broadly across government, but some of the IGs have done some studies looking at specific contracts where they went in and actually evaluated the agency's use of award-fee contracts. I know the NASA IG issued a report not too long ago, and I believe DOD has done so as well.

So the IGs can play a role where they look at some of these contracts and see to what extent the processes and guidance are being executed.

Senator CARPER. Why do you think some—and this is for either of you. Why do you think the Department of Defense has actually made rather remarkable improvement, not perfect but a remarkable turnaround, and maybe NASA—and we have several other agencies, and I think one of you said in your testimony that 95 percent of these award fees were made by just five agencies, which is actually helpful because we do not have to worry about the rest, at least not with regard to this concern. But why is it that a big agency, a hard-run agency like the Department of Defense has made what, I think, most would say is pretty good improvement, and we have a couple of other agencies that are part of the problem here that have made relatively little? Why is that?

Mr. HUTTON. Well, if I could speak first, in terms of DOD, I think we highlight some key cases where you have seen these improvements being made. But as our report also pointed out, it has not gone throughout the organization. But I think leadership and embracing the GAO findings is one major step to seeing that change is made.

Senator CARPER. Mr. Zients, any comment on that?

Mr. ZIENTS. Yes, picking up on that, and then also earlier on the OMB guidance.

Senator CARPER. Please.

Mr. ZIENTS. My understanding is that incorporating this into the FAR and expanding the FAR rules will lead to much greater adoption. So this process which we are almost finished with, so within 30 to 60 days we should be publishing what most likely will be the interim final set of rules, will really ensure that this is front and center in all decisions around award fees, and it will be very clear, much more granular, if you will, guidance and rules about what should and should not be done.

So I think going forward, now that we have it in the FAR in a more detailed fashion, this hopefully will help to mitigate this as a problem.

Senator CARPER. One of you said in your testimony, you talked about training of the men and women whose job it is to oversee contracts and to make sure we are doing the right thing with respect to acquisition. And I think one of our other witnesses in the second panel talked about the lack of training, and the fact that some of the folks who are tasked with these responsibilities in their agencies are not well prepared, are not trained to do this part of their jobs well.

Would you care to tell us what needs to be done to better ensure uniformity of training and preparation of acquisition oversight?

Mr. ZIENTS. My perspective is that we have a set of workforce challenges, writ large here, in terms of—probably in terms of the number of people, and certainly in terms of training and capabilities that we really need to focus on. So I think when you talk about an area like this where clearly there have been some shortcomings, the idea of tailoring training to award-fee contracting, starting with is it the appropriate contract type to begin with, all the way through what is an appropriate award linked to actual performance, that whole value chain, if you will, is going to be an area that we need to target in training and support workforce development in.

So I think it is part of a much larger issue that we have on workforce capabilities and training and number of people, but I think given the importance of this problem consistent with the guidance, we should be focusing in on some tailored training.

Senator CARPER. All right. The Department of Health and Human Services did not send a witness today to our second panel, and I am disappointed with that. But are either of you in a position to tell us how they are doing relative to the challenges that they face in this regard?

Mr. HUTTON. Mr. Chairman, our work has shown that HHS is one of the agencies that probably has some of the least specific detailed guidance at the various contracting activities, less than perhaps DOD, DHS, or DOE. Pretty much I think they are reliant on the FAR, and as the OMB witnesses indicated, the FAR is going to be expanded and provide more detail as to how to better utilize this type of contracting apparatus. While that is helpful, I think HHS should still look at their guidance and the extent to which their folks are well grounded in the key principles that we have pointed out in our work, as well as OMB has pointed out in their memorandum.

Senator CARPER. I will say this and then pass it on to Dr. Coburn and then back to Senator Burris. But my guess is that somebody at DOD a couple of years ago, fairly senior at DOD, maybe even a Deputy Secretary said, if we are going to run this agency the right way, we have got to do something about these award fees. And we all have heard of the term "trickle down," but my guess is that much like turning a battleship or an aircraft carrier like they have to over at DOD, somebody high up has to say, "Let us get to work on this." And it is important that we have people trained to do the day-to-day work on acquisition and contracting, but it is also helpful to have people that are in charge of agencies to say this is important as well.

Dr. Coburn.

Senator COBURN. Thank you, Mr. Chairman.

Thank you for your testimony. I want to go a little deeper and into background really to ask how we got here. If you think about what we are using on award fees, it is usually on things that we have never done before. If you look at NASA or you look at DOD or you look at the case of the Census Bureau trying to buy a handheld computer, the hole I see in that is that we have no capital at risk by those people who are bidding these jobs. I would think, Mr. Zients, that you would probably agree, given your background, that when you have no capital of your own invested, you have no incentive to be under budget or on time. I just wonder, can you give me a little history of how we got here to where we are now, anything that we want to do new, all the risk is taken by the Federal Government, even though the company providing the services is going to handsomely profit from that.

Why shouldn't they have risk? Why shouldn't they have capital at risk?

Mr. ZIENTS. I think, appropriately implemented, these contracts actually can achieve what you are discussing in that if unsatisfactory performance is the result and, therefore, there is no award fee, that should be a contract that the contractor does not make any money from.

The problem is if you have unsatisfactory performance and you are actually paying healthy award fees, then the government is not protecting itself. But the structure of the contract could be used to protect the government so that if performance is not strong—and, again, one would prefer to have objective measures of the performance up front and have incentives as opposed to bonuses, if you will. But if that is not feasible given the newness of the work, as you described with NASA or DOD, then these fees should not be paid when performance is not strong and the contractor should suffer as a result—in essence, having lost the capital opportunity that you describe.

Senator COBURN. Let me go a little further. The President said he would like to competitively bid everything, even the things that we are trying to do that have not been done yet. What is wrong with having a competitive bid on that and then holding the contractor accountable—if they cannot do it, they lose. If they do it, they win. We know what the price is up front. What is wrong with that? What is wrong with that scenario, where we put some of the risk onto those that are going to benefit from having the contract?

Mr. ZIENTS. I could not agree more on increasing competition. I think, where possible, we want fixed-price contracts. There probably are some situations where you cannot do a fixed-price contract and you have to do a cost reimbursement contract. In those situations, you want to be able to tie it as best you can to objective measures up front.

If you cannot—and we should be now down to a pretty small subset, I would hope—then award fees could be the right way to incent good performance. But then you would absolutely have to tie performance to what percent of the award fee you are paying.

Senator COBURN. Right. We spend $64 billion a year on IT contracts, and a large percentage of those, 30 percent or so, are totally nonperforming. The reason for this is we do not know what we want or we change what we want as we start it. I know the CFOs are going to be involved with this, and I appreciate the Obama Administration working on this.

How do we get it to the point on these things we have not done where the bureaucracies do not change routinely or regularly the requirements so that we are chasing a moving target instead of saying, OK, this is it, this is what we are going to get, and then after we get this, then we will have another contract for MOD? The fact is that what happens on all these IT contracts is we just keep changing the goalpost.

You all have done a wonderful job at looking at the problems with the system we have today. I am not sure this system works. As Mr. Hutton said, when is rolling over unearned award fees justified? If I was behind it, it never would be. That is like saying my dog ate my homework, but I come back tomorrow and get an A even though I did not perform the first day.

I have questions with how we actually are doing this, how we are looking at it. I know there are areas where we cannot say we can get a fixed-price contract. I understand that, and I agree with setting incentives and parameters and good measurement indicators. But I think we need to move towards capital risk. If you look at the major contractors for the Federal Government, you go read their 10–Ks, they are doing OK. As a matter of fact, they are doing more than OK. They are making a ton of money off the taxpayers of this country, and they are providing the needed service. I am not unhappy that they are making money, but I am unhappy that we do not have a system that puts their capital at risk which will drive innovation on their part. If they do not have capital at risk, it does not.

So, Mr. Hutton, when is it OK in rolling over unearned award fees? Why should they ever be rolled over?

Mr. HUTTON. Well, sir, I think as the latest guidance and the DOD guidance mentions, it would be really exceptional situations, and while that is not defined, I think one consideration is if there was—the contractor did not have an opportunity to earn a fee because of some event that did not occur at that point in time when everyone expected it to, and the award fee was tied to a particular event. But that is a decision that—I think a judgment that the government agency might have to make. I am not saying that is the best answer or the only way, but it really would be an exceptional situation, if in anything.

Senator COBURN. My problem is that gives the contractor an out, and what you want to do is have them come in with a contract saying, "There is no out for me on this. We have got to perform." It is the age-old story on venture capitalists. When a project is not going good, do you know what the first thing is they do? They fire half the people at the venture capital that they have, and it does not matter which half they fire. You know what happens? It either gets well very quickly, or they withdraw all the funding.

I think we have taken an attitude we have done it this way, and we should probably take another look at this. Possibly an exception that only OMB can approve for rolling over award fees and saying, yes, this is something totally unforeseen, this is not a lack of effective innovation on the part of the contractor, not a problem with us in terms of purchasing.

I would like to see those very much limited, and it will change behavior. The fact is that right now in the contracting community, award fees are pretty easy to get, we ought to go to the incentive that you are talking about, Mr. Zients, with clear guidelines so that there is no question but the key is how you contract what you are asking for in the first place. Mr. Zients.

Mr. ZIENTS. Yes, I was going to say on rollovers, I think there is one of two paths. One is outright ban. If it is not an outright ban, then it has to be truly, to your point, an extraordinary event. An extraordinary event would need to have a process associated with it that verifies——

Senator COBURN. We are talking through OMB.

Mr. ZIENTS. That verifies it is extraordinary.

Senator COBURN. Right. Thank you, Mr. Chairman. Sorry I went over.

Senator CARPER. No. That is quite all right.

We have been joined by Senator McCaskill from Missouri. Welcome. We are delighted to see you and thank you for your interest and stewardship on these and other issues.

We have also been joined in the audience by Dr. Jerome Lewis from the University of Delaware, who, as it turns out, was one of my professors when I was a young MBA student a long time ago. So we are delighted he and his wife, Linda, and their daughter, who I think just recently graduated from the University of Delaware, are all here.

With that having been said, now let me recognize Senator Burris for his questions.

Senator BURRIS. Thank you, Mr. Chairman.

Senator Coburn, just for my information, did you have dates on those numbers that you read off? Were those 2005, 2006, or 2007?

Senator COBURN. Some of them were all the way up to 2007, but I think one of them was all the way up to 2008.

Senator BURRIS. Thank you, Senator.

Senator COBURN. But we will have them submitted for the record.

Senator BURRIS. OK. Thank you, Senator.

For Mr. Hutton, what is the biggest concern that GAO came away with after their May 2009 report? And what are GAO's recommendations for turning them around?

For example, you said in your testimony that GAO has found that the agencies did not have a mechanism for evaluating the effectiveness of the award fee as a tool for improving contractor performance and achieving desired outcomes?

Mr. HUTTON. That is right, sir. That was one of our recommendations that gets at the heart of the issue, if you are using this as a vehicle, how do you know that the way you are using it is actually incentivizing the contractor to perform in the direction that you would like the contractor to perform.

But to take it back to the first point about what are our biggest concerns, I think in part that we have seen the cost-plus-award-fee contracts being used in a way that is not in the best interest of the taxpayer. In a number of cases, we found that, one, we talked earlier about having unsatisfactory performance and getting nothing or something. But we found that even in cases where they perform satisfactorily, one could get up to 85, 90 percent of the award fee. And in those situations, what is left to really incentivize a contractor's performance? You are only leaving like 10 percent. That is not much of an incentive, I would not think, if you are paying them, say, up to 90 percent for satisfactory.

I think our report points to the weights being applied right now across some of the key agencies that tend to have this type of contract the most is one of our biggest concerns. But, also, I think the guidance still needs to be improved at the agencies, and I think the OMB guidance that reflected a lot of the commentary that we had in our 2005 report is really getting at the key things that need to be done:

Do not pay an award fee for unsatisfactory performance. Rollover is to be only on an exceptional basis. And, quite frankly, I mentioned earlier a possible scenario. I mean, really what we have asked is for the agencies themselves to figure out when it would make the most sense because we are a little hard-pressed to find examples where it might make sense.

So I think implementation has been a big issue for us and the fact that you are not going to get satisfactory resolution of this until some of these other agencies enhance their guidance as well. DOD has shown, in some cases where they have, you do see results.

Senator BURRIS. And that leads me to Mr. Zients. In terms of DOD, was it able to make significant improvements after implementing the recommendations made by GAO in 2005? And what is the appropriate timeline for other agencies to get on board with these practices? And what kind of oversight can we, in Congress, provide? Are there circumstances that warrant penalties in reference to this?

This goes to some of the work I actually have done in the private sector, which is to take the best practices of one organization and apply them to others. And I think by DOD's leadership on this, we know that change can happen, and it can happen pretty quickly.

So I think what we need to do—we are benefited here in that there are five agencies that represent more than 95 percent of the dollars. So by having those five agencies work closely together to share best practices, best processes, I believe that we can quickly improve this situation. I think DOD and NASA and maybe some others have some practices that we need to ensure that we codify and teach and implement as soon as possible.

Senator BURRIS. Do you see what role can we, in Congress, have for developing penalties for those other agencies?

Mr. ZIENTS. I think holding accountable, the way you are today, is the right way to do this. And, again, it is a very focused effort. It is five agencies that represent more than 95 percent.

Senator BURRIS. Well, being a former fiscal officer of a State, and now, of course, out of the Federal Government, when you do that, there are certain penalties that you must pay if you are—I do not know whether or not those are Federal rules or not. But having dealt with the State contracting arrangement, certainly you cannot overspend those line items or, if you do, then you have to do some legal transfer of funds. I am just wondering how some of this mechanically takes place with the overspending when we are appropriating those funds for those agencies.

Mr. ZIENTS. Yes, it is a terrain that I do not know a lot about, but I can look into and report back on it.

Senator BURRIS. OK. I am done, Mr. Chairman. Thank you very much.

Senator CARPER. I think we are fortunate to have a couple of members of this panel who have actually been auditors for their State, Attorney Generals for their State, and the expertise that you bring to the Senate is very much appreciated and valued. Thank you. Senator McCaskill, welcome.

OPENING STATEMENT OF SENATOR MCCASKILL

Senator MCCASKILL. Thank you, Senator Carper.

Mr. Hutton, can you give us some historical perspective about how we drove in this ditch in the first place? It is amazing to me that there is a sentence in a GAO report that reads as follows: "The Department of Defense now prohibits"—underline "now prohibits"—"payment of award fees for unsatisfactory performance."

Now, where I come from, that would be a head scratcher. How did we get to the point that we began paying award fees for unsatisfactory performance? How did that happen?

Mr. HUTTON. Well, it is difficult to kind of generalize, but one thing that we noted just in our recent work is that at some level it becomes the way we do business. And I know at one particular location a contractor—I think it was an Air Force contract—had been getting fees, and one time the government said, "No, we are not going to give you a fee this period, and we are not going to roll it over to the next evaluation period," and the contractor came back and said, "Well, you know"—and kind of very calmly said, "Can you roll it over?" And they said, "No."

And so I think in part there is a culture change with respect to how this particular contract vehicle is being applied.

Senator MCCASKILL. Well, it is interesting to me—I mean, and this culture change would never have happened in the private sector. There never would have been a habit developed over the years that we pay for bad performance, we pay a bonus.

I remember my first encounter with this. It was in the Armed Services Committee, and there was a very long hearing where I kept like going, "Huh?" It was an amazing revelation to me that there had been time after time—and we actually drilled down in that hearing, and there was actually a formula they were using. And I even tried to get to, well, what decides who this formula is? And it became pretty obvious to me that it was just one of these regulations that had been put in place that no one was taking seriously. They were going through the motions of doing some kind of contract evaluation, but at the end of every evaluation, there was the same outcome.

So it was like this mentality that there is this paperwork we have to do, but once we get through the paperwork, we keep doing what we always have been doing.

Are you saying based on the report that you have issued that has changed at the Department of Defense or that they have simply put more regulations in place?

Mr. HUTTON. I think they have improved their guidance, and I think based on some initial steps and for the contracts we looked at, and programs, we did see in some cases the ship, so to speak, starting to turn.

But I must underscore that our work also showed, though, that the job is not done, and I think it takes sustained leadership, it takes having a qualified and trained workforce in sufficient numbers and making sure that the contracting activities are executed as the guidance would suggest.

Senator MCCASKILL. And one of Mr. Assad's many challenges is that, as your report found out, DOD, in terms of contracting makes an octopus look like it does not have very many legs. And all the different contracting commands are not in sync. They are not following the same guidelines. They are not observing the same rules and conduct based on—I mean, just within the Air Force, you have different contracting commands that are not even doing the same thing.

I am curious. In your work, did you find a contract where they had denied a performance bonus?

Mr. HUTTON. An award fee? Yes.

Senator MCCASKILL. You did.

Mr. HUTTON. I would probably have to get back for the record for some specific examples, but, yes, I do believe we had some where a contractor got zero for that particular evaluation.

Senator MCCASKILL. Well, that is really good news because that has been typically a needle in a haystack type of deal, that there is actually someone who has been denied.

As you have prepared for your very challenging job, Mr. Zients, are you aware of any contractor who has successfully sued for a performance bonus after they have been told no?

Mr. ZIENTS. It is not something that I have looked into, and so I do not know either way.

Senator MCCASKILL. Are you aware of any, Mr. Hutton?

Mr. HUTTON. Senator, it is my understanding that the use of award fees is a unilateral situation with the government, that the government looks to try to incentivize in certain areas. It is a unilateral decision on the government whether they pay them a fee or not. And a contractor may come back and maybe say, "I have some more information that might have you think differently about your evaluation." But it is a government decision.

Senator MCCASKILL. Well, would there be something that would be too radical about saying that we are not going to do any more award fees in government unless it is based on objective criteria? Mr. Zients.

Mr. ZIENTS. My instinct is that there are situations where they probably do apply and actually apply when implemented correctly to protect the government's interest.

Senator MCCASKILL. Can you give me an example where it would not be based on objective criteria?

Mr. ZIENTS. Something that is very research, early stage, focused where, if you did a fixed-cost contract, it would, let us call it, 100 percent; whereas if you focus it this way, you might pay, just to illustrate, 85 percent and put a piece at risk, so that if the contractor underperforms, you end up at 85 percent rather than at 100 percent. So you actually are protecting the government's interest.

If, however, the potential is 20 or 25 percent in my example and you routinely pay 20 or 25 percent independent of performance, then you have not protected the government's interest.

So when applied correctly, by putting some of this at risk, if there is unsatisfactory performance or only satisfactory performance, the government should have protected its interest by paying less than they would have under a fixed-fee contract. And, again, I think you want to minimize the use of these and only apply them to situations where you cannot define the objectives up front and measure them. And I think we have to be careful because it is often easy to say you cannot measure things and then default to a contractor of this type. So we need to make sure that these are only used in those situations where you truly cannot define objectively up front.

Senator MCCASKILL. Mr. Hutton.

Mr. HUTTON. If I could just add to that some of our past work has also indicated that you have to go through a thought process, a risk assessment as to whether this type of vehicle is going to give the government better opportunities to enhance the contractor's performance. But you also have to consider things like administrative costs, or do they outweigh the benefit of using that particular type of vehicle.

We have done some work in Iraq where a cost-plus-award fee was used for certain types of contracts, and there was difficulty even having the award fee boards meet and be able to discuss whether the contractor has performed enough. So you have to kind of understand the environment you are working in. You have to do a cost/benefit, administrative versus benefits, but also you have to have sufficient people that are properly trained and overseeing a particular contract if you are going to use this type of vehicle.

So there are a lot of different things that one must consider, and I think that, as the OMB representative has mentioned, what they are trying to do is focus on that initial decision point as well and bring in a little more rigor as to whether this is the right vehicle or not.

Senator MCCASKILL. Well, and I get if it is fixed costs, we could withhold some to make sure we get full performance before we pay the full contract. But in the hearing I sat through the day that I thought the top of my head was going to pop off my body because I was so frustrated and angry at what I heard——

Senator CARPER. I would have liked to have been there for that. [Laughter.]

Senator MCCASKILL. It was unbelievable. I mean, it was just unbelievable, this hearing about the contractor's performance and what they had been paid as bonuses. These were cost-plus contracts. So under what circumstances, if it is not a time consideration—because we are getting help on the cost here if it is cost-plus. Under what circumstances would there be an award?

Mr. ZIENTS. These are cost contracts that have an award bonus component to them. So if the award bonus is not linked to performance, i.e., we are paying it independent of performance, then we should all——

Senator MCCASKILL. Kind of dumb.

Mr. ZIENTS [continuing]. Be very angry.

Senator MCCASKILL. Yes.

Mr. ZIENTS. That does not mean that there is no place for these types of contracts. I think it is probably more limited use than we have today, and then they have to be implemented in a way where the award fee is tied to the contractor's performance, not paid in situations where the contractor's performance is unsatisfactory.

Senator MCCASKILL. I think the best example—and I am not aware, Mr. Chairman; maybe you talked about this. But I know that there have been a number of hearings about it. The best example I can think of that should outrage the American public is the company that wired the showers that killed our soldiers. They got a performance bonus for that contract. They managed to kill American soldiers, and we bonused them up.

And if there is any day you get discouraged about how important your work is, Mr. Zients, that we have to change the way we do contracting in this country, on behalf of the public, think about that example and it will keep your passion where it needs to be.

Thank you, Mr. Chairman.

Senator CARPER. You bet. Thanks so much for joining us and for your passion on this.

Have you all had a chance to look at the testimony from the second panel?

Mr. HUTTON. No, sir.

Mr. ZIENTS. Yes.

Senator CARPER. You probably will not be here for the second panel but if you have any comments that you would like to share with us with respect to anyone's testimony, we would welcome that.

Mr. ZIENTS. I would just repeat what I said before, which is that it is very focused, five agencies. I think that there are varying degrees of progress overall. And there are, inevitably, some best practices and some worse practices, and we should make sure that we take advantage of the fact that it is only five agencies, figure out what is working, and make sure that we teach that and spread that as quickly as possible, figure out what is not working, and teach that and make sure we eliminate that as fast as possible.

Senator CARPER. All right. In my opening statement, I mentioned an Air Force official that said a contractor would have to do "pretty badly," to receive less than 85 percent of the award fee up for grabs. Then I think beyond that, one Department of Homeland Security official gave a contractor an award fee despite saying the contractor's actions were egregious and "wasted taxpayer money."

My staff tells me that agencies pay contractors, on average, more than, I think I said, 85 percent of the award fee, and this suggests to me, and maybe to you, that agencies still expect—not all agencies, but some agencies still expect that they will be giving the contractor an award fee in almost every period. The only difference is whether contractors get a couple more dollars or not. Are agencies using award fees the way they were intended?

Mr. ZIENTS. No, given that performance is not uniformly at the far end of expectations. The 85 percent would correlate with across-the-board strong performance, and that is clearly not the case. So tying these award-fee percentages more directly to the actual performance is essential.

Senator CARPER. Why do you all think that this behavior continues to persist at a number of big agencies, big departments? Mr. Hutton.

Mr. HUTTON. Well, our work at DOD clearly put the spotlight on DOD back in 2005, and they changed their regulations. I think it is a situation, as our work found, that some of the people at the agencies had not even seen the OMB guidance that went out in 2007, so there is definitely an issue there. Is the word getting down to the hundreds of contracting activities? So I would say that is a major factor.

But I think the work that we have just done in 2009 has raised the issue more broadly, and we indicate that these five agencies are 95 percent of the dollars. But I think this type of forum where we are discussing these issues, you are going to have another panel where the agencies are up here, and I think there is ample opportunity to ask some pretty hard questions about what they are doing in response to our recommendations and what kind of efforts they have underway to improve the guidance, and then ensure through leadership that these new guidelines are executed across the board and the government is in a better position.

Senator CARPER. All right. If you look at the Department of Defense, sometimes we think of the Secretary as a person who basically is making sure that the railroad, if you will, is running on time or on schedule. I think the Deputy Secretary is probably more responsible for that than the Secretary, and the person who was Deputy Secretary of Defense in 2005, I do not believe was the same person who was the Deputy in, say, 2007, 2008. And the person who is the Deputy today is not the same person who was Deputy then—and so what we have in a lot of these senior jobs is a fair amount of turnover. Maybe someone is Deputy Secretary, a fairly senior position, who is maybe responsible for this area, and he or she is gone within a couple of years, and we have somebody new coming in. They may not even know of the concerns that have been raised.

So it is the kind of thing I think we have to be unrelenting and be very persistent and consistent.

Mr. ZIENTS. I think that is right. I also think we need to make sure we hardwire these changes so that they last through changes of leadership. I mean, setting that tone at the top, Chairman Carper, I think is absolutely correct. But once we have change, we have to hardwire it in through better information systems, better rules through the FAR, and better training and education so that as we do have the inevitable churn of senior positions, we do not step backwards in any way.

Senator CARPER. All right. I talked to one of my colleagues the other day, and we talked about how over the last 8 years we have increased our Nation's debt by, I think, more than we actually increased it in the first 208 years of our Nation's history, and we are on track this year to run the biggest single-year budget deficit we have ever run. And it is just real important for us. Taxpayers expect us to be good stewards of their money, and it is real important that we look closely at the kind of behavior we are discussing here today.

OMB cannot do it by themselves. GAO cannot do it by themselves. The IGs cannot do it by themselves. We cannot do it by ourselves. But to the extent that we are working on this together, making sure that we have clear guidelines from OMB, making sure that we have buy-ins from the agency heads, making sure that we have the appropriate training for folks that are managing these contracts, making sure that, to the extent that there are best practices from one agency or the other, that we have an opportunity to share it among this relatively small group of agencies that together collectively award—what?—95 percent of the award fees, and then making sure that we are doing our job in terms of oversight, recognize those that are doing a better job, and taking to task those who are not.

The word "FAR" has been mentioned again and again as an acronym in this hearing. It reminds me, Senator Burris, of an old Kenyan saying: "If you want to go fast, go alone. If you want to go far, go together." And we want to go far in terms of making reductions in inappropriate award fees, and in order to do that, we are going to have to go together.

We appreciate your presence here. We would just ask you to continue efforts, in some cases to redouble your efforts. Along with everything else that you are doing, this is important work. Thank you very much.

I am going to ask our second panel of witnesses to come to the witness stand as soon as Mr. Zients and Mr. Hutton have taken their leave. Thank you, gentlemen.

[Pause.]

Senator CARPER. Well, we welcome each of our witnesses on our second panel.

Our first introduction is going to be for the Hon. Shay Assad.

Mr. Assad serves as the Director for Defense Procurement and Acquisition Policy at the Department of Defense. Mr. Assad is also a Navy veteran. I understand you served aboard a couple of Navy destroyers. He was a Naval Academy graduate in 1972. Those are great credentials. I say that as an old naval flight officer, Navy ROTC, Ohio State, and I was on active duty at the same time that you were. We thank you for your service, both your previous service to our country and your current service.

Our next witness is William McNally, Assistant Administrator for Procurement at NASA. Prior to his work with NASA, Mr. McNally served a distinguished 26-year-old military career in the U.S. Air Force, working much of that time on military procurement issues. Have you ever been to Dover Air Force Base?

Mr. MCNALLY. No, sir.

Senator CARPER. All right. The best Air Force base in the world, as it turns out, at least for the last 10 months. We are very proud of our Air Force base. It was the first airlift base to ever receive that kind of recognition, the Commander-in-Chief's Award.

We thank you very much for your previous service with the Air Force and your continued service today.

Our third witness is Richard Gunderson, Acting Chief Procurement Officer for the Department of Homeland Security. And previously, Mr. Gunderson served, I am told, as Assistant Administrator for Acquisition at the Transportation Security Administration, providing support to one of the largest and most complex acquisition programs in the Department of Homeland Security. Thank you for joining us.

Our fourth witness is Edward Simpson, Director of the Office of Procurement and Assistance Management for the Department of Energy, and you have been there, I am told, since 1979. Is that right?

Mr. SIMPSON. Yes, sir.

Senator CARPER. Since 1979, and have been working since that time in a variety of contracting and procurement-related positions for the agency.

Our final witness today is Alan Chvotkin, Executive Vice President and Counsel for the Professional Services Council. Prior to his current position, Mr. Chvotkin worked as Vice President of Government Services at AT&T. Mr. Chvotkin, welcome.

Your entire statements will be made part of the record. Please try to sum them up in about 5 minutes. If you go a little over, that is all right. Thank you all for coming today.

Senator BURRIS. Mr. Chairman.

Senator CARPER. Yes, Senator Burris.

Senator BURRIS. Just for my information, I would like to know their longevity, whether or not they are new in their positions or how long have they served in their respective positions.

Senator CARPER. That is a great question, and as you begin your comments, if you would just note that, just very briefly, and incorporate that in the beginning of your comments, we would be grateful. Thank you.

Please proceed, Mr. Assad.

TESTIMONY OF SHAY D. ASSAD,[1] ACTING DEPUTY UNDER SECRETARY OF DEFENSE FOR ACQUISITION AND TECHNOLOGY, U.S. DEPARTMENT OF DEFENSE

Mr. ASSAD. Chairman Carper, Senator Burris, Members of the Subcommittee, I have been the Director of Defense Procurement since April 2006, so that is when I came on board to DOD, DPAP.

Chairman Carper, Members of the Subcommittee, my name is Shay Assad. I am the Director of Defense, Procurement and Acquisition Policy (DPAP). I am also serving as the Acting Deputy Under Secretary of Defense for Acquisition and Technology. I want to thank you for the opportunity to appear before you to participate in today's hearing examining whether Federal agencies are effectively using cost-plus-award-fee contracts to successfully incentivize contractor performance. The Department recognizes it is important to both the warfighters and taxpayers that we effectively motivate contractors to deliver systems and services that meet or exceed our performance expectations.

Over the past few years, there has been a real sea change within the Department in the way award fee contracts are employed.

[1] The prepared statement of Mr. Assad appears in the Appendix on page 63.

Spurred by the General Accounting Office report published in December 2005, we started making changes in 2006 and 2007 and made the necessary improvements to our award fee practices and have realized significant savings as a result. We have implemented the statutory provisions enacted by the Congress which require, first, to link award fees to acquisition outcomes; second, to define the circumstances and standards for paying out award fees based on contract performance; and, third, to ensure no award fee is paid for contractor performance that is less than satisfactory. We must align contractor profitability with performance.

As Secretary Gates has testified earlier this year before the Senate Armed Services Committee, we must write contracts that incentivize proper behavior. To the extent we continue to use cost-plus-award-fee contracts, we are now focused on outcomes and results and not on process.

One important safeguard is the requirement we established that all cost-plus-award-fee contracts must be justified by a determination and finding signed by the head of the contract activity. By elevating the approval to this level, we ensure that senior leadership have thoughtfully considered what should be selective use of cost-plus-award-fee arrangements.

The Department has incorporated into the acquisition strategy approval process and into its peer reviews the requirement for a thorough review of incentive arrangements, particularly award-fee criteria. In the pre-award time frame, we look to ensure acquisition strategies are structured such that objective criteria will be utilized whenever possible to measure contract performance. In fact, most pre-award peer review teams begin by engaging the program manager to understand the key measures of success to ensure that appropriate incentives are built into the contract. In the post-award time frame, our peer review teams look to ensure award and incentive fees paid were consistent with policy.

The Department is, without doubt, moving away from the use of pure award-fee contracts and is seeking instead to use incentive contracts that include a mixture of incentive and award fees when necessary.

In our analysis of the 2000 and 2008 award-fee data we have collected, there were only 30 new award-fee contracts issued in 2007 and 10 in 2008. In contrast, between 2004 and 2006, each year at least 65 award-fee contracts were awarded. In those limited cases where cost-plus-award-fee contracts are appropriate, where only subjective evaluation criteria are possible, or where it is not feasible to have predetermined objective criteria before award, award fees must be linked to desired outcomes.

Again, thank you for the opportunity to address the use of cost-plus-award-fee contracts. I would be happy to address any questions that you may have. Thank you.

Senator CARPER. Thanks very much, and when we get to the Q&A, I am going to be asking you—you talked about the declining awarding of award-fee contracts over the last couple of years, and one of the questions I will be asking you is: Is there anything that those relatively few contracts awarded in the last couple of years have in common? Why are they appropriate and the others were not? Thanks.

Mr. McNally, please proceed. Thank you.

TESTIMONY OF WILLIAM P. MCNALLY,[1] ASSISTANT ADMINISTRATOR FOR PROCUREMENT, AND DEPUTY CHIEF ACQUISITION OFFICER, NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

Mr. MCNALLY. Yes, in answering the question about my time at NASA, I came to NASA in October 2005 to be a special procurement adviser for the exploration system that was just starting, and in August 2007, I assumed the position I currently have as the Assistant Administrator for Procurement at NASA.

Thank you for the opportunity to testify before the Subcommittee regarding NASA's use of cost-plus-award-fee contracts to incentivize excellent contractor performance. NASA is unlike civilian agencies. Our programs and projects involve space exploration systems, science and aeronautic research, and space operations, and they have one thing in common: They are high risk. This is because NASA is pushing new boundaries of technology and science.

There are many challenges involved in managing and performing high-risk programs, projects, and missions. They are full of uncertainty and challenges, and they involve high-risk acquisitions. NASA utilizes award-fee contracts in many of these high-risk acquisitions.

NASA uses award-fee contracts when key elements of performance cannot be objectively measured. In this situation, most elements of contractor performance can only be evaluated using subjective criteria.

To ensure these criteria are measured accurately, the actual award fee earned by the contractor is determined by a rigorous process. A Performance Evaluation Board, made up of many functional disciplines, is established to evaluate the contractor's performance. This board submits an evaluation report to the fee-determining official who determines the fee for a particular award-fee period. Under NASA procurement policy, a contractor will not be paid any award fee or base fee for less than satisfactory overall performance.

NASA's policy requires an approval process be completed before an award-fee contract can be used. A key part of this process is the preparation of a cost/risk benefit analysis that compares the additional costs of administering an award-fee contract against the expected benefits.

NASA's policy requires that award-fee contracts contain clear, unambiguous, and measurable evaluation criteria that are linked to the cost, schedule, and technical performance requirements of the contract. The linking of award-fee evaluation criteria to acquisition outcomes ensures that the contractor has the incentive to control cost while providing a high-quality supply or service to the government in a timely manner.

NASA has implemented tracking of award fee as part of its Baseline Performance Review process. This review is an independent, monthly assessment of selected NASA programs and projects. It updates NASA's senior leadership about contractors' performance

[1] The prepared statement of Mr. McNally appears in the Appendix on page 71.

as measured against the approved baseline for the acquisitions. As part of this review, the award fee ratings on selected programs and projects are explained and discussed relative to the contractor's current performance level. This review is done to ensure that there is consistency between the performance of the projects and programs with the associated award-fee scores.

NASA is part of an interagency working group that will be evaluating the effectiveness of award fees as a tool for improving contractor performance and achieving desired outcomes. This working group is also developing methods for sharing information on successful incentive strategies. We are actively participating on this interagency working group and are looking forward to implementing the eventual recommendations from this group.

Again, thank you for the opportunity to appear before the Subcommittee today. I would be pleased to respond to any questions you may have.

Senator CARPER. Thanks so much for your testimony and comments. Mr. Gunderson, please proceed.

TESTIMONY OF RICHARD K. GUNDERSON,[1] ACTING CHIEF PROCUREMENT OFFICER, U.S. DEPARTMENT OF HOMELAND SECURITY

Mr. GUNDERSON. Chairman Carper, Senator Burris, and Members of the Subcommittee, thank you for the opportunity to appear before you to discuss the Department of Homeland Security contracting program and, in particular, its use of award-fee contracts.

Senator BURRIS. Excuse me, Mr. Gunderson. How long have you been there?

Mr. GUNDERSON. I have been the Acting Chief Procurement Officer since this January, and previous to that, I came to the Department as the Deputy Chief Procurement Officer last May, May 2008. So I have been at the Department level now for about 15 months, 16 months.

Senator BURRIS. Thank you, sir.

Mr. GUNDERSON. As the Acting Chief Procurement Officer, I am the lead executive responsible for the management, administration, and oversight of the Department's acquisition programs. In that capacity, I oversee and support 10 procurement offices within DHS. The mission of my office, in conjunction with the respective contracting offices, has been to provide the needed products and services to meet the DHS Mission, and to do so in a way that represents sound business and demonstrates that we are good stewards of the taxpayers' money.

The threats we face are variable, and as a result, the acquisition program must be able to adapt and identify a variety of solutions. Similarly, the contracting officers must assess each procurement requirement and determine the appropriate type of contract. Based on various factors, including the complexity of the required product or service, the contracting officer selects the contract type that recognizes the performance risk and motivates the contractor to successfully meet the program's objectives to include cost, schedule, performance, or a combination thereof.

[1] The prepared statement of Mr. Gunderson appears in the Appendix on page 75.

One of my priorities is quality contracting, which is focused on making sound business decisions that enable us to accomplish our critical mission. The Office of Chief Procurement Officer includes a policy and legislation branch, which is responsible for the development and establishment of procurement policy for the operational contracting activities.

The Homeland Security Acquisition Regulation and the Homeland Security Acquisition Manual were published in 2003 and have been updated to reflect current statutory regulatory and Office of Federal Procurement Policy and DHS mandates. These two documents provide the foundation for procurement policy that is adhered to by each of the 10 contracting organizations.

My office also participates in Federal procurement policymaking through its participation on various committees, include two OFPP working groups directly addressing the subject of today's hearing: The Contract Type Working Group and the Incentive Contracting Working Group.

With respect to our policy on award-fee contracts, current HSAR and HSAM guidance are effectively consistent with OFPP guidance. This includes an emphasis on criteria related to cost, schedule, and performance, successful performance, and exception-only use of rollover.

Developing and issuing policy is not effective unless the workforce is aware and understands the implementing guidance. We accomplish this through a multi-layer approach, including the Policy Working Group, communications through the contracting community, and through discussions with the head of the Contracting Activity Council.

We utilize the full variety of contract types prescribed in the FAR in support of our diverse acquisition program. The preponderance of our awards is firm fixed price. This includes nearly 70 percent of our awards and 50 percent of our dollars. However, not all requirements are suited to fixed-price contracts. In those instances where it is difficult to determine objective performance measures, award-fee contracts provide a business strategy that enables the government to identify areas of emphasis and establish an award-fee pool that will motivate the contractor to succeed in meeting the government's requirements.

In these situations, typically the contract fee structure includes a base fee and award fee portion that together comprise the total potential fee to be earned by the contractor. If the government's evaluation of the contractor's performance is positive, a percentage of the award-fee pool will be awarded on the criteria and respective weightings of the criteria as defined in the contract's award-fee plan. As a result, under a properly structured award-fee contract, a contract that performs significantly above satisfactory may earn at least the same or perhaps more fee than it would have earned if the contract had only used a fixed-fee structure. Conversely, a contractor that performs below satisfactory will earn only a base fee, which is significantly less than what they would have earned if it had been a fixed fee.

The award fee is both a positive and negative incentive whereby the contractor may earn slightly more or substantially less than what a fixed-fee contract would have paid if the procurement had lent itself to that type of business strategy.

DHS is committed to awarding quality contracts that deliver mission and capability and represent sound business judgment, including compliance with Federal procurement regulations, policies, and guidance.

I thank you for the opportunity to testify before the Subcommittee about our use of award-fee contracts, and I am glad to answer any questions you or the Members of the Subcommittee have for me.

Senator CARPER. Mr. Gunderson, thank you. Mr. Simpson, you are recognized. Please proceed.

TESTIMONY OF EDWARD R. SIMPSON,[1] DIRECTOR, OFFICE OF PROCUREMENT AND ASSISTANCE MANAGEMENT, U.S. DEPARTMENT OF ENERGY

Mr. SIMPSON. I have been at the Department of Energy since 1979. As noted, I have been in my current job, which is the Director of Procurement and Assistance Management, since February 2006, and I also serve as the senior procurement executive for the Department of Energy other than the National Nuclear Security Administration, which has a separate contracting authority.

Senator CARPER. Who was the Secretary in 1979, do you remember?

Mr. SIMPSON. No.

Senator CARPER. Thank you very much. Mr. Simpson, please proceed.

Mr. SIMPSON. Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to come before you today to present the Department of Energy's views and perspective on the recent U.S. Government Accountability Office report entitled "Federal Contract: Guidance on Award Fees Has Led to Better Products, But Is Not Consistently Applied." I am pleased to be here today to address how the Department is effectively using cost-plus-award-fee contracts to incentivize excellent contract performance and how DOE has implemented the Office of Management and Budget December 2007 guidance on the appropriate use of incentive contracts.

DOE is the largest Federal civilian contracting agency based on fiscal year 2008 contract obligations of approximately $25 billion. A central element of DOE's contracting structure is a cadre of special contracts called "Management and Operating Contracts," which have their origins in the Manhattan Project and have endured under DOE and its predecessor agencies. These contracts for the management and operation of government-owned national scientific, engineering, and research facilities are unique in all of government and require a special authorization by the Secretary of Energy.

Many of the scientific and research facilities are also DOE Federally funded research and development centers, a special designation applied to these facilities because of their criticality to DOE's mission. The laboratory contracts for these facilities were the focus

[1] The prepared statement of Mr. Simpson appears in the Appendix on page 79.

of GAO's review of DOE. Because of the broad mission and work scope of these contracts, they are cost-reimbursement contracts. In addition, DOE also awards and administers thousands of other contracts that represent the full range of fixed-price and cost-reimbursement type contracts for goods and services typically acquired by most Federal agencies.

In its study, GAO noted two particularly positive aspects of DOE's administration of cost-plus-award-fee contracts. Specifically, GAO concluded that for two of the four fundamental practices recommended in the OMB guidance linking award fee to acquisition outcomes and limiting the use of rollover, DOE's supplemental guidance is in accordance with OMB's guidance.

GAO also noted that DOE should strengthen its policy for the other two practices OMB recommended, emphasizing excellent performance and prohibiting payments for unsatisfactory performance.

DOE will address GAO's concerns immediately. Shortly, we will issue policy that more strongly emphasizes contractor performance results and prohibits payment for unsatisfactory performance in language that is unambiguous and consistent with OMB's guidance.

DOE's policy for the use of award fee in its major contracts adheres to Federal Acquisition Regulation requirements. There is, however, a need for consistency and rigor in the use of award fee. We should incentivize the contractor to performance excellence. I fully support the GAO's recommendation that DOE ensure it has established evaluation factors, definitions of performance, associated fees, and evaluation scales that motivate excellent performance and prohibit award fee for unsatisfactory performance.

In closing, the Department's procurement policy assures it is effectively using cost-plus-award-fee contracts to incentivize excellent contract performance and is in line with the OMB guidance released in September 2007. We will strengthen that policy by issuing amplifying guidance that addresses the concerns raised by GAO and recognizes that our major programs' award-fee requirements need to be tailored to their different mission portfolios and contract objectives. Specifically, we will issue expanded guidance on choosing the right contract type, defining terms and rating categories, defining standards of performance for each rating category and the fee paid for meeting the standards, and ensuring that the fee is not paid for unsatisfactory performance.

We are committed to work with and participate in any interagency working group to be established to determine how to best evaluate the effectiveness of award fee as a tool for improving contractor performance and achieving desired program outcomes and to develop methods for sharing information and successful strategies.

This concludes my formal remarks. I would be happy to respond to your questions.

Senator CARPER. Good. Thanks, Mr. Simpson. Mr. Chvotkin.

TESTIMONY OF ALAN CHVOTKIN,[1] EXECUTIVE VICE PRESIDENT AND COUNSEL, PROFESSIONAL SERVICES COUNCIL

Mr. CHVOTKIN. Thank you, Mr. Chairman. Good afternoon. I have been at Professional Services Council (PSC) for 9 years. Before that, I spent 10 years at AT&T in their Government Markets, and prior to that I spent 10 years as senior counsel in Rockford-based Sundstrand Corporation, which is now part of United Technologies.

Senator BURRIS. Good company.

Mr. CHVOTKIN. Thank you. Thank you, Mr. Chairman, for the invitation to testify before the Subcommittee today.

The Professional Services Council is the leading national trade association of the government professional and technical services industry. Our association members employ hundreds of thousands of Americans in all 50 States.

Mr. Chairman, performance matters. Both government agencies and contractors need to understand the contractual relationships and requirements imposed and the compliance obligations being undertaken. It is also appropriate to look at the business relationship between the government and the contractor—including the contract type—to understand the performance obligations.

Unfortunately, there are many fallacies about award-fee contracts. One common myth is that the award fee is equal to "more contractor profit"; this myth really ignores the incentive nature of award-fee contracting when used properly.

A second is that the award fee is paid even for a contractor's "satisfactory" performance of a contract. This myth ignores the key elements of the government-established award-fee plan that structures the outcomes to be achieved and the methodology for evaluating the contractor's performance and often fails to recognize that, prior to recent legislative and regulatory changes, "satisfactory" performance often meant that the contractor "fully performed" according to the award-fee criteria—not merely complied with the basic contract requirements.

But there are also many truths about award-fee plans and award-fee contracting. First, these are difficult contracts for agencies to write and for contractors to compete for. The challenge for the procuring agency is to describe the minimum performance of the contract and then to describe the appropriate "motivational" objectives—whether they be quality, timeliness, technical, cost management, or others.

Second, the metrics selected as the evaluation criteria in the award-fee plan must be directly related to the objectives to be accomplished and must accurately measure the intended performance objectives.

Finally, there must be governmental personnel knowledgeable about the motivational objectives to be achieved and the metrics selected and used. A contracting officer doesn't normally have these skills, and this is yet another example of the skills shortage that is too often evident, with real implications, in the acquisition workforce.

[1] The prepared statement of Mr. Chvotkin appears in the Appendix on page 87.

There is another important factor to put on the table when addressing the current uses of award fees. The Federal Acquisition Regulation provides that an award-fee contract should have two key components: A base fee fixed at inception and an award fee that a contractor may earn.

According to the Federal budget scoring rules, when an agency provides for a base fee, the agency must score that amount as an obligation at the time the contract is awarded. Thus, over the past several budget cycles, as agencies tried—or were directed—to minimize their contractual spending, they significantly shifted funds away from traditional base-fee amounts—essentially adopting a zero base-fee approach—and allocated more funds into the award-fee portion of the contract that would be obligated only after the government's fee-determining official made the award-fee decision. Simply put, budget rules helped drive contracting practices, and the recent use of award fees masks the significant and intentional contractual and performance differences between base and award fees and between satisfactory contract compliance and stretch objectives.

Finally, once the award-fee plan is established, it must be adhered to by all parties. The government has a responsibility to fairly evaluate the contractor's performance against the metrics in the award-fee plan, make a fair and justifiable determination of the contractor's accomplishments, and pay accordingly. Too often we hear about agencies delaying their review of the contractor's award-fee submissions or failing to make any award-fee determination, and failing to make payment according to the award-fee schedule. By breaking faith with the contractor over the award-fee plan, the agencies put contractors—particularly smaller and midtier firms—at greater financial risk.

In conclusion, cost-plus-award-fee contracting is an appropriate contract type, and agencies should have the flexibility to select this contract type—as with every other contract type—to best meet the buying activities' requirements and to select the best acquisition method available. PSC supported the Office of Federal Procurement Policy's December 2007 guidance, but agencies must also have the flexibility to implement that guidance in a manner that takes into account their specific requirements and market needs.

The five agencies identified in the GAO report should ensure that the OFPP December 2007 guidance is implemented. Except for the regulations already in process to implement existing law, however, we should give these agencies an opportunity to take the administrative actions they talked about today, implement their own guidance in new contracts, and give the acquisition process a chance to work.

Thank you again for the invitation to address this important matter. I look forward to any questions the Subcommittee may have.

Senator CARPER. Mr. Chvotkin, thank you for your testimony and for giving us a little different perspective on an important issue.

The next question I am going to ask—and I am going to ask this of each of our panelists on this panel. I am going to ask you to go back to what the two witnesses in the first panel had to say and just take a minute and tell us if there is anything that they may have said that you disagree with strongly or have a different perspective on. Think about that for a moment.

One of the departments that we had asked to participate today and invited to participate today is the Department of Health and Human Services, and I am just wondering if any of you can share with me who might have been an appropriate person to come from HHS, maybe the Chief Procurement Officer. But do you all have any idea who might have been an appropriate witness from that department? Mr. Gunderson.

Mr. GUNDERSON. They have, I believe, a management type level. I know in the Department of Homeland Security we have an Under Secretary for Management.

Senator CARPER. Do they have a Chief Procurement Officer at HHS?

Mr. GUNDERSON. They do.

Senator CARPER. Do you know who that is?

Mr. GUNDERSON. Nancy Gunderson.

Senator CARPER. No kidding. Your daughter?

Mr. GUNDERSON. No.

Senator CARPER. OK. That is a great coincidence. But, actually, she is your wife.

Mr. GUNDERSON. Yes.

Senator CARPER. You could have worn both hats. Next time, she could just come and testify for both agencies. [Laughter.]

I say that with tongue in cheek, but that is, I thought, just a great coincidence that we had one family representing both departments in similar work. That is good.

All right. Back to our first panelist, is there anything that our two panelists said on the first panel that you would like to just revisit, Mr. Assad, and that you may have a different take on?

Mr. ASSAD. Mr. Chairman, not really. I was fundamentally aligned, frankly, with what the GAO's findings were back in 2005, which is why we kicked off the change that we did within the Department.

Senator CARPER. All right. Thank you.

Mr. McNally, anything you would take issue with?

Mr. MCNALLY. No, Chairman. Two issues that I will bring up that are really critical are to establish consistent policy, which we are going to be working on with this interagency working group and set up guidelines in the Federal Acquisition Regulation. Then comes practice with what agencies actually do with the guidance that they have. And the one thing that I would ask is that agencies be allowed to practice the appropriate type of contract based on their missions, like at NASA with our high-risk missions that we continue to be allowed to do the appropriate type of contracts based on those missions.

Senator CARPER. OK. Thank you.

Mr. Gunderson, anything you would take issue with from the first panel you would like to mention?

Mr. GUNDERSON. Not that I take issue with. I do think that one of the larger challenges will be in the area of trying to figure out a way to determine or evaluate the effectiveness of these contracts, and I think that is something that we will have to put our heads together to find out how we can do that.

We can collect a lot of data, but what the data truly show us is going to be a difficult thing to get through.

Senator CARPER. We find out in some other programs, and I think maybe even in cyber terrorism, we find in some cases our Federal agencies collect a lot of data, but the question is what they do with it to make us safer from—less vulnerable to those kinds of attacks.

Mr. Simpson, anything you would like to speak of, or any differences, different perspectives?

Mr. SIMPSON. We agree with the recommendations by GAO. I guess in looking at the regulatory framework that is under development, there is always a risk in creating such a prescriptive regulatory framework that you ultimately do develop a one-size-fits-all. And, at its essence, a contract is a business relationship, and agencies do need the flexibility to manage those business relationships with rigor.

The other issue that would concern me here is we establish yet another overly burdensome reporting system that our front-line contracting officers have to actually fulfill those requirements, and they are already burdened with a number of other responsibilities.

So I think the information is good to get, but I think we do need to be careful that we are not creating more work on already a stressed workforce.

Senator CARPER. All right. Thank you. Mr. Chvotkin.

Mr. CHVOTKIN. I am not sure I would know where to start or how much time I have.

Senator CARPER. Just keep it fairly short—take about a minute.

Mr. CHVOTKIN. Yes, sir. The GAO report hints at the answer—that there is a difference between performance of the core requirements and the incentives that an agency is trying to achieve through an award-fee process. Yet, when they continue to talk about satisfactory performance and mix contract performance with performance against an award-fee plan, they mask the real differences and the intention of the whole contractual relationship in an award-fee structure.

I agree with Mr. Zients: Performance matters. The selection of the contract type is critical. Award fees have an appropriate place, but it is evidence that, of all of the Federal agencies, only five are using 95 percent of them. So blunt objects spread across all Federal agencies may not be what is necessary. Your point earlier, Mr. Chairman, and Mr. Zients' as well, that four of the five agencies are sitting right here, and one of them—DOD—has already implemented a lot of the 2007 OFPP requirements and further regulations. So we may not need more laws or more regulations to accomplish the objectives for 95 percent of the government and it may not be worth the effort to try to get that last 5 percent.

Senator CARPER. All right. Thank you.

One of the things I think we discussed with, I think it was, Mr. Zients in the first panel was this idea of creating, I guess, an informal mechanism to share best practices. I think, Mr. McNally, if I heard your testimony correctly, you suggest that maybe there already is such an entity, that NASA is participating in it, and it is already beginning to work. Would you just clarify that for me?

Mr. MCNALLY. Yes. There is an interagency working—I have a member of my staff who is on it—and right now they are actually waiting to look at the Federal Acquisition Regulation change to then decide what further practice and guidance should be put out to supplement the regulation.

But one of the things that was brought up earlier is even internally in some agencies there is the challenge of getting out best practices to do different buying centers and commands to talk to each other. And with our technology that we have available today, there is no reason why we shouldn't share best practice within our agencies, but also across the government.

As mentioned earlier, if 95 percent of award-fee dollars are with five agencies, we should be getting together and sharing best practice, not just on award fee, but also on performance incentives as well.

Senator CARPER. Good. Thank you. My time has expired. Senator Burris, you are recognized. Please proceed.

Senator BURRIS. Thank you, Mr. Chairman.

The reason I asked for the time periods is because I was assuming that most of the gentlemen here from the four agencies were relatively new at their positions and that you will begin to undertake these major changes, and hopefully we will see some major improvements once you all begin to wrestle with or begin to implement some of the suggestions, even those that are coming out of this hearing this afternoon.

But, Mr. McNally, I was a little concerned. Mr. Assad gave a number of how many award fees DOD had been dealing with. You gave us a percentage of 70 percent of firm-fixed, which was about 50 percent of your appropriated dollars. Do you have a number of how many contracts that were award-fee base contracts, not a percentage but a number?

Mr. MCNALLY. Yes. In 2008, we had 183 contracts that were active award-fee contracts.

Senator BURRIS. Out of how many?

Mr. MCNALLY. Out of 2,120 contracts.

Senator BURRIS. OK. So that is 70 percent that you say were fixed?

Mr. MCNALLY. In the same time frame, as far as actions, 68 percent were firm-fixed-price actions, contract actions.

Senator BURRIS. Now, under the highway structure, I recall in Illinois when we repair all of our expressways—and none of those are done with Federal dollars—there are bonuses that are paid for early completion of projects.

Now, I just wonder, in any of these arrangements in your agencies, are there any penalties involved—by the way, in those contracts there are also penalties involved, which you can imagine is evidently fixed into the bidding price when you get the penalties fixed in—mixed in with the bonuses, so you have got probably an offset. That is why you see some of the contractors having the incentive to finish those construction jobs a little bit early, especially to try to help the motorists try to get out of the way so we can have somewhere to go and not get tied up in all that traffic.

But I just wondered whether or not there are any types of penalties that are put into any of these contracts that you all deal with for mis-performance, non-performance, late performance, or inadequate performance? Are there any types of penalties that are put on these contractors?

Mr. ASSAD. Senator, I think you would see very few award—I would be surprised if there were more than a handful of award-fee contracts that had "penalties" associated with them. We are looking across the Department at the appropriate use of what you would familiarly call "liquidated damages" or penalties for late completion. And we are looking at that right now in terms of is that an appropriate mechanism to use on some contracts.

Senator BURRIS. Anyone else? How about you, Mr. Gunderson?

Mr. GUNDERSON. I would just agree that in an award-fee contract scenario, I have not seen the use of an actual penalty. But in the area of an incentive-fee contract, which evaluates objective measures such as schedule, cost, or performance, you can see scenarios where the contractor not only can make money, but they can actually lose money and eat into the costs that they are getting.

Senator BURRIS. You mean take away from what would be their profit so they will end up on the——

Mr. GUNDERSON. It would actually be on the negative side if they performed so poorly. But that is an objective scenario.

Senator BURRIS. How about you, Mr. Simpson? Does your agency have any type of penalty for failure to perform or inadequate performance?

Mr. SIMPSON. Yes, we do, sir. We have a contract clause entitled "Conditional Payment of Fee," and it is linked specifically to environmental safety and health and security matters that provides a graded approach based on severity of the infraction; regardless of what the contractor earns during the rating period against its performance rating plan, the fee determination official can take a portion or all of the fee away based on the severity of the infraction for that rating period for violations of safety, health, and certain security aspects.

Senator BURRIS. In terms of the budgeting, how does DOD cover the cost overruns? If you get a budget line item on a missile program or a jet fighter program and the program started going into millions of dollars of cost overruns, do you use supplemental appropriations? Do you transfer funds out of other line items? How do you cover these in your budgets when you run into these situations?

Mr. ASSAD. Senator, that is problematic. In fact, what happens is other well-performing programs are sometimes hurt because funds have to be transferred from one program to another. We come back to Congress and ask for their permission to do that. At other times, we have to come back and request additional funds for contract performance.

So contract overruns, especially in significant amounts, are particularly problematic.

Senator BURRIS. We heard Senator Coburn read off a list of cost overruns, which has happened recently. Did any of those apply to your agencies? Mr. McNally, any of those in your agency?

Mr. MCNALLY. Yes. He mentioned the International Space Station contract with Boeing.

Mr. ASSAD. And I believe he mentioned a contract back in 2004 and 2005 from the Department of Defense.

Senator BURRIS. Did you all have to come back to Congress to get more money or did you shift money around? Or were you all there when that took place?

Mr. ASSAD. I was not there, Senator.

Senator BURRIS. OK. How about you, Mr. McNally?

Mr. MCNALLY. I was not there during that time either.

Senator BURRIS. Good time not to be there, right? [Laughter.]

How about you, Mr. Gunderson?

Mr. GUNDERSON. I did not hear a DHS contract listed.

Senator BURRIS. OK. How about you, Mr. Simpson?

Mr. SIMPSON. I did not hear him mention DOE.

Senator BURRIS. So you did not have any of those cost overruns in your agencies? Is that what you are saying?

Mr. SIMPSON. No, sir. I am not saying we do not have contracts with cost overruns.

Senator BURRIS. OK, but you did not hear them mentioned by Senator Coburn, in other words.

Mr. SIMPSON. Right.

Sentor BURRIS. Mr. Chvotkin.

Mr. CHVOTKIN. Senator, just a word of caution on cost overruns, because, again, the implication is that all of that falls on the contractor side for the cost overruns, and while the GAO reports about cost overruns and some of the items on Senator Coburn's list had big numbers, many of those are as a result of program changes, or schedule changes that the government makes. Some of them are quantity changes or requirements changes, and so there is a mutuality of responsibility, and not all of that falls on the contractor. But I am certainly not suggesting that contractors have no accountability and no responsibility for performance.

Senator BURRIS. If there is a fixed-price contract and there are cost overruns, does the contractor have to eat that cost overrun?

Mr. CHVOTKIN. Yes, sir. On a fixed-price contract, the contractor performs according to the requirements and they bear the full cost of performing that contract according to the requirements for that stated price.

Senator BURRIS. I am not talking about change orders or anything, where the agency may give a direction, but that loss is then absorbed by the contractor.

Mr. CHVOTKIN. Yes, sir. And 70 percent of all of the Federal Government's contracts are awarded on a fixed-price basis—70 percent according to the OMB numbers.

Senator BURRIS. Thank you, Mr. Chairman.

Senator CARPER. Thank you, Senator Burris, and thanks a lot for being with us and for your attention to these issues as well. Given your background and experience, it is very helpful to have you and Senators like Senator McCaskill and Senator Coburn. It is very valuable. Thank you.

Let me return to the issue of rollovers again where contractors are given, a couple of them, one, maybe two, maybe three bites out of the apple, and just to go down the line, just start with Mr. Assad. What is your agency's experience with rollovers over time?

Has it become less frequent, about the same, or more frequent in the last several years?

Mr. ASSAD. It is definitely trending to be less frequent in terms of use of rollover.

Senator CARPER. All right. Mr. McNally.

Mr. MCNALLY. NASA's policy and practice prohibits the use of rollover for——

Senator CARPER. And how long has that been the case; do you know?

Mr. MCNALLY. I do not know. I will have to provide that for the record.

INFORMATION FOR THE RECORD

NASA's policy on prohibiting the use of rollover on award fee service type contracts was established on October 8, 1993.

Senator CARPER. Since before you arrived?

Mr. MCNALLY. Before I arrived, yes, sir.

Senator CARPER. All right. Good. Mr. Gunderson.

Mr. GUNDERSON. I share the same concerns from the Subcommittee and the GAO with respect to the use of rollover, and I actually recently issued guidance which said it would only be used if approved by me.

Senator CARPER. Mr. Simpson.

Mr. SIMPSON. DOE has a similar provision on the use of rollover that requires my approval to use a rollover fee. But it should not be used to give the contractor a second bite at the apple in terms of getting rewarded for reworking unsatisfactory or sub-par work.

There may be appropriate uses of rollover if there are accelerated or new requirements, and it is in the agency's interest to use that fee to motivate the contractor to performance, but it should not be used to give the contractor an opportunity to earn fees that was already lost for work already done.

Senator CARPER. We have had the hearings in this room before in talking about, among other things, cost overruns in IT projects. And one of the things we have learned, and Senator Coburn alluded to the handheld device that has been developed—that was asked to be developed for the census next year. But one of the things we have learned is that sometimes agencies, in outlining what their needs are, are not very clear at the outset. They maybe do not have a real good idea what they need from a contractor, and so their demands or objectives, initially stated, are modified as time goes by, and you have a contractor who might be chasing an objective that continues to change.

I am wondering if sometimes agencies use award fees when they have not done the kind of job they should have initially in scoping the project that they are asking for—or seeking to bid, and they change the scope of that project, and then try to find a way to compensate the contractor for chasing that moving target.

Does that sort of thing go on? Or is that conjecture on my part?

Mr. ASSAD. Senator, that is not conjecture at all. I think that is one of the fundamental reasons why you are seeing a significant reduction in the use of award-fee contracts in the Department of Defense, is because there are numerous contracts that you can go back and look at historically, and you see that particular situation that you are describing, in fact, occurred. And so what we are doing is stepping back from these things and insisting that proper contract planning and a real outstanding understanding of the risk structure before we get under contract.

But what you have described is the reason why, in fact, the use of an award-fee contract in the Department of Defense will be the exception rather than the rule.

Senator CARPER. OK. Anybody else want to make a comment on that?

Mr. MCNALLY. Yes, Mr. Chairman. What I would like to say is there are probably three important frameworks of setting up a contract.

First is to identify what is your true requirement, and at NASA, what we have set out in that area, we call "zero base requirements." In other words, we identify what outcome we want, and then only put requirements in that support that outcome. We are not spending money on requirements that are not really needed.

The second thing is to have the available resources, stable funding to support what you want to do and what you want to buy.

And the last thing, of course, is to select a vendor who is going to do the work that you set out within the contract.

So, to me, those are some of the three important things on any acquisition.

Senator CARPER. I have also heard over time that a fourth criteria would be to have folks at the agency who are capable of effectively monitoring the work of contractors and evaluating that work.

A couple more questions, and then we will excuse this panel. Thank you for bearing with us for this long into the afternoon. But while we were reading some of the testimony and speaking to my staff earlier, it seems that a number of the agencies have a different opinion on when a contractor should be awarded a fee and how much. I think I quoted earlier, I think it was an Air Force spokesperson who talked about awarding an award fee despite stating that some of the work by the contractor was, I think, egregious, or at least well below par.

Why do you believe some contracting officials maybe are still awarding contractors monetary incentives, even though the project is just average or, in some cases substandard? Why does that still go on?

Mr. ASSAD. I think the issue is, Senator, that folks get wrapped up in measuring process and interim success rather than keeping their eye on the ball as to what is the final outcome of this contract. What are we buying for the taxpayers or the warfighters? And are we getting what we contracted for? Do we believe it is going to happen?

Folks get hung up on the instant award-fee period and what was accomplished there and really do not tie that work to what, in fact, is going to be completed in the end, which is why we are really pushing people towards those award fees must be tied to contract outcomes.

Senator CARPER. Thank you for saying that. I welcome that comment. Mr. McNally.

Mr. MCNALLY. Well, as I mentioned in my opening statement, one aspect is a rigorous process, and at NASA what we utilize is a Performance Evaluation Board that follows NASA guidance and guidelines on how to conduct and how to evaluate the contractor's performance and tie it once again back to the contract requirements and the evaluation criteria that is within the contract. So it is key, once again, to have good guidance out there, but then follow up with the practice.

Then, the other thing that I mentioned in my opening statement is that at NASA we have a monthly Baseline Performance Review that is looking at the performance of our various projects and programs, and then going back and looking at the scores of award-fee contracts to make sure that the performance that is going on within a program or project also is measured by how it compares to the award-fee scores. If there is any disparity, senior management gets involved asking those kinds of questions about why there is a difference.

Senator CARPER. All right. Mr. Gunderson, any response to my question?

Mr. GUNDERSON. The only thing I would add is that when you look at all the factors being considered, one of the examples, I think, that was brought up earlier referred to some egregious communication or performance on a DHS contract, yet they still received some award fee. And in that situation, if you look at all the factors that had been laid out within the contract and the respective weightings, there was actually very positive performance in a number of other areas such as increasing the operational availability of equipment and outstanding progress—many strengths that were identified as well. And, yes, there was a negative finding by one evaluator that cited a challenge area. In the end, they decided that there was overall sufficient performance to grant a certain level of award fee.

But what also should be noted is that in subsequent periods the contractor failed to take heed of the concerns that were identified in the two subsequent periods; no award fee was awarded to that contractor because they did not address the concerns we noted.

Senator CARPER. Mr. Simpson, your response to my question?

Mr. SIMPSON. Yes, sir. I will not repeat what has already been said. I do agree with the comments that have been made.

I do think the other element here that gets us into that type of situation is that we do not use enough objective measures mixed with the traditional subjective measures. I think that is still an area in the award-fee disciplines that agencies have not worked at hard enough and how to work objective measures in with the subjective ones.

Senator CARPER. All right. Senator McCain has been tied up on the floor, as I said earlier, with other issues that are before the Senate. And I asked the staff if they had a question that he would like to have asked had he been here, and they have given me one, so I will just ask this. This, I think, for you, Mr. Chvotkin.

The note says: "Please ask Mr. Chvotkin his thoughts on whether his member companies use award-fee type contracts. And if so, would these companies think the problems we highlighted today could be addressed by the member companies. Last, what would they do about it?"

Mr. CHVOTKIN. Mr. Chairman, many of our companies are using award-fee contracts. Again, these are established by the government as part of the business relationship, and certainly contractors have a responsibility and accountability in the bidding process to make sure that the award-fee plan, the structure of the contract, the elements of the incentives, and the measurements and the metrics, are appropriate. So when there is a lack of clarity, firms have an obligation to come forward with that. Too many times the goal is to win the contract and then worry about it during performance, and these become difficult performance issues.

The issue between base fee and award fee and making it clear that it is not a bonus is important to spell out, as is how an agency is going to evaluate an award fee.

So, we absolutely use them in the discussions today. Our member companies are active in all four of these Federal agencies, and we watch those award-fee issues very carefully. That is why I said that this is an important discussion about what can be raised during the solicitation process and then, once awarded a contract, to make sure that performance is primary and that the elements in the award-fee plan are followed.

Senator CARPER. All right. There are probably going to be some of my colleagues who were here—and some who were not—who will want to submit some questions for the record. If you could have your responses back within 2 weeks after you receive our questions, we would appreciate that very much.

I was kind of reflecting on a couple takeaways for me on what we have heard from this panel, and from our first panel. I always think about what are my takeaways, what should be the takeaways for all of us.

One is the notion that it is real important for us to get it right from the beginning, and that is, to clearly outline the agency's objectives. For agencies to clearly communicate what their objectives are. For instance, what do agencies need from a contractor in the first place.

Second, and I am not sure who said it; maybe it was Mr. Assad. But I think you talked about measuring outcomes not process, and I think that was a theme that a couple of you touched upon.

I think one of you—I do not remember—was it our friend from NASA? But talked about cost/benefit analysis, using clear measurable criteria as an important point.

We need clear guidelines from OMB, and I think they are endeavoring to provide better guidelines as time goes by. We need training for those whose job it is to manage contractors to make sure they have what they need to do their jobs well and to protect the interests not just of the agency, but of the taxpayers, too.

Sharing of best practices for those agencies that are doing a better job in one way or the other, to make sure those agencies that have not come along as quickly benefit from what others are doing better.

I think one or two people talked about aligning payments to contractor performance, and elevating roll-over approval. For example, when we are going to give contractors more than one bite out of the apple, maybe that decision should go up to a fairly high level.

Those are just some of the ideas. I suspect that folks who might have been joining us this afternoon during the course of this hearing, this is pretty dry stuff. But having said that, people get exercised when they think that their tax dollars are not being wisely spent. I know I do, and I know that others in my State do. In fact, people across the country do. We do not have much appetite for that. We would not have much appetite for that if we were running substantial budget surpluses. But as it turns out, we are running substantial budget deficits. We have done that for much of the last 8 years. And every little bit helps. In this case, we are talking about billions of dollars that may have been misspent. And my hope is that as time goes by, we are getting our hands around that and our heads around that and being able to reduce the inappropriate awarding of these fees.

Hopefully, based on the work that OMB is doing, GAO, some of the IGs, you, your counterparts, and those of us who serve on this Subcommittee, as time goes by will do an even better job. And the purpose of this hearing was to try to make sure that happens.

We have sort of a history in this Subcommittee of not just focusing on an issue once and then going away, but continuing to focus on it so that secretaries and deputy secretaries of departments, will know that this is important, and they will know that we are here to put a spotlight on behavior that we want to hold up as a good example and just as well as we would put a spotlight on behavior which is inappropriate.

So thank you very much. Thank you for the good work that you are doing, and we thank those who are in your departments who are supporting good work. For those who are not, we say we need them to do better, and taxpayers need for them to do better. We expect that.

And we hope that the Departments that were unable to come today will have a chance to share some of their thoughts with us outside of a Subcommittee hearing. We will just maybe have a private meeting with one or two of them to see how they are doing.

The last thing I would comment on and this is not your job, but we have a lot of senior positions, and some positions that are not so senior within various Federal departments, that require the Administration to nominate somebody, and to go through Senate approval. And in a lot of instances that makes sense. In some cases it does not. And in some cases we have folks who are on one side of the political aisle or the other that will hold up a nominee for really no valid reason except to try to make a point. And that is unfortunate, and as a result, we have in this Administration much like we had in the last Administration, a long period of time when we do not have the right folks in their jobs.

A fellow was here a year or so ago, and he testified for the Department of Defense, a fairly senior acquisition person, worked for John Young, who was a very senior guy, and he worked for Bob Gates in the Secretary's office. But I asked this fellow who worked for John Young in the Department of Defense, the Secretary's office, I said, "How long have you been in your job?" And I think he said, "A year and a half." And I said, "What kind of turnover did you get from your predecessor?" And he said the position had been vacant for 3 years. And I said, "How about your direct reports?

How many direct reports do you have?" He said, "I have six." And he said, "I had only two on board. There were four vacancies when I assumed my new position." That is just unacceptable.

So these are issues that we need folks, not just in the kind of stuff we have talked about here today, but more broadly as well. But thank you for helping us to flesh out the picture and get our heads around these challenges just a little bit better.

And, again, if you would respond to any follow-up questions that we submit in writing within 2 weeks, we will be grateful.

With that having been said, this hearing is adjourned. Thank you all.

[Whereupon, at 5:13 p.m., the Subcommittee was adjourned.]

APPENDIX

FOR IMMEDIATE RELEASE

TOM CARPER

UNITED STATES SENATOR · DELAWARE

FOR RELEASE: Aug. 3, 2009
CONTACT: Bette Phelan (202) 224-2441

SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT INFORMATION, FEDERAL SERVICES, AND INTERNATIONAL SECURITY

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

HEARING: "Eliminating Wasteful Contractor Bonuses"

Opening Statement of Senator Thomas R. Carper, Chairman

My thanks to our witnesses for being here today to discuss what appears to be a very wasteful contracting practice.

About a year ago, Senator Coburn, Senator Sanders and I asked the Government Accountability Office to examine whether agencies were giving away what's known as "award-fees" to contractors and whether or not contractors really deserved them.

In the private sector, these payments would be called bonuses. They are intended to help incentivize contractors to deliver exceptional performance. In essence, the award fee is extra profit that the contractor can earn if they save the government money and deliver a superior product.

The practice of aligning performance to profit is not a new concept. It can lead to excellent results if used correctly. However, several recent controversies in the financial sector have shown that rewards and incentives that are not properly aligned with outcomes can often lead to failure.

Unfortunately, government agencies have made some of the same mistakes that private firms we hear about in the news have made over the years. Much to my disappointment, it seems that most agencies continue to struggle in figuring out how to manage award fees appropriately. In fact, the GAO has told us that agencies continue to hand out hundreds of millions of dollars to contractors for reasons that just don't make much sense. In one interview GAO conducted as part of its analysis, an Air Force official reportedly said that a contractor would have to do a "pretty bad job" just to receive 85% of the potential bonus, meaning, I assume, that a plain "bad job" might warrant 100 percent of a bonus. In another case, this time at the Department of Homeland Security, a contractor was cited for "egregious behavior" and yet still received an award fee.

Even when agencies do hold contractors' feet to the fire, they often give them second, and sometimes third chances to try and earn extra profit despite repeated failures. This practice, known as "roll-over," is meant to be used in limited situations when contractors aren't able to deliver for reasons outside of their control. Unfortunately, roll-over seems to have become the rule instead of the exception.

What is even more troubling to me is that senior management doesn't appear to be examining the results of award fees to see if they are incentivizing contractors to perform well. Instead, agencies continue to hand out billions of dollars in bonuses, assuming that they are getting the best result for the American tax payer. For instance, the GAO reported that the Department of Defense inappropriately paid $8 billion in award fees in 2005 alone. Only recently, four years later, have they started to analyze whether award fees are actually leading to improved performance.

This situation has caused many of us to question how, during a time when households around the country are tightening their budgets, federal agencies can continue to award extra profit to companies as if it is expected and not earned. It's as if you were at a restaurant and your waiter or waitress forgot your order, spilled your food on you and charged you for items you didn't get. Most of us wouldn't give that person a very big tip. But agencies are giving contractors who perform just as poorly everything they want.

Let me be clear, I am a strong believer that appropriate incentives – including bonuses – can lead to better performance. But I worry that, at the end of the day, agencies aren't aligning contractor profitability with performance. And in those cases when a contractor does fail to deliver, there needs to be consequences. Agencies can't keep giving contractors a second bite at the apple. We just can't afford to give contractors money and get nothing in return.

That said, I believe there may be some possible solutions that are currently being discussed and others that we may want to pursue. For example, after GAO exposed the fact that DOD contractors were continually given multiple opportunities to earn award fees, the use of this practice dropped dramatically. This has led to an estimated $450 million in savings in eight programs in which the "roll over" practice was once used. Perhaps this should be expanded to other agencies.

I don't see the logic of using award fees to incentivize contractors when we don't know whether or not it works. I get the sense that agencies are using this type of contracting because they don't know exactly what they want out of the contractors they do business with, let alone how it should be delivered. Instead of taking the time to lay out objective cost, schedule, and specific performance measures, agencies are using wasteful bonuses as a crutch.

In closing, I'm looking forward to hearing what our witnesses have to say about the ongoing efforts to get this issue under control and other possible solutions that will help to rein-in these wasteful contractor incentives.

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STATEMENT OF SENATOR JOHN MCCAIN, ACTING RANKING MEMBER

SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT INFORMATION, FEDERAL SERVICES AND INTERNATIONAL SECURITY

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

"Eliminating Wasteful Contract Bonuses"

August 3, 2009

Senator Carper, thank you for holding this hearing. I appreciate your oversight of how federal agencies have paid contractor bonuses. We must ensure that the taxpayer is getting what they bargain for, and that agencies pay bonuses only when appropriate.

Unfortunately, it appears that federal agencies have defaulted to using cost plus award fee contracts. They pay bonuses under these contracts even where performance is not exceptional or superior, but merely adequate. Agencies also roll over fees from one period to another, so that contractors have a second chance to earn the fees they failed to earn the first time. Far from discouraging inefficient contractor performance, these practices enable it.

At the Armed Services Committee, I have worked over the years to improve the Department of Defense's procurement process. One way we addressed the issue of cost type contracts was in the recently enacted Weapon Systems Acquisition Reform Act of 2009. There, we recognized the importance of "getting things right" from the start – by meting out development risk through early review of critical designs and having a set of clearly defined requirements before entering into a contract. In other words, know what you want before you buy it. Doing that can move us towards the use of more fixed price contracts.

I hope that our Committee will consider similar solutions for the civilian agencies. I understand that the rest of the federal government has very different procurement needs from the Defense Department, but the same acquisition and contracting principles apply.

In all cases, federal agencies must be careful to use the right contract type and fee structure on their programs – to allocate risk between the government and the contractor effectively and to incentivize the right kind of contractor performance. One of the lessons of VH-71 presidential helicopter replacement program and the Littoral Combat Ships program is that not getting that mix right can wreak utter havoc on a program. While costs on both programs went through the roof, the contractors on each nonetheless received healthy bonuses.

To really have meaningful and effective acquisition reform, however, we have to change the culture and instill accountability among our contracting workforce. There has to be a single point of accountability. Otherwise, what redress does the taxpayer have when a contracting official awards part or most of an award fee for average or even sub-standard performance? Or, when an agency's and OMB's guidance on the use of award fees is ignored? Is there any accountability in the current system, or do we all simply promise to do better and move on each time this happens?

In closing, I want to thank the witnesses for their participation. I know OMB has been working on issuing new guidance on contracting, and I look forward to their views, as well as those of GAO and the agency witnesses.

Thank you again, Mr. Chairman.

STATEMENT OF
THE HONORABLE JEFFREY D. ZIENTS
DEPUTY DIRECTOR FOR MANAGEMENT
OFFICE OF MANAGEMENT AND BUDGET
BEFORE THE
SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT INFORMATION, FEDERAL SERVICES, AND INTERNATIONAL SECURITY
COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
UNITED STATES SENATE
AUGUST 3, 2009

Chairman Carper, Ranking Member McCain, and Members of the Subcommittee, I appreciate the opportunity to appear before you today to discuss award fee contracting and strategies for eliminating waste and maximizing the value achieved from these contracts.

As the Deputy Director for Management at the Office of Management and Budget (OMB), it is my responsibility to lead efforts to improve government performance. This includes providing for a sound acquisition system that operates with the sustained effectiveness and efficiency necessary to meet the extraordinary challenges facing our country. This Administration is committed to creating an environment that can support such a system. At the beginning of March, the President issued a Memorandum on Government Contracting that outlines a series of steps to significantly increase the value received from the more than $500 billion of taxpayer dollars that are spent annually for contracted products and services to meet mission needs. The Memorandum identifies an agency's selection of contract type as a key decision point in the acquisition lifecycle and an area in need of immediate and increased attention to achieve better results from our contractors.

The selection of an incentive contract, where the payment of fees is tied to the contractor's achievement of defined outcomes, can be an effective way to achieve strong performance from a contractor. Fees create an incentive for the contractor to reduce costs, stay on schedule, and meet or exceed performance goals. Fees also help the government to mitigate contract risk by reducing cost to the government where a contractor's performance does not meet or exceed contract requirements. Having the ability to mitigate risk is especially important on a cost-reimbursement contract that otherwise provides limited incentive for a contractor to control cost.

The findings documented by the Government Accountability Office (GAO) and others make clear that certain practices are essential to the successful use of fees, known as award fees, when they are applied to help motivate good results in circumstances where requirements may be difficult to define with sufficient specificity to measure objectively. For example:

- Fees must be linked to specific acquisition outcomes – that is, the cost, timeliness, and quality of the contractor's performance.
- The amount of fee an agency pays must be commensurate with the level of demonstrated performance.
- No fee should be paid where performance is unsatisfactory or does not otherwise meet the overall requirements of the contract.

These and other basic tenets of award fee contracting were laid out by OMB's Office of Federal Procurement Policy (OFPP) in a policy memorandum in 2007. However, as GAO's recent report on award fee contracting documents, agency adherence to these tenets is inconsistent and, in some cases, ineffective, which has led to the unnecessary loss of significant taxpayer dollars over the years. There are examples to show that by turning this trend around, agencies can save significant resources. For example, the Department of Defense (DoD) will save hundreds of millions of dollars by tying award fee criteria to acquisition outcomes and curtailing its use of "rollover," where a contractor is given a second chance to earn fees in a subsequent performance period that were not earned initially.

All agencies that use award fee contracts must make concerted efforts to consistently apply proven contracting practices to maximize savings and motivate the best performance possible. To achieve effective government-wide implementation of award fee contracting, OMB will: (1) expand and further clarify existing rules in the Federal Acquisition Regulation (FAR) and (2) bring more agency management attention to bear on this contracting tool.

Expanded and clarified guidance

For many years, the FAR has sanctioned the use of award fees. However, the FAR provides few guideposts to help agencies determine how and when fees should be paid. OFPP has been working with the other members of the Federal Acquisition Regulatory Council (FAR Council) and other agencies on FAR changes that will give greater definition and consistency to the general principles laid out in OFPP's 2007 policy memorandum and implement the requirements laid out by Congress in section 867 of the FY 2009 National Defense Authorization Act. These changes will provide a better foundation for eliminating wasteful practices that undermine the incentive to excel, such as allowing contractors to receive fees for unsatisfactory performance, or routinely tying fees to effort rather than achievement of cost, schedule, and performance goals.

The FAR Council is actively working towards the publication of a new FAR rule within the next 30-60 days that will:

- increase the attention an agency must give during acquisition planning to determine that an award fee contract is appropriate for the agency's requirements and circumstances;
- provide evaluation standards to help agencies differentiate between levels of performance and the corresponding percentage of available award fee that could be earned;
- prohibit award fee for contractor performance that is judged to be unsatisfactory; and
- provide clear guidance on the use of rollovers.

With respect to this last point, OMB and the FAR Council share Congress' general concern with rollover practices. In addition to undermining the incentive to perform well consistently, findings show that rollover is costly and significant savings may be achieved by significantly curtailing, if not ending, this practice. These facts are being taken into careful consideration in deliberations over whether the practice should be banned altogether.

Increased management attention and support

Improvements to our regulatory framework must be coupled with increased management attention, especially by the five agencies that are responsible for more than 95 percent of the dollars spent under award fee contracts: DoD, the Departments of Energy, Health and Human Services, and Homeland Security, and the National Aeronautics and Space Administration. OMB will work with the Chief Acquisition Officers, Performance Improvement Council members, and other agency officials at these agencies to identify the supporting steps that are most critical to achieving constructive and sustained practice improvements. Our primary focus will be on: (1) improved monitoring of internal practices, data collection, and evaluation, and (2) training of the acquisition workforce.

(1) Improved monitoring of internal practices, data collection and evaluation. Agencies must put appropriate mechanisms in place to determine if fees are being used effectively. As initial steps to check quality and to take full advantage of the fee determination process, we will:

- ask agencies to conduct periodic reviews of their fee determinations to assess if they are being made in accordance with the agency's approved award fee plan and compare fee determinations to the agency's overall assessment of the contractor's performance, as documented in the Past Performance Information Retrieval System (PPIRS) which, as of the beginning of July, serves as the single, government-wide repository of contractor assessments;
- evaluate how to make PPIRS a repository for award fee determinations so that these evaluations can provide an additional source of information for agencies to consider in future source selections; and
- identify steps to improve current data collection on award fee contracts, which could include collecting information about the award fee pool, award fee paid, and the associated performance rating to facilitate broader trend analyses that we cannot perform today.

(2) Training the acquisition workforce. The acquisition workforce is the backbone of our acquisition system. The quality of their skills and judgment is inextricably tied to whether we achieve good results from our contracting tools. The rollout of our new guidance must be supplemented with training that reinforces the skills that are essential to achieving cost-effective quality performance under award-fee contracts, such as the ability to draft a good award fee plan, tie fees to cost, schedule, and performance results, and define the specific criteria that will be used to evaluate the contractor against standard performance ratings. Equally important, training

materials must highlight best practices as they are identified. NASA, for example, has awarded "multiple incentive-fee" contracts that permit the agency to use objective performance metrics whenever requirements can be measured objectively and limit the use of subjective criteria to those requirements whose outcomes cannot be effectively measured objectively.

Finally, our training efforts must be tailored to the needs and skills of the officials who will be responsible for awarding and managing award fee contracts and making award fee determinations. For example, fee determining officials typically are program managers who will benefit from specific training related to establishing and managing an effective award fee plan. To be most effective, this training must recognize that most program managers do not have a formal acquisition background but share a common goal with contracting officials to improve government performance.

Conclusion

As the President's Memorandum on Government Contracting makes clear, this Administration places a high priority on strengthening our acquisition system, beginning with operations where there is clear evidence of both inefficiency and an opportunity for significant improvement. The effective selection of contract type generally, and award fee contracting in particular, is one such area. When used effectively, award fees provide the type of incentive for cost control and good performance that agencies must have to address the requirements of our taxpayers. Unfortunately, there are a number of significant weaknesses with our current rules and practices. We must work aggressively to change them and create an environment that encourages continual improvement. Recently issued OMB guidance to implement the President's Memorandum should help to facilitate expeditious adoption of improved award fee practices. Under OMB's guidance, each agency is required to develop an acquisition savings plan. Early adoption of these practices can help agencies achieve their savings targets.

We look forward to working with this Subcommittee in improving the use of award fee contracts and strengthening our acquisition system. This concludes my prepared remarks. I am happy to answer any questions you might have.

United States Government Accountability Office

GAO

Testimony

Before the Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, Committee on Homeland Security and Governmental Affairs, U.S. Senate

For Release on Delivery
Expected at 3:00 p.m. EDT
Monday, August 3, 2009

FEDERAL CONTRACTING

Application of OMB Guidance Can Improve Use of Award Fee Contracts

Statement of John Hutton, Director
Acquisition and Sourcing Management

GAO
Accountability * Integrity * Reliability

GAO-09-839T

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss our recent work for this subcommittee on the use of award fee contracts. An award fee is an amount of money that a contractor may earn in whole or in part by meeting or exceeding subjective criteria stated in an award fee plan. Typically the criteria are related to quality, technical ingenuity, cost-effective management, program management, and other unquantifiable areas. From fiscal year 2004 through fiscal year 2008, agencies spent over $300 billion on contracts which include award fees. While many agencies use award fee contracts, over 95 percent of the government's spending using this contract type in fiscal year 2008 occurred at five: the departments of Defense (DOD), Energy (DOE), Health and Human Services (HHS), and Homeland Security (DHS) and the National Aeronautics and Space Administration (NASA). In December 2007, the Office of Management and Budget's (OMB) Office of Federal Procurement Policy issued guidance to chief acquisition officers and procurement executives across the government that echoed several recommendations we made in 2005 on the use of award fees and emphasized positive practices to be implemented by all agencies.[1]

My statement today is based on our May 29, 2009, report, *Federal Contracting: Guidance on Award Fees Has Led to Better Practices But is Not Consistently Applied* (GAO-09-630). Like the report, this statement addresses how agencies are implementing OMB's guidance. Specifically, we (1) identified the actions agencies have taken to revise or develop policies and guidance to reflect OMB guidance on using award fees, (2) determined the extent to which current practices for using award fee contracts are consistent with the new guidance, and (3) identified the extent to which agencies collect and analyze information on award fees to evaluate their use and share that information within their agencies.

To identify the actions that these five agencies have taken to revise or develop guidance on the use of award fees, we assessed procurement policies and discussed planned and implemented policy changes with procurement officials at each agency. To determine the extent to which current practices for using award fee contracts are consistent with OMB guidance, we reviewed data from 645 evaluation periods for 100 contracts

[1] GAO, *Defense Acquisitions: DOD Has Paid Billions in Award and Incentive Fees Regardless of Acquisition Outcomes*, GAO-06-66 (Washington, D.C.: 2005).

at the five agencies. For DOD and NASA, our scope included contracts examined in prior GAO work and DOD contracts awarded after policies were changed that had held at least one award fee period. Where applicable, we identified the programmatic and monetary effect of implementing policy changes. For DOE, HHS, and DHS, we selected all award fee contracts with over $50 million obligated against them from fiscal year 2004 through fiscal year 2008 as identified in the Federal Procurement Data System (FPDS). We collected data on the amount of the award fee available compared to the amount awarded as well as the criteria used to evaluate contractor performance. We reviewed contract documents including award fee plans to determine the extent to which the contracts reflected positive award fee practices identified in our prior work and OMB guidance. We also interviewed procurement officials at each agency on efforts to collect data on award fees, evaluate their effectiveness, and share information on successful strategies.

Our work for our May 29, 2009, report was conducted from August 2008 through May 2009 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. More detailed information on our scope and methodology appears in our 2009 report.

OMB's Guidance Is Not Consistently Addressed at All Agencies

In December 2007, the OMB Office of Federal Procurement Policy issued guidance to chief acquisition officers and senior procurement executives to review and update their acquisition policies on the appropriate use of incentive fee contracts, which include award fee contracts. The guidance highlighted preferred practices including: (1) linking award fees to acquisition outcomes, such as cost, schedule, and performance results; (2) limiting the use of rollover[2] to exceptional circumstances defined by agency policies; (3) designing evaluation factors that motivate excellent contractor performance by making clear distinctions between satisfactory and excellent performance; and (4) prohibiting payments for contractor performance that is judged to be unsatisfactory or does not meet the basic

[2] Rollover is a practice in which unearned award fee is moved from one evaluation period to a subsequent evaluation period or periods, thus providing the contractor an additional opportunity to earn previously unearned fee.

requirements of the contract.[3] Further, OMB asked agencies to obtain and share practices in using award fees through an existing Web-based resource. The OMB guidance was developed based on award fee problems that had been identified by GAO and which DOD and NASA had begun to address. The following shows how OMB's guidance is reflected in guidance provided by each agency:

- In response to GAO recommendations in 2005[4] and subsequent legislation,[5] DOD issued guidance in 2006 and 2007 that states it is imperative that award fees are linked to desired outcomes, that the practice of rolling over unearned award fees should be limited to exceptional circumstances, that award fees must be commensurate with contractor performance, and that performance that is unsatisfactory is not entitled to any award fee. It also states that satisfactory performance should earn considerably less than excellent performance; otherwise, the motivation to achieve excellence is negated.
- While NASA's Award Fee Guide already addressed the four issues, our previous work found that NASA did not consistently implement key aspects of its guidance on major award fee contracts.[6] In response to our findings, a June 2007 NASA policy update reemphasized these policies to contracting staff and added a requirement that contracting officers include documented cost-benefit analysis when using an award fee contract.
- DOE has supplemental guidance to the Federal Acquisition Regulation (FAR) that outlines how award fees should be considered and in September 2008 created implementing guidance specific to management and operations contracts that links award fees to acquisition outcomes and limits the use of rollover. However, DOE's departmental guidance does not clearly define the standards of performance for each rating category or prevent payment of fees for unsatisfactory performance. Divisions of DOE have developed their own standards and methods of evaluation which vary in their consistency with the OMB guidance.

[3] Other guidance in OMB's guidance memo included performing a cost-benefit analysis before using incentive fees and ensuring that plans had clear definitions on how contractors would be evaluated, the levels of performance used to judge them, and specific criteria on how to achieve those levels.

[4] GAO-06-66.

[5] The John Warner National Defense Authorization Act for Fiscal Year 2007. Pub. L. No. 109-364, § 814 (2006).

[6] GAO-07-58, *NASA Procurement: Use of Award Fees for Achieving Program Outcomes Should Be Improved*, GAO-07-58 (Washington, D.C.: 2007).

- DHS provides guidance on award fees in its acquisition manual, but does not fully address the issues in the OMB guidance. The DHS guidance requires award fee plans to include criteria related (at a minimum) to cost, schedule, and performance and establishes that award fees are to be earned for successful outcomes and that no award fee may be earned against criteria that are ranked below "successful" or "satisfactory." However, the manual does not describe standards or definitions for determining various levels of performance or include any limitation on the use of rollover.
- HHS officials did not have guidance specific to the use of award fees and were not aware of any such guidance at their operational divisions. Officials told us that they relied on the FAR for guidance on using award fees. However, contracting officials at HHS operational divisions noted a need for better guidance and told us that the FAR did not provide the level of detail needed to execute an award fee contract. As a result, contracting officers at these operational divisions have developed approaches to award fee contracts which vary in their degree of consistency with OMB's guidance.

The National Defense Authorization Act for Fiscal Year 2009[7] directed that the FAR be amended by the middle of October 2009 to expand the requirements placed on DOD in 2007 to all executive agencies.[8] A working group including representatives from these agencies is reviewing and updating the FAR. DOD officials also told us that they are developing supplemental guidance on award fees, but will wait until the FAR working group completes its work before finalizing the guidance.

Agency Practices Are Not Always Consistent with OMB Guidance

By implementing the revised guidance, some DOD components reduced costs and improved management of award fee contracts. Potential changes at NASA —such as documented cost-benefit analyses—are too recent for their full effects to be judged. At DOE, DHS, and HHS, individual contracting offices have developed their own approaches to executing award fee contracts which are not always consistent with the principles in the OMB guidance or between offices within these departments.

- **Use of Rollover**: Guidance from DOD, DOE, and OMB states that allowing contractors a second chance at unearned fees should be limited

[7] The Duncan Hunter National Defense Authorization for Fiscal Year 2009, Pub. L. No. 110-417 §. 867 (2008).

[8] Pub. L. No. 109-364, § 814 (2006).

to exceptional circumstances and should require high-level approval. NASA guidance does not allow rollover. Allowing contractors an opportunity to obtain previously unearned fees reduces the motivation of the incentive in the original award fee period. In almost all of the 50 DOD contracts we reviewed, rollover is now the exception and not the rule. While in 2005 we found that 52 percent of all DOD programs rolled over fee, only 4 percent of the programs in our sample continue this practice. We reviewed active contracts from our 2005 sample and found that eliminating rollover will save DOD more than an estimated $450 million on 8 programs from April 2006 through October 2010. However, with the exception of NASA where rollover is not allowed, we found instances at each agency, where rollover was allowed, at times, for 100 percent of the unearned fee.

- **Linking Fees to Outcomes**: OMB's guidance indicates that award fees should be used to achieve specific performance objectives established prior to contract award, such as delivering products and services on time, within cost, and with promised performance; and must be tied to demonstrated results, as opposed to effort. Contracting officers and program managers across all five agencies said award fee contracts could benefit from objective targets that equate to a specific amount of the fee. While the combination of award fee contracts which evaluate subjective criteria and incentive contracts which evaluate objective targets was the preferred approach of several officials, there is no guidance on how to balance or combine these contract types. The effective use of subjective criteria requires that they be accompanied by definitions and measurements of their own to ensure they are linked to outcomes rather than processes or efforts. DOD's Joint Strike Fighter is one program that has incorporated more discrete criteria. In comparing periods before and after the application of these criteria, the contractor has consistently scored lower in the performance areas than in previous periods where less defined criteria were applied. We estimate that the more accurate assessment of contractor performance has saved almost $29 million in less than 2 years of the policy change. However, contracts do not always use criteria that are linked to outcomes. For example, an HHS contract for call center services awarded a portion of the fees based on results, such as response times, but also included criteria based more on efforts, such as requiring the contractor to ensure that staffing levels were appropriate for forecasted volumes during hours of operation, rather than measuring results.
- **Using Evaluation Factors to Motivate Excellent Performance**: The amount of the fee established for satisfactory performance or meeting contract requirements generally awards the contractor for providing the minimum effort acceptable to the government. Programs used a broad range in setting the amount of the fee available for satisfactory

performance, but many left little to motivate excellent performance. For example, DOE's Office of Science uses a model that sets the amount of the fee able to be earned for meeting expectations at 91 percent, thus leaving 9 percent to motivate performance that exceeds expectations. In contrast, in an HHS contract for management, operation, professional, technical, and support services, the contractor earns 35 percent of the award fee for satisfactory performance, leaving 65 percent of the fee to motivate excellent performance. DOD and NASA are the only agencies we reviewed that provide guidance on the amount of the fee to be paid for satisfactory performance, up to 50 percent and 70 percent respectively. However, not all DOD programs have followed this guidance. For example, a DOD Missile Defense Agency (MDA) contract signed in December 2007 awards the contractor up to 84 percent of the award fee pool for satisfactory performance, which the agency defines as meeting most of the requirements of the contract. This leaves only 16 percent of the award fee pool to motivate performance that fully meets contract requirements or is considered above satisfactory.

- **Payments for Unsatisfactory Performance**: DOD, NASA, and OMB have stated that performance not meeting contract requirements or judged to be unsatisfactory merits no award fee. However, while the median award fee scores indicate satisfaction with the results of the contract, programs we reviewed continue to use evaluation tools that could allow for contractors to earn award fees without performing at a level that is acceptable to the government under the terms of the contract. For example, an HHS contract for Medicare claims processing rates contractor performance on a point scale, from 0 to 100, where the contractor can receive up to 49 percent of the fee for unsatisfactory performance and up to 79 percent for satisfactory performance (defined as meeting contract requirements). The National Nuclear Safety Administration, a separate agency within DOE, uses a tool that prohibits payments for unsatisfactory performance while the evaluation method used by DOE's Office of Science allows a contractor to earn up to 84 percent of the award fee for performance that is defined as not meeting expectations. Further, current award fee plans for some programs using the Office of Science lab appraisal process allow for an award fee to be earned at the "C" level, which guidance defines as performance in which "a number of expectations ... are not met and/or a number of other deficiencies are identified" with potentially negative impacts to the lab and mission. According to Office of Science guidance, as much as 38 percent of the fee can be earned for objectives that fall in this category.

Agencies Do Not Have Methods for Evaluating Award Fee Effectiveness in Improving Contractor Performance

While programs have paid more than $6 billion in award fees for the 100 contracts we reviewed, none of the five agencies has developed methods for evaluating the effectiveness of an award fee as a tool for improving contractor performance. Instead, program officials noted that the effectiveness of a contract is evident in the contractor's ability to meet the overall goals of the program and respond to the priorities established for a particular award fee period. However, officials were not able to identify the extent to which successful outcomes were attributable to incentives provided by award fees versus external factors such as a contractor's interest in maintaining a good reputation. When asked how they would respond to a requirement to evaluate the effectiveness of an award fee, officials told us that they would have difficulty developing performance measures that would be comparable across programs.

Of the five agencies we reviewed, only DOD collects data on award fee contracts. In 2006, legislation required DOD to develop guidance on the use of award fees that included ensuring that the department collects relevant data on award and incentive fees paid to contractors and that it has mechanisms in place to evaluate such data on a regular basis.[9] DOD has collected and analyzed data and provided that analysis to Congress and the Senior Procurement Executives of the military services and other DOD agencies. However, DOD does not have performance measures to evaluate the effectiveness of award fees as a tool for improving contractor performance and achieving desired program outcomes. DOD's data collected on objective efficiencies include cost and schedule measures but do not reflect any consideration of the circumstances that affected performance, a critical element in determining award fees.

While DOD has established an award fee community of practice through its Defense Acquisition University, most information regarding successful strategies for using award fees is shared through informal networks. Contracting officers at DOD, DOE, DHS, and HHS were unaware of any formal networks or resources for sharing best practices, lessons learned, or other strategies for using award fee contracts, and said they rely on informal networks or existing guidance from other agencies. However, within agencies, procurement executives are beginning to review award fee criteria across programs for consistency and successful strategies.

[9] Pub. L. No. 109-364, § 814 (2006).

Concluding Observations and Prior Recommendations for Executive Action

Award fee contracts can motivate contractor performance when certain principles are applied. Linking fees to acquisition outcomes ensures that the fee being paid is directly related to the quality, timeliness, and cost of what the government is receiving. Limiting the opportunity for contractors to have a second chance at earning a previously unearned fee maximizes the incentive during an award fee period. Additionally, the amount of the fee earned should be commensurate with contractor performance based on evaluation factors designed to motivate excellent performance. Further, no fee should be paid for performance that is judged to be unsatisfactory or does not meet contract requirements. While DOD has realized benefits from applying these principles to some contracts, these principles have not been established fully in guidance at DOE, DHS, and HHS. Having guidance is not enough, however, unless it is consistently implemented. Further, the lack of methods to evaluate effectiveness and promote information sharing among and within agencies has created an atmosphere in which agencies are unaware of whether these contracts are being used effectively and one in which poor practices can go unnoticed and positive practices can be isolated.

In our report, we recommended that DOE, HHS, and DHS update or develop implementing guidance on using award fees. This guidance should provide instructions and definitions on developing criteria to link award fees to acquisition outcomes, using an award fee in combination with incentive fees, rolling over unearned fees, establishing evaluation factors to motivate contractors toward excellent performance, and prohibiting payments of award fees for unsatisfactory performance. To expand upon improvements made, we recommended that DOD promote consistent application of existing guidance, including reviewing contracts awarded before the guidance was in effect for opportunities to apply it, and provide guidance on using an award fee in combination with incentive fees to maximize the effectiveness of subjective and objective criteria. We also recommended that the five agencies establish an interagency working group to (1) identify how best to evaluate the effectiveness of award fees as a tool for improving contractor performance and achieving desired program outcomes and (2) develop methods for sharing information on successful strategies. The agencies concurred with our recommendations and noted that both the FAR working group and an interagency working group could be potential mechanisms for implementing our recommendations.

Mr. Chairman, this concludes my statement. I would be pleased to respond to any questions you or other Members of the Subcommittee may have.

For questions regarding this statement, please contact John P. Hutton at (202) 512-4841 or at huttonj@gao.gov. Individuals making contributions to this testimony include Thomas Denomme, Assistant Director, Kevin Heinz, John Krump, and Robert Swierczek.

STATEMENT BY

MR. SHAY D. ASSAD

ACTING DEPUTY UNDER SECRETARY OF DEFENSE

(ACQUISITION & TECHNOLOGY)

BEFORE THE

SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT INFORMATION, FEDERAL SERVICES, AND INTERNATIONAL SECURITY
COMMITTEE ON HOMELAND SECURITY AND GOVERNMENAL AFFAIRS
UNITED STATES SENATE

DEPARTMENT OF DEFENSE
DEFENSE PROCUREMENT AND ACQUISITION POLICY

ELIMINATING WASTEFUL CONTRACTOR BONUSES

AUGUST 03, 2009

INTRODUCTION

Chairman Carper, Ranking Member McCain, Members of the Subcommittee: My name is Shay Assad and I am the Director of Defense Procurement and Acquisition Policy. I am also presently serving as the Acting Deputy Under Secretary of Defense for Acquisition and Technology, in the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (AT&L).

After serving tours on board two Navy destroyers, I began my career in acquisition thirty-two years ago as a Naval Procurement Officer at the Naval Sea Systems Command. I left the Navy in 1978 and joined the Raytheon Company. Over my twenty-two year career at Raytheon I held a variety of contracting and operational positions ultimately serving as a corporate Vice President, a Senior Vice President, and finally, as Corporate Executive Vice President and Chairman and Chief Executive Officer of one of its major subsidiaries. I retired from Raytheon in July 2000.

In 2004, I entered Government service as the senior civilian contracting official for the U.S. Marine Corps. In April 2006, I was promoted to serve as the Director of Defense Procurement and Acquisition Policy.

DISCUSSION

I want to thank you for the opportunity to appear before you and to participate in today's discussion examining whether federal agencies are effectively using cost-plus-award-fee contracts to successfully incentivize contractor performance. The Department recognizes it is important to both the war fighters and taxpayers that we use the appropriate contracting incentive arrangements to effectively motivate contractors to deliver systems that work well and provide services that meet or exceed our performance expectations.

Over the past few years, there has been a real sea change in the way award fee contracts are employed. Spurred on by the Government Accountability Office report published in December 2005 as requested by Senator Ensign and Senator Akaka, we have made the necessary improvements to our award fee practices and have realized significant savings as a result. We have implemented the statutory provisions enacted by the Congress which require award fee contracts: to link fees to acquisition outcomes; to define the circumstances and standards for paying out award fees based on contract performance; and to ensure no award fee is paid for contractor performance that is less than satisfactory. We seek to align the contractor's profitability with their performance. As Secretary Gates testified earlier this year before the Senate Armed Services Committee, "we must…write contracts that incentivize proper behavior." To the extent we continue to use cost plus award fee contracts, we are now focused on outcomes and results and not process indicators.

The Department has instituted significant policy changes to provide that award and incentive fees paid are commensurate with contract performance. In March 2006, my office prepared and the Deputy Under Secretary for Acquisition and Technology issued a policy memorandum that made it an imperative that award fee criteria be linked to desired program outcomes. In that memorandum, the practice of rolling over unearned award fees to subsequent evaluation periods was also restricted. In April 2007, I issued policy guidance requiring the use of objective criteria, whenever possible, to measure contract performance. The April 2007 policy guidance mandated that for new contracts, an "unsatisfactory" contractor performance rating must correspond with a determination that no award fee is earned for a given evaluation period.

These policy changes provide safeguards to ensure that award fees are properly linked to acquisition outcomes. One important safeguard is the requirement we established that all cost-plus-award-fee contracts must be justified by a determination and finding (D&F) signed by the Head of the Contracting Activity (HCA). By elevating the approval to this level, we ensure the senior leadership have thoughtfully considered what should be selective use of cost-plus award fee arrangements. We maintain visibility as to the number of significant cost-plus-award-fee contracts in the Department by requiring Acquisition Category (ACAT) I programs to provide my office with copies of all such determination and findings on a quarterly basis. Senior Procurement Executives of the Military Departments and Other Defense Agencies are responsible for establishing the level of reporting for non ACAT I contracts within their organizations.

In addition to the aforementioned changes, we continue to refine our award and incentive fee policies and procedures. Currently, there are both Federal Acquisition Regulation (FAR) and Department of Defense FAR Supplement (DFARS) cases in process to codify these changes. In addition, we have drafted an Award Fee Guide to provide contracting officers and program officials with a reference for best practices. This guide will reinforce the fact that DoD policy requires objective criteria be used whenever possible to measure contractor performance.

In February 2009, the Department published two papers from the Institute for Defense Analyses (IDA) examining Defense Department Policies on profit, contract incentives and finance and their effects on contract outcomes. The results of these studies found that contractor methods of managing performance, schedule and cost under contracts seem to be indirectly influenced by changes in fee. The Institute did find indirect evidence that incentive contracts appear to limit cost growth. The IDA study concluded that the Department's new polices on award fees, "add significant controls to award fee management while maintaining the present level of program management influence over the contractor. Furthermore, they appear to address the majority of the GAO concerns. The study group found that these policy changes should be given enough time to have an effect on the cost plus award fee process before further changes are made."

In May of this year, I hosted a contract pricing conference which was attended by 300 acquisition professionals representing all the military departments and major Defense agencies, including 80 different DoD organizations and nine civilian agencies. This conference provided an excellent opportunity to share best practices and convey the vision we have regarding the appropriate use of incentive and award fee arrangements. We shared with the attendees the findings of the IDA studies.

The Department has incorporated into the acquisition strategy approval process and in its Peer Reviews, the requirement for a thorough review of incentive arrangements, particularly award fee criteria. In the pre-award time frame, we look to ensure acquisition strategies are structured such that objective criteria will be utilized, whenever possible, to measure contract performance. In fact, most pre-award Peer Review teams begin by engaging with the program manager to understand the key measures of success to ensure the appropriate incentives are built into the contract. In the post award time frame, our Peer Review teams look to ensure award or incentive fees paid were consistent with DoD award fee policy or, in the case of legacy programs whose contracts preceded the recent award fee guidance, had corrective action plans in place to address past inconsistencies.

For example, in one recent post-award Peer Review, the Peer Review team recommended that the program office establish agreed-to objective measures whenever possible, *before* each evaluation period. The team suggested the agreed-to plan should stipulate what rating the contractor would earn if it were able to exceed requirements, deliver ahead of schedule or reduce costs. Another recent post-award Peer Review observed that the program has essentially discontinued the use of award fee despite the fact it remains an available avenue under an indefinite delivery/indefinite quantity (IDIQ) task order contract. That particular team cited a desire to avoid the burden of administering an award fee process.

In addition, we have established a data collection process that enables us to regularly monitor amounts paid to contractors to ensure the amounts paid are commensurate with performance. In addition to regular reviews conducted by my office, the Senior Procurement Executives of the Military Departments and Other Defense Agencies are developing written policies and procedures for evaluating the effectiveness of award and incentive fees. The various levels of review will enable us to continuously improve our management of award and incentive fee contracts.

Given the acquisition lead times associated with major programs, it is too early to adequately assess the impact of the March 2006 and April 2007 policy changes, since the first contracts covered by the new policy are just beginning to go through their first award fee review cycle. However, the findings from the Department's analysis of 2007 award and incentive fee data that was submitted to the Congress in November 2008, are instructive in that they serve as a baseline. Our analysis of the 2007 award fee data showed a link between cost and schedule efficiencies and fees. As we continue our award fee data collection going forward, we will monitor the data to ensure there is this correlation.

The Department is trending away from the use of pure award fee contracts and seeking instead, to use incentive fee contracts or contracts that include a mixture of incentive and award fees. In our analysis of the 2007 and 2008 award fee data we have collected (on incentive fee contracts greater than $50 million), there were only 30 new award fee contracts awarded in 2007 and 10 awarded in 2008. In contrast, between 2004 and 2006, 65 award fee contracts were awarded, on average, each year. In those limited cases where cost plus award fee contracts are appropriate, i.e. where only subjective evaluation criteria are possible or where it is not feasible to have pre-determined objective criteria before award, award fees must be linked to desired program outcomes.

Finally, we were pleased that the GAO acknowledged in their May 2009 report the progress the Department has made in this area, but, in our view, there is much more work to be done. The report concludes, "where the revised policies have been applied, the results have been hundreds of millions of dollars in cost savings and better use of government funds" and estimates that Department will save over $450 million through fiscal year 2010. The Department agreed with the recommendations contained in this report to promote the application of existing guidance and expand upon improvements made in the use of award fees. Also, as noted in this report, the policy changes that have been adopted have required a change in culture on both the government's and the contractor's part. We will hold contractors accountable for performance deficiencies and I am confident that our increased emphasis on the use of objective criteria, where practical, will result in a much closer link between award fees and acquisition outcomes.

SUMMARY

Again, thank you for the opportunity to address the use of cost-plus-award fee contracts. I look forward to working with you and keeping you apprised of the Department's progress in developing meaningful ways to evaluate the effectiveness of incentive arrangements to achieve the desired levels of contract performance. I would be happy to address any questions that you may have. Thank you.

August 3, 2009

Statement of
William P. McNally
Assistant Administrator for Procurement
National Aeronautics and Space Administration

before the

Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security
Committee on Homeland Security and Governmental Affairs

United States Senate

Thank you for the opportunity to testify before the Senate Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security regarding NASA's use of cost-plus award fee contracts to incentivize excellent contractor performance.

NASA is unlike most civilian agencies. NASA programs and projects, whether going to the Moon, looking back at Earth, or making aircraft safer, have one thing in common: they are high risk. That is really the core of NASA's mission: doing things that have never been done before. There are many challenges involved in high-risk programs. They require more than special hardware or design. These programs require high-risk contracting. Every new concept for a space craft, a satellite, or rover comes to life through high-risk contracting. Actually, these programs derive from high-risk acquisitions, because more than contracting is involved, including an entire team of project managers and contract specialists. High-risk missions are always a challenge and award fee contracts, when used effectively, can assist in meeting the challenge of these high risk contracts.

NASA has been proactive in implementing award fee contracting policies consistent with the Office of Management Budget (OMB) Office of Federal Procurement Policy (OFPP) memorandum dated December 4, 2007, entitled, "Appropriate Use of Incentive Contracts," and the requirements set forth in the FY 2009 National Defense Authorization Act (NDAA), Section 867, entitled, "Linking of Award and Incentive Fees to Acquisition Outcomes," as outlined below.

NASA awarded 62 percent of all contracts as award fee contracts in FY 2008 (see NASA Annual Procurement Report for FY 2008). These award fee contracts are not considered "bonuses." Award fee contracts are used by the Agency for those efforts where key elements of performance cannot be objectively measured. In this situation, most elements of contractor performance can only be evaluated using subjective criteria. Under an award fee contract, an available award fee pool is negotiated and included in the contract. Criteria for contract performance are included in the contract via an award fee incentive plan, and the contractor is then judged on how well it performs in relation to those criteria in order to earn any award fee.

The actual award fee earned by the contractor is determined by the Government's assessment of the contractor's performance in the areas of cost, schedule, and technical performance that is delineated in the award fee criteria. A Performance Evaluation Board is appointed with the primary responsibility of conducting periodic evaluations of the contractor's performance, as well as submitting an evaluation report to the Fee Determining Official (FDO) that delineates the board's findings and recommended changes, if any, to the award fee evaluation plan. The FDO is responsible for determining the award fee earned and payable for each evaluation period as addressed in the contract. In addition, one or more performance monitors may be assigned with responsibility for monitoring and evaluating contractor performance. The contractor can earn any amount of award fee, from all of the award fee pool to none of it. Under NASA procurement policy, a contractor will not be paid any award fee or base fee for less than satisfactory overall performance.

Determining Appropriate Contract Type

NASA's approach to contract type selection is to match the unique circumstances of the procurement with the appropriate contract type. The majority of NASA's procurements are for complicated Research and Development (R&D) efforts that involve complex requirements where the likelihood of change makes it difficult to estimate performance costs in advance. In addition, these R&D efforts involve state of the art technologies that often have a high degree of technical risk associated with them.

In this R&D procurement environment, contractors are not able to adequately forecast and propose a reasonable fixed price. Given complex requirements, significant technical risk, and cost uncertainty; a cost-reimbursement type contract is appropriate. Use of fixed price type contracts under these circumstances would also invariably result in contractors proposing significantly higher prices to compensate for the high risk. A key benefit in using cost-reimbursement contracts is that they offer significantly more flexibility for making changes or adjustments to contract requirements that become more refined as a result of progress on development work, in particular under a contracted R&D activity. This flexibility mitigates the likelihood of increased contractor claims, and the ongoing cost of their resolution, which could be expected with the use of fixed price contract vehicles for this kind of work.

In order to mitigate the Government's risk under cost reimbursement type contracts, NASA utilizes incentive arrangements; such as award fee incentives, performance fee incentives, cost incentives, and schedule incentives with our cost contracts. Consistent with the OMB/OFPP memorandum on the use of incentive contracts, NASA's policies require preparation of a cost/risk benefit analysis showing that the additional costs of administering an award fee contract are more than offset by the expected benefits as part of the approval process to use an award fee contract.

Linking Incentive Fees to Acquisition Outcomes

In compliance with the OMB/OFPP memorandum on the use of incentive contracts as well as section 867 of the 2009 NDAA, NASA's procurement policies require that award fee incentive arrangements contain clear, unambiguous, and measurable evaluation criteria that are linked to the cost, schedule, and technical performance requirements of the contract. The linking of award fee evaluation criterion to acquisition outcomes ensures that the contractor has a distinct incentive to control costs and produce a high quality item in a timely fashion.

Establish Standards for Contractors to Earn Award Fee

Both the OMB/OFPP memorandum on the use of incentive contracts as well as section 867 of the 2009 NDAA provided guidance relative to the establishment of standards for determining the percentage of award fee, if any, which contractors should be paid for performance that is judged to be excellent, good, or satisfactory. NASA's procurement policy has expressly established a standard award fee rating system that is required to be used on all NASA award fee contracts. NASA utilizes a five tier adjectival award fee rating system (i.e. excellent, very good, good, satisfactory, and unsatisfactory) with an associated description of what these adjectival ratings mean and how much award fee the contractor can earn for a given adjectival rating. The adjectival rating descriptions were crafted so as to require that the contractor meet the overall cost, schedule, and technical performance requirements of the contract as defined and measured against the criteria in the contract's award fee plan. These adjectival rating descriptions ensure that the contractor must exceed all the factors of the award fee plan criteria to earn the maximum available award fee. The percentages relative to the amount of award fee available to be earned associated with these adjectival ratings clearly reflect that no award fee can be earned for unsatisfactory performance while a larger percentage of award fee can be earned for excellent performance. NASA award fee policy is consistent with the OMB/OFPP memorandum on the use of incentive contracts as well as section 867 of the 2009 NDAA in that no award fee will be given to a contractor when performance is judged to be unsatisfactory.

Establish Guidance relative to Roll Over of Unearned Award Fee

The process of transferring unearned award fee, which the contractor had an opportunity to earn, from one evaluation period to a subsequent evaluation period, thus allowing the contractor an additional opportunity to earn that unearned award fee is termed a "roll over of unearned award fee". The OMB/OFPP memorandum on the use of incentive contracts stated that the roll over of unearned award fee amounts "is not the preferred method for incentivizing the contractor to perform above satisfactorily and should be permitted on a limited basis and require prior approval of the appropriate agency official."

Contractors must be held accountable for substandard performance. The roll over of unearned award fee allows the contractor the opportunity to earn award fee that has already been lost due to poor performance, thereby effectively removing the incentive to improve performance. NASA's procurement policy prohibits the use of the roll over of unearned award fee because this practice diminishes the effectiveness of the award fee rating given for each specific evaluation period.

Collecting/Analyzing Award Fee Data

NASA has implemented tracking of award fee as part of the Baseline Performance Review (BPR) process. The BPR is an independent, monthly assessment of selected NASA programs/projects that informs senior leadership of the contractor's performance under these efforts as measured against the approved baseline for these acquisitions. As part of this review, award fee ratings on selected programs/projects are reported and discussed relative to the contractor's current performance level.

Measuring Effectiveness of Award Fee Contracts

Section 867 of the FY 2009 NDAA requires that agencies "include performance measures to evaluate the effectiveness of award and incentive fees as a tool for improving contractor performance and achieving desired program outcomes." NASA understands that a Federal Acquisition Regulation (FAR) rule change is in process to implement this requirement. Furthermore, the GAO report, GAO-09-630, entitled "Guidance on Award Fees Has Led to Better Practices but Is Not Consistently Applied," recommended the establishment of an interagency working group to determine how best to evaluate the effectiveness of award fees as a tool for improving contractor performance and achieving desired outcomes as well as developing methods for sharing information on successful strategies. NASA concurs with this recommendation and is actively participating on this interagency working group and looking forward to implementing the eventual recommendations from this group. The working group membership includes Federal agencies such as NASA, the Department of Defense, Department of Homeland Security, Office of Federal Procurement Policy, Department of Health and Human Services, Department of Energy, and the Government Accountability Office.

Again, thank you for the opportunity to appear before this Subcommittee today. I would be pleased to respond to any questions that you may have.

STATEMENT OF
RICHARD K. GUNDERSON
DEPARTMENT OF HOMELAND SECURITY

BEFORE THE
COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT INFORMATION, FEDERAL SERVICES, AND INTERNATIONAL SECURITY

UNITED STATES SENATE
August 3, 2009

Chairman Carper, Ranking Member McCain, and Members of the Subcommittee, thank you for this opportunity to appear before you to discuss the Department of Homeland Security's (DHS) contracting program and, in particular, its use of award fee contracts. As the Acting Chief Procurement Officer for the DHS, I am the lead executive responsible for the management, administration and oversight of the Department's acquisition programs. In that capacity, I oversee and support ten procurement offices within DHS. The Office of the Chief Procurement Officer (OCPO) provides the infrastructure and establishes the acquisition policies, procedures, training and workforce initiatives that enable our acquisition professionals to support the DHS mission while also being good stewards of taxpayer dollars.

I came to DHS Headquarters in April 2008 as the Deputy Chief Procurement Officer and have been the Acting Chief Procurement Officer since January 2009. Previously, I served as the Transportation Security Administration's (TSA) Assistant Administrator for Acquisition and Chief Procurement Executive from November 2005 to April 2008, responsible for an annual $2 billion acquisition program. Before joining TSA in December 2002, I was a Contracting Officer for the Department of Defense's Naval Sea Systems Command, where I led contracting efforts associated with numerous major weapon systems acquisition programs.

DHS Acquisition Program Overview

Since it was established, the OCPO's mission, in conjunction with the respective contracting offices, has been to provide the needed products and services to meet the DHS mission, and to do so in a way that represents sound business and demonstrates that we are good stewards of the taxpayers' dollars. In order to achieve this mission, we have focused on our people and our processes. We recognize the need to have qualified professionals who are trained and certified to perform their respective duties in an increasingly complex regulatory and policy environment. We have made significant strides in creating an acquisition workforce program that is focused on recruiting, training, and retaining a cadre of acquisition professionals in multiple disciplines. We also recognized the need for sound business policy and published the Homeland Security Acquisition Regulation (HSAR) and Homeland Security Acquisition Manual (HSAM). We have instituted disciplined processes that have established internal controls for our investments through the creation of Acquisition Oversight and Governance programs. In addition to ensuring that DHS components comply with both Departmental and federal procurement policies and regulations, the OCPO issues a broad range of policy and guidance that define the contracting framework for the DHS contracting community.

As the Department has matured and defined its mission, the acquisition of products and services has been essential to successfully securing our nation. The requirements have been complex and diverse, including infrastructure needs, security equipment, aircraft and ships, facilities, and emerging technologies. The threats we face are variable, and as a result, the acquisition program must be able to adapt and identify a variety of solutions. Similarly, the contracting officers must assess each procurement requirement and determine the appropriate type of contract. Based on various factors, including the complexity of the required product or service, the contracting officer selects a contract type that recognizes the performance risk and motivates the contractor to successfully meet the contract's objectives. The objectives can vary depending on the program's needs, but may include cost, schedule, performance, or a combination of these factors.

Procurement Policy at DHS

One of the CPO's priorities is "Quality Contracting" which is focused on making sound business decisions and agreements that enable us to accomplish our critical mission. Within the OCPO, we are developing, implementing, and continuously refining a policy and oversight framework that will facilitate the Department's ability to achieve this objective. The Office of the Chief Procurement Officer includes a Policy and Legislation Branch, which is responsible for the development and establishment of procurement policy for the operational DHS contracting activities. This office originally published the Homeland Security Acquisition Regulation and the Homeland Security Acquisition Manual in 2003 and has continued to update these documents to reflect current statutory, regulatory, Office of Federal Procurement Policy (OFPP), and internal DHS mandates. These two documents provide the foundation for procurement policy that is adhered to by each of the ten contracting organizations. Additionally, this office issues guidance, templates, and advisories to support the operational contracting offices. The Policy and

Legislation Branch also participates in federal procurement policy making through its participation on various committees, including the Civilian Agency Acquisition Council (CAAC), and the Interagency Suspension & Debarment Committee, as well as two OFPP working groups directly addressing the subject of today's hearing, the Contract Type Working Group and the Incentive Contracting Working Group.

Based on this policy framework, DHS contracts are awarded in compliance with the Federal Acquisition Regulation (FAR), DHS's FAR supplement, the HSAR, and its companion for DHS internal guidance, the HSAM.

Developing and issuing policy is not effective unless the workforce is aware and understands the implementing guidance. We accomplish this through a multi-layer approach, including a policy working group, communications to the contracting community, and through discussions at Head of Contracting Activity (HCA) Council meetings. Policy is initially developed in coordination with representatives from the various contracting organizations and ultimately issued by the OCPO. To communicate new information prior to integration into the HSAR or HSAM as final policy, DHS utilizes Acquisition Alerts to notify the contracting community of current and upcoming topics, such as proposed rule making or OFPP memorandum. For changes to federal acquisition regulations, OCPO issues Acquisition Regulatory Advisories, which not only advise the workforce of the FAR changes, but also describe in detail the impact of the change on DHS's processes and procedures. Finally, at the monthly HCA Council meetings, policy issues are discussed among the Department's procurement leadership to ensure their further communication within their respective organizations. Additionally, training is provided on policy changes that are complex or are items of significant interest. Through these communications and education, the contracting workforce is prepared to execute contracts that are in compliance with federal regulation and policy.

Award Fee Contracting at DHS

DHS utilizes the full variety of contract types prescribed in the FAR in support of its diverse acquisition program. The preponderance of our awards is firm-fixed-price; this includes nearly 70% of the awarded actions and nearly 50% of the dollars. However, not all requirements are suited to a fixed-price contract. In situations where the desired outcomes or the ability to estimate the cost to complete the effort is unclear, the government will use a cost type contract. Under a cost-plus-fixed-fee contract, the contractor is provided a fixed-fee amount to recognize its best efforts in support of the program, but provides less incentive as costs increase. In situations where the government has areas of emphasis for the contractor to focus on, the contracting officer may select a cost-plus-award-fee contract. For example, in development efforts or in those instances where it is difficult to determine objective performance measures, award-fee contracts provide a business strategy that enables the government to identify areas of emphasis and establish an award fee pool that will motivate the contractor to succeed in meeting the government's requirements. In these situations, typically the contract includes an award fee structure that includes a base fee and an award fee portion that together comprise the total potential fee to be earned by the contractor. It is important to recognize that the base fee is significantly lower than what the fixed-fee would have been had the contracting officer selected a different contract type. If the government's evaluation of the contractor's performance is positive, a percentage of the award fee pool will be awarded based on the criteria and respective weightings of the criteria as defined in the contract's award fee plan. As a result, under a properly structured award fee contract, a contractor that performs significantly above satisfactory may earn at least the same or perhaps more fee than it would have earned if the contract had only used a fixed fee structure. Conversely, a contractor that performs below satisfactory will earn only the base fee, which will be significantly less than what the contractor would have earned if the contract had a fixed fee structure. The award fee is both a positive and negative incentive, whereby the contractor may earn slightly more or substantially less than what a fixed fee contract would have paid if the procurement had lent itself to that type of business strategy. While less than 10% of the DHS obligated dollars are awarded using cost-plus-award-fee contracts, they have been used to effectively motivate the contractor to perform.

With respect to DHS policy on award fee contracts, current HSAR, HSAM, and guidance are effectively consistent with OFPP guidance. This includes an emphasis on criteria related to cost, schedule and performance, successful performance, and exception-only use of rollover. We continue our work with OFPP and the CAAC on all procurement policy matters, and are closely monitoring the pending FAR changes with respect to award fee. We will issue an Acquisition Regulatory Advisory and modify our policy and guidance, as appropriate once the FAR has been revised.

As I mentioned earlier, DHS is committed to awarding quality contracts that deliver mission capability and represent sound business judgment, including compliance with federal procurement regulations, policies, and guidance.

Thank you again Mr. Chairman for your interest in and continued support of the DHS Acquisition Program.

Thank you for the opportunity to testify before the Subcommittee about DHS's use of award fee contracts. I am glad to answer any questions you or the Members of the Subcommittee may have for me.

STATEMENT OF
EDWARD R. SIMPSON
DIRECTOR, OFFICE OF PROCUREMENT AND ASSISTANCE MANAGEMENT
U.S. DEPARTMENT OF ENERGY

BEFORE THE

SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT INFORMATION, FEDERAL SERVICES, AND INTERNATIONAL SECURITY
COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

AUGUST 3, 2009

Mr. Chairman, and members of the Committee, thank you for the opportunity to come before you today to present the Department of Energy's (DOE) views and perspectives on the recent U.S. Government Accountability Office Report entitled "Federal Contracting: Guidance on Award Fees Has Led to Better Practices but is Not Consistently Applied" (GAO-09-630). I am pleased to be here today to address how the Department is effectively using cost-plus-award-fee contracts to incentivize excellent contract performance and how DOE has implemented the Office of Management and Budget (OMB) December, 2007, guidance on the appropriate use of incentive contracts.

DOE is the largest Federal civilian contracting agency, based on Fiscal Year 2008 contract obligations of approximately $25 billion. A central element of DOE's contracting structure is a cadre of special contracts called Management and Operating contracts, which have their origins in the Manhattan Project and have endured under DOE and its predecessor agencies. These contracts for the management and operation of Government-owned national scientific, engineering, and research facilities are unique in all of Government and require a special and specific authorization by the Secretary of

Energy. Many of the scientific and research facilities are also DOE Federally Funded Research and Development Centers, a special designation applied to these facilities because of their criticality to DOE's mission. The laboratory contracts for these facilities were the focus of GAO's review of DOE.

Because of the broad mission and work scope of each of these contracts, they are, by design, cost-reimbursement contracts. DOE Program Offices responsible for overseeing the work performed under these contracts use an annual work authorization process to identify and authorize the execution of specific work and use award fee and other incentives to motivate high levels of contractor performance.

DOE has a number of other special contracts, called major site and facility management contracts, which are also cost-reimbursement type contracts. In these contracts, DOE relies on appropriately structured award fee incentives and, wherever possible, more objective incentives to accomplish the contract work. These contracts are primarily for environmental clean-up and other work in support of DOE's Office of Environmental Management. While critical to DOE's mission, these contracts are not designated as Management and Operating contracts.

In addition, DOE also awards and administers thousands of other contracts that represent the full range of fixed-price and cost-reimbursement type contracts for goods and services typically acquired by most Federal agencies.

In its study, GAO noted two particularly positive aspects of DOE's administration of cost-plus-award-fee contracts. Specifically, GAO concluded that, for two of the four fundamental practices recommended in the OMB guidance—linking award fees to acquisition outcomes and limiting the use of rollover—, DOE's supplemental guidance is in accordance with OMB's guidance.

GAO also noted that DOE should strengthen its policy for the other two practices OMB recommended—emphasizing excellent performance and prohibiting payments for unsatisfactory performance. DOE will address GAO's concerns immediately. Shortly, we will issue policy that more strongly emphasizes contractor performance results and prohibits payments for unsatisfactory performance in language that is unambiguous and consistent with OMB's guidance.

DOE's policy for use of award fee in its major contracts adheres to Federal Acquisition Regulation (FAR) requirements. There are, however, distinctions between DOE's management and operating and site and facilities management contracts and other contracts. These distinctions are meaningful both in the context of the GAO's conclusions and when compared to the cost-plus-award-fee contracts of other Federal agencies. One distinction is these are highly complex, long-term, high-dollar value contracts. DOE's laboratories are multi-functional institutions pursuing a myriad of scientific endeavors with thousands of scientists, engineers, and other staff and with annual budgets in many cases exceeding $500 million. The key distinction for management and operating contracts is, succinctly, contractors perform a substantial part of DOE's mission, rather than merely supporting the mission. By necessity, DOE's award fee plans incentivize the contractor's performance across the wide range of the laboratory's research programs and operations. Thus, when a contractor fails to achieve better than expected performance in one incentivized area of work, the contractor loses the award fee associated with that specific portion of the work. However, the contractor may still earn the award fee available for its performance of the other incentivized portions of the contract. As a result, a contractor may earn a significant portion of available award fee for a discrete evaluation period for overall outstanding performance, even though in some areas performance was less than outstanding.

DOE categorizes all of its cost-reimbursement incentive fee contracts as award fee contracts unless they are true cost-plus-incentive-fee (CPIF) contracts. Some agencies limit their definition of award fee contracts to only those with the more traditional subjective evaluation metrics. DOE policy and practice, in accordance with OMB guidance, has been to make our contracts more performance based. This has resulted in many of our award fee contracts having a mix of both objective and subjective incentives.

Some concern has been expressed by the GAO regarding the amount of award fee earned, expressed as a percent of total available award fee, on DOE's laboratory contracts (96% in FY2008). It should be noted that each laboratory's performance in science is evaluated regularly by outside peer review. The results of these reviews are taken into account in the overall evaluation of the laboratories' performance. This approach to assessing scientific research conducted by the laboratories has confirmed that the country's premiere scientific resources are providing consistently outstanding performance and the earned award fees reflect this. While typical award fee contracts provide available award fees of 7 to 9 percent of the contracts' estimated costs, DOE's Office of Science laboratory contracts provide only 1% on average. This reflects the unique nature of our laboratory contracts where the quality of research being performed and the reputation attained are far more important to the laboratories than the fees available. While some may think the percent of award fee earned by DOE's laboratories is high, the total award fee amount, as a percent of contract price, is actually substantially lower than that found in other agencies' award fee contracts.

In contrast to DOE's laboratory contracts, our environmental management site and facility management contracts contain predominantly objective performance-based incentives and contractors earned less than 92% of the available award fees in FY2008. Under DOE's non-management and operating contracts, which are more typical of other agencies' award fee contracts, contractors earned an average of 81% of the available award fees. In the National Nuclear Security Administration, laboratory contractors earned 70% in FY2008, while production, construction, and site and facility management contractors earned 90% on average.

In addition, DOE's agency-specific policy sets out several unique provisions that enhance the effectiveness of award fee arrangements. One such provision is the "Conditional Payment of Fee" clause. This clause is a big hammer—it subjects contractors' receiving earned fee on the condition that they comply with contract provisions on environmental, safety, and health and the safeguarding of information. A contractor that commits a significant environmental or safety violation, for example, will have its otherwise earned award fee reduced based on the severity of the violation—regardless of whether the activity was covered by the contract's award fee plan. For the most severe infractions, all of the contractor's earned fee will be lost. DOE's policy also requires the Senior Procurement Executive to approve, in management and operating contracts, the use of any base fee or the rollover of any unearned award fee.

DOE's policy reflects an aggressive implementation of the Government-wide policies to optimize performance-based contracting approaches and techniques. All of our award fee management and operating contracts are performance based. Our policy explicitly recognizes that objective performance measures provide greater incentives for superior performance than subjective performance measures. At Rocky Flats, for example, the use of objective performance based incentives was instrumental in the closure of the site ahead of schedule and below budget.

There is a need for consistency and rigor in the use of award fee, which should incentivize the contractor to performance excellence. I fully support the GAO's recommendation that DOE ensure it has established evaluations factors, definitions of performance, associated fees, and evaluation scales that motivate excellent performance and prohibit award fee for unsatisfactory performance. In implementing GAO's recommendation, DOE will fine-tune its approach by improving award fee metrics and rating scales across the Department. We will do this while recognizing our major programs' award fee regimens are tailored to their different mission portfolios and contract objectives. Using the science award fee program to illustrate, it currently includes a common structure and scoring system across the ten science national laboratories. It contains eight performance goals covering Science and Technology and the conduct of Operations. These goals are comprised of a small number of common objectives, and performance measures are established and used as key indicators for determining performance. The scoring system does define the level at which no fee will be earned, which equates roughly to the "unsatisfactory" rating in GAO's parlance. In implementing GAO's recommendation, we will ensure the science award fee program and all other award fee programs use evaluations factors, definitions of performance, associated fees, and evaluation scales that are clearly congruent with OMB guidance.

There are three salient aspects of Office of Science's appraisal program that bear mentioning. The first is that the amount of fee available (only 1% or less in most cases) is far less than that available in typical award fee contracts. The second is that the Office of Science program's expectations are set to incentivize exceptional performance, not just satisfactory performance). Therefore, it is not appropriate to rate a contractor's performance unsatisfactory if any one expectation is not completely met. The third is that the Office of Science award fee process for its laboratory contracts does not equate the term "not meeting expectations" with "unsatisfactory performance". Where a laboratory contractor receives an unsatisfactory rating during an award fee evaluation, the contractor does not earn fee.

In closing, the Department's procurement policy assures it is effectively using cost-plus-award-fee contracts to incentivize excellent contract performance and is in line with OMB guidance released in December 2007. We will strengthen that policy by issuing amplifying guidance that addresses the concerns raised by GAO in the specific areas of choosing the right contract type, defining terms and rating categories, defining standards of performance for each rating category and the fee paid for meeting the standards, and ensuring fee is not paid for unsatisfactory performance. We are committed to work with, and participate in, any interagency working group to be established to determine how best to evaluate the effectiveness of award fee as a tool for improving contractor performance and achieving desired program outcomes and to develop methods for sharing information and successful strategies.

This concludes my formal remarks. I would be happy to respond to your questions.

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STATEMENT OF

ALAN CHVOTKIN
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PROFESSIONAL SERVICES COUNCIL

BEFORE THE

SUBCOMMITTEE ON FEDERAL FINANCIAL MANAGEMENT, GOVERNMENT INFORMATION, FEDERAL SERVICES, AND INTERNATIONAL SECURITY

COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

UNITED STATES SENATE

"AWARD FEE CONTRACTING"

AUGUST 3, 2009

Chairman Carper, Senator McCain, members of the Subcommittee, thank you for the invitation to testify before the subcommittee today on the issue of the effective use of award fee contracts to incentivize excellent contractor performance.

Introduction

The Professional Services Council (PSC) is the leading national trade association of the government professional and technical services industry. PSC's more than 330 member companies represent small, medium and large businesses that provide federal agencies with services of all kinds, including information technology, engineering, logistics, facilities management, operations and maintenance, consulting, international development, scientific, social and environmental services, and more. Together, the association's members employ hundreds of thousands of Americans in the fifty states.

Mr. Chairman, performance matters. Both government agencies and contractors need to understand the contractual requirements imposed and the compliance obligations being undertaken. It is also appropriate to look at the business relationship between the government and the contractor— including the contract type—to understand the performance obligations.

Award Fee Contracts

An award fee contract is a contract that provides for a fee consisting of a base amount (which may be zero) fixed at inception of the contract and an award amount, based on a judgmental evaluation by the government. A contractor may earn an award fee, in whole or in part, by meeting or exceeding criteria stated in the award fee plan that details the implementing procedures and the methodology to be used to evaluate a contractor's performance during pre-determined evaluation periods. Contracts may be either fixed-price with award fee[1] or, more commonly, cost-reimbursement with award fee.[2]

Award fee contracts are only one type of contract used by federal agencies, and these are not used commonly across the government. As OMB noted, only about one quarter of all fiscal year 2008 contract awards were cost-type contracts, and those had a value of approximately $136 billion.[3] The GAO report that is one basis for today's hearing[4] confirmed that the five agencies that used award fee contracts accounted for over 95 percent of the dollars spent on award fee contracts in fiscal year 2008. Ninety percent of federal dollars spent through award fee contracts were awarded by DoD, Energy and NASA.

The selection of the contract type for any procurement is a government decision, which should be made based on an assessment of the nature of the work to be accomplished and the objectives to be achieved. For example, the Federal Acquisition Regulation (FAR)

[1] FAR 16.404(a)

[2] FAR 16.405-2

[3] OMB 3/18/09 Report to Congress, as required by Section 864 of the FY 2009 National Defense Authorization Act, available at: http://www.whitehouse.gov/omb/assets/procurement/cost_contracting_report_031809.pdf.

[4] "Federal Contracting: Guidance on Award Fees Has Led to Better Practices but Is Not Consistently Applied," (GAO 09-630; May 29, 2009), available at: http://www.gao.gov/new.items/d09630.pdf.

provides that an award fee should be used when the work to be performed is neither feasible nor effective to devise predetermined objective incentive targets applicable to cost, technical performance, or schedule.[5]

There are many fallacies about award fee contracts. One common myth is that the award fee is equal to "more contractor profit;" this myth ignores the very incentive nature of award fee contracting. A second is that the award fee is paid even for a contractor's "satisfactory" performance of a contract. This myth ignores the key elements of the government-established award fee plan that structures the outcomes to be achieved and the methodology for evaluating the contractor's performance and often fails to recognize that, prior to recent legislative and regulatory changes, "satisfactory" performance often meant that the contractor "fully performed" according to the award fee criteria— not merely complied with the basic contract requirements.

But there are also many truths about award fee plans and award fee contracting. First, these are difficult contracts for agencies to write and for contractors to compete for. The challenge for the procuring agency is to describe the minimum performance of the contract and then to describe the appropriate "motivational" objectives— whether they be quality, timeliness, technical ingenuity, cost management or others. Second, the metrics selected as the evaluation criteria in the award fee plan must be directly related to the objectives to be accomplished and must accurately measure the intended performance objectives. Finally, there must be government personnel knowledgeable about the motivational objectives to be achieved and the metrics selected and used; a contracting officer doesn't normally have these skills and this is another example of the skills shortage that is often evident, with real implications, in the acquisition workforce.

There is another important factor to put on the table when addressing the current uses of award fees. As I noted earlier, and as GAO has pointed out in its report, the FAR provides that an award fee contract should have two components – a base fee fixed at inception and an "award" amount that the contractor may earn.[6] According to the federal budget scoring rules, when an agency provides for a "base fee," the agency must "score" that amount as an obligation at the time the contract is awarded. Thus, over the past several budget cycles, as agencies tried (or were directed) to minimize their contractual spending, they significantly shifted funds away from traditional "base fee" amounts – essentially adopting a zero base fee approach – and allocated more funds into the "award" fee portion of the contract that would be "obligated" only after the fee determining official made the award fee decision. Simply put, budget rules drove contracting practices and the recent use of award fees masks the significant and intentional contractual and performance differences between "base" and "award" fees and between "satisfactory contract compliance" and stretch objectives.

Finally, once the award fee plan is established, it must be adhered to by all parties. The government has a responsibility to fairly evaluate the contractor's performance against the metrics in the award fee plan, make a fair and justifiable determination of the

[5] FAR 16. 405-2(b).
[6] FAR 16.405-2(a)

contractor's accomplishments under that plan, and pay accordingly! Too often we hear about agencies delaying their review of the contractor's award fee submissions or failing to make any award fee determination, and failing to make payment according to the award fee schedule. By breaking faith with the contractor over the award fee plan, the agencies put contractors – particularly smaller and mid-tier firms – at greater financial risk.

GAO's May 2009 Report

The GAO's May report provides useful background information on 1) cost-plus award fee contracts, 2) the legislation Congress enacted in fiscal years 2007 and 2009 National Defense Authorization Act, 3) the guidance issued in December 2007 by the Office of Federal Procurement Policy, and 4) the implementation by the five key federal agencies that award the preponderance of award-fee contracts. Clearly progress has been made, and further action can be taken by the agencies in award-fee contracting. Where GAO has identified gaps in the planning, information collection and contracting practices of the five agencies, we support their recommendations. But this report doesn't call for new legislation or regulations and we concur that none are necessary.

However, we are concerned about some of implications in the GAO report that suggests that some award fee plans are improperly "rewarding" contractors or that roll-over fees are inappropriate. We strongly recommend to agencies that ask for our views on these issues that they must be clear in differentiating full contract performance from incentivized behaviors and that their award fee plan, along with its implementation, must be clearly defined, adhered to, and fairly executed. We strongly recommend to our member companies who ask about these plans to first read the solicitation and the proposed award fee plan to make sure that there are clear differences between contract performance and incentivized behaviors, that the award fee plan and the metrics to be used are clear, and that the agency has a track record of following their plans.

Additional FAR Regulations

GAO and other witnesses have indicated that further FAR regulations are likely. In fact, we understand that an interim rule will be published shortly making a further change to FAR 16.4 that would incorporate the government-wide provisions enacted in Section 867 of the fiscal year 2009 National Defense Authorization Act. We will watch for that rule and will comment on it, if appropriate.

House-Passed FY 10 National Defense Authorization Act (HR 2647) Section 824

I wanted to call to the committee's attention Section 824 of the House-passed National Defense Authorization Act titled "Requirement for Secretary of Defense to Deny Award and Incentive Fees to Companies Found to Jeopardize Health or Safety of Government Personnel."

Section 824 would require the Secretary of Defense to prohibit the payment of award and incentive fees to any defense prime contractor or subcontractor who is determined through a criminal conviction, or a civil or administrative proceeding resulting in a finding of fault and the payment of a fine, penalty, reimbursement, restitution or damages, to be responsible for causing the death or serious bodily injury of any civilian or military personnel of the government through gross negligence or reckless disregard for safety. A prime contractor is also accountable if it awards a subcontract determined to be responsible for such injury or death but only to the extent that the prime contractor has been determined to also be liable for the actions of the subcontractor. No later than 90 days after any such determination is made, the secretary shall determine whether the contractor or subcontractor should be debarred from contracting with the Department of Defense; however, the secretary may waive the effect of any of the determinations made on a case-by-case basis if the prohibition would jeopardize national security and the secretary notifies the congressional defense committees.

The prohibition would apply to contracts awarded after 180 days after enactment. Within 180 days after enactment, the secretary shall issue regulations implementing the prohibition and shall establish in such regulations: (1) that the prohibition applies only to award and incentive fees under a contract; (2) that the prohibition shall include all award and incentive fees associated with performance in the year in which the injury or death resulting in the disposition occurred; and (3) mechanisms for the recovery by or repayment to the government of award and incentive fees paid prior to the determination.

The core of this language – including the determination based on a criminal or civil conviction or an administrative proceeding – is drawn from 2008 legislation that would create an internal government-access only database of contractor conduct that would be used by government contracting officers to determine whether a prospective contractor is a "responsible" contractor and thus eligible for being awarded future contracts. In this provision, however, such standards are used to automatically and arbitrarily deny a contractor access to any award or incentive fees that may have already been earned based on such actions or determination that are not tied to any specific contract—including those already performed and where fees have already been properly awarded. Simply drawing from language already in use in one area does not justify its use in a completely different context; the two provisions are very different and the use of the information creates significantly different results.

Furthermore, in the context of contract performance, we are concerned that the broad coverage of administrative proceedings could open the door to a wide range of administrative actions – such as corrective action reports – that are designed to provide simple and prompt notices to contractors of potential performance deficiencies that are routinely and promptly accepted by contractors that could now be turned into significant legal challenges because of the significant potential consequences arising from such corrective actions.

We recognize it is always tragic when military, civilian government and contractor employees have been seriously injured in warzones. DoD already has significant flexibility under the existing acquisition regulations to address contractor culpability when evaluating award and incentive fees for a contractor's performance. We strongly oppose this provision.

Conclusion

Cost plus award fee contracting is an appropriate contract type and agencies should have the flexibility to select this contract type – as with every other contract type – to best meet the buying activities' requirements and to select the best acquisition method available. PSC supported the Office of Federal Procurement Policy's December 2007 guidance to the agencies on appropriate award fee practices—but agencies also must have the flexibility to implement that guidance in a manner that takes into account their specific requirements and market needs. Congress has already enacted provisions further directing federal agencies on how to structure award fee plans and what fees to pay.

The five agencies identified in the GAO report should ensure that the OFPP December 2007 guidance is implemented in each agency in a manner appropriate to the nature of its contracts. Except for the regulations already in process to implement existing law, we should give these agencies an opportunity to take administrative action, implement their own guidance in new contracts and give the acquisition process a chance to work.

Thank you again for the invitation to address this important matter. I look forward to any questions the subcommittee may have.

The federal government has awarded billions of dollars of examples unwarranted federal bonuses over the past decade.

There are numerous examples of unwarranted bonuses awarded by the federal government that have cost taxpayers billions of dollars over the past decade.

These include:

(1) The Department of Defense paid $8 billion in unwarranted bonuses to contractors for weapons programs that had severe cost overruns, performance problems, and delays between 1999 and 2004.

(2) The Centers for Medicare and Medicaid Services pays more than $312 million per year in quality-of-care bonuses to nursing homes that provide below average care and have past violations of health-and-safety regulations.

(3) The National Aeronautics and Space Administration (NASA) paid Boeing a bonus of $425.3 million for work on the space station that ran eight years late and cost more than twice what was expected. Boeing estimates that it will incur an additional $76 million in overruns by the time the contract is completed.

(4) NASA paid Raytheon a $103.2 million bonus for the Earth Observing System Data and Information System despite the project costing $430 million more and taking two years longer to complete than expected.

(5) Lockheed collected a $17 million bonus from NASA for the Landsat-7 satellite even though the project was delayed nine months even and the costs rose 20 percent to $409.6 million.

(6) The Department of Commerce selected Northrop Grumman in 2002 to build a $6.5 billion satellite system that would conduct both weather surveillance and military reconnaissance that was supposed to save the government $1.6 billion. The first launch was scheduled for 2008 but hasn't happened, the project's budget has doubled to $13.1 billion, and Northrop's performance has been deemed unsatisfactory. Yet, from 2002 to 2005, the government awarded Northrop $123 million worth of bonuses.

(7) In 2007, Harris Corp. developed a handheld device to collect data for the 2010 Census that failed to work properly and was $198 million over budget. Despite this

costly failure that could cause delays in preparing for the nationwide head count, the Department of Commerce's Census Bureau awarded Harris $14.2 million in bonuses.

(8) The Federal National Mortgage Association, a government sponsored mortgage enterprise better known as Fannie Mae, suffered $59 billion in losses last year and has requested $15 billion in taxpayer assistance. Yet it plans to pay $4.4 million or more in bonuses to its top executives. Fannie Mae's Chief Operating Officer is expected to receive a $1.3 million bonus, the Deputy Chief Financial Officer is slated for $1.1 million, and two executive vice presidents are each in line for $1 million each.

(9) In 2006, more than $3.8 million in bonuses were paid out to senior officials at the Department of Veterans Affairs months after a $1 billion budget shortfall threatened to imperil the care of thousands of injured veterans returning from combat in Iraq and Afghanistan. Among those receiving bonuses were some who crafted the VA's flawed budget that was based on misleading accounting and the deputy undersecretary for benefits, who helped manage a disability claims system that had a backlog of cases and delays averaging 177 days in getting benefits to injured veterans. The bonuses were awarded after government investigators had determined the VA repeatedly miscalculated, if not deliberately misled, taxpayers with questionable budgeting.

(10) In 2006, the Department of Treasury abandoned a $14.7 million computer project intended to help detect terrorist money laundering. The failed project was 65 percent over its original budget, but the vendor, Electronic Data Systems Corp., was awarded a $638,126 bonus.

(11) The repair and restart a Tennessee Valley Authority (TVA) nuclear reactor cost $90 million more than what the federal utility budgeted, but TVA paid the primary contractors on the project, Bechtel Power Corp. and Stone and Webster Construction Inc., an extra $42 million in bonuses and other fees last year.

(12) In 2008, the San Diego Unified school district spent more than $3 million in federal funding for low-income students, child nutrition and other Department of Education programs on bonuses for employees leaving the school district.

(13) In 2008, the Department of Education paid nearly $1.7 million in bonuses to Denver Public Schools principals and assistant principals, including those at some of the lowest-performing schools in the city and six schools that have been closed because of poor performance.

(14) The U.S. Postal Service is expecting a deficit of $6 billion in 2009, following deficits of $2.8 billion in 2008 and $5.1 billion in 2007 and, as a result, may increase the price of first-class mail stamps by 2 cents and end mail delivery one day a week The Postmaster General, however, was paid a $135,000 bonus in 2008.

(15) In 2008, three top executives in the Office of the Inspector General of the Department of Defense each received a cash bonus of $30,000 for outstanding leadership even though their agency has a history of weak management and strained relations between employees and supervisors.

CHARRTS No.: SG-07-001
Senate Committee on Governmental Affairs
Hearing Date: August 03, 2009
Subject: Eliminating Wasteful Contractor Bonuses
Witness: Mr. Assad
Senator: Senator Carper
Question: #1

Analysis of Department of Defense Award Fee Contracts

Question: What is the total dollar value and number of contracts awarded by the Department of Defense (DOD)?

Answer: Per the Federal Procurement Data System, the Department of Defense's contract obligations for Fiscal Year (FY) 2008 totaled $393.5 billion—about half of this amount was for the acquisition of services.[1] The total number of contract actions for FY 2008 was 3.6 million.[2]

[1] Data is from the Federal Procurement Data System - Next Generation (FPDS-NG) as of August 21, 2009. FPDS-NG is a dynamic, real-time database. Updates to data, including new actions, modifications, and corrections are made on a regular basis. Such updates could result in changes to the FPDS-NG data used to compile information reports on actions for current and/or prior fiscal years. Accordingly, all information reports need to be viewed with this in mind. It should also be noted that availability of DoD data entered into FPDS-NG is subject to a 90-day delay.

[2] "Contract action" means any oral or written action that results in the purchase, rent, or lease of supplies or equipment, services, or construction using appropriated dollars over the micro-purchase threshold, or modifications to these actions regardless of dollar value. Contract action does not include grants, cooperative agreements, other transactions, real property leases, requisitions from Federal stock, training authorizations, or other non-FAR based transactions.

CHARRTS No.: SG-07-002
Senate Committee on Governmental Affairs
Hearing Date: August 03, 2009
Subject: Eliminating Wasteful Contractor Bonuses
Witness: Mr. Assad
Senator: Senator Carper
Question: #2

Analysis of Department of Defense Award Fee Contracts

Question: Of the contracts identified in question number (1) what is the total dollar value and number of contracts that incorporate award fees?

Answer:
Per the Federal Procurement Data System, the Department of Defense's obligations for award fee contracts for Fiscal Year (FY) 2008 totaled $31.1 billion.[1] The total number of award fee contract actions for FY 2008 was 20,062.[2]

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[1] Data is from the Federal Procurement Data System - Next Generation (FPDS-NG) as of August 21, 2009. FPDS-NG is a dynamic, real-time database. Updates to data, including new actions, modifications, and corrections are made on a regular basis. Such updates could result in changes to the FPDS-NG data used to compile information reports on actions for current and/or prior fiscal years. Accordingly, all information reports need to be viewed with this in mind. It should also be noted that availability of DoD data entered into FPDS-NG is subject to a 90-day delay.

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CHARRTS No.: SG-07-001
Senate Committee on Governmental Affairs
Hearing Date: August 03, 2009
Subject: Eliminating Wasteful Contractor Bonuses
Witness: Mr. Assad
Senator: Senator Carper
Question: #1

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CHARRTS No.: SG-07-002
Senate Committee on Governmental Affairs
Hearing Date: August 03, 2009
Subject: Eliminating Wasteful Contractor Bonuses
Witness: Mr. Assad
Senator: Senator Carper
Question: #2

Analysis of Department of Defense Award Fee Contracts

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[1] Data is from the Federal Procurement Data System - Next Generation (FPDS-NG) as of August 21, 2009. FPDS-NG is a dynamic, real-time database. Updates to data, including new actions, modifications, and corrections are made on a regular basis. Such updates could result in changes to the FPDS-NG data used to compile information reports on actions for current and/or prior fiscal years. Accordingly, all information reports need to be viewed with this in mind. It should also be noted that availability of DoD data entered into FPDS-NG is subject to a 90-day delay.

[2] "Contract action" means any oral or written action that results in the purchase, rent, or lease of supplies or equipment, services, or construction using appropriated dollars over the micro-purchase threshold, or modifications to these actions regardless of dollar value. Contract action does not include grants, cooperative agreements, other transactions, real property leases, requisitions from Federal stock, training authorizations, or other non-FAR based transactions.

CHARRTS No.: SG-07-003
Senate Committee on Governmental Affairs
Hearing Date: August 03, 2009
Subject: Eliminating Wasteful Contractor Bonuses
Witness: Mr. Assad
Senator: Senator Carper
Question: #3

Analysis of Department of Defense Award Fee Contracts

Question:
Of the contracts identified in question number (2) please break down the contracts by contract tracking number, program description, original estimated cost of program and associated date, any replanned or rebaselined estimated cost of program and associated dates, amount that has been spent to date, amount of potential award fees, amount of awarded award fees, whether roll-over of award fees has been permitted at any time during the contract, (if applicable) the date roll-over was approved and the name of the approving official, (if applicable) the amount of the roll-over and the reason why roll-over was permitted, and the name of the prime contractor.

Answer:
The attachment provides the information requested for FY 2008 contracts that are included in the Department's semi-annual collection of award fee data. Specifically, the contracts in Attachment 1 are those FY 2008 award fee contracts valued at $50 million or more that have been through one or more award fee evaluation cycle(s). Accordingly, FY 2008 award fee contracts that have not yet gone through at least one award fee evaluation cycle (e.g., no award fee has been paid to the contractor) or are less than $50 million are excluded. The following paragraphs describe how to interpret this data in light of our responses to question number (2).

The summary data provided in response to question number (2) was downloaded from the Federal Procurement Data System - Next Generation (FPDS-NG). As stated in our response to that question, the Department executed a total of 20,262 award fee contract actions in Fiscal Year (FY) 2008 representing total obligations of $31.1 billion. These contract actions include delivery orders, task orders, contract modifications and other actions that resulted in the purchase, rent, or lease of supplies or equipment, services, or construction in FY 2008. As a result, it includes much more than FY 2008 contracts, e.g., FY 2008 obligations against contracts awarded in prior years. Because FPDS-NG does not document the specific information requested in question number (3), we relied on award fee data reported by the Components to timely respond to question number (3).

Specifically, the Department collects and evaluates data on award fees, delivery incentives, and performance incentive fees paid to contractors in accordance with Section 814 of Public Law 109-364. This data is collected from the Components on a Calendar

Year (CY) basis for contracts greater than $50 million for which fee or incentive determinations were made during calendar year 2008. The contracts listed in Attachment 1 represent the FY 2008 contracts included in our 2008 reporting cycle.

In April 2007, DPAP issued policy guidance requiring the use of objective criteria, whenever possible, to measure contract performance. The April 2007 policy guidance mandated that for new contracts, an "unsatisfactory" contractor performance rating must correspond with a determination that no award fee is earned for a given evaluation period. Information for award fee contracts awarded prior to the effective date of our April 2007 policy letter could not be collected in time to respond to this data call, but can be provided upon request.

Attachment:
As stated

Service	ARMY
Contract Number	W912P8-08-C-0038
Delivery or Task Order Number (if applicable)	N/A
Program	INNER HARBOR NAVIGATION CANAL HURRICANE PROTECTION PROJECT
Command or Organization	USACE CEMVN
Contract Amount	$695,489,766
Solicitation Date	07/02/07
Date of Award	04/03/08
Contractor	SHAW E&I
Potential Award Fee for life of contract	$82,124,278
Fee Available in Current Period	$6,562,439
Actual Fee Earned	$4,987,454
% Earned	76%
Date Determined	04/17/09
CPI	1.060
SPI	0.960
Fee Type	Award fee
No. months in overrun status during reporting period	0
Award fee rating during reporting period	EXCELLENT
Original Baseline Estimate	$675,244,558
Date of original Baseline Estimate	04/03/08
Current Baseline Estimate	$1,109,000,000
Date of current Baseline Estimate	07/03/09
Has roll-over ever been approved on this contract?	YES
Date roll-over approved	05/05/08
Approving official	Karen Durham-Aguilera
Amount of roll-over	N/A
Reason roll-over was permitted	This is a large and complex project where cost & schedule are critical. The roll over is partial and only used for Criteria 3 through 7 and soley at the discretion of the Award Fee Determining Official. Criteria 1 & 2 may not be rolled over.
If program has been identified by OMB, DoDIG, or other entity as experiencing a cost, schedule, performance or other management issue, list report number.	N/A
Point of Contact	Missy Arnold
Notes	The Current Baseline estimate is an Interim Overtarget Baseline currently under negotiations to establish the baseline. CPI and SPI are used to re-establish accurate performance indices.

Service	ARMY
Contract Number	W912DR-08-C-0012 FOR REPORTING PERIOD #1
Delivery or Task Order Number (if applicable)	N/A
Program	Design-Build Defense Information Systems Agency Headquarters Facility (BRAC 05)
Command or Organization	USACE NAB
Contract Amount	$369,605,000
Solicitation Date	06/08/07
Date of Award	02/29/08
Contractor	HENSEL PHELPS
Potential Award Fee for life of contract	$7,392,100
Fee Available in Current Period	$554,408
Actual Fee Earned	$521,143
% Earned	94%
Date Determined	09/16/08
CPI	N/A
SPI	N/A
Fee Type	Award fee
No. months in overrun status during reporting period	0
Award fee rating during reporting period	EXCELLENT
Original Baseline Estimate	$369,605,000
Date of original Baseline Estimate	02/29/08
Current Baseline Estimate	$369,605,000
Date of current Baseline Estimate	09/03/09
Has roll-over ever been approved on this contract?	No
Date roll-over approved	N/A
Approving official	N/A
Amount of roll-over	N/A
Reason roll-over was permitted	N/A
If program has been identified by OMB, DoDIG, or other entity as experiencing a cost, schedule, performance or other management issue, list report number.	N/A
Point of Contact	Bert Pechhold
Notes	

Service	ARMY
Contract Number	W912DR-08-C-0012 FOR REPORTING PERIOD #2
Delivery or Task Order Number (if applicable)	N/A
Program	Design-Build Defense Information Systems Agency Headquarters Facility (BRAC 05)
Command or Organization	USACE NAB
Contract Amount	$369,605,000
Solicitation Date	06/08/07
Date of Award	02/29/08
Contractor	HENSEL PHELPS
Potential Award Fee for life of contract	$7,392,100
Fee Available in Current Period	$554,407
Actual Fee Earned	$554,407
% Earned	100%
Date Determined	12/17/08
CPI	N/A
SPI	N/A
Fee Type	Award fee
No. months in overrun status during reporting period	0
Award fee rating during reporting period	EXCELLENT
Original Baseline Estimate	$369,605,000
Date of original Baseline Estimate	02/29/08
Current Baseline Estimate	$369,605,000
Date of current Baseline Estimate	09/03/09
Has roll-over ever been approved on this contract?	No
Date roll-over approved	N/A
Approving official	N/A
Amount of roll-over	N/A
Reason roll-over was permitted	N/A
If program has been identified by OMB, DoDIG, or other entity as experiencing a cost, schedule, performance or other management issue, list report number.	N/A
Point of Contact	Bert Pechhold
Notes	

Service	AIR FORCE
Contract Number	FA8726-08-C-0008
Delivery or Task Order Number (if applicable)	
Program	**Joint Tactical Radio System (Airborne and Maritime/Fixed Stations)**
Command or Organization	653rd Electronic Systems Wing
Contract Amount	$766,178,419
Solicitation Date	01/26/07
Date of Award	03/28/08
Contractor	LOCKHEED MARTIN
Potential Award Fee for life of contract	$68,153,188
Fee Available in Current Period	$2,693,528
Actual Fee Earned	$2,475,352
% Earned	92%
Date Determined	11/25/08
CPI	1.018
SPI	0.943
Fee Type	Award fee
No. months in overrun status during reporting period	0
Award fee rating during reporting period	Outstanding
Original Baseline Estimate	$766,178,419
Date of original Baseline Estimate	03/01/08
Current Baseline Estimate	$775,486,281
Date of current Baseline Estimate	10/07/08
Has roll-over ever been approved on this contract?	No
Date roll-over approved	NA
Approving official	NA
Amount of roll-over	NA
Reason roll-over was permitted	NA
If program has been identified by OMB, DoDIG, or other entity as experiencing a cost, schedule, performance or other management issue, list report number.	NA
Point of Contact	john.sullivan@navy.mil
Notes	

Service	AIR FORCE
Contract Number	FA4600-08-D-0002
Delivery or Task Order Number (if applicable)	5002,5003, 5004, 5007
Program	**Systems Engineering and Management System Phase II (SEMS II)**
Command or Organization	55CONS/LGCZ
Contract Amount	$239,000,000
Solicitation Date	06/22/07
Date of Award	02/26/08
Contractor	NORTHROP GRUMMAN
Potential Award Fee for life of contract	$11,452,002
Fee Available in Current Period	$318,313
Actual Fee Earned	$302,397
% Earned	95%
Date Determined	01/23/08
CPI	N/A
SPI	N/A
Fee Type	Award fee
No. months in overrun status during reporting period	N/A
Award fee rating during reporting period	Excellent
Original Baseline Estimate	$239,000,000
Date of original Baseline Estimate	02/26/08
Current Baseline Estimate	$213,000,000
Date of current Baseline Estimate	02/27/09
Has roll-over ever been approved on this contract?	No
Date roll-over approved	N/A
Approving official	N/A
Amount of roll-over	N/A
Reason roll-over was permitted	N/A
If program has been identified by OMB, DoDIG, or other entity as experiencing a cost, schedule, performance or other management issue, list report number.	N/A
Point of Contact	sheila.rollins@offutt.af.mil
Notes	

Service	AIR FORCE
Contract Number	FA2550-08-C-8011
Delivery or Task Order Number (if applicable)	N/A
Program	Network and Space Operations and Maintenance (NSOM)
Command or Organization	AFSPC 50 CONS/LGCZW
Contract Amount	$405,349,701
Solicitation Date	02/20/07
Date of Award	01/29/08
Contractor	HARRIS TECHNICAL SERVICES CORP.
Potential Award Fee for life of contract	$23,811,205
Fee Available in Current Period	$1,713,516
Actual Fee Earned	$1,542,164
% Earned	90%
Date Determined	11/25/08
CPI	N/A
SPI	N/A
Fee Type	Award fee
No. months in overrun status during reporting period	N/A
Award fee rating during reporting period	Very Good
Original Baseline Estimate	$405,349,701
Date of original Baseline Estimate	01/29/08
Current Baseline Estimate	$410,101,396
Date of current Baseline Estimate	08/27/09
Has roll-over ever been approved on this contract?	No
Date roll-over approved	N/A
Approving official	N/A
Amount of roll-over	N/A
Reason roll-over was permitted	N/A
If program has been identified by OMB, DoDIG, or other entity as experiencing a cost, schedule, performance or other management issue, list report number.	N/A
Point of Contact	daniel.cowell@schriever.af.mil
Notes	a) Potential Award Fee for Life of Contract based on current baseline amount: $23,389,741

Service	NGA
Contract Number	HM0140-08-C-0003
Delivery or Task Order Number (if applicable)	N/A
Program	**NGA New Campus East (NCE) Active IT Acquire Services**
Command or Organization	NGA/NCE/ACF
Contract Amount	$927,054,486
Solicitation Date	05/09/07
Date of Award	02/22/08
Contractor	GENERAL DYNAMICS
Potential Award Fee for life of contract	$25,742,688
Fee Available in Current Period	$1,614,159
Actual Fee Earned	$1,443,058
% Earned	89%
Date Determined	11/20/08
CPI	0.989
SPI	0.956
Fee Type	Award fee
No. months in overrun status during reporting period	0
Award fee rating during reporting period	Excellent
Original Baseline Estimate	$373,980,509
Date of original Baseline Estimate	02/22/08
Current Baseline Estimate	$397,134,864
Date of current Baseline Estimate	08/17/09
Has roll-over ever been approved on this contract?	No
Date roll-over approved	N/A
Approving official	Barry Barlow
Amount of roll-over	N/A
Reason roll-over was permitted	N/A
If program has been identified by OMB, DoDIG, or other entity as experiencing a cost, schedule, performance or other management issue, list report number.	N/A
Point of Contact	Kathleen F Hawes
Notes	

Service	NGA
Contract Number	HM1572-08-C-0001
Delivery or Task Order Number (if applicable)	N/A
Program	**Interim Transition Capability (ITC)**
Command or Organization	NGA/ACF
Contract Amount	$176,871,466
Solicitation Date	08/30/07
Date of Award	02/04/08
Contractor	ACCENTURE
Potential Award Fee for life of contract	$8,605,621
Fee Available in Current Period	$1,363,911
Actual Fee Earned	$1,322,994
% Earned	97%
Date Determined	04/29/09
CPI	1.040
SPI	0.950
Fee Type	Award fee
No. months in overrun status during reporting period	0
Award fee rating during reporting period	Outstanding
Original Baseline Estimate	$176,871,466
Date of original Baseline Estimate	02/03/08
Current Baseline Estimate	$205,662,354
Date of current Baseline Estimate	08/18/09
Has roll-over ever been approved on this contract?	No
Date roll-over approved	N/A
Approving official	Mike Carr
Amount of roll-over	N/A
Reason roll-over was permitted	N/A
If program has been identified by OMB, DoDIG, or other entity as experiencing a cost, schedule, performance or other management issue, list report number.	N/A
Point of Contact	Julie White
Notes	

Service	NAVY
Contract Number	N62470-08-D-1000
Delivery or Task Order Number (if applicable)	0001, 0010
Program	**Environmental**
Command or Organization	NAVFAC Atlantic
Contract Amount	$125,000,000
Solicitation Date	10/31/07
Date of Award	05/27/08
Contractor	CH2M HILL, INC
Potential Award Fee for life of contract	$11,363,635
Fee Available in Current Period	$37,672
Actual Fee Earned	$36,535
% Earned	97%
Date Determined	12/30/08
CPI	N/A
SPI	N/A
Fee Type	Award fee
No. months in overrun status during reporting period	0
Award fee rating during reporting period	97%
Original Baseline Estimate	$1,861,687
Date of original Baseline Estimate	Varies (Note 2)
Current Baseline Estimate	$1,950,170
Date of current Baseline Estimate	07/31/09
Has roll-over ever been approved on this contract?	No
Date roll-over approved	N/A
Approving official	N/A
Amount of roll-over	N/A
Reason roll-over was permitted	N/A
If program has been identified by OMB, DoDIG, or other entity as experiencing a cost, schedule, performance or other management issue, list report number.	N/A
Point of Contact	Kim Kahler kimberly.kahler@navy.mil
Notes	Note 1: Original Baseline estimate is the contract award amount including potential award fee. Note 2: Date of baseline estimate will vary based on the award date of specific task orders. Note 3: The Current Baseline Estimate increased because we identified contaminants.

Service	NAVY
Contract Number	N62470-08-D-1001
Delivery or Task Order Number (if applicable)	0001, 0002, 0554
Program	**Environmental**
Command or Organization	NAVFAC Atlantic
Contract Amount	$125,000,000
Solicitation Date	10/31/07
Date of Award	05/27/08
Contractor	TETRA TECH NUS
Potential Award Fee for life of contract	$11,363,635
Fee Available in Current Period	$61,784
Actual Fee Earned	$55,655
% Earned	90%
Date Determined	12/30/08
CPI	N/A
SPI	N/A
Fee Type	Award fee
No. months in overrun status during reporting period	0
Award fee rating during reporting period	97%
Original Baseline Estimate	$22,173,774
Date of original Baseline Estimate	Varies (Note 2)
Current Baseline Estimate	$27,843,604
Date of current Baseline Estimate	07/31/09
Has roll-over ever been approved on this contract?	No
Date roll-over approved	N/A
Approving official	N/A
Amount of roll-over	N/A
Reason roll-over was permitted	N/A
If program has been identified by OMB, DoDIG, or other entity as experiencing a cost, schedule, performance or other management issue, list report number.	N/A
Point of Contact	Kim Kahler kimberly.kahler@navy.mil
Notes	Note 1: Original Baseline estimate is the contract award amount including potential award fee. Note 2: Date of baseline estimate will vary based on the award date of specific task orders. Note 3: The Current Baseline Estimate increased because we identified contaminants.

Service	NAVY
Contract Number	N62742-08-C-1115
Delivery or Task Order Number (if applicable)	N/A
Program	**Public Works**
Command or Organization	NAVFAC Pacific
Contract Amount	$202,150,780
Solicitation Date	05/09/07
Date of Award	02/29/08
Contractor	DYNCORP
Potential Award Fee for life of contract	$13,062,581 as of 12/31/08
Fee Available in Current Period	$1,188,134
Actual Fee Earned	$320,796
% Earned	27%
Date Determined	11/24/08
CPI	N/A
SPI	N/A
Fee Type	Award fee
No. months in overrun status during reporting period	0
Award fee rating during reporting period	SATISFACTORY - Adj. Rating
Original Baseline Estimate	$164,234,414
Date of original Baseline Estimate	02/29/08
Current Baseline Estimate	$206,011,701
Date of current Baseline Estimate	09/03/09
Has roll-over ever been approved on this contract?	No
Date roll-over approved	N/A
Approving official	N/A
Amount of roll-over	N/A
Reason roll-over was permitted	N/A
If program has been identified by OMB, DoDIG, or other entity as experiencing a cost, schedule, performance or other management issue, list report number.	N/A
Point of Contact	Kimberly Tom
Notes	

Service	NAVY
Contract Number	N00024-08-C-4401 FOR REPORTING PERIOD #1
Delivery or Task Order Number (if applicable)	N/A
Program	FY08 REPAIR, ALTERATION AND MAINTENANCE OF USS BUNKER HILL (CG 52)
Command or Organization	SOUTHWEST REGIONAL MAINTENANCE CENTER
Contract Amount	$70,000,000
Solicitation Date	N/A
Date of Award	10/31/07
Contractor	BAE SYSTEMS
Potential Award Fee for life of contract	$6,969,061
Fee Available in Current Period	$1,803,232
Actual Fee Earned	$1,589,567
% Earned	88%
Date Determined	06/04/08
CPI	N/A
SPI	N/A
Fee Type	Award fee
No. months in overrun status during reporting period	1
Award fee rating during reporting period	88%
Original Baseline Estimate	$0
Date of original Baseline Estimate	N/A
Current Baseline Estimate	$0
Date of current Baseline Estimate	N/A
Has roll-over ever been approved on this contract?	No
Date roll-over approved	N/A
Approving official	N/A
Amount of roll-over	N/A
Reason roll-over was permitted	N/A
If program has been identified by OMB, DoDIG, or other entity as experiencing a cost, schedule, performance or other management issue, list report number.	N/A
Point of Contact	Tony Ramos
Notes	BASELINE NOT YET ESTABLISHED AT TIME OF AWARD FEE EVALUATION

Service	NAVY
Contract Number	N00024-08-C-4401 FOR REPORTING PERIOD #2
Delivery or Task Order Number (if applicable)	N/A
Program	FY08 REPAIR, ALTERATION AND MAINTENANCE OF USS BUNKER HILL (CG 52)
Command or Organization	SOUTHWEST REGIONAL MAINTENANCE CENTER
Contract Amount	$81,020,232
Solicitation Date	N/A
Date of Award	10/31/07
Contractor	BAE SYSTEMS
Potential Award Fee for life of contract	$6,969,061
Fee Available in Current Period	$2,319,342
Actual Fee Earned	$1,952,074
% Earned	84%
Date Determined	10/21/08
CPI	N/A
SPI	N/A
Fee Type	Award fee
No. months in overrun status during reporting period	1
Award fee rating during reporting period	84%
Original Baseline Estimate	$2,000,000
Date of original Baseline Estimate	08/12/08
Current Baseline Estimate	$2,000,000
Date of current Baseline Estimate	08/24/08
Has roll-over ever been approved on this contract?	No
Date roll-over approved	N/A
Approving official	N/A
Amount of roll-over	N/A
Reason roll-over was permitted	N/A
If program has been identified by OMB, DoDIG, or other entity as experiencing a cost, schedule, performance or other management issue, list report number.	N/A
Point of Contact	Tony Ramos
Notes	

CHARRTS No.: SG-07-004
Senate Committee on Governmental Affairs
Hearing Date: August 03, 2009
Subject: Eliminating Wasteful Contractor Bonuses
Witness: Mr. Assad
Senator: Senator Carper
Question: #4

Analysis of Department of Defense Award Fee Contracts

Question:
Of the contracts that are identified in question number (3), which programs have been identified by the Office of Management and Budget (OMB), DOD, the Inspector General, or any other entity as experiencing cost, schedule, performance or any other management issues?

Answer:
None of the contracts listed in response to question number 3 have experienced cost, schedule, performance or other management issues that have been the subject of reports by the Office of Management and Budget (OMB), DoD Inspector General, or other entity.

CHARRTS No.: SG-07-005
Senate Committee on Governmental Affairs
Hearing Date: August 03, 2009
Subject: Eliminating Wasteful Contractor Bonuses
Witness: Mr. Assad
Senator: Senator Carper
Question: #5

Analysis of Department of Defense Award Fee Contract Policy

Question:
Does current DOD policy and guidance follow all established OMB policy and guidance related to the use and oversight of award fee contracts? If not, why not, and when will this be corrected?

Answer:
OMB's guidance states that incentive fee contracts, which include award fee contracts, should be used to achieve specific performance objectives established prior to contract award, such as delivering products and services on time, within cost goals, and with promised performance outcomes. OMB's guidance also states that awards must be tied to demonstrated results, as opposed to effort, in meeting or exceeding specified performance standards. Several steps have been taken to ensure OMB policy and guidance is reflected in DoD policy. As noted in a May 2009 report by the Government Accountability Office, DoD's revised policies allow for better use of award fees in contracts and are generally consistent with OMB guidance. For example, DOD's guidance now states that award fees must be linked to desired outcomes, defines the level of performance used to evaluate contractors, and prohibits payment of award fees to contractors for unsatisfactory performance.

In March 2006, the Deputy Under Secretary for Acquisition and Technology issued a policy memorandum that made it an imperative that award fee criteria be linked to desired program outcomes in accordance with OMB policy. In that memorandum, the practice of rolling over unearned award fees to subsequent evaluation periods was also restricted. In April 2007, DPAP issued policy guidance requiring the use of objective criteria, whenever possible, to measure contract performance. The April 2007 policy guidance mandated that for new contracts, an "unsatisfactory" contractor performance rating must correspond with a determination that no award fee is earned for a given evaluation period.

In addition, formal cases have been established to modify the Federal Acquisition Regulation (FAR) and Defense Acquisition Regulation Supplement (DFARS). The FAR case was set up to incorporate the requirements set forth in the 2009 National Defense Authorization Act (NDAA), section 867 entitled, "Linking of Award and Incentive Fees to Acquisition Outcomes". Section 867 directed the exact same changes to the FAR as was mandated by Section 814 in NDAA FY07. The resulting FAR case will address all of the legislative requirements. The DFARS cases implement Section 814 of the FY07 National Defense Authorization Act (NDAA) entitled "Linking of Award and Incentive Fees to Acquisition Outcomes," as well as the OMB and DoD Policy memoranda relating to Award Fees.

These actions ensure DoD policy and guidance are consistent with OMB policy.

CHARRTS No.: SG-07-006
Senate Committee on Governmental Affairs
Hearing Date: August 03, 2009
Subject: Eliminating Wasteful Contractor Bonuses
Witness: Mr. Assad
Senator: Senator Carper
Question: #6

Analysis of Department of Defense Award Fee Contract Policy

Question:
What mechanism does DOD have in place to measure whether the use of award fees is more effective than other contract vehicles?

Answer:
While other contract vehicles are preferred, and the Department is taking steps to minimize their use, there are certain situations where award fee contracts are necessary and appropriate. A properly structured and managed award fee contract can produce positive results, but requires a higher level of surveillance to ensure fees are commensurate with contractor performance. The key is to ensure award fee contracts are only used when necessary.

The Department has incorporated into the acquisition strategy approval process and in its Peer Reviews, the requirement for a thorough review of incentive arrangements, particularly award fee criteria. In the pre-award time frame, we look to ensure acquisition strategies are structured such that objective criteria will be utilized, whenever possible, to measure contract performance. In fact, most pre-award Peer Review teams begin by engaging with the program manager to understand the key measures of success to ensure the appropriate incentives are built into the contract. In the post award time frame, our Peer Review teams look to ensure award or incentive fees paid were consistent with DoD award fee policy or, in the case of legacy programs whose contracts preceded the recent award fee guidance, had corrective action plans in place to address past inconsistencies.

In addition to the above, the Department collects and compiles the Components' analyses of fees paid on incentive and award fee contracts in accordance with Section 814 of the 2007 National Defense Authorization Act (Public Law 109-364). The purpose of the Component-level reviews is to ensure fees paid are commensurate with performance.

CHARRTS No.: SG-07-007
Senate Committee on Governmental Affairs
Hearing Date: August 03, 2009
Subject: Eliminating Wasteful Contractor Bonuses
Witness: Mr. Assad
Senator: Senator Carper
Question: #7

Analysis of Department of Defense Award Fee Contract Policy

Question:
How does DOD ensure that all agency components follow established OMB and DOD policy and guidance?

Answer:
The Department has established a multi-layer approach to ensure the Components comply with policy and guidance. A key part of our strategy is to require Defense Components to review award and incentive fees paid in accordance with Section 814 of the 2007 National Defense Authorization Act (Public Law 109-364). The Department has also incorporated into the acquisition strategy approval process and in its Peer Reviews, the requirement for a thorough review of incentive arrangements, particularly award fee criteria. Before a contract is awarded, we ensure acquisition strategies are structured to incorporate objective criteria, whenever possible, to measure contract performance. In fact, most pre-contract Peer Review teams begin by engaging with the program manager to understand the key measures of success to ensure the appropriate incentives are built into the contract. After a contract is awarded, our Peer Review teams ensure award or incentive fees paid are consistent with DoD/OMB award fee policy or, in the case of legacy programs whose contracts preceded the recent award fee guidance, had corrective action plans in place to address past inconsistencies.

CHARRTS No.: SG-07-008
Senate Committee on Governmental Affairs
Hearing Date: August 03, 2009
Subject: Eliminating Wasteful Contractor Bonuses
Witness: Mr. Assad
Senator: Senator Carper
Question: #8

Analysis of Department of Defense Award Fee Contract Policy

Question:
How does DOD collaborate on best practices and lessons learned with other appropriate agencies that commonly use award fee type contracts? Is this effective? If not, what more needs to be done?

Answer:
The Department is an active participant on the Office of Federal Procurement Policy's (OFPP) Incentive Contract Working Group (ICWG). The group's purpose is to promote increased awareness of incentive contracting best practices and to foster the consistent implementation of applicable regulations, policies, and procedures Government-wide. The working group comprises members from the Department of Defense, Energy, Health and Human Services, Homeland Security, and NASA. The ICWG's overarching objective is to improve incentive contracting Government-wide. Specific objectives are to:

- Provide subject matter expertise in reviewing and recommending changes to acquisition regulations and policies related to incentive contracts. This may include providing recommendations for establishing a FAR case;
- Identify and develop best practices, lessons learned, guidance, templates, and examples related to incentive contracts in order to promote a consistent understanding of how to write and use incentive type contracts;
- Promote collaboration Government-wide in implementation of best practices. This may include publishing guidance on the OFPP website and updating and organizing the Acquisition Community Connection community of practice ;
- Provide subject matter expertise to the Federal Acquisition Institute (FAI) in the development or enhancement of incentive contracting training, as necessary;
- Provide recommendations for possible FPDS enhancements in order to capture accurate data about use of incentive type contracts and the incentive fee awarded.

Questions and Answers for the Record
Submitted to William P. McNally

Question: Your agency worked with the Government Accountability Office to get a better understanding of how award fees are being used and whether they were appropriately awarded. However, GAO only used a sample set of contracts from your agency and was unable to determine if the award fees were effective in motivating excellent performance from the contractor. As the saying goes, "you can't manage what you can't measure." I believe that this may be the case with award fees. I request that your agency provide my Subcommittee with the information requested below on how prevalent award fees are in your agency and identify any problems that contracts may have experienced in the past. Further, I wanted to solicit your opinion on ways agencies can establish policies and procedures to more easily manage these contracts"

Answer: The award fee requirements promulgated in section 867 of the FY 2009 National Defense Authorization Act will ensure the appropriate use of award fee contracts. These new requirements were clearly stated and covered what was needed in this area. Once implemented into the Federal Acquisition Regulations, they will provide contracting officers with the policies and procedures they need to effectively manage award fee contracts. For example, Contracting Officers will have established standards for determining the percentage of available award fee, if any, which the contractor should be paid for performance judged to be excellent, very good, good, or satisfactory as well as clear guidance that no award fee shall be given for unsatisfactory performance.

Analysis of National Aeronautics and Space Administration Award Fee Contracts

Question 1: What is the total dollar value and number of contracts awarded by the National Aeronautics and Space Administration (NASA)?

Answer 1: In FY 2008 dollars, $11.25B was spent on 2,285 active contracts at NASA. This number does not include purchase orders, delivery orders, task orders, or financial assistance instruments.

Question 2: Of the contracts identified in question number (1) what is the total dollar value and number of contracts that incorporate award fee?

Answer 2: In FY 2008 dollars, $7.9B was spent on 175 active award fee contracts. This number does not include purchase orders, delivery orders, task orders, or financial assistance instruments.

Question 3: Of the contracts identified in question number (2) please break down the contracts by contract tracking number, program description, original estimated cost of program and associated date, any replanned or rebaselined estimated cost of program and associated dates, amount that has been spent to date, amount of potential award fees, amount of awarded award fees, whether roll-over of award fees has been permitted at any time during the contract, (if applicable) the date roll-over was approved and the name of the approving official, (if applicable) the amount of the roll-over and the reason why roll-over was permitted, and the name of the prime contractor.

Answer 3: See the attached excel document.

Question 4: Of the contracts that are identified in question (3), which programs have been identified by the Office of Management and Budget (OMB), the National Aeronautics and Space Administration, the Inspector General, or any other entity as experiencing cost, schedule, performance or any other management issues?

Answer 4: NASA's Major Program Annual Report (MPAR) to Congress (summarized below) indicates which NASA projects are experiencing cost or schedule changes from their approved baselines (projects in formulation have not completed their cost estimates and schedule).

Project	Base Year	Development Cost Est. ($M) Base	Development Cost Est. ($M) 2009	Cost Change (%)	Key Mile-stone	Key Milestone Date Base	Key Milestone Date 2009	Schedule Change (mths)	Cost Change > 15%	Schedule Change > 6 mo	Factors Contributing to Change: Internal	Factors Contributing to Change: External
SDO	2006	$624	$6782	9%	LRD*	Aug-08	Oct-09	14		x	Initial delay (Aug to Dec) led to loss of launch vehicle commit – late deliveries of avionics boxes and instruments, other technical issues	Extended delay due to lack of launch vehicle availability from ULA
WISE	2007	$192	$198	3%	LRD	Nov-09	Nov-09	-				
Aquarius	2007	$193	$209	8%	LRD	Jul-09	May-10	10		x		10-month slip in spacecraft development; reported by international partner CONAE (Argentina)
Glory	2008	$259	$296	14%	LRD	Jun-09	Nov-09	5				APS instrument contract cost growth and schedule delay; Spacecraft Single Board Computer failures
NPP	2006	$593	$725	22%	LRD	Apr-08	Jan-11	33	x	x		Delay and cost increase reflect schedule extension made by the NPOESS IPO as result of VIIRS instrument problems
MSL	2007	$969	$1,631	68%	LRD	Sep-09	Nov-11	26	x	x	Cost and schedule growth due to underestimated complexities; EDL system, acquisition and processing equipment, avionics	
SOFIA	2007	$920	$1,077	17%	FOC	Dec-13	Dec-14	12	x	x	Decision to rebaseline Full Operating Capability (FOC) to later date in order to obtain earlier Initial Operating Capability (IOC) and resulting science	
JWST	2009	$2,581	$2,581	0.0%	LRD	Jun-14	Jun-14	-				
Juno	2009	$742	$742	0.0%	LRD	Aug-11	Aug-11	-				
GRAIL	2009	$427	$427	0.0%	LRD	Sep-11	Sep-11	-				
RBSP	2009	$534	$534	0.0%	LRD	May-12	May-12	-				

*Launch Readiness Date (LRD)

Each of the projects included in NASA's MPAR are also tracked by the GAO in its "Assessments of Selected Large-Scale Projects" or 'Quick Look' audits. The first report, released in March of 2009, includes two projects (Dawn and LRO) which are no longer part of NASA's MPAR because they have launched; but the GAO did not identify cost or schedule concerns for these projects. The most recent Office of Inspector General Semi-Annual Report to Congress (addressing October 1, 2008 through March 31, 2009) includes a concern regarding the potential cost and schedule growth for one of the projects reported in MPAR: *SOFIA*. The most recent IG report, *NASA's Most Serious Management and Performance Challenges, November 10, 2008*, does not address any of these projects.

In addition, the final report of the Committee on the Review of U.S. Human Space Flight Plans and GAO Report 09-844 have identified cost and schedule issues in the Orion and Ares I programs.

Analysis of National Aeronautics and Space Administration Award Fee Contract Policy

Question 1: Does current NASA policy and guidance follow all established OMB policy and guidance related to the use and oversight of award fee contracts? If not, why not, and when will this be corrected?

Answer 1: Yes, NASA's policies on award fee contracting follow the intent of the OMB policy memorandum on this subject entitled, the "Appropriate Use of Incentive Contracts," dated December 4, 2007. The GAO report, "Federal Contracting: Guidance on Award Fees Has Led to Better Practices but is Not Consistently Applied (GAO-09-630)," praised NASA for providing updated guidance on the use of award fees.

Question 2: What mechanism does NASA have in place to measure whether the use of award fee is more effective than other contract vehicles?

Answer 2: NASA has implemented tracking of award fee as part of the Baseline Performance Review (BPR) process. The BPR is an independent, monthly assessment of selected NASA programs/projects that informs senior leadership of the contractor's performance under these efforts as measured against the approved baseline for these acquisitions. As part of this review, award fee ratings on selected programs/projects are depicted and discussed relative to the contractor's current performance level. NASA is currently assessing how best to utilize this data in developing measurement techniques to determine whether the use of award fee contracts is more effective than other contract vehicles. Per the aforementioned GAO report (GAO-09-630), GAO recommended the establishment of an interagency group to assist agency officials in evaluating the effectiveness of award fees. NASA concurred with this recommendation and is actively participating on this interagency working group to address the best way for federal agencies to measure whether the use of award fee contracts is more effective than other contract vehicles.

Question 3: How does NASA ensure that all agency components follow established OMB and NASA policy and guidance?

Answer 3: The primary way that the NASA ensures procurement policy and guidance are followed is through procurement management reviews (PMRs). The purpose of the PMRs is to allow NASA Headquarters Office of Procurement to maintain a continuous oversight program with periodic reviews of contracting activities throughout the Agency. The frequency of reviews at each NASA Center varies and is determined by the Office of Procurement based on the magnitude of obligations, volume of contract actions, and quality of procurement systems at each Center. As a rule of thumb, most reviews are conducted at least every three years, and usually every two years at NASA Centers with the largest volume of actions and obligations.

Question 4: How does NASA collaborate on best practices and lessons learned with other appropriate agencies that commonly use award fee type contracts? Is this effective? If not, what more needs to be done?

Answer 4: NASA actively contributes to the Office of Federal Procurement Policy Incentive and Award Fee contracting website. This website contains award fee reference material, templates, and samples from various federal agencies. The website was created last fiscal year and as it becomes institutionalized across the federal government, it will be an effective means for contracting officers to share award fee best practices and lessons learned as well as a very useful reference library relative to award fee contracting. The Defense Acquisition University (DAU) website on Award and Incentive Contracting is also a very useful reference library on award fee contracting.

FY 2008 Active CPAF/FPAF Contracts - Cumulative Obligations, Current Value & Current Ultimate Completion Dates

NASA Center	Contract Tracking Number (PIID)	Delivery Order-Referenced Contract	Program Description	Original Cost of Program (Incl All Options Value)	Replanned Cost of Program (incl All Options Value)	Ultimate Completion Date	Amount Spent to Date (Cumulative Obligations)	Award Fee Determinations FY 08	Rollover (Y/N)	Vendor Name
ARC00	NAS202060	N/A	A/E SUPPORT SERVICES	$69,502,212	$86,291,319	06/30/2008	$83,552,109	$438,488	N	DANIEL MANN JOHNSON MENDENHAL
ARC00	NAS202090	N/A	PROGRAMS AND PROJECTS SERVICES FOR THE ASTROBIOLOGY SPACE AND RESEARCH SERVICES	$314,207,343	$313,455,736	05/31/2011	$151,690,247	missing (fire)	N	LOCKHEED MARTIN SPACE OPS
ARC00	NAS202091	N/A	RESEARCH AND TECHNOLOGY DEVELOPMENT FOR THE ASTROBIOLOGY AND SPACE RESEARCH SERVICES	$34,282,092	$34,038,190	05/31/2009	$23,322,986	$1,467,967	N	ENTERPRISE ADVISORY SERVICES INCORPORATED
ARC00	NAS202117	N/A	FINANCIAL SERVICES CONTRACT	$0	$19,458,448	11/11/2007	$18,737,994	$0	N	INFONETIC
ARC00	NAS203001	N/A	RESEARCH AND DEVELOPMENT ID ADVANCED AIRCRAFT DESIGN	$48,975,000	$48,995,000	06/30/2008	$2,019,955	$28,614	N	NORTHROP GRUMMAN SYSTEMS CORPORATION
ARC00	NAS203003	N/A	RESEARCH AND DEVELOPMENT IN ADVANCED AIRCRAFT DESIGN	$48,975,000	$48,975,000	05/30/2008	$4,971,478	$11,364	N	BOEING COMPANY THE
ARC00	NAS203004	N/A	RESEARCH AND DEVELOPMENT ADVANCED AIRCRAFT DESIGN	$48,975,000	$48,983,800	04/01/2008	$7,218,267	$35,142	N	LOCKHEED MARTIN CORPORATION (3632)
ARC00	NAS203144	N/A	UNIVERSITY AFFILIATED RESEARCH CONTRACT (UARC)	$327,427,527	$327,108,645	09/15/2013	$122,198,460	$826,769	N	UNIV CALIF SANTA CRUZ
ARC00	NAS203145	N/A	ENGINEERING DESIGN AND FABRICATION SERVICES FOR THE PROJECT MANAGEMENT AND ENGINEERING DIRECTORATE (CODE P) AT NASA AMES RESEARCH CENTER	$51,226,478	$49,307,587	09/30/2008	$31,692,205	$1,146,248	N	A S R C AEROSPACE CORPORATION
ARC00	NNA04BC25C	N/A	SPACE TECHNOLOGY RESEARCH AND DEVELOPMENT	$20,420,375	$35,164,252	08/18/2009	$34,226,466	$2,800,698	N	ELORET CORPORATION
ARC00	NNA05AC20T	DTTS5998D00437	NASA INFORMATION TECHNOLOGY RESEARCH, OPERATIONS, ND DEVELOPMENT IN SUPPORT OF SCIENTIFIC COMPUTING	$49,373,405	$64,459,016	09/30/2007	$45,672,076	$1,844,168	N	ADVANCED MANAGEMENT TECHNOLOGY
ARC00	NNA05AC33C	N/A	AVIATION SAFETY REPORTING SYSTEM (ASRS) AND RELATED SYSTEMS	$26,290,444	$26,204,655	01/02/2010	$19,043,441	$266,417	N	BOOZ ALLEN AND HAMILTON INC
ARC00	NNA05AC42C	N/A	ENVIRONMENTAL SERVICES	$24,842,842	$26,800,829	03/03/2010	$20,174,173	$947,109	N	INTEGRATED SCIENCE SOLUTIONS INC
ARC00	NNA05BE01C	N/A	ACES	$8,999,236	$19,998,445	06/30/2009	$17,923,068	$327,829	N	RAYTHEON INTELLIGENCE AND INFORMATION SUSTEMS
ARC00	NNA05BE29C	N/A	AIRCRAFT AND AIRFIELD REALTED SERVICES	$11,935,416	$14,539,673	10/31/2009	$13,985,929	missing (fire)	N	L 3 COMMUNICATIONS VERTEX AEROSPACE LIMITED LIABILITY COMPANY
ARC00	NNA05CP09C	N/A	HABITAT SPARES AND SUPPORT EQUIPMENT TO SUPPORT THE SPACE STATION	$0	$54,230,684	09/30/2008	$8,259,733	$188,268	N	ORBITAL TECHNOLOGIES COR
ARC00	NNA06AA01C	N/A	OCCUPATIONAL HEALTH, INDUSTRIAL HEALTH AND MEDICAL SERVICES	$33,701,250	$33,587,014	04/30/2009	$10,010,009	$533,284	N	CONSOLIDATED SAFETY SERVICES INC
ARC00	NNA06AA29C	N/A	INTEGRATED SAFETY DATA FOR STRATEGIC RESPONSE (ISDSR)	$40,245,191	$40,241,610	01/30/2009	$6,199,297	$180,045	N	BATTELLE MEMORIAL INST
ARC00	NNA06BC19C	N/A	AERONAUTICS AND EXPLORATION MISSION MODELING AND SIMULATION	$0	$18,420,492	06/30/2009	$11,964,921	$908,682	N	ELORET CORPORATION
ARC00	NNA06CD65C	N/A	FIRE PROTECTION SERVICES	$38,771,103	$35,436,863	07/31/2010	$21,910,652	$996,550	N	WACKENHUT SERVICES INCORPORATED
ARC00	NNA07BB03C	N/A	ADVANCED AIRCRAFT STUDIES	$14,925,000	$14,950,000	03/21/2012	$550,000	$0	N	GEORGIA TECH APPLIED RESEARCH CORPORATION
ARC00	NNA07BB04C	N/A	ADVANCED AIRCRAFT STUDIES	$14,925,000	$14,939,960	03/30/2012	$463,547	$0	N	SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
ARC00	NNA07BB05C	N/A	ADVANCED AIRCRAFT STUDIES	$14,925,000	$15,719,749	03/22/2012	$819,749	$0	N	SRI INTERNATIONAL
ARC00	NNA07BC33C	N/A	ADVANCED AIRCRAFT STUDIES	$14,925,000	$14,925,000	04/01/2012	$25,000	$0	N	BATTELLE MEMORIAL INSTITUTE
ARC00	NNA07CA29C	N/A	NASA SUPERCOMPUTING SUPPORT SVCS	$597,209,042	$596,162,657	07/31/2017	$75,029,298	$867,368	N	COMPUTER SCIENCES CORPORATION (3126)
ARC00	NNA08BA33C	N/A	R&D in Advanced Aircraft Systems (All work on this contract is classified)	$49,615	$419,205	04/15/2013	$419,205	$0	N	MCDONNELL DOUGLAS CORPORATION
ARC00	NNA08BA34C	N/A	Research and Development in Advanced Aircraft Studies, Analyses and Test Support (All work on this contract is classified)	$50,000	$1,305,527		$1,305,527	$0	N	LOCKHEED MARTIN CORPORATION
ARC00	NNA08BA35C	N/A	R&D in Advanced Aircraft Studies Analyses and Test Support (All work on this contract is classified)	$49,725	$2,119,504	04/15/2013	$2,119,504	$0	N	NORTHROP GRUMMAN SYSTEMS CORPORATION
ARC00	NNA08BA97C	N/A	SMALL SATELLITE COMPONENT (All work on this contract is classified)	$3,800,000	$12,379,995	08/30/2010	$10,579,995	$0	N	MILLENNIUM SPACE SYSTEMS INC
DFRC0	NAS400047	N/A	RESEARCH FACILITIES AND ENGINEERING SUPPORT SERVICES	$135,108,201	$179,295,148	07/31/2012	$123,902,810	$878,369	N	ARCATA ASSOCIATES INCORPORATED
DFRC0	NAS402021	N/A	THE ENGINEERING AND TECHNICAL SERVICES (ETS) CONTRACT IS THE PRIMARY VEHICLE BY WHICH THE DRYDEN RESEARCH, PROJECTS, MANAGEMENT OPERATIONS, CHIEF ENGINEERS OFFICE, AND PUBLIC AFFAIRS/EDUCATION/COMMERCIALIZATION ORGANIZATIONS OBTAIN SUPPORT FOR FLIGHT RESEARCH PROJECTS, INTERNAL RESEARCH AND DEVELOPMENT, AND VARIOUS TECHNICAL SUPPORT FUNCTIONS.	$43,115,703	$67,000,491	04/30/2008	$56,942,322	$0	N	ANALYTICAL SERVICES AND MATERIALS INCORPORATED
DFRC0	NND06PS01C	N/A	SPECIFICATION AND REQUIREMENTS, DOCUMENT NUMBER USRA-DAL-1163-00.	$20,000,000	$11,160,222	09/30/2009	$10,121,323	$234,146	N	MPC PRODUCTS CORPORATION
DFRC0	NND07PS02C	N/A	SUPPORT NASA IN THE COMPLETION OF THE REFURBISHMENT, MODIFICATION, INTEGRATION, TEST AND VERIFICATION OF THE SOFIA AIRBORNE SYSTEM THROUGH COMPLETION OF AIRWORTHINESS FLIGHT TEST AND FLIGHT CERTIFICATION. THE CONTRACTOR SHALL WORK IN CONCERT WITH THE TELESCOPE ASSEMBLY CONTRACTOR. SPONSIBILITY AND REPLACE OR REPAIR THEM AS REQUIRED. THE CONTRACTOR SHALL COMPLETE INSPECTIONS REQUIRED, RECONDITIONING, MAINTENANCE AND MODIFICATION OF THE SOFIA AIRCRAFT, BOEING 747 SP SERIAL NUMBER 21441.	$24,935,576	$34,019,056	12/31/2009	$26,743,050	$983,120	N	L 3 COMMUNICATIONS INTEGRATED SYSTEMS LIMITED PARTNERSHIP
DFRC0	NND08RR01B	N/A	SUPPORT FOR FLIGHT RESEARCH PROJECTS, INTERNAL RESEARCH AND DEVELOPMENT, AND VARIOUS TECHNICAL SUPPORT FUNCTIONS.	$148,904,511	$148,904,511	09/30/2009	$0	$0	N	TYBRIN CORPORATION
GRC00	NAS303100	N/A	CETNER IT SUPPORT AND OPERATIONS	$47,866,324	$47,361,955	06/01/2008	$47,361,955	$0	N	RS INFORMATION SYSTEMS, LLC
GRC00	NNC04CB45C	N/A	ON-SITE SUPPORT SERVICES FOR OPERATIONS, MAINTENANCE AND ENGINEERING OF CENTRAL PROCESS SYSTEMS	$42,500,000	$64,636,922	09/30/2009	$40,239,610	$808,978	N	MAINTHIA TECHNOLOGIES INCORPORATED
GRC00	NNC06BA05B	N/A	SUPPLIER ASSURANCE SERVICES TO NASA PROGRAMS AND PROJECTS	$49,985,709	$51,485,709	09/30/2009	$51,485,709	$833,556	N	HONEYWELL TECHNOLOGY SOLUTIONS INCORPORATED
GRC00	NNC06BA07B	N/A	GLENN ENGINEERING & SCIENTIFIC SERVICES-2 (GESS-2)	$250,000,000	$250,000,000	09/30/2009	$250,000,000	$2,590,235	N	A S R C AEROSPACE CORPORATION
GSFC0	GSFC0198808DNAS530350	N/A	NOAA-K, L, & M SUPPORT	$160,239,231	$791,893,930	09/30/2009	$780,681,729	$2,034,760	N	LOCKHEED MARTIN CORPORATION
GSFC0	GSFC0198808DNAS530355	N/A	SBUV INSTRUMENTS' LAUNCH SUPPORT AND FUTURE ANOMALY INVESTIGATION	$43,749,465	$47,206,370	09/28/2009	$46,430,972	N/A	N	BALL AEROSPACE AND TECHNOLOGIES CORPORATION
GSFC0	GSFC0198809DNAS530384	N/A	NOAA-K,L&M AVHRR/3 HIRS/3 INSTRUMENT SERIES	$0	$196,610,204	12/31/2015	$186,784,634	$300,522	N	ITT INDUSTRIES SPACE SYSTEMS LIMITED LIABILITY COMPANY
GSFC0	GSFC0199210DNAS550000	N/A	HST FLIGHT SYSTEMS & SERVICING SUPPORT	$64,293,131	$1,174,990,595	11/30/2009	$1,171,107,322	$8,396,375	N	LOCKHEED MARTIN CORPORATION (3632)
GSFC0	GSFC0199307DNAS532314	N/A	EOS AMSU-A INSTRUMENT	$0	$310,113,024	12/31/2015	$198,170,073	$398,399	N	NORTHROP GRUMMAN SYSTEMS CORPORATION
GSFC0	GSFC0199509DNAS532954	N/A	EOS COMMON SPACECRAFT	$619,655,352	$650,742,047	12/31/2008	$577,870,953	$0	N	NORTHROP GRUMMAN SPACE & MISSI
GSFC0	GSFC0199609DNAS598090	N/A	LETTER CONTRACT FOR LONG-LEAD PARTS & NONRECURRING ENGINEERING FOR WEATHER DETECTING INSTRUMENTS	$0	$245,440,937	04/13/2021	$236,879,494	$23,103	N	ITT CORPORATION (8950)
GSFC0	GSFC0200101DNAS501090	N/A	MECHANICAL ENGINEERING SUPPORT SERVICES	$350,000,000	$845,500,000	06/30/2008	$597,153,302	$4,248,336	N	SWALES & ASSOCIATES INC
GSFC0	GSFC0200104DNAS501089	N/A	ADVANCED TECHNOLOGY MICROWAVE SOUNDER INSTRUMENT FOR NPP & NPOESS.	$0	$192,191,339	05/31/2010	$189,138,985	$358,646	N	NORTHROP GRUMMAN SYSTEMS CORP
GSFC0	GSFC0200204DNAS502034	N/A	ENVIRONMENTAL TEST INTEGRATION SUPPORT SERVICES AT GSFC	$77,668,869	$194,864,132	05/14/2008	$192,500,250	$1,302,650	n	MANTECH SYSTEMS ENGINEERING CO
GSFC0	GSFC0200204DNAS502038	N/A	BUSINESS APPLICATIONS AND SUSTAINING ENGINEERING SERVICES	$37,505,724	$92,468,901	10/31/2008	$84,963,319	$781,643	N	INDUS CORPORATION
GSFC0	GSFC0200211DNAS502200	N/A	JAMES WEBB SPACE TELESCOPE OBSERVATORY	$824,800,000	$1,307,518,481	06/30/2014	$1,170,059,721	$5,561,892	N	NORTHROP GRUMMAN SPACE AND MISSION SYSTEMS CORPORATION

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GSFC0	GSFC0200301DNAS502041	N/A	LABORATORY FOR TERRESTRIAL PHYSICS SCIENCE, COMPUTING, SCIENCE INSTRUMENTATION.	$67,139,389	$101,895,455	07/31/2009	$100,187,591	$1,608,568	N	SCIENCE SYSTEMS AND APPLICATIONS INCORPORATED
GSFC0	GSFC0200303DNAS503078	N/A	SUPPORT FLIGHT PROGRAMS & PROJECT DIRECTORATE	$140,000,000	$158,000,000	10/27/2008	$157,818,568	$3,562,813	N	SGT INCORPORATED
GSFC0	GSFC0200306DNAS503098	N/A	MAINTENANCE & DEVELOPMENT OF SOFTWARE & HARDWARE SYSTEMS FOR EOSDIS CORE SYSTEM SCIENCE DATA	$0	$500,000,000	05/21/2009	$263,504,718	$2,849,835	N	RAYTHEON INFORMATION SYSTEM CO
GSFC0	NNG04AZ01C	N/A	ENIRONMENTAL SERVICES	$14,286,853	$14,343,743	10/31/2009	$9,425,691	$118,621	N	PROXTRONICS INC
GSFC0	NNG04AZ05C	N/A	TECHNICAL INFORMATION SERVICES	$32,627,274	$34,183,417	01/31/2009	$26,650,205	$0	N	INFONETIC
GSFC0	NNG04CS51D	NNG04CS51Z	BPA FOR FABRICATION SERVICES	$28,385	$41,610	07/14/2009	$41,610	$0	N	LENSON MACHINE INCORPORATED
GSFC0	NNG04CS91D	NNG04CS91Z	BPA FOR FABRICATION SERVICES	$74,149	$776,437	07/14/2009	$776,437	$0	N	WESTERN INDUSTRIAL MACHINING
GSFC0	NNG04DA00C	N/A	NEAR EARTH NETWORK SERVICES (NEWS)	$627,351,660	$873,169,840	10/08/2009	$870,114,601	$8,264,907	N	HONEYWELL TECHNOLOGY SOLUTIONS INCORPORATED
GSFC0	NNG04DA01C	N/A	MISSION OPERATIONS MANAGEMENT SERVICES (MOMS)	$900,000,000	$900,000,000	10/31/2010	$457,325,179	$5,635,546	N	HONEYWELL TECHNOLOGY SOLUTIONS INCORPORATED
GSFC0	NNG04EA00C	N/A	THE ATOMOSPHERIC IMAGE ASSEMBLY	$2,000,000	$87,611,262	09/30/2014	$82,349,218	$563,983	N	LOCKHEED MARTIN CORPORATION
GSFC0	NNG04EA43C	N/A	MISSION SUPPORT SERVICES TO NASA'S SPACE SCIENCE DATA OPERTIONS OFFICE (SSDOO).	$28,871,339	$30,725,581	11/30/2008	$30,725,581	$346,830	N	Q S S GROUP INC
GSFC0	NNG04EF88C	N/A	GAMMA RAY LARGE AREA SPACE TELESCOPE MISSION OPERATIONS CENTER AND MISSION OPERATIONS SUPPORT	$8,560,306.00	$13,590,259	10/29/2010	$12,908,303	$290,934	N	GOLDBELT ORCA LIMITED LIABILITY COMPANY
GSFC0	NNG04HZ06C	N/A	AEROSOL POLARIMETRY SENSOR FOR THE GLORY MISSION	$46,677,747	$145,861,095	02/23/2011	$140,574,726	$0	N	RAYTHEON COMPANY
GSFC0	NNG04HZ07C	N/A	DEVELOPMENT, MANUFACTURING AND SUPPORT TO WEATHER OBSERVING INSTRUMENT	$358,909,846	$488,411,946	10/31/2024	$439,446,578	$4,295,000	N	ITT INDUSTRIES SPACE SYSTEMS LIMITED LIABILITY COMPANY
GSFC0	NNG04HZ24C	N/A	AEROSOL POLARIMETRY SENSOR FOR THE GLORY MISSION	$1,000,000	$72,076,209	01/01/2011	$66,773,756	$343,713	N	ORBITAL SCIENCES CORPORATION
GSFC0	NNG04WA03C	N/A	SCIENTIC SUPPORT SERVICES	$10,000,000	$10,000,000	08/21/2009	$7,061,528	$84,604	N	E G & G TECHNICAL SERVICES INC
GSFC0	NNG05AZ12C	N/A	FACILITIES OPERATIONS AND MAINTENANCE SERVICES AT GSFC	$48,605,183	$81,655,650	05/11/2010	$79,839,480	$728,853	N	CAPITOL TECHNOLOGY SERVICES INCORPORATED
GSFC0	NNG05CA87C	N/A	ELECTRICAL SYSTEMS ENGINEERING SERVICES	$450,000,000	$450,000,000	02/04/2010	$276,954,959	$3,327,926	N	MEI TECHNOLOGIES INCORPORATED
GSFC0	NNG05CA99C	N/A	SYSTEMS, SOFTWARE, AND IT ENGINEERING SERVICES	$250,000,000	$339,200,000	02/04/2010	$268,990,116	$8,007,618	N	SGT INCORPORATED
GSFC0	NNG05CB16C	N/A	Independent Verification and Validation (IV&V) Software Services. Software IV&V is a systems engineering process employing rigorous methodologies for evaluating the correctness and quality of the software product throughout the software life cycle. Verification processes determine whether or not the products of a given software development activity conform to the requirements established for the activity. Validation processes evaluate the software throughout the lifecycle to determine whether the software satisfies its intended use and user needs. IV&V is performed by an organization that is technically, managerially, and financially independent from the developing organization.	$200,000,000	$200,000,000	05/10/2010	$59,912,765	$1,846,946	N	TITAN CORPORATION (8754)
GSFC0	NNG05CB17C	N/A	Independent Verification and Validation (IV&V) Software Services. Software IV&V is a systems engineering process employing rigorous methodologies for evaluating the correctness and quality of the software product throughout the software life cycle. Verification processes determine whether or not the products of a given software development activity conform to the requirements established for the activity. Validation processes evaluate the software throughout the lifecycle to determine whether the software satisfies its intended use and user needs. IV&V is performed by an organization that is technically, managerially, and financially independent from the developing organization.	$200,000,000	$200,000,000	05/10/2010	$26,051,240	$575,769	N	NORTHROP GRUMMAN INFORMATION TECHNOLOGY INCORPORATED (6773)
GSFC0	NNG05HY12C	N/A	This contract is for the performance of software IV&V on selected software being developed by or for NASA and other Federal, State, and local government agencies. The contractor shall institute policies, procedures, processes, and metrics that will ensure IV&V products meet contract requirements and will promote continuous improvement of the products and processes. The contractor shall establish and maintain a metrics program that can be used by both the contractor and NASA to improve the effectiveness and efficiency of the IV&V services being performed by the contractor. The contractor shall maintain and operate a library of each project's related documentation for use by the contractor and NASA IV&V personnel at a contractor supplied location.	$73,754,406	$140,268,034	04/30/2013	$126,651,438	$247,591	N	BALL AEROSPACE & TECHNOLOGIES CORPORATION
GSFC0	NNG06CA22C	N/A	JWST INTEGRATED SCIENCE INSTRUMENT MODULE	$11,319,915	$15,426,861	06/30/2010	$14,147,275	$405,010	N	ATK SPACE SYSTEMS INCORPORATED
GSFC0	NNG06EB60C	N/A	COMPUTER SYSTEM MANAGEMENT, INCLUDING THE OPERATING SYSTEM AND APPLICATION SOFTWARE, THE DEVELOPMENT AND USE OF SCIENTIFIC AND ENGINEERING DATA ANALYSIS SYSTEMS, AND THE ENGINEERING EFFORTS THAT DEVELOP NEW TECHNOLOGY FOR SCIENTIFIC INSTRUMENTATION FOR SPACE AND EARTH SCIENCES RESEARCH AT GSFC.	$0	$220,832,485	06/30/2011	$144,639,165	$2,921,489	N	ADNET SYSTEMS INCORPORATED
GSFC0	NNG06HN01D	GS00T99ALD0207	SUPPORT OF SYSTEM AND APPLICATION SOFTWARE FOR HIGH PERFORMANCE TECHNICAL COMPUTERS FOR THE SOFTWARE INTEGRATION OFFICE	$30,000,000	$30,000,000	10/30/2010	$15,435,364	$360,583	N	NORTHROP GRUMMAN INFORMATION TECHNOLOGY INCORPORATED (6773)
GSFC0	NNG06HX01C	N/A	SPACE ENVIRONMENT IN-SITU (SEISS) INSTRUMENTS FOR WEATHER SATELLITES	$56,233,520	$74,839,127	08/23/2026	$37,251,373	$995,575	N	ASSURANCE TECHNOLOGY CORPORATION
GSFC0	NNG06HX03C	N/A	SOUNDER RESEARCH TEAM / DATA IMPACT AND MODELING TEAM SERVICES	$19,000,000	$19,000,000	01/30/2011	$11,334,178	$51,652	N	SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
GSFC0	NNG06HX04C	N/A	SUPPORT TO GSFC'S GLOBAL MODELING AND ASSIMILATION OFFICE (GMAO) FOR THE DEVELOPMENT AND USE OF MODELS AND ASSIMILATION SYSTEMS.	$48,000,000	$48,000,000	12/31/2011	$30,639,614	$491,709	N	SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
GSFC0	NNG06HX09C	N/A	SUPPORT OF THE NASA SATELLITE OCEAN COLOR PROGRAM	$30,000,000	$30,000,000	08/23/2011	$14,252,193	$270,141	N	SCIENCE APPLICATIONS INTERNATIONAL CORPORATION
GSFC0	NNG06HX14C	N/A	GEOPHYSICS, GEODYNAMICS, AND SPACE GEODESY SUPPORT	$39,000,000	$39,000,000	01/31/2011	$34,472,609	$571,199	N	SGT INCORPORATED
GSFC0	NNG06HX18C	N/A	SCIENTIFIC AND TECHNICAL SUPPORT SERVICES	$45,000,000	$45,000,000	04/30/2011	$38,593,554	$668,836	N	SCIENCE SYSTEMS AND APPLICATIONS INCORPORATED
GSFC0	NNG06HX21C	N/A	MISSION SUPPORT SERVICES AT THE GODDARD INSTITUTE FOR SPACE STUDIES (GISS).	$14,430,695	$14,416,097	06/30/2011	$9,485,023	$123,796	N	SIGMA SPACE PARTNERS LIMITED LIABILITY COMPANY
GSFC0	NNG07AZ07C	N/A	INFORMATION SCIENCE AND LIBRARY SERVICES	$26,000,000	$26,000,000		$11,142,911	$233,496	N	LIBRARY ASSOCIATES OF MARYLAND LIMITED LIABILITY COMPANY
GSFC0	NNG07CA16C	N/A	MISSION ASSURANCE SERVICES	$75,000,000	$75,000,000	11/30/2011	$61,472,009	$1,165,197	N	SRS TECHNOLOGIES
GSFC0	NNG07CA21C	N/A	ENGINEERING SERVICES AND RELATED SERVICES TO MSD AND RELATED ORGANIZATIONS THROUGHOUT GSFC FOR THE FORMULATION, DESIGN, DEVELOPMENT, FABRICATION, INTEGRATION, TESTING, VERIFICATION, AND OPERATIONS OF SPACE FLIGHT AND GROUND SYSTEM HARDWARE AND SOFTWARE, INCLUDING DEVELOPMENT AND VALIDATION OF NEW TECHNOLOGIES TO ENABLE FUTURE SPACE AND SCIENCE MISSIONS.	$400,000,000	$400,000,000	05/14/2012	$252,129,027	$6,295,915	N	SGT INCORPORATED
GSFC0	NNG07CA22C	N/A	MECHANICAL SYSTEMS ENGINEERING SERVICES II/B	$200,000	$200,000,000	01/31/2012	$37,136,364	$507,386	N	BASTION TECHNOLOGIES INCORPORATED
GSFC0	NNG07DA03C	N/A	PROVIDE ENGINEERING EXPERTISE AND SUPPORT IN THE FORMULATION, DESIGN, DEVELOPMENT, FABRICATION, INTEGRATION, TESTING, AND VERIFICATION ON THE EXPRESS LOGISTICS CARRIER (ELC) PROJECT.	$1,422,301	$3,900,000	08/01/2010	$3,425,710	$0	N	VANTAGE SYSTEMS INCORPORATED

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GSFC0	NNG07HW18C	N/A	OLI INSTRUMENT FOR THE NEXT SPACECRAFT IN THE LANDSAT SERIES OF SATELLITES. THIS PROCUREMENT WILL RESULT IN THE AWARD OF A SINGLE COST-PLUS-AWARD-FEE (CPAF) CONTRACT WITH A PERFORMANCE INCENTIVE. LANDSAT SATELLITES HAVE PROVIDED THE ONLY CONTINUOUS LAND IMAGES SINCE 1972; THE ARCHIVE OF THESE IMAGES IS IN THE CARE OF THE USGS. THE OLI INSTRUMENT IS SCHEDULED TO BE LAUNCHED ON THE LANDSAT SATELLITE IN 2011. PUBLIC LAW 102-155, LAND REMOTE SENSING POLICY ACT OF 1992, STATES THAT NASA MUST MAINTAIN LANDSAT DATA CONTINUITY, AND PUBLIC LAW 105-303, COMMERCIAL SPACE ACT OF 1998, STATES THAT NASA SHOULD ACQUIRE REMOTE SENSING DATA. WHILE COMPLIANCE WITH THE	$121,159,892	$137,903,246	12/31/2012	$128,578,825	$1,987,232	N	BALL AEROSPACE AND TECHNOLOGIES CORPORATION
GSFC0	NNG07HW20C	N/A	SOLAR ULTRAVIOLET IMAGER (SUVI) INSTRUMENT. THIS CONTRACT IS FOR THE DESIGN, ANALYZE, DEVELOP, FABRICATE, INTEGRATE, TEST, EVALUATE AND SUPPORT LAUNCH OF THE SOLAR ULTRAVIOLET IMAGER (SUVI) INSTRUMENT, SUPPLY AND MAINTAIN THE INSTRUMENT GROUND SUPPORT EQUIPMENT (GSE), AND SUPPORT THE SATELLITE OPERATIONS CONTROL CENTER (SOCC).	$177,558,557	$186,554,044	04/30/2031	$76,478,780	$893,000	N	LOCKHEED MARTIN CORPORATION (3632)
GSFC0	NNG08AZ05C	N/A	PROVIDE PROFESSIONAL AND ADMINISTRATIVE HUMAN CAPITAL SUPPORT SERVICES TO INCLUDE BUT NOT LIMITED TO RECRUITMENT PROJECTS, HUMAN CAPITAL PROJECTS AND ONGOING STAFFING AND CLASSIFICATION SERVICES, LEARNING, COACHING, LEADERSHIP DEVELOPMENT, ORGANIZATION EFFECTIVENESS, CHANGE MANAGEMENT, CAREER DEVELOPMENT, AWARDS, BENEFITS, AND WORKLIFE INITIATIVES.	$8,333,333	$8,333,333	03/31/2013	$4,059,992	$0	N	SEVATEC INC.
GSFC0	NNG08CA01C	N/A	OPERATION, MAINTENANCE, AND UPGRADE OF ENVIRONMENTAL TEST EQUIPMENT AND FACILITIES LOCATED IN THE GSFC BUILDING 7/10/15/29 COMPLEX, AREA 300 MAGNETIC TEST SITE AND OTHER TECHNICAL FACILITIES LOCATED AT VARIOUS LOCATIONS WITHIN GSFC; OPERATION, MAINTENANCE, AND UPGRADE OF MANUFACTURING AND ELECTROPLATING EQUIPMENT AND FACILITIES PRIMARILY LOCATED IN GSFC BUILDING 2/5/21 SHOPS; MECHANICAL, AND OPTICAL INTEGRATION OF SPACECRAFT, FLIGHT EXPERIMENT COMPONENTS, SPACE SHUTTLE CARRIERS, INSTRUMENTS, SUB-ASSEMBLIES AND SYSTEMS; DESIGN, FABRICATE, AND MANUFACTURE CUSTOM SPACECRAFT, FLIGHT EXPERIMENT COMPONENTS, SPACE SHUTTLE CARRIERS, INSTRUMENTS, SUB-ASSEMBLIES AND SYSTEMS;	$190,000,000	$190,000,000	05/14/2013	$63,085,211	N/A	N	ANALEX CORPORATION
GSFC0	NNG08DA03C	N/A	PROGRAM ANALYSIS AND CONTROL (PAAC III) SUPPORT SERVICES	$200,000,000	$200,000,000	06/27/2013	$0	$0	N	S P SYSTEMS, INC.
GSFC0	NNG08HZ00C	N/A	GEOSTATIONARY LIGHTNING MAPPER FOR GOES	$96,733,726	$102,392,776	12/20/2029	$59,981,471	$217,000	N	LOCKHEED MARTIN CORPORATION (3632)
GSFC0	NNG08HZ15C	N/A	DESIGN, DEVELOPMENT, FABRICATION AND DELIVERY OF THE GLOBAL PRECIPITATION MEASUREMENT CORE SPACECRAFT PROPELLANT TANK	$7,239,860	$7,239,860	11/30/2010	$2,927,111	$1,987,232	N	CARLETON TECHNOLOGIES INC
GSFC0	NNG08HZ18C	N/A	THE DESIGN, DEVELOPMENT, INTEGRATION, TESTING, DELIVERY, AND INSTALLATION OF THE LANDSAT DATA CONTINUITY MISSION (LDCM) MISSION OPERATIONS ELEMENT (MOE); SUPPORT FOR GROUND SYSTEM AND MISSION-LEVEL INTEGRATION AND TEST; SUPPORT OF OPERATIONS READINESS ACTIVITIES; ENGINEERING SUPPORT DURING THE LAUNCH AND EARLY-ORBIT PERIOD; AND A PERIOD OF SUSTAINING ENGINEERING.	$14,953,899	$14,953,899	09/18/2013	$6,236,172	$0	N	THE HAMMERS COMPANY
HQTR0	NNH05CC85D	N/A	SPONSORED RESEARCH AND EDUCATION SUPPORT SERVICES (SRESS)	$130,000,000	$130,000,000	02/15/2010	$96,862,935	$810,783	N	DIVERSIFIED GLOBAL RESOURCES JV LIMITED LIABILITY COMPANY
HQTR0	NNH06CC38B	N/A	SPECTRUM MANAGEMENT AND ENGINEERING SUPPORT SERVICES	$33,745,905	$41,320,105	11/30/2010	$22,222,843	$672,024	N	ASRC MANAGEMENT SERVICES INCORPORATED
HQTR0	NNH06CC93B	N/A	PROVIDE INTEGRATED IT SYSTEMS ENGINEERING AND OPERATIONS, AND IT-RELATED MANAGEMENT SUPPORT SERVICES	$200,000,000	$260,000,000	05/31/2011	$0	$0	N	INDYNE INCORPORATED
HQTR0	NNH06CD40T	NNH06CC93B	THE CONTRACTOR SHALL PROVIDE INTEGRATED IT SYSTEMS ENGINEERING AND OPERATIONS, AND IT-RELATED MANAGEMENT SUPPORT SERVICES, EXCEPT FOR SERVICES PROVIDED BY ODIN TO ALL MISSION DIRECTORATES AND MISSION SUPPORT OFFICES AT NASA HQ	$85,938,434	$91,546,749	05/31/2011	$61,699,497	$1,146,652	N	INDYNE INCORPORATED
HQTR0	NNH06CD41T	NNH06CC93B	INVESTIGATE AND IMPLEMENT WEB TECHNOLOGIES	$395,341	$1,637,028	05/31/2010	$1,073,885	$24,745	N	INDYNE INCORPORATED
HQTR0	NNH06CD42T	NNH06CC93B	THE CONTRACTOR SHALL PROVIDE INTEGRATED IT SYSTEMS ENGINEERING AND OPERATIONS, AND IT-RELATED MANAGEMENT SUPPORT SERVICES, EXCEPT FOR SERVICES PROVIDED BY ODIN TO ALL MISSION DIRECTORATES AND MISSION SUPPORT OFFICES AT NASA HQ	$2,531,770	$13,005,469	05/31/2011	$9,382,017	$167,843	N	INDYNE INCORPORATED
HQTR0	NNH06CD43T	NNH06CC93B	TECHNICAL SUPPORT FOR THE EXPLORATION SYSTEMS MISSION DIRECTORATE (ESMD) RESOURCES MANAGEMENT REPORTING SYSTEM (ERMRS)	$623,406	$4,327,374	05/31/2011	$2,754,250	$50,030	N	INDYNE INCORPORATED
HQTR0	NNH06CD45T	NNH06CC93B	THE CONTRACTOR SHALL PROVIDE INTEGRATED IT SYSTEMS ENGINEERING AND OPERATIONS, AND IT-RELATED MANAGEMENT SUPPORT SERVICES, EXCEPT FOR SERVICES PROVIDED BY ODIN TO ALL MISSION DIRECTORATES AND MISSION SUPPORT OFFICES AT NASA HQ	$716,669	$1,746,861	05/31/2011	$1,162,541	$19,634	N	INDYNE INCORPORATED
HQTR0	NNH06CD46T	NNH06CC93B	THE CONTRACTOR SHALL PROVIDE INTEGRATED IT SYSTEMS ENGINEERING AND OPERATIONS, AND IT-RELATED MANAGEMENT SUPPORT SERVICES, EXCEPT FOR SERVICES PROVIDED BY ODIN TO ALL MISSION DIRECTORATES AND MISSION SUPPORT OFFICES AT NASA HQ	$215,700	$1,256,337	05/31/2011	$831,288	$15,764	N	INDYNE INCORPORATED
HQTR0	NNH06CD47T	NNH06CC93B	THE CONTRACTOR SHALL PROVIDE INTEGRATED IT SYSTEMS ENGINEERING AND OPERATIONS, AND IT-RELATED MANAGEMENT SUPPORT SERVICES, EXCEPT FOR SERVICES PROVIDED BY ODIN TO ALL MISSION DIRECTORATES AND MISSION SUPPORT OFFICES AT NASA HQ	$263,833	$1,722,835	05/31/2011	$1,057,000	$32,621	N	INDYNE INCORPORATED
HQTR0	NNH06CD48T	NNH06CC93B	THE CONTRACTOR SHALL PROVIDE INTEGRATED IT SYSTEMS ENGINEERING AND OPERATIONS, AND IT-RELATED MANAGEMENT SUPPORT SERVICES, EXCEPT FOR SERVICES PROVIDED BY ODIN TO ALL MISSION DIRECTORATES AND MISSION SUPPORT OFFICES AT NASA HQ	$343,411	$576,699	05/31/2009	$344,991	$13,710	N	INDYNE INCORPORATED
HQTR0	NNH06CD49T	NNH06CC93B	SYSTEM DEPLOYMENT AND IMPLEMENTATION FOR THE NASA HQ EMPLOYEE CHECK-IN/CHECK-OUT SYSTEM	$733,055	$2,635,151	05/31/2008	$2,067,059	$71,487	N	INDYNE INCORPORATED
HQTR0	NNH06CD52T	NNH06CC93B	THE CONTRACTOR SHALL PROVIDE INTEGRATED IT SYSTEMS ENGINEERING AND OPERATIONS, AND IT-RELATED MANAGEMENT SUPPORT SERVICES, EXCEPT FOR SERVICES PROVIDED BY ODIN TO ALL MISSION DIRECTORATES AND MISSION SUPPORT OFFICES AT NASA HQ	$764,446	$7,961,373	05/31/2011	$2,731,615	$43,524	N	INDYNE INCORPORATED
HQTR0	NNH06CD53T	NNH06CC93B	THE CONTRACTOR SHALL PROVIDE INTEGRATED IT SYSTEMS ENGINEERING AND OPERATIONS, AND IT-RELATED MANAGEMENT SUPPORT SERVICES, EXCEPT FOR SERVICES PROVIDED BY ODIN TO ALL MISSION DIRECTORATES AND MISSION SUPPORT OFFICES AT NASA HQ	$1,282,122	$5,715,367	05/31/2011	$4,559,463	$0	N	INDYNE INCORPORATED
HQTR0	NNH06CD55T	NNH06CC93B	THE CONTRACTOR SHALL PROVIDE INTEGRATED IT SYSTEMS ENGINEERING AND OPERATIONS, AND IT-RELATED MANAGEMENT SUPPORT SERVICES, EXCEPT FOR SERVICES PROVIDED BY ODIN TO ALL MISSION DIRECTORATES AND MISSION SUPPORT OFFICES AT NASA HQ	$258,456	$1,809,832	05/31/2010	$1,545,000	$18,593	N	INDYNE INCORPORATED
HQTR0	NNH06CD56T	NNH06CC93B	THE CONTRACTOR SHALL PROVIDE INTEGRATED IT SYSTEMS ENGINEERING AND OPERATIONS, AND IT-RELATED MANAGEMENT SUPPORT SERVICES, EXCEPT FOR SERVICES PROVIDED BY ODIN TO ALL MISSION DIRECTORATES AND MISSION SUPPORT OFFICES AT NASA HQ	$1,191,181	$5,000,203	05/31/2010	$4,392,900	$0	N	INDYNE INCORPORATED
HQTR0	NNH06CD57T	NNH06CC93B	PROVIDE TECHNICAL SUPPORT FOR THE IEM PROGRAM OFFICE	$97,000	$1,036,149	05/31/2009	$843,246	$27,000	N	INDYNE INCORPORATED
HQTR0	NNH06CD58T	NNH06CC93B	THE CONTRACTOR SHALL PROVIDE RESOURCE MANAGEMENT SUPPORT FOR THE IEM PROJECT OFFICE	$791,230	$1,845,137	10/31/2009	$1,177,548	$11,630	N	INDYNE INCORPORATED
HQTR0	NNH06CD59T	NNH06CC93B	THE CONTRACTOR SHALL PROVIDE INTEGRATED IT SYSTEMS ENGINEERING AND OPERATIONS, AND IT-RELATED MANAGEMENT SUPPORT SERVICES, EXCEPT FOR SERVICES PROVIDED BY ODIN TO ALL MISSION DIRECTORATES AND MISSION SUPPORT OFFICES AT NASA HQ	$439,340	$2,654,163	05/31/2011	$2,217,937	$0	N	INDYNE INCORPORATED

NASA Center	Contract Tracking Number (PIID)	Delivery Order-Referenced Contract	Program Description	Original Cost of Program (Incl All Options Value)	Replanned Cost of Program (Incl All Options Value)	Ultimate Completion Date	Amount Spent to Date (Cumulative Obligations)	Award Fee Determinations FY 08	Rollover (Y/N)	Vendor Name
HQTR0	NNH06CD60T	NNH06CC93B	TECHNICAL SUPPORT FOR THE EXPLORATION SYSTEMS MISSION DIRECTORATE (ESMD)	$1,003,654	$4,658,378	05/31/2010	$4,301,803	$26,847	N	INDYNE INCORPORATED
HQTR0	NNH06CD63T	NNH06CC93B	THE CONTRACTOR SHALL PROVIDE INTEGRATED IT SYSTEMS ENGINEERING AND OPERATIONS, AND IT-RELATED MANAGEMENT SUPPORT SERVICES, EXCEPT FOR SERVICES PROVIDED BY ODIN TO ALL MISSION DIRECTORATES AND MISSION SUPPORT OFFICES AT NASA HQ	$286,923	$1,124,656	05/31/2010	$588,000	$30,521	N	INDYNE INCORPORATED
HQTR0	NNH06CD64T	NNH06CC93B	THE CONTRACTOR SHALL PROVIDE INTEGRATED IT SYSTEMS ENGINEERING AND OPERATIONS, AND IT-RELATED MANAGEMENT SUPPORT SERVICES, EXCEPT FOR SERVICES PROVIDED BY ODIN TO ALL MISSION DIRECTORATES AND MISSION SUPPORT OFFICES AT NASA HQ	$331,441	$965,080	05/31/2011	$454,452	$21,938	N	INDYNE INCORPORATED
HQTR0	NNH06CD65T	NNH06CC93B	THE CONTRACTOR SHALL PROVIDE INTEGRATED IT SYSTEMS ENGINEERING AND OPERATIONS, AND IT-RELATED MANAGEMENT SUPPORT SERVICES, EXCEPT FOR SERVICES PROVIDED BY ODIN TO ALL MISSION DIRECTORATES AND MISSION SUPPORT OFFICES AT NASA HQ	$198,187	$866,723	05/31/2010	$704,507	$15,524	N	INDYNE INCORPORATED
HQTR0	NNH06CD72T	NNH06CC93B	THE CONTRACTOR SHALL PROVIDE INTEGRATED IT SYSTEMS ENGINEERING AND OPERATIONS, AND IT-RELATED MANAGEMENT SUPPORT SERVICES, EXCEPT FOR SERVICES PROVIDED BY ODIN TO ALL MISSION DIRECTORATES AND MISSION SUPPORT OFFICES AT NASA HQ	$2,000,000	$3,000,000	05/31/2011	$2,513,585	$0	N	INDYNE INCORPORATED
HQTR0	NNH06CD73T	NNH06CC93B	THE CONTRACTOR SHALL PROVIDE INTEGRATED IT SYSTEMS ENGINEERING AND OPERATIONS, AND IT-RELATED MANAGEMENT SUPPORT SERVICES, EXCEPT FOR SERVICES PROVIDED BY ODIN TO ALL MISSION DIRECTORATES AND MISSION SUPPORT OFFICES AT NASA HQ	$264,085	$770,561	05/31/2010	$286,797	$17,852	N	INDYNE INCORPORATED
HQTR0	NNH06CD77T	NNH06CC93B	POPS DEVELOPMENT AND SUPPORT	$249,111	$709,725	05/31/2009	$318,704	$24,843	N	INDYNE INCORPORATED
HQTR0	NNH06CD78T	NNH06CC93B	CRITICAL NOTIFICATION TECHNOLOGY/DESIGN AND INTEGRATION OF MIR-3	$238,729	$2,625,941	05/31/2010	$1,536,562	$0	N	INDYNE INCORPORATED
HQTR0	NNH06CD81T	NNH06CC93B	IT SUPPORT SERVICES TO THE OFFICE OF THE CHIEF FINANCIAL OFFICER	$1,922,297	$3,854,798	05/31/2010	$2,338,132	$78,922	N	INDYNE INCORPORATED
HQTR0	NNH06CD91T	NNH06CC93B	OFFICE OF PUBLIC AFFAIRS INTERNET SERVICES	$230,326	$1,454,414	05/31/2011	$834,237	$9,860	N	INDYNE INCORPORATED
HQTR0	NNH06CD99T	NNH06CC93B	HITSS CATALOG FOR THE IMPLEMENTATION OF THE HEADQUARTERS INFORMATION TECHNOLOGY TACTICAL PLAN	$2,000,000	$10,000,000	05/31/2011	$6,357,087	$0	N	INDYNE INCORPORATED
HQTR0	NNH06CE14T	NNH06CC93B	NASA HEADQUARTERS FACILITIES ENGINEERING AND REAL PROPERTY DIVISION TECHNICAL APPLICATIONS SUPPORT	$293,381	$1,840,286	05/31/2009	$900,000	$26,578	N	INDYNE INCORPORATED
HQTR0	NNH06CE24T	NNH06CC93B	ESMD & ICE DEVELOPMENT ACTIVITIES	$1,412,745	$8,869,679	09/30/2010	$9,401,500	$132,776	N	INDYNE INCORPORATED
HQTR0	NNH06CE25C		HEADQUARTERS LIBRARY, OPERATIONS SERVICES, MAIL CENTER OPERATIONS SERVICES, JANITORIAL SERVICES, HELPDESK SERVICES, AND ARCHIVAL SERVICE	$17,925,726	$18,446,886	02/28/2012	$11,822,871	$25,156	N	ASRC AIRFIELD AND RANGE SERVICES INCORPORATED
HQTR0	NNH07CC47T	NNH06CC93B	PROVIDE CUSTOMER TRAINING FOR CUSTOM APPLICATIONS	$149,607	$961,409	05/31/2010	$602,690	$17,983	N	INDYNE INCORPORATED
HQTR0	NNH07CC48T	NNH06CC93B	PROVIDE HSPD 12 IMPMENTATION	$3,181,068	$7,862,793	05/31/2010	$4,994,555	$150,452	N	INDYNE INCORPORATED
HQTR0	NNH07CC51T	NNH06CC93B	PROVIDE IT-RELATED SUPPORT AND MAINTENANCE TO THE OFFICE OF INSPECTOR GENERAL	$600,693	$1,107,161	01/02/2008	$127,897	$15,031	N	INDYNE INCORPORATED
HQTR0	NNH07CC73C		COMM SERVICES CONTRACT	$9,569,180	$13,835,147	04/30/2010	$7,128,178	$81,915	N	MEDIA FUSION INCORPORATED
HQTR0	NNH07CD17T	NNH06CC93B	TECHNICAL SUPPORT FOR THE INNOVATIVE PARTNERSHIP PROGRAM (IPP)	$233,967	$852,625	05/31/2010	$731,326	$14,922	N	INDYNE INCORPORATED
HQTR0	NNH07CD21T	NNH06CC93B	TECHNICAL SUPPORT FOR THE NASA MANAGEMENT OFFICE (NMO)	$2,074,828	$2,066,885	05/31/2011	$1,133,644	$34,667	N	INDYNE INCORPORATED
HQTR0	NNH07CD22T	NNH06CC93B	SUPPORT TO THE NASA HQ OFFICE OF FACILITIES MANAGEMENT FOR ASSISTANCE IN REQUIREMENTS ANALYSIS, DESIGN, TESTING, AND INTEGRATION FOR THE UPGRADE OF THE COMPUTER EMERGENCY NOTIFICATION SYTEM (CENS)	$63,251	$12,854	05/31/2008	$12,854	$0	N	INDYNE INCORPORATED
HQTR0	NNH07CD34T	NNH06CC93B	PROVIDE EMERGENCY PREPAREDNESS PLANNING IN SUPPORT OF THE HEADQUARTERS' INFORMATION TECHNOLOGY AND COMMUNICATIONS DIVISION (HITCD).	$1,137,784	$3,154,662	05/31/2011	$1,637,184	$49,953	N	INDYNE INCORPORATED
HQTR0	NNH08CC92T	NNH06CC93B	ESMD PROGRAM INTEGRATION AND PLANNING SUPPORT	$438,498	$5,062,000	05/31/2010	$3,660,362	$29,415	N	INDYNE INCORPORATED
HQTR0	NNH08CD77T	NNH06CC93B	RECORDS MANAGEMENT TASK FOR NASA CIO	$171,896	$296,681	05/31/2010	$189,120	$0	N	INDYNE INCORPORATED
HQTR0	NNH08CE31T	NNH06CC93B	SUPPORT FOR IDEAL SYSTEM	$91,721	$91,047	05/31/2009	$91,047	$0	N	INDYNE INCORPORATED
HQTR0	NNH08CE33T	NNH06CC93B	In support of the Facilities and Administrative Services Division, the contractor shall provide support for the Facilities Help Desk System (FHDS). The contractor shall provide general support for the FHDS to include: Maintenance of Configuration (CM) materials and Quality Assurance (QA) controls, including any required revisions, sustaining engineering and maintenance of the system to ensure compliance with NASA NPR 2810 requirements, application development, software engineering, and maintenance of the FHDS application, ensuring it complies with Federal and Agency policies - including Section 508 Compliance, Outreach and training to support major enhancements and updates to FHDS, and Multimedia support as necessary for FHDS.	$382,244	$381,718	05/31/2011	$224,000	$0	N	INDYNE INCORPORATED
JSC00	NAS1510000	N/A	INTERNATIONAL SPACE STATION	$11,274,116,810	$14,778,857,501	09/30/2010	$14,153,672,492	$40,138,908	N	BOEING COMPANY THE
JSC00	NAS901055	N/A	SECURITY SUPPORT SERVICES	$45,638,901	$90,190,930	08/31/2009	$83,680,952	$759,764	N	THE J DIAMOND GROUP INCORPORATED
JSC00	NAS901056	N/A	COSS/CENTER OPERATIONS SUPPORT SERVICESS	$246,544,974	$345,829,176	02/29/2008	$316,254,150	$1,155,994	N	CSC APPLIED TECHNOLOGIES LIMITED LIABILITY COMPANY
JSC00	NAS902078	N/A	BIOASTRONAUTICS CONTRACT-ACTIVITIES FOR THE HEALTH & PRODUCTIVITY OF CREWS WORKING AND LIVING IN SPACE	$968,920,397	$992,520,177	04/30/2011	$710,290,027	$8,540,703	N	WYLE LABORATORIES INCORPORATED
JSC00	NAS902102	N/A	NEUTRAL BOUYANCY LAB/SPACE VEHICLE MOCKUP FACILITY OPERATIONS.	$84,973,208	$184,907,626	09/30/2010	$151,862,158	$1,842,794	N	RAYTHEON TECHNICAL SERVICES COMPANY LIMITED LIABILITY COMPANY (5772)
JSC00	NAS903056	N/A	MISSION SUPPORT OPERATIONS (MOSC)	$243,453,219	$695,770,368	09/30/2011	$444,527,738	$7,431,679	N	LOCKHEED MARTIN SPACE OPERATIONS COMPANY
JSC00	NAS903059	N/A	INSTITUTIONAL SAFETY & FIRE SERVICES	$28,011,461	$38,564,421	11/30/2009	$36,983,627	$297,744	N	MUNIZ ENGINEERING INCORPORATED
JSC00	NAS920000	N/A	SPACE FLIGHT OPERATIONS	$16,746,625,921	$16,955,554,942	12/31/2009	$16,789,034,496	$0	N	UNITED SPACE ALLIANCE LIMITED LIABILITY COMPANY
JSC00	NNJ04AA01C	N/A	PROGRAM INTEGRATION AND CONTROL	$178,000,000	$178,793,880	09/30/2010	$152,456,338	$1,937,112	N	ARES CORP
JSC00	NNJ04AA02C	N/A	MISSION INTEGRATION CONTRACT	$145,135,616	$174,370,406	09/30/2010	$140,663,316	$1,342,641	N	BARRIOS TECHNOLOGY LTD
JSC00	NNJ04AA03C	N/A	ISS CARGO MISSION CONTRACT (CMC)	$178,640,242	$393,859,691	09/30/2010	$342,100,725	$3,647,374	N	LOCKHEED MARTIN SPACE SYS CO
JSC00	NNJ04HA01C	N/A	DEFINE & INTEGRATE EVA REQUIREMENTS FOR SHUTTLE & ISS EXPEDITIONS/SUSTAINING ENGINEERING EVA	$713,879,953	$816,135,548	09/30/2017	$421,662,510	$10,730,401	N	HAMILTON SUNDSTRAND CORPORATION (3584)
JSC00	NNJ04JA52C	N/A	JIMMS - JSC INFORMATION MANAGEMENT & MEDIA SERVICES	$175,000,000	$175,000,000	01/08/2010	$148,294,131	$1,371,095	N	TESSADA AND ASSOCIATES INCORPORATED
JSC00	NNJ04JA53C	N/A	JETS-JSC ENABLING TECHNOLOGY & SECURITY	$35,000,000	$35,000,000	08/31/2009	$33,508,248	$332,621	N	MUNIZ ENGINEERING INCORPORATED
JSC00	NNJ04JA65B	N/A	PRINTING & MAIL SUPPORT SERVICES (PAMSS)	$8,681,967	$8,902,787		$8,902,787	$79,567	N	GEOCONTROL SYSTEMS INCORPORATED
JSC00	NNJ04JA83C	N/A	AIRCRAFT MAINTENANCE AND MODIFICATION PROGRAM TO JSC,DFRC, AND LARC	$229,573,577	$235,966,977	08/31/2009	$190,119,565	$1,792,658	N	CSC APPLIED TECHNOLOGIES LIMITED LIABILITY COMPANY
JSC00	NNJ05HI05C	N/A	ENGINEERING SCIENCE CONTRACT	$1,131,271,465	$1,182,271,465	01/31/2010	$1,069,992,245	$14,745,895	N	JACOBS TECHNOLOGY INCORPORATED
JSC00	NNJ06HC01C	N/A	TEST AND EVALUATION CONTRACT PRIMARY MISSION OF WSTF INCLUDING MATERIALS COMPONENTS TESTING	$270,899,316	$270,889,316	04/30/2011	$130,696,317	$2,459,367	N	JACOBS TECHNOLOGY INCORPORATED
JSC00	NNJ06HC02C	N/A	FACILITY AND OPERATION CONTRACT	$305,161,372	$305,161,372	04/30/2011	$113,400,251	$1,388,351	N	ENTERPRISE ADVISORY SERVICES INCORPORATED
JSC00	NNJ06JE41C	N/A	SIMULATION SUPORT SERVICES ON THE GULFSGTREAM II AIRCRAFT, MODIFIED TO A SHUTTLE TRAINING AIRCRAFT	$17,696,253	$21,804,063	02/28/2010	$18,395,641	$298,894	N	LOCKHEED MARTIN SERVICES INCORPORATED
JSC00	NNJ06JE86C	N/A	SAFETY AND MISSION ASSURANCE SUPPORT SERVICES	$256,567,575	$283,927,426	04/30/2011	$194,265,875	$3,684,490	N	SCIENCE APPLICATIONS INTERNATIONAL CORPORATION (SAIC)
JSC00	NNJ06TA25C	N/A	DESIGN, DEVELOPMENT, TEST & EVALUATION OF PROJECT ORION	$8,885,932,174	$11,293,682,533	09/07/2019	$2,389,120,557	$41,406,092	N	LOCKHEED MARTIN CORPORATION
JSC00	NNJ06VA01C	N/A	SPACE PROGRAM OPERATIONS CONTRACT (SPOC)	$1,131,000,000	$6,616,899,256	09/30/2015	$5,003,798,387	$124,853,530	N	UNITED SPACE ALLIANCE LIMITED LIABILITY COMPANY
JSC00	NNJ08JB01C	N/A	ENVIRONMENTAL SUPPORT SERVICES	$14,188,806	$14,481,891	02/28/2013	$5,017,989	$0	N	EARTH RESOURCES TECHNOLOGY INCORPORATED
JSC00	NNJ08TA13C	N/A	SERVICES SUPPORTING THE CONSTELLATION PROGRAM'S ORION PROJECT, WHICH IS RESPONSIBLE TO DEVELOP NASA'S NEXT HUMAN SPACECRAFT TO TRANSPORT PEOPLE TO THE INTERNATIONAL SPACE STATION, THE MOON AND BEYOND. THE PRODUCTS AND SERVICES PROVIDED UNDER OPIC WILL PRIMARILY SUPPORT THE ORION'S PROJECT OFFICE, PROJECT PLANNING & CONTROL, CREW MODULE, VEHICLE INTEGRATION, AND TEST & VERIFICATION OFFICES. PRIMARY SUPPORT	$49,069,515	$49,069,515	04/10/2009	$100,000	$0	N	BARRIOS TECHNOLOGY LIMITED
JSC00	NNJ08TA27C	N/A	CONSTELLATION PROGRAM SUPPORT CONTRACT	$100,175,000	$100,175,000	04/10/2009	$175,000	$0	N	SGT, INC.

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JSC00	NNJ08TA29T	NNJ08TA13C	PROVIDE NECESSARY BUSINESS MANANGMENT, ENGINEERING, TECHNICAL, AND ADMINISTRATIVE RESOURCES TO ORION PROJECT OFFICE	$6,544,250	$6,009,089	04/10/2009	$5,487,884	$0	N	BARRIOS TECHNOLOGY LIMITED
JSC00	NNJ08TA34T	NNJ08TA27C	TECHNICAL, AND ADMINISTRATIVE SKILLS TO ACCOMPLISH THE OBJECTIVES.	$1,604,607	$1,604,607	03/31/2009	$1,604,607	$0	N	SGT, INC.
JSC00	NNJ08TA38T	NNJ08TA27C	TASK ORDER NNJ08TA38T, CONTRACT NNJ08TA27C MANAGEMENT, TECHNICAL, AND ADMINISTRATIVE SKILLS TO ACCOMPLISH OBJECTIVES.	$15,665,930	$17,166,935	03/31/2009	$15,637,471	$0	N	SGT, INC.
JSC00	NNJ08TA45T	NNJ08TA13C	VEHICLE INTGRATION ISSUED UNDER OPIC/PROVIDE NECESSARY BUSINESS MANANGMENT, ENGINEERING, TECHNICAL, AND ADMINISTRATIVE RESOURCES TO ORION PROJECT OFFICE	$1,124,401	$1,080,232	03/31/2009	$980,769	$0	N	BARRIOS TECHNOLOGY LIMITED
JSC00	NNJ08TA46T	NNJ08TA13C	ADVANCED PLANNING UNDER OPIC/PROVIDE NECESSARY BUSINESS MANANGMENT, ENGINEERING, TECHNICAL, AND ADMINISTRATIVE RESOURCES TO ORION PROJECT OFFICE	$236,749	$225,891	03/31/2009	$188,105	$0	N	BARRIOS TECHNOLOGY LIMITED
JSC00	NNJ08TA47T	NNJ08TA13C	TEST & VERIFICATION SUPPORT ISSUED UNDER OPIC/PROVIDE NECESSARY BUSINESS MANANGMENT, ENGINEERING, TECHNICAL, AND ADMINISTRATIVE RESOURCES TO ORION PROJECT OFFICE	$300,504	$289,218	03/31/2009	$284,858	$0	N	BARRIOS TECHNOLOGY LIMITED
JSC00	NNJ08TA48T	NNJ08TA13C	CREW MODULE UNDER OPIC/PROVIDE NECESSARY BUSINESS MANANGMENT, ENGINEERING, TECHNICAL, AND ADMINISTRATIVE RESOURCES TO ORION PROJECT OFFICE	$91,583	$88,488	03/31/2009	$87,000	$0	N	BARRIOS TECHNOLOGY LIMITED
JSC00	NNJ08TA64C	N/A	THE PURPOSE OF THE CSSS CONTRACT IS TO DESIGN, DEVELOP, TEST EVALUATE, CERTIFY AND PRODUCT, PROCESS AND PROVIDE SUSTAINING ENGINEERING FOR HARDWARE AND ASSOCIATED SOFTWARE TO SUPPORT THE MULTIPLE CONSTELLATION MISSION REQUIREMENTS. SPECIFICALLY	$995,610,389	$995,610,389	09/30/2018	$1,201,363	$0	N	OCEANEERING INTERNATIONAL, INC.
KSC00	KSC00199808DNAS1099001	N/A	JOINT BASE OPERATIONS AND SUPPORT FOR KSC, CAPE CANAVERAL AIR FORCE STATION AND PATRICK AIR FORCE BASE (J-BOSC)	$0	$2,796,229,876	03/31/2011	$2,765,053,641	$14,903,552	N	SPACE GATEWAY SUPPORT
KSC00	KSC00200112DNAS1002001	N/A	LIFE SCIENCES	$119,721,078	$122,337,002	09/30/2009	$121,774,589	$5,157,780	N	DYNAMAC CORPORATION
KSC00	KSC00200207DNAS1002026	N/A	EXPENDABLE LAUNCH VEHICLE INTEGRATED SUP	$0	$262,329,007	09/30/2011	$207,401,925	$1,450,888	N	ANALEX CORPORATION
KSC00	KSC00200209DNAS1002007	N/A	CAPPS - CHECKOUT ASSEMBLY PAYLOAD PROCESSING SERVICES	$810,354,223	$864,678,384	09/30/2008	$666,098,442	$9,122,088	N	MCDONNELL DOUGLAS CORPORATION
KSC00	KSC00200303DNAS1003006	N/A	LIFE SCIENCES - USTDC	$0	$600,000,000	09/30/2010	$338,462,624	$2,917,625	N	ASRC AEROSPACE CORPORATION
KSC00	KSC00200309DNAS1003111	N/A	PROVIDE COMMUNICATIONS SERVICES, TELEPHONE SERVICE REQUIREMENTS/PHOTO	$194,031,708	$272,223,048	09/30/2008	$263,648,368	$2,329,140	N	INDYNE INCORPORATED
KSC00	NNK08OC01C	N/A	KSC INSTITUTIONAL SERVICES CONTRACT (ISC)	$0	$0	09/30/2018	$121,856,590	$0	N	EG&G TECHNICAL SERVICES INC
KSC00	NNK08OH01C	N/A	INFORMATION MANAGEMENT AND COMMUNICATIONS SUPPORT (IMCS)	$898,022,921	$901,499,549	09/30/2018	$85,850,268	$0	N	ABACUS TECHNOLOGY CORPORATION
KSC00	NNK08OQ01C	N/A	MEDICAL AND ENVIRONMENTAL SUPPORT CONTRACT (MESC)	$163,423,048	$168,974,259	09/30/2015	$16,104,545	$0	N	INNOVATIVE HEALTH APPLICATIONS, LLC
LARC0	LARC0199001DNAS119039	N/A	CERES - CLOUDS AND THE EARTH'S RADIANT ENERGY SYSTEM	$62,236,659	$156,678,101	09/30/2011	$131,368,114	$0		T R W INC
LARC0	LARC0200101CL70750DGS00T9	GS00T99ALD0209	CONSOLIDATED INFORMATION TECHNOLOGY SERVICES	$275,652,344	$298,402,875	04/28/2010	$203,096,157	$1,396,040	N	RAYTHEON TECHNICAL SERVICES COMPANY LIMITED LIABILITY COMPANY (5772)
LARC0	NNL04AB09T	N/A	AIRCRAFT MAINTENANCE AND MODIFICATION PROGRAM	$15,148,650.00	$15,148,650	08/31/2009	$9,160,991	$29,269	N	CSC APPLIED TECHNOLOGIES LIMITED LIABILITY COMPANY
LARC0	NNL07AA00B	N/A	TECHNOLOGY, ENGINEERING, AND AEROSPACE MISSION SUPPORT (TEAMS) SERVICES	$200,000,000	$200,000,000	12/31/2010	$0	$2,115,542	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM00T	NNL07AA00B	TECHNICAL EXPERTS, TESTING, PROJECT COORDINATION, AND DOCUMENT PREPARATION FOR NESC	$600,000	$46,372,547	12/31/2010	$38,184,476	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM01T	NNL07AA00B	CREATIVITY AND INNOVATIVE RESEARCH SUPPORT	$45,000	$565,561	09/30/2010	$402,632	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM02T	NNL07AA00B	COST ESTIMATION AND EXTERNAL BUSINESS PROJECT PLANNING	$40,000	$1,227,102	09/30/2010	$822,823	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM03T	NNL07AA00B	EXPLORATION DEVELOPMENT SUPPORT	$87,155	$178,367	11/30/2008	$178,367	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM04T	NNL07AA00B	ADVANCED NONDESTRUCTIVE EVALUATION AND HEALTH MONITORING OF AEROSPACE SYSTEMS	$75,000	$1,969,412	12/31/2009	$1,969,412	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM05T	NNL07AA00B	AEROSPACE PHOTONICS TECHNOLOGY	$91,000	$537,238	12/31/2010	$389,838	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM06T	NNL07AA00B	AEROTHERMODYNAMIC ANALYSIS FOR STS AND PE VEHICLES	$143,881	$426,479	12/31/2009	$426,094	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM07T	NNL07AA00B	CHARACTERIZATION AND PROCESSING OF ADVANCED MATERIALS	$240,000	$6,144,647	12/31/2010	$4,498,868	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM08T	NNL07AA00B	INDEPENDENT REVIEW OF AGENCY PROGRAMS	$39,565	$832,998	12/31/2010	$570,765	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM10T	NNL07AA00B	ARES I -1 ENGINEERING SUPPORT	$198,019	$1,233,392	04/15/2009	$1,233,287	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM11T	NNL07AA00B	MAGNETIC FIELD RESPONSE MEASUREMENT AQUISITION SYSTEMS APPLICATIONS	$232,888	$259,600	12/31/2008	$259,600	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM12T	NNL07AA00B	DEVELOPMENT OF ADVANCED LASER AND LIDAR	$312,876	$520,784	12/31/2009	$516,507	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM13T	NNL07AA00B	ANALYTICAL LABORATORY INVESTIGATIONS	$28,137	$13,447	12/31/2008	$13,447	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM14T	NNL07AA00B	HIGH POWER LASER DIODE TECHNOLOGY	$85,983	$350,707	06/30/2010	$329,983	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM15T	NNL07AA00B	AIRCRAFT NOISE SUBJECTIVE RESEARCH SUPPORT	$4,686	$41,779	12/31/2009	$41,779	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM16T	NNL07AA00B	TECHNICAL EXHIBIT MANAGEMENT	$176,458	$216,834	11/30/2007	$216,834	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM17T	NNL07AA00B	SIMULATION PROGRAMMING SUPPORT FOR ADVANCED CONCEPTS VEHICLES	$139,860	$454,876	12/31/2009	$454,676	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM18T	NNL07AA00B	WIND TUNNEL SUPPORT FOR FACILITY AND TECHNIQUE UPGRADES AND TESTING	$183,230	$621,855	12/31/2009	$576,674	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM19T	NNL07AA00B	ENGINEERING AND SOFTWARE PROGRAMMING SUPPORT FOR THE AIR STAR FACILITY	$540,188	$672,478	12/31/2009	$669,874	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM20T	NNL07AA00B	ELECTROMAGNETICS RESEARCH	$221,557	$537,410	12/31/2009	$537,410	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM21T	NNL07AA00B	WIND TUNNEL DATA ACQUISITION SYSTEM MAINTENANCE AND IMPROVEMENT	$470,149	$687,674	12/31/2009	$470,149	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM22T	NNL07AA00B	ELECTROMAGNETICS RESEARCH FACILITIES ENGINEERING SUPPORT	$389,130	$1,220,720	12/31/2009	$1,086,465	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM23T	NNL07AA00B	COMPUTATIONAL ELECTROMAGNETICS RESEARCH	$125,860	$392,804	12/31/2009	$385,860	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM24T	NNL07AA00B	GRID GENERATION SUPPORT FOR LARGE SCALE AERODYNAMIC APPLICATIONS	$138,612	$469,127	09/30/2009	$469,127	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM25T	NNL07AA00B	HIGH PERFORMANCE COMPUTER SUPPORT	$64,048	$175,391	12/31/2009	$166,144	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM26T	NNL07AA00B	IDEAS LAB ENHANCEMENT	$264,844	$267,633	12/31/2010	$231,979	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM27T	NNL07AA00B	AIRPORTAL SAFETY AND CAPACITY SYSTEMS DEVELOPMENT AND EVALUATION	$343,204	$1,152,520	12/31/2009	$1,142,571	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM28T	NNL07AA00B	ATOL ENHANCEMENTS AND SIMULATION SUPPORT	$432,586	$2,613,666	12/31/2009	$2,399,502	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM29T	NNL07AA00B	GLOBAL PRESSURE AND TEMPERATURE SENSING PAINTS	$53,186	$692,583	12/31/2010	$541,942	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM31T	NNL07AA00B	AIRSTAR TESTBED DEVELOPMENT AND SUPPORT	$329,980	$1,385,033	12/31/2010	$1,013,444	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM32T	NNL07AA00B	ADVANCED MATERIALS AND STRUCTURAL MECHANICS, ANALYSIS, AND TESTING	$1,821,176	$3,895,987	12/31/2009	$3,615,438	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM33T	NNL07AA00B	VIRTUAL DIAGNOSTICS INTERFACE DEVELOPMENT	$121,086	$877,304	12/31/2009	$877,304	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM34T	NNL07AA00B	DEVELOPMENT OF PARTICLE-BASED FLOW DIAGNOSTIC TECHNIQUES	$111,933	$577,536	12/31/2009	$575,299	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM36T	NNL07AA00B	AIRLINE, CORPORATE, GENERAL AVIATION TECHNICAL EXPERTISE AND TEST SUBJECT DELIVERY	$160,148	$980,171	12/31/2010	$916,199	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM37T	NNL07AA00B	AEROACOUSTIC EXPERIMENT AND ANALYSIS SUPPORT	$621,733	$2,730,718	12/31/2009	$2,679,569	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM38T	NNL07AA00B	AIRCRAFT NOISE PREDICTION DEVELOPMENT, MAINTENANCE, AND SUPPORT	$454,174	$1,446,548	12/31/2009	$1,392,174	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM39T	NNL07AA00B	STRUCTURAL ACOUSTIC MODELING	$147,703	$665,673	12/31/2009	$665,075	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM40T	NNL07AA00B	TECHNOLOGY TO SUPPORT SCRAMJET-POWERED FLOWPATH DEVELOPMENT	$688,779	$3,807,271	12/31/2010	$2,789,890	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM41T	NNL07AA00B	DESIGN AND DEVELOPMENT OF TEST HARDWARE FOR DEPLOYABLE STRUCTURES	$100,159	$464,385	12/31/2009	$459,623	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM42T	NNL07AA00B	HYPERSONIC AIRBREATHING PROPULSION	$123,951	$524,442	12/31/2010	$415,982	$0	N	SWALES AND ASSOCIATES INCORPORATED

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LARC0	NNL07AM43T	NNL07AA00B	SIMULATE CLOSED-LOOP OPERATION OF FLIGHT CONTROL SYSTEM HARDWARE	$186,644	$539,750	12/31/2009	$533,955	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM44T	NNL07AA00B	EMULATE EFFECTS OF CONTROLLER MALFUNCTIONS ON AIRCRAFT	$225,519	$771,168	12/31/2010	$580,953	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM45T	NNL07AA00B	STRUCTURAL DYNAMICS AND ANALYSIS	$48,550	$38,602	04/30/2008	$39,602	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM46T	NNL07AA00B	REAL-TIME SOFTWARE DEVELOPMENT FOR SAFETY LAB	$112,912	$130,598	03/31/2008	$130,598	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM48T	NNL07AA00B	CHARACTERIZATION OF POLYMERS	$217,346	$302,755	03/31/2009	$294,121	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM49T	NNL07AA00B	EXTERNAL BUSINESS AND DIRECT PROJECT RESOURCE EXECUTION	$129,678	$379,620	12/31/2009	$354,626	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM50T	NNL07AA00B	SYSTEMS ANALYSIS SUPPORT FOR HYPERSONICS, EXPLORATION AND RELATED PROJECTS	$561,450	$1,780,042	12/31/2009	$1,621,102	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM51T	NNL07AA00B	ADVANCED CONCEPTS SYSTEMS ANALYSIS, VEHICLE DESIGN, TECHNOLOGY STUDIES, AND METHODS DEVELOPMENT	$829,563	$1,704,930	09/30/2009	$1,704,930	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM52T	NNL07AA00B	TECHNOLOGY AND TRADE STUDIES FOR ADVANCED AIRCRAFT	$241,727	$1,912,971	12/31/2010	$1,295,397	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM53T	NNL07AA00B	FTA LOGISTICS MANAGEMENT	$175,784	$384,964	09/30/2009	$384,354	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM54T	NNL07AA00B	ORION CREW EXPLORATION VEHICLE - ABORT FLIGHT TEST ENGINEERING SUPPORT	$322,575	$2,632,483	09/30/2009	$2,632,483	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM55T	NNL07AA00B	SCHEDULES MANAGMENT AND REPORTING FOR OCIO	$58,661	$125,705	06/30/2010	$98,661	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM56T	NNL07AA00B	FLIGHT SERVICES AND METEROLOGICL SUPPORT	$98,229	$155,807	12/31/2009	$145,718	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM57T	NNL07AA00B	ETDPO PROGRAM AND PROJECT PLANNING AND CONTROL SUPPORT	$128,073	$436,972	12/31/2009	$367,340	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM58T	NNL07AA00B	DIGITAL SIGNAL PROCESSING SOFTWARE FOR ON-BOARD PROGNOSTICS AND FAILURE MITIGATION	$91,789	$322,418	12/31/2009	$286,522	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM59T	NNL07AA00B	ADVANCED SPACE TRANSPORTATION SYSTEMS (PERFORMANCE EVALUATION)	$357,646	$1,146,942	03/31/2010	$1,039,869	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM60T	NNL07AA00B	COMPUTATIONAL VISCOUS MODELING SUPPORT FOR SUPERSONIC FLOW	$69,253	$211,676	09/30/2008	$211,676	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM62T	NNL07AA00B	INTEGRATED INTELLIGENT FLIGHT DECK (IIFD) - OPERATOR STATE DATA COLLECTION, REDUCTION, AND ANALYSIS SUPPORT.	$170,870	$686,697	12/31/2010	$370,787	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM64T	NNL07AA00B	ANTENNA STRUCTURAL DESIGN, TESTING, AND ANALYSIS	$218,488	$218,085	12/31/2009	$218,000	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM65T	NNL07AA00B	MEASUREMENT SCIENCE SUPPORT	$89,360	$318,032	12/31/2009	$318,032	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM66T	NNL07AA00B	COMPUTATIONAL SUPPORT FOR SUPERSONIC CRUISE EFFICIENCY RESEARCH	$88,251	$79,692	01/31/2008	$79,692	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM67T	NNL07AA00B	CRYOGENIC TUNNEL PERFORMANCE ANALYSIS AND OPERATIONAL ENHANCEMENTS	$475,006	$1,614,836	12/31/2009	$1,526,373	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM68T	NNL07AA00B	PROGRAMS/PROJECTS SCHEDULES MANAGMENT AND REPORTING FOR ARD	$262,982	$1,031,962	12/31/2008	$1,031,962	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM69T	NNL07AA00B	DACOM, DLH, GFCR, AND NEW INSTRUMENT SUPPORT FOR IN-FLIGHT TEST AND SCIENCE MISSIONS	$219,652	$1,101,841	12/31/2010	$506,559	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM70T	NNL07AA00B	ADVANCED SPACE TRANSPORTATION SYSTEMS' AERODYNAMICS, AEROHEATING, THERMAL PROTECTION SYSTEM AND SYSTEMS ANALYSIS	$228,177	$516,880	12/31/2009	$475,500	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM71T	NNL07AA00B	ADVANCED SPACE SYSTEMS CONCEPTS TECHNICAL AND ANALYTICAL SUPPORT FOR THE SYSTEMS ANALYSIS AND CONCEPTS DIRECTORATE	$111,026	$50,511	11/30/2007	$50,511	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM72T	NNL07AA00B	EXPLORATION AND FLIGHT PROJECTS DIRECTORATE (EFPD) SCHEDULE SUPPORT	$958,162	$4,151,809	12/31/2009	$3,787,628	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM73T	NNL07AA00B	INDEPENDENT TECHNICAL REVIEW AND EDITING SUPPORT	$233,402	$199,512	12/31/2009	$190,346	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM74T	NNL07AA00B	MATERIALS AND STRUCTURES METHODS DEVELOPMENT, ANALYSIS AND TESTING	$902,463	$3,069,621	12/31/2010	$2,455,209	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM75T	NNL07AA00B	SIMULATION AND TECHNOLOGY EVALUATION OF ELECTROMAGNETIC SENSORS	$209,719	$841,609	12/31/2009	$736,214	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM76T	NNL07AA00B	FLIGHT OPERATIONS SUPPORT CENTER	$108,448	$398,975	12/31/2009	$350,963	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM78T	NNL07AA00B	ARES 1 UNCERTAINTY QUANTIFICATION SUPPORT	$59,878	$649,782	11/30/2009	$614,430	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM79T	NNL07AA00B	ARES I -1 INTEGRATED HAZARD ANALYSIS	$296,479	$1,415,694	10/31/2009	$1,415,694	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM80T	NNL07AA00B	LANDING DYNAMICS ENGINEERING SUPPORT	$179,480	$283,783	11/30/2008	$281,120	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM81T	NNL07AA00B	DESIGN AND DEVELOPMENT OF TEST HARDWARE FOR AIRFRAME NOISE REDUCTION	$11,629	$11,629	01/31/2008	$11,629	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM82T	NNL07AA00B	STRUCTURAL ANALYSIS OF GENERAL SHELLS (STAGS)	$90,570	$318,272	12/31/2009	$318,272	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM84T	NNL07AA00B	TECHNIQUES AND HARDWARE FOR ON-ORBIT REPAIR OF DAMAGED SHUTTLE TPS	$91,795	$161,752	10/15/2008	$161,752	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM86T	NNL07AA00B	SUBSONIC FIXED WING ADV CONCEPTS SYS ANALYSIS, VEHICLE DESIGN, TECH STUDIES AND METHODS DEVELOPMENT	$125,828	$462,570	05/31/2010	$434,349	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM87T	NNL07AA00B	SUBSONIC FIXED WING ADV CONCEPTS SYSTEMS ANALYSIS, VEHICLE DESIGN, TECH STUDIES, AND METHOD DEV BWB	$146,989	$547,839	12/31/2009	$528,000	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM88T	NNL07AA00B	SUPERSONICS ADVANCED CONCEPTS SYSTEMS ANALYSIS AND TECHNOLOGY STUDIES	$124,914	$732,205	12/31/2009	$732,205	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM89T	NNL07AA00B	USER INTERFACE REQUIREMENTS FOR SPACECRAFT AUTONOMY FOR VEHICLES AND HABITATS (SAVH)	$83,340	$104,288	02/29/2008	$104,288	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM90T	NNL07AA00B	EFPO CONFIGURATION & DATA MANAGEMENT SUPPORT	$305,441	$1,607,007	12/31/2009	$1,559,130	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM92T	NNL07AA00B	EXPLORATION AND SCIENCE MECHANICAL DEVELOPMENT SUPPORT	$274,931	$826,596	09/30/2009	$826,596	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM93T	NNL07AA00B	CONFIGURATION AND DOCUMENT MANAGEMENT SUPPORT FOR ETDPO	$51,596	$293,586	12/31/2009	$281,754	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM94T	NNL07AA00B	VIBRO-ACOUSTIC ANALYSIS SUPPORT FOR CEV HEAT SHIELD DESIGN AND TESTING	$201,225	$300,069	09/30/2009	$300,069	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM95T	NNL07AA00B	IMPACT DYNAMICS ANALYSIS & TESTING	$382,167	$2,171,980	12/31/2010	$1,679,769	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM96T	NNL07AA00B	EXPLORATION AND SCIENCE THERMAL ANALYSIS AND TEST SUPPORT	$126,868	$274,014	09/30/2009	$274,014	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM98T	NNL07AA00B	SOIL CONSTITUTIVE PROPERTIES FOR SIMULATION OF THE ORION CEV LANDING	$151,722	$413,387	08/31/2009	$411,001	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AM99T	NNL07AA00B	AERONAUTICS SYSTEMS ANALYSIS BR - SUPPORT, STUDIES AND MODEL DEV - II	$115,464	$102,449	01/31/2009	$102,449	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AN01T	NNL07AA00B	WIND TUNNEL TESTING, TECHNIQUES, DATA ANALYSIS, AND DOCUMENTATION SUPPORT FOR EXPLORATION	$41,671	$419,419	10/31/2009	$419,419	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL07AN03T	NNL07AA00B	TRANSONIC WIND TUNNEL TEST OF 0.01-SCALE ARES I CONFIGURATION	$325,758	$325,758	12/31/2007	$325,758	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL08AM01T	NNL07AA00B	TECHNICAL AND PROGRAMMATIC ANALYSIS FOR OCFO	$114,711	$114,711	12/31/2008	$114,711	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL08AM02T	NNL07AA00B	EXPLORATION AND SCIENCE MECHANICAL DEVELOPMENT SUPPORT FOR SED	$564,718	$2,603,942	12/31/2009	$2,215,873	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL08AM03T	NNL07AA00B	EXPLORATION AND SCIENCE STRUCTURAL ANALYSIS AND TEST SUPPORT	$172,726	$3,317,903	12/31/2009	$2,868,115	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL08AM05T	NNL07AA00B	GENERALIZED AD HOC SUPPORT FOR RTD	$320,733	$653,292	12/31/2009	$646,208	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL08AM06T	NNL07AA00B	EXPLORATION COMPUTATIONAL FLUID DYNAMICS AND GRID GENERATION SUPPORT FOR CASB	$96,344	$242,722	06/30/2010	$210,409	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL08AM07T	NNL07AA00B	POST2 SOFTWARE ENHANCEMENT, SUPPORT, MODIFICATION, AND MAINTENANCE	$281,446	$160,457	06/19/2009	$160,457	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL08AM08T	NNL07AA00B	LANGLEY MANAGEMENT SYSTEM INTERNAL AUDIT SERVICES (SURGE CAPABILITY)	$419,140	$429,585	06/30/2008	$429,585	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL08AM09T	NNL07AA00B	SUPERSONIC AEROELASTIC ANALYSIS, WIND-TUNNEL TEST, AND DATA PROCESSING SUPPORT	$199,595	$322,297	04/30/2010	$269,610	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL08AM10T	NNL07AA00B	MSL HEAT SHIELD MATERIAL PRESSURE PORT PERFORMANCE EVALUATION	$248,527	$248,527	04/30/2008	$241,712	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL08AM11T	NNL07AA00B	ESSP PROGRAM CONFIGURATION & DATA MANAGEMENT (C&DM) SUPPORT	$118,159	$215,661	02/15/2010	$215,661	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL08AM12T	NNL07AA00B	TRANSONIC WIND TUNNEL TEST OF 0.8 SCALE MLAS	$620,097	$673,421	05/31/2008	$673,421	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL08AM13T	NNL07AA00B	AERONAUTICS SYSTEMS ANALYSIS BRANCH - SAFETY STATISTICAL SYSTEMS ANALYSIS	$143,130	$283,288	02/28/2011	$242,450	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL08AM14T	NNL07AA00B	SHELL ANALYSIS AND DESIGN TOOL - BUCKLING KNOCKDOWN FACTOR	$290,733	$87,569	03/13/2009	$87,569	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL08AM15T	NNL07AA00B	TEST & VERIFICATION SUPPORT TO CONSTELLATION PROGRAM LEVEL II ILS&M SIG	$182,045	$381,721	11/30/2009	$380,045	$0	N	SWALES AND ASSOCIATES INCORPORATED

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LARC0	NNL08AM16T	NNL07AA00B	EARNED VALUE MANAGEMENT SUPPORT FOR SYSTEMS MANAGEMENT OFFICE	$106,272	$304,493	12/31/2009	$304,493	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL08AM17T	NNL07AA00B	SYSTEM DEVELOPMENT FOR ELECTRON BEAM FREEFORM FABRICATION	$137,629	$196,138	12/31/2009	$187,629	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL08AM18T	NNL07AA00B	PHYSICS BASED MATH MODEL OF A L02/METHANE PROPULSION SYSTEM	$197,968	$203,600	08/31/2009	$197,968	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL08AM19T	NNL07AA00B	TRANSONIC DYNAMICS TUNNEL (TDT) TESTING AND ANALYSIS SUPPORT FOR ARES I-X	$468,356	$586,708	09/30/2009	$586,708	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL08AM21T	NNL07AA00B	CONTINUED DESIGN AND DEVELOPMENT OF TEST HARDWARE FOR AIRFRAME NOISE REDUCTION	$57,927	$111,531	12/31/2009	$97,927	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL08AM22T	NNL07AA00B	LCAT SHEAR CALIBRATION FOR MEDLI	$165,065	$165,065	07/31/2008	$165,065	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL08AM25T	NNL07AA00B	LCAT STAGNATION AND SHEAR QUALIFICATION TESTS FOR MEDLI	$287,652	$287,652	12/15/2008	$284,831	$0	N	SWALES AND ASSOCIATES INCORPORATED
LARC0	NNL08AM27T	NNL07AA00B	NTF FLOW QUALITY CHARACTERIZATION FOR LAMINAR FLOW TESTING	$287,287	$287,287	09/30/2009	$278,876	$0	N	SWALES AND ASSOCIATES INCORPORATED
MSFC0	MSFC0199911DNAS800016	N/A	PRODUCTION AND O&M FOR 35 EXTERNAL TANKS	$1,097,384,958	$3,073,980,020	09/30/2010	$2,615,336,984	$22,137,688	N	LOCKHEED MARTIN CORPORATION
MSFC0	MSFC0200205DNAS801140	N/A	SPACE SHUTTLE ENG SUPPORT FOR FLIGHT SCH OF 30 FLI FLIGHTS EXTENDING FROM 1/1/02 THRU 12/31/05	$1,018,000,000	$2,185,646,092	09/30/2010	$1,990,292,693	$12,195,898	N	PRATT AND WHITNEY ROCKETDYNE INCORPORATED
MSFC0	MSFC0200206DNAS802060	N/A	SYSTEMS DEVELOPMENT & OPERATIONS SUPPORT	$568,000,000	$568,000,000	06/30/2012	$256,155,791	$1,463,434	N	TELEDYNE INDUSTRIES INC
MSFC0	NNM04AA02C	N/A	UNIFIED NASA INFORMATION TECHNOLOGY SERVICES (UNITES)	$823,636,161	$1,180,273,202	11/30/2009	$1,180,273,202	$11,328,439	N	SCIENCE APPLICATION INTL CORP
MSFC0	NNM04AA07C	N/A	Support of Huntsville Operations Support Center	$111,213,302	$165,774,782	12/31/2010	$127,819,891	$1,367,313	N	COLSA CORP.
MSFC0	NNM05AB50C	N/A	ENGINEERING SCIENCE AND TECHNOLOGY	$542,500,000	$792,500,652	09/25/2009	$557,450,880	$3,474,877	N	JACOBS TECHNOLOGY INCORPORATED
MSFC0	NNM06AB13C	N/A	LETTER CONTRACT TO INITIATE DDT&E AND LONG LEAD PURCHASES	$50,000,000	$1,282,929,108	06/30/2014	$557,497,832	$0	N	PRATT AND WHITNEY ROCKETDYNE INCORPORATED
MSFC0	NNM07AA73C	N/A	CONFIGURATION AND DATA MANAGEMENT SERVICES: THE CONTRACTOR SHALL PROVIDE THE NECESSARY MANAGEMENT, PERSONNEL, EQUIPMENT AND SUPPLIES (NOT OTHERWISE PROVIDED BY THE GOVERNMENT) TO PROVIDE CONFIGURATION AND DATA MANAGEMENT SUPPORT SERVICES TO VARIOUS MARSHALL SPACE FLIGHT CENTER (MSFC) DIRECTORATES, OFFICES, AND PROGRAMS AND PROJECTS. THE SERVICES WILL PRIMARILY SUPPORT THE ESTABLISHMENT AND IMPLEMENTATION OF C&DM SYSTEMS FOR MSFC PROGRAMS AND PROJECTS DEVELOPING FLIGHT, QUALIFICATION, AND GROUND SUPPORT EQUIPMENT HARDWARE AND SOFTWARE. THE SERVICES ALSO SUPPORT CENTER-WIDE C&DM TASKS, INCLUDING SUPPORT FOR C&DM POLICY, REQUIREMENTS DEVELOPMENT, AND CROSS-CUTTING ORGANIZATIONAL PROCESSES AND INITIATIVES.	$0	$48,952,105	12/31/2010	$15,066,809	$301,437	N	COLSA CORPORATION
MSFC0	NNM07AA74C	N/A	S&MA SUPPORT SERVICES FOR NASA MARSHALL SPACE FLIGHT CENTER BASTION TECHNOLOGIES INC	$173,667,704	$173,667,704	01/31/2012	$52,563,451	$746,109	N	BASTION TECHNOLOGIES, INC
MSFC0	NNM07AA75C	N/A	FIRST DDT&E, ARES I-X, AND FLIGHT TESTS. FIRST STAGE WILL BE A FIVE SEGMENT, SOLID ROCKET BOOSTER DERIVED FROM THE SPACE SHUTTLE PROGRAM (SSP) SOLID ROCKET BOOSTER (SRB)/REUSABLE SOLID ROCKET MOTOR (RSRM). THE CONTRACTOR SHALL FURNISH THE NECESSARY MANAGEMENT, ENGINEERING, LABOR, FACILITIES, TOOLS, EQUIPMENT, AND MATERIALS REQUIRED FOR FIRST STAGE DEVELOPMENT, QUALIFICATION, CERTIFICATION AND ACCEPTANCE PROGRAM. ACTIVITIES INCLUDE: REDESIGN AND TESTING OF THE MOTOR TO INCORPORATE THE FIFTH SEGMENT AND PRODUCTION OF FIVE FULL SCALE GROUND STATIC TEST MOTORS: TWO DEVELOPMENT MOTORS (DMS)-AND THREE QUALIFICATION MOTORS (QMS); STRUCTURAL TEST ARTICLE (STA), GROUND VIBRATION TEST MOTORS (GVTMS) AND OTHER DEVELOPMENT TESTING; REDESIGN OF THE AVIONICS, DECELERATION, SEPARATION, AND FLIGHT TERMINATION SYSTEM (FTS) SUBSYSTEMS; ARES I-X: SIMULATED ARES I OUTER MOLD LINE/MASS PROPERTIES USING MODIFIED SRB/RSRM; AND THREE FLIGHT TEST VEHICLES. :	$1,795,546,200	$1,975,929,321	06/30/2015	$773,026,366	$13.8M	N	ATK LAUNCH SYSTEMS INCORPORATED
MSFC0	NNM07AB03C	N/A	PROVIDE DEVELOPMENTAL HARDWARE AND TEST ARTICLES, AND MANUFACTURE AND ASSEMBLE ARES I UPPER STAGES. THE UPPER STAGE (US) ELEMENT IS AN INTEGRAL PART OF THE ARES I LAUNCH VEHICLE AND PROVIDES THE SECOND STAGE OF FLIGHT. THE US ELEMENT IS RESPONSIBLE FOR THE ROLL CONTROL DURING THE FIRST STAGE BURN AND SEPARATION; AND WILL PROVIDE THE GUIDANCE AND NAVIGATION, COMMAND AND DATA HANDLING, AND OTHER AVIONICS FUNCTIONS FOR THE ARES I DURING ALL PHASES OF THE ASCENT FLIGHT. THE US ELEMENT IS A NEW DESIGN THAT EMPHASIZES SAFETY, OPERABILITY, AND MINIMUM LIFE CYCLE COST. THE OVERALL DESIGN, DEVELOPMENT, TEST AND EVALUATION (DDT&E), PRODUCTION, AND SUSTAINING ENGINEERING EFFORTS INCLUDE ACTIVITIES PERFORMED BY THREE ORGANIZATIONS; THE NASA DESIGN TEAM (NDT), THE UPPER STAGE PRODUCTION CONTRACTOR (USPC) AND THE INSTRUMENT UNIT PRODUCTION CONTRACTOR (IUPC). FOR CLARITY, THE USPC WILL BE REFERRED TO AS THE CONTRACTOR THROUGHOUT THIS DOCUMENT. NASA IS RESPONSIBLE FOR THE INTEGRATION OF THE PRIMARY ELEMENTS OF THE ARES I LAUNCH VEHICLE INCLUDING: THE FIRST STAGE, US INCLUDING INSTRUMENT UNIT (IU), AND US ENGINE; AND WILL ALSO INTEGRATE THE ARES I LAUNCH VEHICLE AT THE LAUNCH SITE. NASA IS RESPONSIBLE FOR THE DDT&E, INCLUDING TECHNICAL AND PROGRAMMATIC INTEGRATION OF THE US SUBSYSTEMS AND GOVERNMENT-FURNISHED PROPERTY. NASA WILL LEAD THE EFFORT TO DEVELOP THE REQUIREMENTS AND SPECIFICATIONS OF THE US ELEMENT, THE DEVELOPMENT PLAN AND TESTING REQUIREMENTS, AND ALL DESIGN DOCUMENTATION, INITIAL MANUFACTURING AND ASSEMBLY PROCESS PLANNING, LOGISTICS PLANNING, AND OPERATIONS SUPPORT PLANNING. DEVELOPMENT, QUALIFICATION, AND ACCEPTANCE TESTING WILL BE CONDUCTED BY NASA AND THE CONTRACTOR TO SATISFY REQUIREMENTS AND FOR RISK MITIGATION. NASA IS RESPONSIBLE FOR THE OVERALL UPPER STAGE VERIFICATION AND VALIDATION PROCESS AND WILL REQUIRE SUPPORT FROM THE CONTRACTOR. THE CONTRACTOR IS RESPONSIBLE FOR THE MANUFACTURE AND ASSEMBLY OF THE UPPER STAGE TEST FLIGHT AND OPERATIONAL UPPER STAGE UNITS INCLUDING THE INSTALLATION OF UPPER STAGE INSTRUMENT UNIT, THE GOVERNMENT-FURNISHED US ENGINE, BOOSTER SEPARATION	$1,125,313,256	$1,140,948,875	06/30/2018	$87,861,349	$3,368,400	N	THE BOEING COMPANY
MSFC0	NNM08AA16C	N/A	THE UPPER STAGE (US) ELEMENT IS AN INTEGRAL PART OF THE ARES I LAUNCH VEHICLE AND PROVIDES THE SECOND STAGE OF FLIGHT. THE US IS RESPONSIBLE FOR THE ROLL CONTROL DURING THE FIRST STAGE BURN AND SEPARATION; AND WILL PROVIDE THE GUIDANCE AND NAVIGATION, COMMAND AND DATA HANDLING, AND OTHER AVIONICS FUNCTIONS FOR THE ARES I DURING ALL PHASES OF THE ASCENT FLIGHT. THE US IS A NEW DESIGN THAT EMPHASIZES SAFETY, OPERABILITY, AND MINIMUM LIFE-CYCLE COST. THE OVERALL DESIGN, DEVELOPMENT, TEST AND EVALUATION (DDT&E), PRODUCTION, AND SUSTAINING ENGINEERING EFFORTS INCLUDE ACTIVITIES PERFORMED BY THREE ORGANIZATIONS: THE NASA DESIGN TEAM (NDT), THE UPPER STAGE PRODUCTION CONTRACTOR (USPC) AND THE INSTRUMENT UNIT AVIONICS CONTRACTOR (IUAC). THE USPC WAS SELECTED VIA A SEPARATE ACQUISITION. NASA IS RESPONSIBLE FOR THE INTEGRATION OF THE PRIMARY ELEMENTS OF THE ARES I LAUNCH VEHICLE INCLUDING: THE FIRST STAGE, US INCLUDING INSTRUMENT UNIT (IU), US ENGINE, AND ORION; AND WILL ALSO INTEGRATE THE ARES I LAUNCH VEHICLE AT THE LAUNCH SITE. THE US AVIONICS HARDWARE AND SOFTWARE SYSTEM ARCHITECTURE AND SPECIFICATIONS WILL BE DEVELOPED BY THE NASA MARSHALL SPACE FLIGHT CENTER (MSFC) LED TEAM, IN CONJUNCTION WITH GLENN RESEARCH CENTER (GRC), AMES RESEARCH CENTER (ARC), AND KENNEDY SPACE CENTER (KSC). THE NDT IS COMPOSED OF BOTH GOVERNMENT CIVIL SERVANTS AND SUPPORT CONTRACTORS FROM EACH OF THE AFOREMENTIONED CENTERS. THE NDT¿S AVIONICS AND SOFTWARE DEVELOPMENT APPROACH IS DOCUMENTED IN USO-CLV-DE-25106, UPPER STAGE	$183,367,035	$221,160,111	06/30/2018	$50,069,507	$1,120,297	N	THE BOEING COMPANY
NMO00	NAS703001	N/A	OPERATION OF FFRDC AT JET PROPULSION LABORATORY	$10,000,000,000	$10,000,000,000	09/30/2010	$0	$12,373,426	N	CALIFORNIA INSTITUTE OF TECHNOLOGY

NASA Center	Contract Tracking Number (PIID)	Delivery Order-Referenced Contract	Program Description	Original Cost of Program (Incl All Options Value)	Replanned Cost of Program (Incl All Options Value)	Ultimate Completion Date	Amount Spent to Date (Cumulative Obligations)	Award Fee Determinations FY 08	Rollover (Y/N)	Vendor Name
NSSC0	NNX05AA01C	N/A	THE NASA SHARED SERVICES CENTER WILL CONSOLIDATE SELECT BUSINESS AND TECHNICAL SERVICES THAT ARE CURRENTLY PERFORMED ACROSS THE AGNECY INTO A SINGLE SHARES SERVICES LOCATION.	$230,320,174	$303,547,979	08/31/2015	$123,791,237	$2,199,902	N	COMPUTER SCIENCES CORPORATION (3126)
SSC00	NNM04AA66T	NNS04AB62C	TEST OPERATIONS SERVICES	$3,604,780	$44,299,354	08/31/2010	$39,020,954	$2,065,924	N	JACOBS TECHNOLOGY INCORPORATED
SSC00	NNS04AB54T	GS00T99ALD0203	INFORMATION TECHNOLOGY SERVICES (ITS) TASK ORDER FOR SSC. REFERENCE GSA TO # 4TM60046006	$93,568,586	$75,584,060	02/28/2010	$68,582,457	$870,000	N	COMPUTER SCIENCES CORPORATION (3126)
SSC00	NNS04AB62C	N/A	TEST OPERATIONS CONTRACT:PROVIDES PROPULSION TEST SUPPORT, SYSTEMS ENGINEERING,OPERATOR MAINTENANCE AND TEST TECHNOLOGY DEVELOPMENT TO SUPPORT SSC ADN MSFC MISSIONS AND TEST ARTICLE CONTRACTORS IN TESTING OF LIQUID AND SOLID PROPULSION SYSTEMS, SUBSYSTEMS, AND COMPONENTS.	$128,146,604	$145,796,643	08/31/2010	$0	$2,065,924	N	JACOBS TECHNOLOGY INCORPORATED
SSC00	NNS04AB67T	NNS04AB62C	TEST OPERATIONS CONTRACT.PROVIDES PROPULSION TEST SUPPORT,SYSTEMS ENGINEERING,OPERATOR MAINTENANCE, AND TEST TECHNOLOGY DEVELOPMENT OT SUPPORT SSC AND MSFC MISSIONS AND TEST ARTICLE CONTRACTORS IN TESTING OF LIQUID AND SOLID PROPULSION SYSTEMS,SUBSYSTEMS AND COMPONENTS	$42,147,639	$101,464,500	08/31/2010	$101,464,490	$0	N	JACOBS TECHNOLOGY INCORPORATED
SSC00	NNS07AA91T	NNS07AA20C	HAT PROGRAM MANAGEMENT	$3,333,153	$13,006,560	03/31/2012	$9,117,699	$291,038	N	PRATT & WHITNEY ROCKETDYNE, INC.
SSC00	NNS07AA92T	NNS07AA20C	SPACE SHUTTLE MAIN ENGINE (SSME) TESTING	$14,661,635	$90,706,224	03/31/2012	$38,040,952	$1,198,460	N	PRATT & WHITNEY ROCKETDYNE, INC.
SSC00	NNS07AA93T	NNS07AA20C	SUPPORT OF J2X TESTING SERVICES	$4,607,693	$18,982,036	03/31/2012	$12,580,926	$396,559	N	PRATT & WHITNEY ROCKETDYNE, INC.
SSC00	NNS07AA94T	NNS07AA20C	CREW LAUNCH VEHICLE UPPER STAGE ENGINE-TESTING	$1,080,417	$3,234,171	03/31/2012	$2,513,722	$112,490	N	PRATT & WHITNEY ROCKETDYNE, INC.
SSC00	NNS07AA95T	NNS07AA20C	VARIOUS TYPES OF ENGINEERING SUPPORT	$77,383	$408,522	03/31/2012	$185,233	$6,847	N	PRATT & WHITNEY ROCKETDYNE, INC.
SSC00	NNS07AA96T	NNS07AA20C	HAT TASK ORDER 6, BLDG 3202 RELOCATION TO BLDG. 9101/REMODLE OF B. 9101 FOR SSME ENGINE TESTING.	$867,936	$973,806	03/31/2009	$973,806	$36,208	N	PRATT & WHITNEY ROCKETDYNE, INC.
SSC00	NNS07AA97T	NNS07AA20C	TASK ORDER 07, IMPLEMENTATION OF NASA MANDATES SUCH AS PRR, NIST, UPP ETC	$609,647	$1,455,860	03/31/2012	$1,149,852	$42,992	N	PRATT & WHITNEY ROCKETDYNE, INC.
SSC00	NNS07AB63T	NNS07AA20C	HARDWARE ASSURANCE TESTING-A3 TEST STAND DESIGN WORK	$64,341	$5,139,597	03/31/2012	$1,860,750	$28,375	N	PRATT & WHITNEY ROCKETDYNE, INC.
SSC00	NNS08AA60T	NNS07AA20C	RPT FIRE DETECTION SYSTEM UPGRADE	$59,857	$300,212	03/31/2012	$59,855	$2,125	N	PRATT & WHITNEY ROCKETDYNE, INC.
SSC00	NNS08AA89T	NNS07AA20C	SUPPORT FOR ENGINE TESTING AND ENGINE SERVICES	$60,000	$1,113,566	03/31/2012	$599,331	$8,938	N	PRATT & WHITNEY ROCKETDYNE, INC.

Question#:	1
Topic:	contracts
Hearing:	Eliminating Wasteful Contractor Bonuses
Primary:	The Honorable Thomas R. Carper
Committee:	HOMELAND SECURITY (SENATE)

Questions and Answers for the Record
Submitted to Richard K. Gunderson

Question: Your agency worked with the Government Accountability Office to get a better understanding of how award fees are being used and whether they were appropriately awarded. However, GAO only used a sample set of contracts from your agency and was unable to determine if the award fees were effective in motivating excellent performance from the contractor. As the saying goes, "you can't manage what you can't measure." I believe that this may be the case with award fees. I request that your agency provide my Subcommittee with the information requested below on how prevalent award fees are in your agency and identify any problems that contracts may have experienced in the past. Further, I wanted to solicit your opinion on ways agencies can establish policies and procedures to more easily manage these contracts.

What is the total dollar value and number of contracts awarded by the Department of Homeland Security (DHS)?

Response:

For FY08, the dollars obligated on all contracts for which work was performed in totals $14,136,829,296. The total number of new contracts awarded in FY 08 was 45,754. The total number of new contracts awarded in FY 2008 was 45,754.

Question:

Of the contracts identified in question number (1) what is the total dollar value and number of contracts that incorporate award fees?

Response:

For FY 2008, DHS paid award fees on 45 contracts. The dollars obligated on these 45 contracts for FY08 totals $1,295,524,876. The total amount of award fees paid on these 45 contracts in FY 2008 was $39,756,598.

Question:

Of the contracts identified in question number (2) please break down the contracts by contract tracking number, program description, original estimated cost of program and associated date, any replanned or rebase lined estimated cost of program and associated dates, amount that has been spent to date, amount of potential award fees, amount of

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Primary:	The Honorable Thomas R. Carper
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awarded award fees, whether roll-over of award fees has been permitted at any time during the contract, (if applicable) the date roll-over was approved and the name of the approving official, (if applicable) the amount of the roll-over and the reason why roll-over was permitted, and the name of the prime contractor.

Response:

In response to your question regarding the break down of contracts, attached is a listing of award fee contracts for FY 2008 with the following information by DHS component:

(i) Contract Number
(ii) Contractor
(iii) Award Fees Paid in FY 2008
(iv) Description of Product Or Services Provided
(v) Contract Value
(vi) Effective Date of the Contract

In response to your question regarding rollover, eight of the 45 contracts provided for rollover at some point during the contract. Attachment 2 provides the details for each of these contracts, including the following information:

(i) Contract number;
(ii) Date rollover was approved;
(iii) Approving official;
(iv) Award fee determination official;
(v) Amount of rollover approved;
(vi) Amount of rollover ultimately paid to the contractor;
(vii) Reason rollover was permitted; and
(viii) The name of the contractor.

Question:

Of the contracts that are identified in question number (3), which programs have been identified by the Office of Management and Budget (OMB), the Department of Homeland Security, the Inspector General, or any other entity as experiencing cost, schedule, performance or any other management issues?

Response:

For FY 2008, DHS paid no bonuses and award fees to contractors whose programs or projects reported cost overruns or exceeded their budget. In addition, for FY 2008, DHS paid no bonuses and award fees to contractors whose programs or projects did not meet

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the basic requirements of the contract (cost, schedule, and performance). Furthermore, for FY 2008, DHS paid no award fees to contractors judged to have below satisfactory performance during the evaluation period.

If additional information or assistance is needed, please contact Mr. David J. Capitano, Office of the Chief Procurement Officer, at 202-447-5417 or david.capitano@dhs.gov.

Question#:	2
Topic:	contract policy
Hearing:	Eliminating Wasteful Contractor Bonuses
Primary:	The Honorable Thomas R. Carper
Committee:	HOMELAND SECURITY (SENATE)

Question: Does current DHS policy and guidance follow all established OMB policy and guidance related to the use and oversight of award fee contracts? If not, why not, and when will this be corrected?

Response: Consistent with OMB's December 2007 OMB Memorandum, DHS policy requires:

- Discussion of contract type (including award fee contracts) in the acquisition plan;
- A cost/benefit analysis to support the use of other than fixed-price contracts (including award fee contracts);
- The award fee plan include standards for evaluating performance which link contractor performance to acquisition outcomes (cost, schedule, and performance);
- No award fee may be earned for contractor's performance that is less than satisfactory;
- And that the use of rollover of unearned fee from one period to the next requires advance approval by the Chief Procurement Officer.

DHS has not issued policy per the OMB Memorandum that clearly defines a consistent set of standards for each rating category and associated percentage that the contractor should be paid for each. DHS has determined that instead of issuing DHS-unique policy, it will rely on government-wide policy included in a pending Federal Acquisition Regulation (FAR) interim rule (FAR Case No. 2008-008, Award Fee Language Revision). The interim rule includes rating standards/criteria and associated percentage of fee that the contractor should earn. The interim rule has received the necessary clearances from OMB and is now awaiting signature at the FAR Secretariat. It is expected to be published in the Federal Register shortly.

Question:

What mechanism does DHS have in place to measure whether the use of award fees is more effective than other contract vehicles?

Response: Measurement of the effectiveness of award fees can only effectively be done on a contract by contract basis. As such, DHS primarily relies upon the Contracting Officer and their management to (a) assure that award fee contracts are used only in those

Question#:	2
Topic:	contract policy
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circumstances where the FAR states such contracts are appropriate, and (b) that when such contracts are used, contractors are properly incentivized when award fee contracts are used. Under a properly structured award fee contract, a contractor that performs significantly above satisfactory may earn at least the same or perhaps more fee than it would have earned if the contract had only used a fixed fee structure. Conversely, a contractor that performs below satisfactory will earn only the base fee, which will be significantly less than what the contractor would have earned if the contract had a fixed fee structure. The award fee is a positive and negative incentive, whereby the contractor may earn slightly more or substantially less than what a fixed fee contract would have paid if the procurement had lent itself to that type of business strategy. As noted in our response to Question 3, the Office of the Chief Procurement Officer (OCPO) will be conducting a special review of award fee contracts during fiscal year (FY) 2010. That review will include an evaluation of each contract selected to determine if the award fee plan did provide an effective incentive and disincentive for contractor performance.

Question:

How does DHS ensure that all agency components follow established OMB and DHS policy and guidance?

Response: DHS performs tri-annual component procurement management reviews to determine compliance with FAR requirements. To date, none of these reviews have specifically focused on award fee contracts. However, the Procurement Oversight Branch of the OCPO will conduct a special review of award fees covering all DHS components during FY2010 to assure that DHS components are complying with the new FAR rule (that is to be issued soon) and any related DHS policy and guidance necessary to supplement that FAR rule. In addition, as noted in our response to Question 2, the review will also focus on determining whether or not the award fee plan provided an effective incentive and disincentive for contractor performance.

Question:

How does DHS collaborate on best practices and lessons learned with other appropriate agencies that commonly use award fee type contracts? Is this effective? If not, what more needs to be done?

Response: OFPP established the Incentive Contracting Working Group (ICWG) to assist in communication and awareness efforts related to effective use of Award Fee contracting. The DHS Office of the OCPO has a member on the ICWG. The ICWG serves as an interagency advisory group to OFPP that promotes increased awareness of

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incentive contracting best practices and fosters consistent implementation of applicable regulations, policies, processes and procedures Government-wide. One of the primary functions of the ICWG is to collect and distribute government-wide best practices; lessons learned templates and examples related to incentive and award fee contracting. These lessons learned and other information are to be collected by the ICWG from the participating departments and made available for use by all contracting professionals throughout the Government. It is expected that these collected best practices and lessons learned will be made available to agencies on line.

Additionally, DHS OCPO provides a member to the FAR Council Finance Team, the team responsible for preparing recommendations for amendments to the FAR for evaluation by the Defense Acquisition Regulations Council and the Civilian Agency Acquisition Council. The Finance Team was the primary author of the pending FAR amendment on Award Fee contracting now at the FAR Secretariat. Promulgation of that pending FAR amendment is expected in the very near future. The Finance Team takes advantage of departmental and individual team members' experience to produce the best FAR policies that can be developed, considering best practices and lessons learned on effective use of award fee contracts. DHS plans to enhance its sharing of best practices in the future through (a) intra-agency posting of best practices to a common site, (b) participation on the OFPP interagency working group, and (c) identification and sharing of best practices identified in the oversight review to be performed.

Information on Rollover
Contracts with Award Fees Paid in FY 2008

Contract Number: HSBP1208J19363

1. **DHS Component:** CBP
2. **Date Rollover Approved:** November 20, 2008
3. **Name Of Approving Official:** SBI Executive Director Mark Borkowski
4. **Name Of Award Fee Determination Official:** SBI Executive Director Mark Borkowski
5. **Amount Of Rollover:** $500,000
6. **Amount Of Rollover Ultimately Paid To The Contractor:** None. The Contractor Will Be Evaluated In The Second Evaluation Period To Be Held In December 09.
7. **Reason Rollover Permitted:** To provide the contractor with the opportunity to earn $500,000 of the unearned period 1 award fee with a successful delivery of a fully qualified, production enhanced network operation center/security operation center.
8. **Name Of Prime Contractor:** Boeing, Inc.

Contract Number: HSSSCHQ04USV001

1. **DHS Component:** US Visit
2. **Dates Rollover Approved:** (a) November 4, 2004; (b) June 23, 2005; (c) December 7, 2005; (d) June 8, 2006
3. **Name Of Approving Official:** (a) James A. Williams; (b) Dana Schmitt; (c) Dana Schmitt; (d) Manual Rodriguez
4. **Name Of Award Fee Determination Official:** (a) James A. Williams; (b) Dana Schmitt; (c) Dana Schmitt; (d) Manual Rodriguez
5. **Amount Of Rollover:** (a) $81,900; (b) $223,998; (c) $279,367; (d) $153,545.
6. **Amount Of Rollover Ultimately Paid To The Contractor:** (a) $67,158; (b) $190,398; (c) $251,430; (d) $130,513.
7. **Reason Rollover Permitted:** The US-VISIT program has always been a high priority Homeland Security initiative. Unearned award fee was sometimes rolled over in order to incentivize the contractor to continue to improve performance.
8. **Name Of Prime Contractor:** Accenture LLP

Contract Number: HSSSCHQ04USV004

1. **DHS Component:** US Visit
2. **Date Rollover Approved:** (a) June 23, 2005; (b) December 7, 2005; (c) June 8, 2006; (d) March 7, 2008
3. **Name Of Approving Official**: (a) Dana Schmitt; (b) Dana Schmitt; (c) Joseph Wolfinger; (d) Manuel Rodriguez
4. **Name Of Award Fee Determination Official:** (a) Dana Schmitt; (b) Dana Schmitt; (c) Joseph Wolfinger; (d) Manuel Rodriguez
5. **Amount Of Rollover:** (a) $114, 238; (b) $131, 534; (c) $94,160; (d) $64,800

6. **Amount Of Rollover Ultimately Paid To The Contractor:** (a) $101,672; (b) $122,326; (c) 83,802; (d) $59,616.
7. **Reason Rollover Permitted:** The US-VISIT program has always been a high priority Homeland Security initiative. Unearned award fee was sometimes rolled over in order to incentivize the contractor to continue to improve performance.
8. **Name Of Prime Contractor:** Accenture LLP

Contract Number: HSSSCHQ04USV07

1. **DHS Component:** US Visit
2. **Date Rollover Approved:** (a) June 23, 2005; (b) December 7, 2005; (c) June 8, 2006; (d) March 7, 2008.
3. **Name Of Approving Official:** (a) Dana Schmitt; (b) Dana Schmitt; (c) Joseph Wolfinger; (d) Manuel Rodriguez.
4. **Name Of Award Fee Determination Official:** (a) Dana Schmitt; (b) Dana Schmitt; (c) Joseph Wolfinger; (d) Manuel Rodriguez.
5. **Amount Of Rollover:** (a) $152,857; (b) $143,973; (c) $134,618; (d) 84,628.
6. **Amount Of Rollover Ultimately Paid To The Contractor:** (a) 132,985; (b) $131,015; (c) $118,463; (d) $77,011.
7. **Reason Rollover Permitted:** The US-VISIT program has always been a high priority Homeland Security initiative. Unearned award fee was sometimes rolled over in order to incentivize the contractor to continue to improve performance.
8. **Name Of Prime Contractor:** Accenture LLP

Contract Number: HSHQVT-06-J-00003

1. **DHS Component:** US Visit
2. **Date Rollover Approved:** (a) June 12, 2007; (b) March 7, 2008.
3. **Name Of Approving Official:** (a) Joseph Wolfinger; (b) Manuel Rodriguez
4. **Name Of Award Fee Determination Official:** (a) Joseph Wolfinger; (b) Manuel Rodriguez
5. **Amount Of Rollover:** (a) $71,924; (b) $39,519.
6. **Amount Of Rollover Ultimately Paid To The Contractor:** (a) $66,889; (b) $35,567.
7. **Reason Rollover Permitted:** The US-VISIT program has always been a high priority Homeland Security initiative. Unearned award fee was sometimes rolled over in order to incentivize the contractor to continue to improve performance.
8. **Name Of Prime Contractor:** Accenture LLP

Contract Number: HSHQPA-04-F-00061

1. **DHS Component:** US Visit
2. **Date Rollover Approved:** (a) June 21, 2005; (b) November 21, 2005; (c) May 31, 2006; (d) November 13, 2006; (e) May 29, 2007; (f) November 7, 2007 (g) May 12, 2008; (h) December 4, 2008; (i) May 15, 2009.

3. **Name Of Approving Official:** (a) Kenneth Kreutter; (b) Lora Ries; (c) Lora Ries; (d) Tim Haugh; (e) Beverly Good; (f) Beverly Good; (g) Tim Haugh; (h) Matt Schneider, (i) Matt Schneider.
4. **Name Of Award Fee Determination Official:**
5. **Amount Of Rollover:** (a) \$3,000; (b) \$1,500; (c) \$4,545; (d) \$2,045; (e) \$4,041; (f) \$4,081; (g) \$2,041; (h) \$2,041; (i) \$2,020.
6. **Amount Of Rollover Ultimately Paid To The Contractor:** (a) \$2,970; (b) \$1,455; (c) \$4,500; (d) \$2,004; (e) \$3,960; (f) \$4,040; (g) \$2,020; (h) \$2,020; (i) To Be Determined
7. **Reason Rollover Permitted:** The US-VISIT program has always been a high priority Homeland Security initiative. Unearned award fee was sometimes rolled over in order to incentivize the contractor to continue to improve performance.
8. **Name Of Prime Contractor:** BAE Systems

Contract Number: HSHQDC-06-J-00342

1. **DHS Component:** DNDO
2. **Date Rollover Approved:** (a) June 4, 2008; (b) January 8, 2009; (c) April 14, 2009
3. **Name Of Approving Official:** (a) William K. Hagan; (b) William K. Hagan; (c) William K. Hagan
4. **Name Of Award Fee Determination Official:** (a) William K. Hagan; (b) William K. Hagan; (c) William K. Hagan
5. **Amount Of Rollover:** (a) \$56,912; (b) \$7,570; (c) \$11,139.
6. **Amount Of Rollover Ultimately Paid To The Contractor:** (a) \$54,066; (b) \$7,000; (c) TBD.
7. **Reason Rollover Permitted:** Significant accomplishments scheduled for Periods 3-5 were delayed due to activities outside of the control of the Contractor
8. **Name Of Prime Contractor:** Science Applications International Corporation

Contract Number	Total Award Fees Paid Contractor	Award Fees Paid During FY08	PSC Code	Description of Product or Services Provided	Dollars Obligated in FY08	Effective Date
FEMA						
HSFEHQ-04-D-0025	Michael Baker, Jr.	$11,739,979	C214	A&E Management Eng. Services	$67,712,474	3/11/2004
HSFEHQ-04-D-0733	Building Engineering Sciences and Technology Team (BESTT)	$43,281	C219	Other Architech & Eng. General	$5,293,085	9/28/2004
HSHQSL-05-C-00001	Advanced Federal Services Corporation	$56,144	S216	FACILITIES OPERATIONS SUPPORT SVCS	$2,614,771	8/28/2008
HS0JP-2004-C-0008	EAI Corp.	$1,874,672	U099	Other Ed & Trng Svcs	$27,590,265	5/1/2004
HSHQSL-05-C-00001	A.F.S.C.	$182,697	S216	FACILITIES OPERATIONS SUPPORT SVCS	$56,144	8/18/2005
HSHQDA-05-C-0002	E.G.&G Defense Materials	$127,761	R408	Prog Mang. Support Services	$4,175,000	3/1/2005
HSHSQDA-05-C-0003	STEM	$88,590	R408	Prog Mang. Support Services	$725,000	2/4/2008
FEMA Total		***$14,113,123***			***$108,166,739***	
USSS						
HSHQDC-06-D-00028/HSSS01-08-J-(	BAE Systems	***$22,810***	R799	Other Management Support Services	***$292,390***	6/26/2008
CBP						
TC2001025	IBM Global Services	$915,000	D399	Other ADP and Telecommunications Svcs	$490,685,191	4/15/2002
HSBP1004C00193	Chenega Tech. Serv. Corp.	$3,540,039	J508	Maint-Rep of Communication EQ	$176,412,771	1/8/2004
HSBP1004F02171	Sytel Corp.	$171,527	D302	ADP Systems Dev Svcs	$6,132,591	11/15/2006
HSBP1005C00689	Global Maritek Systems	$386,074	J019	Maint-rep of ships sml craft-docks	$1,848,846	10/1/2004
HSBP1005C00770	L-3 Communications	$696,088	1720	Aircraft Launching Equipment	$126,084,768	9/10/2003
HSBP1208J19363	Boeing Inc. (C3I COP)	$1,382,959	D302	ADP Systems Dev Svcs	$66,629,778	12/7/2007
CBP Total		***$7,091,687***			***$867,793,946***	
OPO						
HSSCHQ04D00096/HSSCHQ04D00 09604USV001	ACCENTURE LLP	$1,799,923	R425	Engineering and Technical Services	$14,610,367	7/7/2004
HSSCHQ04D00096/HSSCHQ04D00 09604USV004	ACCENTURE LLP	$1,061,359	R425	Engineering and Technical Services	$8,177,100	9/10/2004
HSSCHQ04D00096/HSSCHQ04D00 09604USV07	ACCENTURE LLP	$1,097,604	R425	Engineering and Technical Services	$71,514,337	9/30/2004
HSHQVT-06-J-00003	ACCENTURE LLP	$1,323,468	R425	Engineering and Technical Services	$13,049,180	8/18/2006
HSHQDC-07-J-00348	ADVANCED MEASUREMENT TECHNOLOGY, INC	$174,501	5860	Stimulated Coherent Radiation Dev	$1,614,069	10/24/2006
HSHQPA-04-F-00061	BAE SYSTEMS	$402,000	D301	ADP Facility Management	$9,692,508	8/30/2004
HSHQDC-06-C-00067	CANBERRA Industries, Inc.	$109,261	J058	Maint-Rep of Communication EQ	$9,719,167	7/12/2006
HSHQDC-06-C-00066	Raytheon Company	$508,659	J058	Maint-Rep of Communication EQ	$11,146,595	7/12/2006
HSHQDC-06-J-00342	SCIENCE APPLICATIONS INTERNATIONAL CORPORATION	$466,478	AR74	R&D -Commercial Programs-Eng Dev	$3,200,000	9/16/2006
HQHDC07D00017/HSHQDC-07-J-00347	TARGET INSTRUMENTS, INC.	$73,551	5860	Stimulated Coherent Radiation Dev	$0 (Note 1)	10/24/2006
HSHQDC-06-C-00065	Thermo Eberline LLC	$342,028	J058	Maint-Rep of Communication EQ	$11,044,338	7/12/2006
OPO Total		***$7,358,832***			***$153,767,661***	
USCIS						
HSSCCG-06-F-00419	JHM Research & Development	$1,099,684	R699	Other Administrative Support Services	$242,389	4/17/2006
HSSCCG-05-F-0270	SYTEL INC.	$413,994	D399	Other ADP & Telecommunications Svcs	$4,292,165	10/14/2004
HSSCCG-06-F-00059	SYTEL, INC	$302,380	D302	ADP Systems Development Services	$3,624,982	11/3/2005
USCIS Total		***$1,816,058***			***$8,159,536***	
USCG						
HSCGG3-05-F-TWV436	QSS Group, Inc.	***$1,937,898***	D304	ADP SVCS/TELECOMM & Transmission	***$61,115,061***	6/1/2005
FLETC						
HSFLGL-06-C-00011	Science Applications International Corporation (SAIC)	***$83,944***	D399	Other ADP & Telecommunications Svcs	***$3,082,829***	6/1/2006

Contract Number	Contractor	Award Fees Paid During FY08	PSC Code	Description of Product or Services Provided	Dollars Obligated In FY08	Effective Date
	Total Award Fees Paid					
TSA						
HSTS0206JTTC018	INFOZEN INC	$408,586	D316	Telecommunication Network Mgmt Svcs	$11,842,476	3/28/2006
HSTS0207JTTC337	INFOZEN INC	$319,068	D316	Telecommunication Network Mgmt Svcs	$1,040,000	1/29/2007
HSTS0304COMB002	SYSTEMS INTEGRATION INC	$218,155	R408	Program Management/Support Services	$6,422,381	4/15/2004
HSTS0207JTTC360	Lockheed Martin Corporation	$398,738	R408	Program Management/Support Services	$8,940,961	1/29/2007
HSTS0306CCAO092	CACI TECHNOLOGIES INC	$61,485	R499	Other Professional Services	$4,438,641	10/2/2006
00020200212DDTSA2003C00717	COOPERATIVE PERSONNEL SERVICES	$984,625	R699	Other Administrative Support Svcs	$53,752,024	12/15/2002
HSTS0207JTTC046	INFOZEN INC	$82,365	D316	Telecommunication Network Mgmt Svcs	$530,123	5/4/2007
HSTS0507CSPP013	RAYTHEON TECHNICAL SERVICES COMPANY LLC	$174,529	S206	Guard Services	$3,327,781	5/24/2007
HSTS0507CSPP023	TRINITY TECHNOLOGY GROUP INCORPORATED	$46,617	S206	Guard Services	$1,219,262	6/21/2007
HSTS0508CSPP009	FIRSTLINE TRANSPORTATION SECURITY	$48,274	S206	Guard Services	$1,033,066	10/23/2007
HSTS0105CAOP084	MCNEIL SECURITY INCORPORAT	$341,405	M125	Operation of Airport Terminals	$0 (Note 1)	11/18/2004
00020200210DDTSA2003C00562	JACKSON HOLE AIRPORT BOARD	$220,688	D310	ADP Backup and Security Services	$0 (Note 1)	11/18/2003
00020200210DDTSA2003C00560	COVENANT AVIATION SECURITY, LL	$3,899,072	D310	ADP Backup and Security Services	$0 (Note 1)	11/25/2003
HSHQDC06D00026/HSTS0707J0002	SCIENCE APPLICATIONS INTERNATIONAL CORPORATION	$114,389	R425	Engineering and Technical Services	$600,000	6/29/2007
HSHQDC06D00026/HSTS0707JISD0	SCIENCE APPLICATIONS INTERNATIONAL CORPORATION	$14,249	D313	Computer Aided Desgn/Mfg Svcs	$0 (Note 1)	6/29/2007
TSA Total		$7,332,246			$93,146,715	
DHS Total		$39,756,597			$1,295,524,876	

Note 1: There were no dollars obligated for these contracts in FY08. The award fees paid in FY08 were related to dollars obligated in a prior fiscal year.

Questions and Answers for the Record
Submitted to Edward R. Simpson

Your agency worked with the Government Accountability Office to get a better understanding of how award fees are being used and whether they were appropriately awarded. However, GAO only used a sample set of contracts from your agency and was unable to determine if the award fees were effective in motivating excellent performance from the contractor. As the saying goes, "you can't manage what you can't measure." I believe that this may be the case with award fees. I request that your agency provide my Subcommittee with the information requested below on how prevalent award fees are in your agency and identify any problems that contracts may have experienced in the past. Further, I wanted to solicit your opinion on ways agencies can establish policies and procedures to more easily manage these contracts.

Analysis of Department of Energy Award Fee Contracts

Q1. What is the total dollar value and number of contracts awarded by the Department of Energy?

A1. As of 8/31/2009, the Department of Energy had 504 active contracts. Their total award value is $253,984,295,853.

Q2. Of the contracts identified in question number (1) what is the total dollar value and number of contracts that incorporate award fees?

A2. Of the contracts identified in question number (1), the total award value and number of contracts that incorporate award fees are $137,845,816,633 and 62, respectively.

Q3. Of the contracts identified in question number (2) please break down the contracts by contract tracking number, program description, original estimated cost of program and associated date, any replanned or rebaselined estimated cost of program and associated dates, amount that has been spent to date, amount of potential award fees, amount of awarded award fees, whether roll-over of award fees has been permitted at any time during the contract, (if applicable) the date roll-over was approved and the name of the approving official, (if applicable) the amount of the roll-over and the reason why roll-over was permitted, and the name of the prime contractor.

A3. For the contracts identified in question number (2), Attachment 1 provides a contract tracking number, description of work, total award value, contract award date, total obligations to date, and other information. The data comes from the Department's automated Procurement and Assistance Data System. Unfortunately, the system does not include the other data you have requested. We will collect the remaining data requested manually and provide it by the end of December. We had one instance in FY 2008 in which a contract that incorporates award fees experienced a cost overrun. The contractor was paid $1,600,042 out of an award fee pool of $5,900,318. Additionally, DOE descoped the contract, resulting in a $5,509,886 reduction in future available award fee.

Q4. Of the contracts that are identified in question number (3), which programs have been identified by the Office of Management and Budget (OMB), the Department of Energy, the Inspector General, or any other entity as experiencing cost, schedule, performance or any other management issues?

A4. There have been no recent reports concerning management issues which are directly related to the use of award fee in contracts. We base this statement on our review of all 141 Department of Energy Inspector General reports and 167 GAO reports of the last three years. We will manually collect data on the programs/projects supported by the contracts that are identified in question number (3) that are experiencing cost, schedule, performance or any other management issues and provide it by the end of December.

Analysis of Department of Energy Award Fee Contract Policy

Q1. Does current Department of Energy policy and guidance follow all established OMB policy and guidance related to the use and oversight of award fee contracts? If not, why not, and when will this be corrected?

A1. As GAO pointed out in its recent report, current Department of Energy policy and guidance does not strictly follow all established OMB policy and guidance related to the use and oversight of award fee contracts. In its report, GAO noted two particularly positive aspects of DOE's administration of cost-plus-award-fee contracts. Specifically, GAO concluded that, for two of the four fundamental practices recommended in the OMB guidance—linking award fees to acquisition outcomes and limiting the use of rollover—DOE's supplemental guidance is in accordance with OMB's guidance. GAO also noted that DOE should strengthen its policy for the other two practices OMB recommended—emphasizing excellent performance and prohibiting payments for unsatisfactory performance. DOE will address GAO's concerns immediately. Shortly, we will issue policy that more strongly emphasizes contractor performance results and prohibits payments for unsatisfactory performance in language that is unambiguous and consistent with OMB's guidance and recently published rules in the Federal Acquisition Regulation October 14th.

Q2. What mechanism does Department of Energy have in place to measure whether the use of award fees is more effective than other contract vehicles?

A2. The Department of Energy does not have a mechanism in place to measure whether the use of award fees is more effective than other contract vehicles. We are a participant in the interagency working group recommended by GAO that will investigate how best to address this issue.

Q3. How does Department of Energy ensure that all agency components follow established OMB and Department of Energy policy and guidance?

A3. The Department of Energy ensures that all agency components follow established OMB and Department of Energy policy and guidance in several ways. First, we maintain a robust procurement policy system, which includes online products such as our Federal Acquisition Regulation Supplement, Acquisition Letters, Acquisition Guides, and Policy Flashes, that keeps our procurement professionals up to date on policy and guidance. Second, we review our contracting activities' adherence to established policy and guidance through our Procurement Management Review program, which entails sending teams of experts to the Department's contracting activities to perform intensive two-week evaluations of the activities' performance. Third, all major contracting actions are subject to a formal Business Clearance process, which results in a significant and detailed headquarters review of numerous contract actions. Fourth, at every contracting activity, the Head of the Contracting Activity and the Procurement Director are responsible for ensuring the efficacy and integrity of activity's procurement system. These two officials at each activity must maintain effective policy and internal oversight systems and use a formal process to provide for internal independent reviews of procurement actions. Lastly, as a complement to our Procurement Management Review program, every contracting activity must perform a self-assessment, which includes evaluation of its adherence to established policy and guidance.

Q4. How does Department of Energy collaborate on best practices and lessons learned with other appropriate agencies that commonly use award fee type contracts? Is this effective? If not, what more needs to be done?

A4. We are a participant in the interagency working group recommended by GAO that will investigate how best to address this issue. More broadly, the Department has a robust knowledge management system that includes a process of constantly scanning procurement literature and Government reports, including Inspector General and GAO reports on other agencies, to identify issues and initiatives of interest to the Department and to include them in our considerations of our policies and practices. Additionally, the Department participates fully in the Civilian Agency Acquisition Council, in the supporting teams of the FAR Council, and on other inter-governmental teams.

TYPE OF AWARD: R - COST PLUS AWARD FEE

AWARD BIN AWARDEE NAME DIVISION CITY STATE CONG DIST SUPP/SERV CFDA	AWARD DATE COMPL DATE ULT COMP DT RETIRE DATE	MASTER BIN TYPE OF BUSINESS TYPE OF AWARD PRODUCT/SERVICE TECHNICAL REPRESENTATIVE	ULT AWARD VALUE TOT AWARD VALUE GOVERNMENT SHARE AWARDEE SHARE TOT OBS TO DATE PRIOR FY OBLIGS CURRENT FY OBLIGS	DESCRIPTION OF WORK
AC06-04RL14383 ADVANCEMED CORPORATION GOVERNMENT HEALTH SERVICES, NP RICHLAND, WA 04 NO	 01/06/2004 09/30/2013 09/30/2013	 LARGE BUSINESS COST PLUS AWARD FEE GENERAL HEALTH CARE SERVICES ROGER PRESENTIN	$141,634,494 $81,118,477 $81,118,477 $0 $76,936,928 $15,438,006 $14,376,172	OCCUPATIONAL MEDICAL SERVICES FOR DOE'S HANFORD SITE
AC36-08GO28308 ALLIANCE FOR SUSTAINABLE ENERG GOLDEN, CO 07 NO	 07/29/2008 09/30/2013 09/30/2018	 LARGE BUSINESS COST PLUS AWARD FEE OPER OF GOVT R&D GOCO FACILITIES	$2,200,000,000 $1,100,000,000 $1,100,000,000 $0 $797,211,663 $1,500,044 $795,711,619	AWARD OF CONTRACT TO MANAGE AN D OPERATE THE NATIONAL RENEWAB LE ENERGY LABORATORY
AC96-08PO92954 ASRC GULF STATES CONSTRUCTORS HARAHAN, LA 01 NO	 08/19/2008 08/31/2011 08/31/2013	 SMALL BUSINESS COST PLUS AWARD FEE MGT SVCS/CONTRACT & PROCUREMENT SUP	$114,494,708 $77,863,441 $77,863,441 $0 $25,631,721 $18,575,721 $7,056,000	CONSTRUCTION MANAGEMENT SERVIC ES
AC54-00AL66620 BABCOCK & WILCOX TECHNICAL SER AMARILLO, TX 13 NO	 07/28/2000 09/30/2010 09/30/2010	 LARGE BUSINESS COST PLUS AWARD FEE OPERATION OF PRODUCTION BUILDINGS	$4,124,264,868 $4,124,264,868 $4,124,264,868 $0 $4,124,264,868 $548,787,297 $489,547,915	MANAGEMENT AND OPERATION OF TH E PANTEX PLANT

TYPE OF AWARD: R - COST PLUS AWARD FEE

AWARD BIN AWARDEE NAME DIVISION CITY STATE CONG DIST SUPP/SERV CFDA	AWARD DATE COMPL DATE ULT COMP DT RETIRE DATE	MASTER BIN TYPE OF BUSINESS TYPE OF AWARD PRODUCT/SERVICE TECHNICAL REPRESENTATIVE	ULT AWARD VALUE TOT AWARD VALUE GOVERNMENT SHARE AWARDEE SHARE TOT OBS TO DATE PRIOR FY OBLIGS CURRENT FY OBLIGS	DESCRIPTION OF WORK
AC04-92AL73000 BAE SYSTEMS INFORMATION AND EL BAE SYSTEMS INFORMATION AND EL LARGO, FL 10 NO	 04/20/1992 09/30/2050 09/30/2050	 LARGE BUSINESS COST PLUS AWARD FEE OPERATION OF PRODUCTION BUILDINGS	$1,285,947,998 $1,285,947,998 $1,285,947,998 $0 $541,379,695 $0 $41,587	MANAGEMENT AND OPERATION OF PI NELLAS PLANT
AC07-05ID14517 BATTELLE ENERGY ALLIANCE, LLC IDAHO FALLS, ID 02 NO	 11/09/2004 09/30/2014 09/30/2014	 NON PROFIT ORGANIZATION COST PLUS AWARD FEE OPER OF GOVT R&D GOCO FACILITIES FURSTENAU, RAYMOND	$12,750,000,000 $8,500,000,000 $8,500,000,000 $0 $3,889,325,411 $740,655,029 $775,763,877	MANAGEMENT AND OPERATIONS OF T HE INL
AC05-76RL01830 BATTELLE MEMORIAL INSTITUTE PACIFIC NORTHWEST NATIONAL LAB RICHLAND, WA 04 NO	 12/30/2002 09/30/2012 09/30/2012	 NON PROFIT ORGANIZATION COST PLUS AWARD FEE ENVIRONMENTAL SCIENCES (BASIC)	$15,146,942,979 $15,146,942,979 $15,146,942,979 $0 $11,757,582,676 $935,089,382 $881,175,826	BATTELLE MEMORIAL INSTITUTE/PA CIFIC NORTHWEST LABORATORY OPERATING AND MANAG ING CONTRACT
AC99-76Z01830 BATTELLE MEMORIAL INSTITUTE PACIFIC NORTHWEST NATIONAL LAB RICHLAND, WA NO	 12/30/2002 12/31/2008 09/30/2009	 NON PROFIT ORGANIZATION COST PLUS AWARD FEE ENVIRONMENTAL SCIENCES (BASIC)	$11,037,714,409 $11,037,714,409 $11,037,714,409 $0 $11,036,441,331 $935,089,382 $161,307,559	BATTELLE MEMORIAL INSTITUTE/PA CIFIC NORTHWEST LABORATORY OPERATING AND MANAG ING CONTRACT

TYPE OF AWARD: R - COST PLUS AWARD FEE

AWARD BIN AWARDEE NAME DIVISION CITY STATE CONG DIST SUPP/SERV CFDA	AWARD DATE COMPL DATE ULT COMP DT RETIRE DATE	MASTER BIN TYPE OF BUSINESS TYPE OF AWARD PRODUCT/SERVICE TECHNICAL REPRESENTATIVE	ULT AWARD VALUE TOT AWARD VALUE GOVERNMENT SHARE AWARDEE SHARE TOT OBS TO DATE PRIOR FY OBLIGS CURRENT FY OBLIGS	DESCRIPTION OF WORK
AC07-99ID13727 BECHTEL BWXT IDAHO, LLC IDAHO FALLS, ID 02 NO	 06/15/1999 09/30/2009 09/30/2009	 LARGE BUSINESS COST PLUS AWARD FEE OPER OF GOVT R&D GOCO FACILITIES PROVENCHER, RICHARD	$4,250,988,060 $4,250,988,060 $4,250,988,060 $0 $4,250,988,060 $116,257,131 $137,778,423	ADVANCED MIXED TREATMENT PROJE CT
AC05-03OR22980 BECHTEL JACOBS CO LLC OAK RIDGE, TN 03 NO	 05/01/2003 04/23/2006 09/30/3008	 LARGE BUSINESS COST PLUS AWARD FEE HARZ REMV/CLEAN-UP/DISP/OP MURPHIE, WILLIAM	$562,819,160 $562,819,160 $562,819,160 $0 $562,819,160 $0 $0	MANAGEMENT AND INTEGRATION (M& I) OF EM WORK AT PADUCAH AND P ORTSMOUTH
AC05-07OR23310 BECHTEL JACOBS COMPANY LLC OAK RIDGE, TN 03 NO	 09/10/2007 09/09/2017 09/09/2017	 LARGE BUSINESS COST PLUS AWARD FEE OTHER PROFESSIONAL SERVICES BRYANT, W.	$22,585,090 $22,585,090 $22,585,090 $0 $22,585,090 $1,630,128- $436,345-	PAD/PORTS EM CLEANUP CONTRACT CLOSEOUT ACTIVITIES (FOLLOW-ON TO OR22980)
AC26-09FE0004001 BOOZ ALLEN HAMILTON INC. MORGANTOWN, WV 01 NO	 08/13/2009 11/14/2014 11/14/2014	 LARGE BUSINESS COST PLUS AWARD FEE ENGINEERING AND TECHNICAL SERVICES	$98,000,000 $98,000,000 $98,000,000 $0 $2,970,000 $0 $2,970,000	ESPA SITE SUPPORT CONTRACT

TYPE OF AWARD: R - COST PLUS AWARD FEE

AWARD BIN AWARDEE NAME DIVISION CITY STATE CONG DIST SUPP/SERV CFDA	AWARD DATE COMPL DATE ULT COMP DT RETIRE DATE	MASTER BIN TYPE OF BUSINESS TYPE OF AWARD PRODUCT/SERVICE TECHNICAL REPRESENTATIVE	ULT AWARD VALUE TOT AWARD VALUE GOVERNMENT SHARE AWARDEE SHARE TOT OBS TO DATE PRIOR FY OBLIGS CURRENT FY OBLIGS	DESCRIPTION OF WORK
AC01-09HS0000008 CHENEGA GLOBAL SERVICES, LLC ALBUQUERQUE, NM 01 NO	 12/24/2008 12/31/2009 12/31/2010	 SMALL BUSINESS COST PLUS AWARD FEE TRAINING/CURRICULUM DEVELOPMENT	$14,259,369 $14,259,369 $14,259,369 $0 $14,259,369 $0 $14,259,369	PROFESSIONAL AND MANAGEMENT DE VELOPMENT TRAINING AND SUPPORT TO THE NATIONAL TRAINING CENT ER IN ALBUQURQUE, NEW MEXICO
AC06-08RL14788 CH2M HILL PLATEAU REMEDIATION HANFORD WORKS, WA 04 NO	 06/19/2008 09/30/2013 09/30/2018	 LARGE BUSINESS COST PLUS AWARD FEE MAINT-REP-ALT/WASTE TRMT-STORE FAC	$4,515,556,411 $2,477,260,084 $2,477,260,084 $0 $1,595,675,056 $14,280,346 $1,581,394,710	PLATEAU REMEDIATION CONTRACT - CONTINUE ENVIRONMENTAL REMEDI ATION OF SELECT PORTIONS OF TH E HANFORD SITE.
AC02-06CH11377 CNI INFORMATION TECHNOLOGY, LL , IL 13 NO	 08/01/2006 07/31/2011 07/31/2011	 SMALL BUSINESS COST PLUS AWARD FEE SERVICES (OPERATIONAL)	$17,689,039 $14,130,931 $14,130,931 $0 $10,924,563 $2,458,196 $1,466,268	PROVIDE INFORMATION TECHNOLOGY SERVICES TO DOE-CH
AC01-05SO20222 COVENANT SECURITY SERVICES, LT HINSDALE, IL 13 NO	 07/29/2005 10/31/2009 10/31/2009	 LARGE BUSINESS COST PLUS AWARD FEE GUARD SERVICES PATTON, STEVE	$102,783,859 $102,783,859 $102,783,859 $0 $97,355,733 $22,453,402 $25,589,930	PERSONNEL, FACILITIES, EQUIPME NT, MATERIALS, AND SERVICES NE CESSARY TO OPERATE, MANAGE, T RAIN AND MAINTAIN AN ARMED AND UNARMED, UNIFORMED SECURITY F ORCE TO INCLUDE BADGING PERSON NEL; ADMINISTRATIVE SUPPORT PE

R-0420100-001
PRODUCTION DATABASE

U. S. DEPARTMENT OF ENERGY
PROCUREMENT AND ASSISTANCE DATA SYSTEM (PADS)
ACTIVE CONTRACTS ON 8/31/2009
AWARD FEE CONTRACTS ONLY

09/01/2009
5

TYPE OF AWARD: R - COST PLUS AWARD FEE

AWARD BIN AWARDEE NAME DIVISION CITY STATE CONG DIST SUPP/SERV CFDA	 AWARD DATE COMPL DATE ULT COMP DT RETIRE DATE	MASTER BIN TYPE OF BUSINESS TYPE OF AWARD PRODUCT/SERVICE TECHNICAL REPRESENTATIVE	ULT AWARD VALUE TOT AWARD VALUE GOVERNMENT SHARE AWARDEE SHARE TOT OBS TO DATE PRIOR FY OBLIGS CURRENT FY OBLIGS	DESCRIPTION OF WORK
AC96-06P092716 DELTHA-CRITIQUE JOINT VENTURE NEW ORLEANS, LA 01 YES	 08/11/2006 10/31/2009 10/31/2009	 SMALL BUSINESS COST PLUS AWARD FEE PROGRAM MANAGEMENT/SUPPORT SERVICES	$15,455,018 $9,290,538 $9,290,538 $0 $9,221,354 $2,797,880 $3,547,883	THE TECHNICAL AND MANAGEMENT S UPPORT SERVICES CONTRACTOR PRO VIDES FINANCIAL AND MANAGEMENT ANALYSIS; BUDGET FORMULATION AND EXECUTION SUPPORT; PROJECT REPORTS, COST AND SCHEDULE CO NTROLS; INTEGRATION OF APPRAIS
AC96-03P092207 DYNMCDERMOTT PETROLEUM OPERATI NEW ORLEANS, LA 01 NO	 01/28/2003 03/31/2013 03/31/2013	 LARGE BUSINESS COST PLUS AWARD FEE OTHER MANAGEMENT SUPPORT SERVICES	$1,198,997,156 $1,198,997,156 $1,198,997,156 $0 $820,919,720 $104,530,353 $128,286,000	MANAGENMENT AND OPERATIONS
AC26-05NT41818 EAGLE FACILITY MANAGEMENT SERV MORGANTOWN, WV 01 YES	 11/10/2004 11/30/2009 11/30/2009	 SMALL BUSINESS COST PLUS AWARD FEE MAINT-REP-ALT/R&D GOGO FACILITIES STRAIGHT, JANET L.	$46,500,000 $46,500,000 $46,500,000 $0 $42,246,893 $8,720,895 $8,803,500	SITE OPERATIONS SERVICES (SOS)
AC01-08HS07002 EXCALIBUR ASSOCIATES, INC. , CO 02 YES	 02/01/2008 01/31/2013 01/31/2013	 SMALL BUSINESS COST PLUS AWARD FEE TECHNICAL ASSISTANCE WELLS, JOHN	$54,262,770 $20,997,603 $20,997,603 $0 $18,220,952 $7,065,329 $11,155,623	PROVIDE SPECIALIZED TECHNICAL, ANALYTICAL AND ADMINISTRATIVE SUPPORT SERVICES IN THE AREAS OF CLASSIFICATION AND DECLASS IFICATION POLICY GUIDANCE DEVE LOPMENT, TRAINING AND TECHNICA L CLASSIFIED DOCUMENT RECIEW A

TYPE OF AWARD: R - COST PLUS AWARD FEE

AWARD BIN AWARDEE NAME DIVISION CITY STATE CONG DIST SUPP/SERV CFDA	AWARD DATE COMPL DATE ULT COMP DT RETIRE DATE	MASTER BIN TYPE OF BUSINESS TYPE OF AWARD PRODUCT/SERVICE TECHNICAL REPRESENTATIVE	ULT AWARD VALUE TOT AWARD VALUE GOVERNMENT SHARE AWARDEE SHARE TOT OBS TO DATE PRIOR FY OBLIGS CURRENT FY OBLIGS	DESCRIPTION OF WORK
AC02-05CH11278 H.A. KING & ASSOCIATES, INC. . , IL 13 YES	 06/30/2005 06/30/2009 06/30/2010	 SMALL BUSINESS COST PLUS AWARD FEE DATA COLLECTION SERVICES	$1,698,261 $1,698,261 $1,698,261 $0 $1,614,211 $866,768 $0	CONTRACT CLOSEOUT SUPPORT SEVI CES
AC33-01AL66850 HONEYWELL INTERNATIONAL INC. HONEYWELL FEDERAL MANUFACTURIN KANSAS CITY, MO 05 NO	 10/19/2000 12/31/2010 12/31/2010	 LARGE BUSINESS COST PLUS AWARD FEE OPERATION OF PRODUCTION BUILDINGS	$4,467,641,934 $4,467,641,934 $4,467,641,934 $0 $4,467,641,934 $508,849,173 $561,073,525	MANAGEMENT AND OPERATION OF KA NSAS CITY PLANT
AC01-06IN30113 INSCOPE SOLUTIONS, INC. , VA 08 YES	 09/29/2006 09/28/2011 09/28/2011	 SMALL BUSINESS COST PLUS AWARD FEE ADP SYSTEMS DEVELOPMENT SERVICES BROWN, CARRIE	$2,390,723 $2,390,723 $2,390,723 $0 $1,974,427 $450,000 $789,427	TECHNICAL AND MANAGEMENT SUPPO RT SERVICES
AC02-07CH11358 IOWA STATE UNIVERSITY AMES, IA 04 NO	 12/04/2006 12/31/2011 12/31/2011	 EDUCATIONAL INSTITUTION COST PLUS AWARD FEE OPER OF GOVT R&D GOCO FACILITIES	$103,400,871 $103,400,871 $103,400,871 $0 $101,861,095 $32,738,382 $35,024,236	MULTI-PROGRAM NATIONAL PHYSICA L RESEARCH INCLUDING RARE EART HS AND USE OF AMES MPC.

TYPE OF AWARD: R - COST PLUS AWARD FEE

AWARD BIN AWARDEE NAME DIVISION CITY STATE CONG DIST SUPP/SERV CFDA	AWARD DATE COMPL DATE ULT COMP DT RETIRE DATE	MASTER BIN TYPE OF BUSINESS TYPE OF AWARD PRODUCT/SERVICE TECHNICAL REPRESENTATIVE	ULT AWARD VALUE TOT AWARD VALUE GOVERNMENT SHARE AWARDEE SHARE TOT OBS TO DATE PRIOR FY OBLIGS CURRENT FY OBLIGS	DESCRIPTION OF WORK
AC05-06OR23177 JEFFERSON SCIENCE ASSOCIATES, HIDENWOOD, VA 01 NO	 04/14/2006 05/31/2011 05/31/2011	 LARGE BUSINESS COST PLUS AWARD FEE OPER OF GOVT R&D GOCO FACILITIES MALLETTE, SCOTT/ May, J.	$2,000,000,000 $500,000,000 $500,000,000 $0 $494,867,585 $107,246,432 $222,468,653	MANAGEMENT AND OPERATION OF TH E THOMAS JEFFERSON NATIONAL AC CELERATOR FACILITY.
AC06-09RL15036 JOINT TECHNICAL SERVICES, LLC , WA 04 YES	 12/23/2008 12/31/2013 12/31/2013	 SMALL BUSINESS COST PLUS AWARD FEE PROGRAM MANAGEMENT/SUPPORT SERVICES	$3,287,146 $600,268 $600,268 $0 $600,268 $0 $600,268	PERSONNEL SECURITY SUPPORT SER VICES
AC02-06ER12270 LEGIN GROUP INCORPORATED GERMANTOWN, MD 08 YES	 09/29/2006 09/29/2009 09/29/2011	 SMALL BUSINESS COST PLUS AWARD FEE OTHER PROFESSIONAL SERVICES	$3,096,866 $1,797,450 $1,797,450 $0 $1,662,988 $946,511 $0	ADMINISTRATIVE AND PROFESSIONA L SUPPORT SERVICES FOR THE SBI R AND STTR PROGRAMS.
AC26-09FE0004002 LEONARDO TECHNOLOGIES, INC. , WV 01 NO	 08/12/2009 11/15/2012 11/15/2014	 SMALL BUSINESS COST PLUS AWARD FEE PROGRAM MANAGEMENT/SUPPORT SERVICES	$95,000,000 $57,000,000 $57,000,000 $0 $7,261,059 $0 $7,261,059	PROGRAM AND PERFORMANCE MANAGE MENT (PPM) SERVICES

TYPE OF AWARD: R - COST PLUS AWARD FEE

AWARD BIN AWARDEE NAME DIVISION CITY STATE CONG DIST SUPP/SERV CFDA	AWARD DATE COMPL DATE ULT COMP DT RETIRE DATE	MASTER BIN TYPE OF BUSINESS TYPE OF AWARD PRODUCT/SERVICE TECHNICAL REPRESENTATIVE	ULT AWARD VALUE TOT AWARD VALUE GOVERNMENT SHARE AWARDEE SHARE TOT OBS TO DATE PRIOR FY OBLIGS CURRENT FY OBLIGS	DESCRIPTION OF WORK
AC05-84OR21400			$20,637,580,183	MANAGEMENT AND OPERATION OF Y-
LOCKHEED MARTIN SERVICES, INC	02/15/1988	LARGE BUSINESS	$20,637,580,183	12 PLANT AND OTHER PROGRAMS
	08/31/2010	COST PLUS AWARD FEE	$20,637,580,183	
OAK RIDGE, TN	08/31/2010	OPER OF GOVT R&D GOCO FACILITIES	$0	
03 NO		BRYANT, W. / CARTER, D.	$20,637,580,183	
			$582,627	
			$550,000	
AC06-09RL14728			$3,059,369,580	MISSION SUPPORT CONTRACT - PRO
MISSION SUPPORT ALLIANCE, LLC	04/28/2009	LARGE BUSINESS	$1,512,740,843	VIDE DIRECT SUPPORT TO DOE-RL,
	04/28/2014	COST PLUS AWARD FEE	$1,512,740,843	DOE-ORP AND THEIR CONTRACTORS
, WA	04/28/2014	OPER OF GOVT RESTORATION	$0	WITH COST-EFFECTIVE INFRASTRU
04 NO			$6,064,347	CTURE AND SITE SERVICES INTEGR
			$0	AL AND NECESSARY TO ACCOMPLISH
			$6,064,347	THE HANFORD SITE ENVIRONMENTA
AC52-09NA28091			$22,610,242	ENVIRONMENTAL CHARACTERIZATION
NAVARRO NEVADA ENVIRONMENTAL S	12/03/2008	SMALL BUSINESS	$22,610,242	& REMEDIATION SERVICES FOR TH
	09/30/2010	COST PLUS AWARD FEE	$22,610,242	E NEVADA SITE OFFICE FOR NSO
, NV	09/30/2013	STUDY/ENVIRONMENTAL ASSESSMENTS	$0	
01 NO		CASALINA, JEFFREY M	$0	
			$0	
			$0	
AC52-05NA68600			$43,352,508	SAFEGUARDS & SECURITY PROGRAMS
NETGAIN CORPORATION	11/18/2004	SMALL BUSINESS	$43,352,508	SUPPORT SERVICES
	11/18/2009	COST PLUS AWARD FEE	$43,352,508	
Albuquerque, NM	11/18/2009	PROGRAM MANAGEMENT/SUPPORT SERVICES	$0	
01 YES			$45,339,273	
			$9,781,174	
			$8,842,965	

TYPE OF AWARD: R - COST PLUS AWARD FEE

AWARD BIN AWARDEE NAME DIVISION CITY STATE CONG DIST SUPP/SERV CFDA	AWARD DATE COMPL DATE ULT COMP DT RETIRE DATE	MASTER BIN TYPE OF BUSINESS TYPE OF AWARD PRODUCT/SERVICE TECHNICAL REPRESENTATIVE	ULT AWARD VALUE TOT AWARD VALUE GOVERNMENT SHARE AWARDEE SHARE TOT OBS TO DATE PRIOR FY OBLIGS CURRENT FY OBLIGS	DESCRIPTION OF WORK
AC05-06OR23100 OAK RIDGE ASSOCIATED UNIVERSIT OAK RIDGE, TN 03 NO	 12/21/2005 12/31/2010 12/31/2010	 NON PROFIT ORGANIZATION COST PLUS AWARD FEE PROGRAM MANAGEMENT/SUPPORT SERVICES Branton, M./ Mills, G.	$1,792,666,383 $896,872,723 $896,872,723 $0 $711,750,939 $159,381,365 $136,791,500	TECHNICAL SERVICES TO MANAGE A ND DIRECT THE PROGRAMS OF ORIS E
AC01-06NE24336 PERFORMANCE RESULTS CORP PERFORMANCE RESULTS CORPORATIO MORGANTOWN, WV 01 YES	 09/29/2006 09/28/2009 09/28/2009	 SMALL BUSINESS COST PLUS AWARD FEE PROGRAM MANAGEMENT/SUPPORT SERVICES JANASKIE, MARK	$2,198,011 $2,198,011 $2,198,011 $0 $1,199,000 $827,000 $122,000	TECHNICAL MANAGEMENT SUPPORT S ERVICES TO THE OFFICE OF NUCLE AR ENERGY
AC26-05NT41819 PERFORMANCE RESULTS CORPORATIO PERFORMANCE RESULTS CORPORATIO MORGANTOWN, WV 01 YES	 04/08/2005 07/07/2010 07/07/2010	 SMALL BUSINESS COST PLUS AWARD FEE OTHER ADMINISTRATIVE SUPPORT SVCS MONTGOMERY, TRUDY N.	$21,949,302 $21,949,302 $21,949,302 $0 $16,115,982 $4,207,148 $3,925,530	PROVIDE ADMINISTRATIVE SUPPORT SERVICES TO NETL
AC26-04NT41820 PROLOGIC, INC. MORGANTOWN, WV 01 YES	 06/16/2004 12/31/2009 12/31/2009	 SMALL BUSINESS COST PLUS AWARD FEE ADP FACILITY MANAGEMENT HRICKO, DOROTHY	$43,926,537 $43,926,537 $43,926,537 $0 $40,993,322 $6,376,198 $7,603,107	INFORMATION TECHNOLOGY AND ENG INEERING SUPPORT (ITES) SERVIC ES

TYPE OF AWARD: R - COST PLUS AWARD FEE

AWARD BIN / AWARDEE NAME / DIVISION / CITY STATE / CONG DIST SUPP/SERV / CFDA	AWARD DATE / COMPL DATE / ULT COMP DT / RETIRE DATE	MASTER BIN / TYPE OF BUSINESS / TYPE OF AWARD / PRODUCT/SERVICE / TECHNICAL REPRESENTATIVE	ULT AWARD VALUE / TOT AWARD VALUE / GOVERNMENT SHARE / AWARDEE SHARE / TOT OBS TO DATE / PRIOR FY OBLIGS / CURRENT FY OBLIGS	DESCRIPTION OF WORK
AC01-09HS0000006			$47,164,116	SECURITY RELATED TECHNICALAND
PROTECTION STRATEGIES INCORPOR	10/27/2008	SMALL BUSINESS	$17,776,123	ADMINISTRATIVE SUPPORT SERVICE
	10/26/2010	COST PLUS AWARD FEE	$17,776,123	S RESULTING FROM REQUEST FOR P
, MD	10/26/2010	OTHER PROFESSIONAL SERVICES	$0	ROPOSAL NUMBER DE-RP01-08HS070
08 NO			$6,636,296	14
			$0	
			$6,636,296	
AC26-04NT41817			$378,682,030	RDS SUPPORT SERVICES CONTRACT
RESEARCH AND DEVELOPMENT SOLUT	09/24/2004	LARGE BUSINESS	$378,682,030	
	11/14/2009	COST PLUS AWARD FEE	$378,682,030	
MORGANTOWN, WV	11/14/2009	PROGRAM MANAGEMENT/SUPPORT SERVICES	$0	
01 YES		DALE, EVELYN H.	$343,909,812	
			$91,733,143	
			$57,838,157	
AC02-07ER35878			$34,903,873	MISSION SPECIFIC INFORMATION T
ROLLING BAY LIMITED LIABILITY	08/27/2007	SMALL BUSINESS	$20,742,399	ECHNOLOGY (IT) SERVICES
	08/26/2012	COST PLUS AWARD FEE	$20,742,399	
GERMANTOWN, MD	08/26/2012	SERVICES (OPERATIONAL)	$0	
04 YES			$18,743,744	
			$7,401,744	
			$5,342,000	
AC96-09FE0000378			$32,247,112	ARCHITECT ENGINEER SERVICES
S & B INFRASTRUCTURE, LTD	06/01/2009	LARGE BUSINESS	$19,735,835	
	05/31/2012	COST PLUS AWARD FEE	$19,735,835	
HOUSTON, TX	05/31/2014	OTHER ARCHITECTS & ENGIN GEN	$0	
07 NO			$2,082,295	
			$0	
			$2,082,295	

TYPE OF AWARD: R - COST PLUS AWARD FEE

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AC30-07CC60012 S & K AEROSPACE INC MOAB, UT 02 NO	 06/20/2007 06/19/2012 06/19/2012	 SMALL BUSINESS COST PLUS AWARD FEE TECHNICAL ASSISTANCE	$25,348,700 $12,885,358 $12,885,358 $0 $12,885,358 $5,212,984 $4,696,141	MOAB TECHNICAL ASSISTANCE CONT RACT (TAC) SUPPORTING THE MOAB URANIUM MILL TAILINGS REMEDIA TION ACTION (UMTRA) PROJECT
AC04-94AL85000 SANDIA CORPORATION ALBUQUERQUE, NM 01 NO	 10/15/1993 09/30/2012 09/30/2012	 LARGE BUSINESS COST PLUS AWARD FEE OPER OF GOVT R&D GOCO FACILITIES	$29,351,864,411 $29,351,864,412 $29,351,864,412 $0 $29,351,864,412 $2,268,428,043 $2,093,064,718	MANAGE AND OPERATE THE GOVERNM ENT-OWNED SANDIA NATIONAL LABO RATORIES
AC09-08SR22470 SAVANNAH RIVER NUCLEAR SOLUTIO AIKEN, SC 03 NO	 01/10/2008 07/31/2013 07/31/2013	 LARGE BUSINESS COST PLUS AWARD FEE MISCELLANEOUS ITEMS	$4,897,286,503 $4,897,286,503 $4,897,286,503 $0 $2,609,704,013 $524,919,660 $2,084,784,353	MANAGEMENT AND OPERATING CONTR ACT FOR THE SAVANNAH RIVER SIT E.
AC02-09CH11469 SPECTRA TECH, INC. , IL 13 NO	 11/13/2008 11/12/2013 11/12/2013	 SMALL BUSINESS COST PLUS AWARD FEE PROGRAM MANAGEMENT/SUPPORT SERVICES	$8,839,705 $4,001,026 $4,001,026 $0 $1,331,736 $0 $1,331,736	TECHNICAL SUPPORT SERVICES

ACTIVE CONTRACTS ON 8/31/2009
AWARD FEE CONTRACTS ONLY

TYPE OF AWARD: R - COST PLUS AWARD FEE

AWARD BIN AWARDEE NAME DIVISION CITY STATE CONG DIST SUPP/SERV CFDA	AWARD DATE COMPL DATE ULT COMP DT RETIRE DATE	MASTER BIN TYPE OF BUSINESS TYPE OF AWARD PRODUCT/SERVICE TECHNICAL REPRESENTATIVE	ULT AWARD VALUE TOT AWARD VALUE GOVERNMENT SHARE AWARDEE SHARE TOT OBS TO DATE PRIOR FY OBLIGS CURRENT FY OBLIGS	DESCRIPTION OF WORK
AC52-03NA99205			$162,621,168	ENVIRONMENTAL ENGINEERING SERV
STOLLER NAVARRO JOINT VENTURE	09/15/2003	LARGE BUSINESS	$162,621,168	ICES CONTRACT
	09/30/2009	COST PLUS AWARD FEE	$162,621,168	
NORTH LAS VEGAS, NV	09/30/2009	OTHER ARCHITECTS & ENGIN GEN	$0	
03 YES		WYCOFF, RUNORE C.	$152,068,434	
			$19,538,304	
			$8,502,630	
AC24-05OH20178			$52,430,474	INFRASTRUCTURE SERVICES FOR PA
SWIFT & STALEY MECHANICAL CONT	03/16/2005	SMALL BUSINESS	$52,430,474	DUCAH GASEOUS DIFFUSION PLANT
	03/15/2010	COST PLUS AWARD FEE	$52,430,474	
PADUCAH, KY	03/15/2010	FACILITIES OPERATIONS SUPPORT SVCS	$0	
01 NO			$49,765,456	
			$19,708,569	
			$927,207	
AC26-05NT41816			$58,860,968	TECHNOLOGY AND MANAGEMENT SUPP
TECHNOLOGY & MANAGEMENT SERVIC	11/01/2004	SMALL BUSINESS	$58,860,968	ORT (TAMS) SERVICES CONTRACT
	11/30/2009	COST PLUS AWARD FEE	$58,860,968	
MORGANTOWN, WV	11/30/2009	PROGRAM MANAGEMENT/SUPPORT SERVICES	$0	
01 YES		LACZKO, SUSAN D.	$51,027,184	
			$12,394,069	
			$8,655,525	
AC05-07OR23193			$129,235,647	PROTECTIVE FORCE SERVICES FOR
THE WACKENHUT CORPORATION	05/03/2007	LARGE BUSINESS	$129,235,647	OAK RIDGE OFFICE
	06/03/2012	COST PLUS AWARD FEE	$129,235,647	
OAK RIDGE, TN	06/03/2012	GUARD SERVICES	$0	
03 YES		Bird, James/ Jackson,P	$81,716,837	
			$33,581,377	
			$34,313,000	

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AC55-07NA25750 THE WACKENHUT CORPORATION OAK RIDGE, TN 03 NO	 05/02/2007 09/30/2011 09/30/2011	 LARGE BUSINESS COST PLUS AWARD FEE GUARD SERVICES	$451,615,831 $227,742,482 $227,742,482 $0 $227,742,482 $93,064,675 $98,414,841	PROTECTIVE FORCE SERVICES FOR Y-12 NATIONAL SECURITY COMPLEX , OAK RIDGE TN
AC24-05OH20193 TPMC THETA/PRO2SERVE MANAGEMEN PIKETON, OH 02 NO	 03/16/2005 03/15/2010 03/15/2010	 SMALL BUSINESS COST PLUS AWARD FEE FACILITIES OPERATIONS SUPPORT SVCS	$87,586,627 $87,586,627 $87,586,627 $0 $85,618,705 $15,995,511 $14,700,000	INFRASTRUCTURE SERVICES FOR PORTSMOUHT GASEOUS DIFFUSION PLANT
AC02-09CH11466 TRUSTEES OF PRINCETON UNIVERSI OFFICE OF RESEARCH AND PROJECT , NJ 12 NO	 01/28/2009 03/31/2014 03/31/2014	 NON PROFIT ORGANIZATION COST PLUS AWARD FEE OPER OF GOVT R&D GOCO FACILITIES	$83,477,582 $83,477,582 $83,477,582 $0 $83,318,999 $0 $83,318,999	MANAGEMENT AND OPERATING CONTRACT FOR THE OPERATION OF THE PRINCETON PLASMA PHYSICS LABORATORY (PPPL)
AC01-07SA06004 UNWIN CO COLUMBUS, OH 15 YES	 07/12/2007 07/11/2010 07/11/2012	 SMALL BUSINESS COST PLUS AWARD FEE STUDY/SECURITY (PHYSICAL & PERSONAL GASPEROW, LESLEY	$112,220,045 $65,604,976 $65,604,976 $0 $51,204,988 $27,592,689 $15,614,500	SPECIALIZED TECHNICAL AND ADMINSTRATIVE SUPPORT SERVICES TO THE OFFICE OF HEALTH, SAFETY AND SECURITY.

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AC09-09SR22505 URS CORPORATION ENERGY & ENVIRONMENTAL BUSINES , SC 03 NO	12/08/2008 06/30/2015 06/30/2015	LARGE BUSINESS COST PLUS AWARD FEE OPER OF GOVT WASTE TRMT-STORE FAC	$3,316,845,626 $3,316,845,626 $3,316,845,626 $0 $139,943,759 $0 $139,943,759	NEW CONTRACT AWARD FOR MANAGEM ENT OF THE LIQUID WASTE SYSTEM AT SRS
AC96-05PO92421 URS GROUP, INC. HARAHAN, LA 01 NO	02/18/2005 02/17/2010 02/17/2010	LARGE BUSINESS COST PLUS AWARD FEE OTHER ARCHITECTS & ENGIN GEN	$25,071,058 $25,071,058 $25,071,058 $0 $25,071,058 $6,913,000 $4,299,128	ARCHITECT ENGINEERING SERVICES
AC28-09RW0000005 USA REPOSITORY SERVICES LLC ENERGY & ENVIRONMENT INTEGRATE , NV 01 NO	03/31/2009 03/31/2014 03/31/2014	LARGE BUSINESS COST PLUS AWARD FEE OPER OF GOVT MISC BLDGS	$1,606,464,986 $1,606,464,986 $1,606,464,986 $0 $29,519,098 $0 $29,519,098	CONTRACT AWARD FOR MANAGEMENT AND OPERATION OF OCRWM PROGRAM
AC05-00OR22725 UT-BATTELLE, LLC PRIME CONTRACT ADMINISTRATION OAK RIDGE, TN 03 NO	10/18/1999 03/31/2010 03/31/2010	NON PROFIT ORGANIZATION COST PLUS AWARD FEE OPER OF GOVT R&D GOCO FACILITIES Moore/ FAIR/ Branton	$9,794,009,472 $9,794,009,472 $9,794,009,472 $0 $9,794,009,472 $1,202,180,867 $1,563,066,489	MANAGEMENT AND OPERATION OF TH E OAK RIDGE NATIONAL LABORATOR Y

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AC52-06NA14390 WACKENHUT SERVICES, INCORPORAT LAS VEGAS, NV 01 NO	 05/23/2006 09/30/2009 05/31/2011	 LARGE BUSINESS COST PLUS AWARD FEE GUARD SERVICES PHIFER, RAEFORD	$385,968,784 $218,987,876 $218,987,876 $0 $166,447,933 $53,836,629 $51,481,815	GUARD SERVICES
AC27-08RV14800 WASHINGTON RIVER PROTECTION SO E&E-INTEGRATED PROJECTS BUSINE RICHLAND, WA 04 NO	 05/29/2008 09/30/2013 09/30/2013	 LARGE BUSINESS COST PLUS AWARD FEE OPER OF GOVT RESTORATION	$7,096,024,000 $7,096,024,000 $7,096,024,000 $0 $633,505,093 $19,576,760 $613,928,333	MANAGEMENT OF THE HANFORD SITE TANK FARMS
AC29-01AL66444 WASHINGTON TRU SOLUTIONS LLC TRU SOLUTIONS BUSINESS UNIT CARLSBAD, NM 02 NO	 12/14/2000 09/30/2010 09/30/2010	 LARGE BUSINESS COST PLUS AWARD FEE OPERATION OF PRODUCTION BUILDINGS	$1,521,278,000 $1,521,278,000 $1,521,278,000 $0 $1,362,488,780 $154,857,456 $269,027,080	MANAGEMENT AND OPERATION OF TH E WASTE ISOLATION PILOT PLANT
AC30-07CC30000 WEST VALLEY ENVIRONMENTAL SERV WEST VALLEY ENVIORNMENTAL SERV WEST VALLEY, NY 29 NO	 06/29/2007 06/30/2011 06/30/2011	 LARGE BUSINESS COST PLUS AWARD FEE DEMOLITION OF STRUCTURES/FACILITIES	$211,754,519 $211,754,519 $211,754,519 $0 $191,778,297 $58,506,324 $114,418,380	WEST VALLEY DEMONSTRATION PROJ ECT INTERIM END STATE

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AC07-04ID14621			$2,734,839	PERSONNEL SECURITY PROGRAM SUP
WESTECH INTERNATIONAL, INC.	06/30/2004	SMALL BUSINESS	$2,466,673	PORT SERVICES
	12/31/2009	COST PLUS AWARD FEE	$2,466,673	
IDAHO FALLS, ID	12/31/2009	SERVICES (MANAGEMENT/SUPPORT)	$0	
02 YES		GORDON, KENNETH	$2,361,834	
			$0	
			$130,000	
AC02-06ER35862			$2,429,957	ADMINISTRATIVE, TECHNICAL, PRO
WYNNEWOOD TECHNOLOGIES, INCORP	07/31/2006	SMALL BUSINESS	$2,429,957	FESSIONAL, AND COMPUTER GRAPHI
	11/30/2009	COST PLUS AWARD FEE	$2,429,957	CS SUPPORT, SECURITY SUPPORT A
LANDOVER, MD	11/30/2009	SERVICES (MANAGEMENT/SUPPORT)	$0	ND ASSISTANCE TO THE OFFICE OF
04 NO			$2,429,957	SCIENCE
			$559,000	
			$370,423	

U. S. DEPARTMENT OF ENERGY
PROCUREMENT AND ASSISTANCE DATA SYSTEM (PADS)
ACTIVE CONTRACTS ON 8/31/2009
AWARD FEE CONTRACTS ONLY

TYPE OF AWARD: R - COST PLUS AWARD FEE

TOTALS FOR TYPE OF AWARD

NUMBER OF AWARDS	62
SUM OF ULTIMATE AWARD VALUE	$149,878,029,968
SUM OF TOTAL AWARD VALUE	$137,854,089,655
SUM OF GOVERNMENT SHARE	$137,854,089,655
SUM OF AWARDEE SHARE	$0
SUM OF TOTAL OBLIGATIONS TO DATE	$111,710,662,888
SUM OF CURRENT FY OBLIGATIONS	$13,337,319,436
SUM OF PRIOR FY OBLIGATIONS	$8,920,321,847

The federal government has awarded billions of dollars of examples unwarranted federal bonuses over the past decade.

There are numerous examples of unwarranted bonuses awarded by the federal government that have cost taxpayers billions of dollars over the past decade.

These include:

(1) The Department of Defense paid $8 billion in unwarranted bonuses to contractors for weapons programs that had severe cost overruns, performance problems, and delays between 1999 and 2004.

(2) The Centers for Medicare and Medicaid Services pays more than $312 million per year in quality-of-care bonuses to nursing homes that provide below average care and have past violations of health-and-safety regulations.

(3) The National Aeronautics and Space Administration (NASA) paid Boeing a bonus of $425.3 million for work on the space station that ran eight years late and cost more than twice what was expected. Boeing estimates that it will incur an additional $76 million in overruns by the time the contract is completed.

(4) NASA paid Raytheon a $103.2 million bonus for the Earth Observing System Data and Information System despite the project costing $430 million more and taking two years longer to complete than expected.

(5) Lockheed collected a $17 million bonus from NASA for the Landsat-7 satellite even though the project was delayed nine months even and the costs rose 20 percent to $409.6 million.

(6) The Department of Commerce selected Northrop Grumman in 2002 to build a $6.5 billion satellite system that would conduct both weather surveillance and military reconnaissance that was supposed to save the government $1.6 billion. The first launch was scheduled for 2008 but hasn't happened, the project's budget has doubled to $13.1 billion, and Northrop's performance has been deemed unsatisfactory. Yet, from 2002 to 2005, the government awarded Northrop $123 million worth of bonuses.

(7) In 2007, Harris Corp. developed a handheld device to collect data for the 2010 Census that failed to work properly and was $198 million over budget. Despite this

costly failure that could cause delays in preparing for the nationwide head count, the Department of Commerce's Census Bureau awarded Harris $14.2 million in bonuses.

(8) The Federal National Mortgage Association, a government sponsored mortgage enterprise better known as Fannie Mae, suffered $59 billion in losses last year and has requested $15 billion in taxpayer assistance. Yet it plans to pay $4.4 million or more in bonuses to its top executives. Fannie Mae's Chief Operating Officer is expected to receive a $1.3 million bonus, the Deputy Chief Financial Officer is slated for $1.1 million, and two executive vice presidents are each in line for $1 million each.

(9) In 2006, more than $3.8 million in bonuses were paid out to senior officials at the Department of Veterans Affairs months after a $1 billion budget shortfall threatened to imperil the care of thousands of injured veterans returning from combat in Iraq and Afghanistan. Among those receiving bonuses were some who crafted the VA's flawed budget that was based on misleading accounting and the deputy undersecretary for benefits, who helped manage a disability claims system that had a backlog of cases and delays averaging 177 days in getting benefits to injured veterans. The bonuses were awarded after government investigators had determined the VA repeatedly miscalculated, if not deliberately misled, taxpayers with questionable budgeting.

(10) In 2006, the Department of Treasury abandoned a $14.7 million computer project intended to help detect terrorist money laundering. The failed project was 65 percent over its original budget, but the vendor, Electronic Data Systems Corp., was awarded a $638,126 bonus.

(11) The repair and restart a Tennessee Valley Authority (TVA) nuclear reactor cost $90 million more than what the federal utility budgeted, but TVA paid the primary contractors on the project, Bechtel Power Corp. and Stone and Webster Construction Inc., an extra $42 million in bonuses and other fees last year.

(12) In 2008, the San Diego Unified school district spent more than $3 million in federal funding for low-income students, child nutrition and other Department of Education programs on bonuses for employees leaving the school district.

(13) In 2008, the Department of Education paid nearly $1.7 million in bonuses to Denver Public Schools principals and assistant principals, including those at some of the lowest-performing schools in the city and six schools that have been closed because of poor performance.

(14) The U.S. Postal Service is expecting a deficit of $6 billion in 2009, following deficits of $2.8 billion in 2008 and $5.1 billion in 2007 and, as a result, may increase the price of first-class mail stamps by 2 cents and end mail delivery one day a week The Postmaster General, however, was paid a $135,000 bonus in 2008.

(15) In 2008, three top executives in the Office of the Inspector General of the Department of Defense each received a cash bonus of $30,000 for outstanding leadership even though their agency has a history of weak management and strained relations between employees and supervisors.