



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 8, 2011

OFFICE OF FEDERAL
PROCUREMENT POLICY

The Honorable Joseph I. Lieberman
Chairman
Committee on Homeland Security
and Governmental Affairs
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

Section 864(d) of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009, Public Law 110-417, requires the Office of Management and Budget (OMB) to report on the use of cost-reimbursement contracting by executive agencies. Section 864 calls for data on the dollar value and number of cost-reimbursement contracts (including task and delivery orders) awarded during the prior fiscal year. This letter addresses these reporting requirements for Fiscal Years 2009 and 2010, and also describes steps the Administration has taken and is taking to ensure cost-reimbursement contracts are used appropriately in support of the government's mission.

Under a cost-reimbursement contract, contractors are paid based on the incurrence of allowable costs, as opposed to the delivery of a completed product or service. Cost-reimbursement contracts are appropriately used in circumstances where an agency is not able to define its requirements sufficiently to allow for a fixed-price contract, such as for research and development or complex projects where the costs of performance cannot be reasonably estimated with a high degree of accuracy. See Federal Acquisition Regulation (FAR) 16.301-2. At the same time, there is a risk of wasteful spending when agencies pay for expenses as incurred rather than agreeing on a fair and reasonable fixed price upfront for the delivery of a completed product or service. This risk exists not only with cost-reimbursement contracts but also with time-and-materials and labor-hour (T&M/LH) contracts, which have long been recognized in government-wide policy as the least favored contract type. See FAR 16.601(d)(1) and 16.602.

Heightened attention by agency management is helping the government to stabilize its total expenditures through high-risk contracts. According to agency data reported in the Federal Procurement Data System (FPDS), total dollars obligated under T&M/LH contracts declined since 2009, from \$29 billion in FY 2009 to \$28 billion in FY 2010. Although FPDS shows annual obligations increasing under cost-reimbursement contracts, from \$151 billion to \$162 billion, between FY 2009 and FY 2010, OMB believes the FY 2009 figure may be underreported by as much as \$9 billion, meaning that the increase was much less than the FPDS numbers would indicate. A report from the Government Accountability Office (GAO) explains that \$9 billion of federal spending on cost-reimbursement contracts in FY 2008 was separately reported in FPDS

under “combination” contracts, which allow the parties to choose the appropriate pricing structure – fixed-price, cost-reimbursement or T&M/LH – for individual work orders.¹ Enclosure 1 provides an agency-by-agency breakdown of T&M/LH and cost-reimbursement contracting activity and additional background on changes to the FPDS reporting methodology.

OMB has been working with agencies to manage and reduce the risk associated with T&M/LH and cost-reimbursement contracts. These efforts are part of the Administration’s initiative to help agencies become more fiscally responsible in their contract actions and cut contract costs, as called for in the President’s March 4, 2009 Memorandum on Government Contracting. In response to the President’s Memorandum, agencies reduced contract spending in FY 2010 when compared to FY 2009, from \$550 billion in FY 2009 to \$535 billion in FY 2010 - the first annual decrease in contract spending since 1997.

With respect to high-risk contracting, OMB directed agencies in July 2009 to establish a goal to reduce by 10 percent the share of dollars obligated through new contracts that are awarded in FY 2010 using (1) cost-reimbursement contracts and (2) time-and-materials and labor-hour contracts. The ultimate goal is to reduce risk in all federal contract actions, but agencies have a limited influence over contracts that have already been awarded. Therefore, the focus of this initiative is on newly awarded contracts (i.e., excluding modifications and task and delivery orders under multiple award contracts).

Agencies have made some progress towards their goals. In FY 2010, the percentage of dollars awarded in new T&M/LH contracts dropped by 19 percent when compared to the same time period in FY 2009. However, the relative share of dollars awarded in new cost-reimbursement contracts during this same period increased by 2 percent. These figures reflect an adjustment to account for the combination contracts noted above. Fifteen of the 24 Chief Financial Officers Act agencies reported a decrease of at least 10 percent in one or both categories. Several agencies also reported savings in connection with shifting away from cost-type contracts to fixed-price contracts by using their knowledge of historical costs paid under prior cost-type contracts.

Given the limited incentive contractors have under T&M/LH contracts to control costs, the decline in new T&M/LH contracting is an important achievement. Some increase in spending through cost-reimbursement contracting was expected as agencies moved away from T&M/LH contracting in situations where the level of uncertainty regarding the agency’s requirements prevented the agency from negotiating a fixed price. This interim step, especially for complex requirements, reduces risk for taxpayers, because agencies can more effectively monitor a contractor’s costs on a cost-reimbursement contract.

In FY 2011, agencies that have met their FY 2010 high-risk reduction target will work to maintain it while agencies that have not yet met their target will work to achieve it. Agencies are more closely monitoring decisions involving contract type to ensure cost-reimbursement and T&M/LH contracts are used only in situations when these authorities are appropriate. In many cases, these efforts are being supported by contract review boards or peer reviews that bring

¹ *Contract Management: Extent of Federal Spending under Cost-Reimbursement Contracts Unclear and Key Controls Not Always Used.* GAO-09-921 (September 2009).

seasoned contract and other experts together to help contracting and program offices identify and address high-risk practices. The Department of Commerce recently instituted a tiered risk management review process to give greater scrutiny to acquisitions that are deemed riskiest based on dollar value and criticality to mission accomplishment. The National Aeronautics and Space Administration relies on a “master buy” database to increase its headquarters’ visibility into and understanding of its components acquisition plans and strategies.

Agencies are also strengthening their acquisition workforce. Past inattention to the workforce has created unnecessary risk at every stage of the acquisition process and contributed to waste and cost overruns. This is especially true for cost-reimbursement contracting, which, in terms of issues such as finance, accounting, cost and price analysis, and industrial engineering, demands a higher level and broader range of skills than is required for competitively awarded fixed-price contracts. Agency human capital plans for acquisition and associated budget requests reflect these critical needs to close skills gaps so that agencies can properly plan, negotiate and manage cost-reimbursement contracts.

Equally important, steps are being taken to strengthen ties between contract and program offices who share responsibility for achieving successful outcomes on contracts that support their projects. These ties are especially important for the larger, complex research and development projects that cost-reimbursement contracts are typically used to support. Similarly, the Administration’s 25-Point Implementation Plan to improve information technology (IT) management and acquisition will require that, among other things, agencies have a dedicated program manager and an integrated team of acquisition, financial and other specialists in place before OMB will approve the program budget for any major IT program.

New interim rules in the FAR were recently issued to provide guidance on when and under what circumstances cost-reimbursement contracts are appropriate. See Enclosure 2; 76 Fed. Reg. 14543, March 16, 2011. These changes should help to ensure that cost-reimbursement contracts are used only when circumstances warrant, such as to help agencies obtain critical research, leading-edge innovation, and other needs where there is considerable uncertainty regarding the agency’s requirements. The new rules will be finalized after public comments are considered. In addition to the new FAR rule, OMB’s Office of Federal Procurement Policy (OFPP) issued guidelines to help agencies determine if they have (1) selected the best contract type for a particular acquisition and, (2) where a high-risk contract type was selected, mitigated risk and created opportunities to migrate to a lower risk contract. See *Increasing Competition and Structuring Contracts for the Best Results*, Memorandum for Chief Acquisition Officers and Senior Procurement Executives (October 27, 2009), available at http://www.whitehouse.gov/sites/default/files/omb/assets/procurement_gov_contracting/increasing_competition_10272009.pdf.

The President has directed agencies to become more fiscally responsible in their contract actions. Agencies have responded by taking meaningful, immediate steps to cut costs and reduce risk in contracting. OMB will work with agencies to build on their accomplishments and ensure contracts are structured to maximize incentives for successful and cost-effective contract

performance. We look forward to working with Congress on the initiatives highlighted in this letter and other efforts to make our Federal acquisition system more affordable, efficient, and effective.

Sincerely,

A handwritten signature in purple ink, appearing to read 'D. Gordon', with a long horizontal flourish extending to the right.

Daniel I. Gordon
Administrator

Enclosures

Identical Letter Sent to:

The Honorable Joseph I. Lieberman
The Honorable Susan M. Collins
The Honorable Darrell E. Issa
The Honorable Elijah E. Cummings
The Honorable Harold Rogers
The Honorable Norman D. Dicks
The Honorable Daniel K. Inouye
The Honorable Thad Cochran
The Honorable Carl Levin
The Honorable John McCain
The Honorable Howard P. "Buck" McKeon
The Honorable Adam Smith

Data on Federal Agency Use of Cost-Reimbursement Contracting in FYs 2009 and 2010

Section 864(d) of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009, Public Law 110-417, requires the Office of Management and Budget (OMB) to report annually on the use of cost-reimbursement contracting by executive agencies. Specifically, the report is to include the following information for actions taken in the prior fiscal year:

- (1) The total number and value of contracts awarded and orders issued during the covered fiscal year; and
- (2) The total number and value of cost-reimbursement contracts awarded and orders issued during the covered fiscal year.

This enclosure provides the requested information on FYs 2009 and 2010 activities through the following government-wide and agency-by-agency snapshots:

Table 1-A. Use of Cost Reimbursement Contracting in FY 2009

Table 1-B. Use of Cost Reimbursement Contracting in FY 2010

Table 2-A. Obligations by Contract Type in FY 2009

Table 2-B. Obligations by Contract Type in FY 2010

Table 2-C. Obligations by Contract Type in FY 2009 (Adjusted for Combination Contracts)

1. General caveat regarding data. To meet this reporting requirement, OMB's Office of Federal Procurement Policy (OFPP) compiled information from ad hoc reports generated in February 2011 through the Federal Procurement Data System (FPDS), the government's central repository for information on federal contract obligations. FPDS tracks dollars based on annual obligations made under a contract or order. Accordingly:

- The *values* reported in this enclosure are the dollar obligations made under a contract or order in FY 2009 or 2010 (which is not necessarily the face value of the contract or order when awarded).
- The *number of contracts and orders* reported in the figures and tables are the number of actions made against a cost-reimbursement contract or order (*i.e.*, not necessarily the number of cost-reimbursement contracts or orders awarded) and may include multiple modifications against the same contract as well as no cost administrative actions.

2. Definitions of contract types. Data on contract types is generally grouped into one of the following four categories: (i) cost-reimbursement contracts, (ii) fixed-price contracts, (iii) time-and-materials and labor-hour contracts, and (iv) other contracts. The following definitions are provided to clarify what figures reported in each of these categories represent.

- a. **Cost-reimbursement contracts.** These include contracts where contractors are reimbursed based on the incurrence of allowable costs.
- b. **Fixed-price contracts.** These include contracts that provide for a firm price or, in appropriate cases, an adjustable price.
- c. **Time and materials (T&M) and labor-hours (LH) contracts.** T&M contracts provide for acquiring supplies or services on the basis of direct labor hours at specified fixed hourly rates that include wages, overhead, general and administrative expenses, and profit, and actual cost for materials (with certain exceptions). LH contracts are a variation of T&M contracts where materials are not supplied by the contractor.
- d. **Other.** These contracts and orders (i) are order dependent or (ii) were not coded with a contract type by the agency. For data reported in FY 2009, “other” contract also includes “combination” contracts. See paragraph 3, below, for additional explanation.

3. Change in Reporting Methodology. Beginning in FY 2010, FPDS eliminated the combination contract type from its reporting choices. Combination contracts, also known as hybrid contracts, are task and delivery order contracts that allow agencies to choose for each order between a fixed-price, cost-reimbursement, or T&M/LH basis for payment based on the nature of the requirement (e.g., level of uncertainty, complexity, pricing history). Before FY 2010, FPDS separately tracked combination contracts. The Government Accountability Office (GAO) recommended the elimination of this reporting category to help improve the accuracy of data. In its report, *Contract Management: Extent of Federal Spending under Cost-Reimbursement Contracts Unclear and Key Controls Not Always Used* (GAO-09-21), September 2009, the GAO found that there might be an underreporting of spending under cost-reimbursement contracts because of the significant amount of cost-reimbursement contracting obligated under combination contracts. Specifically the GAO found that approximately \$9 billion of the “other obligations” in FY 2008 were for cost-reimbursement contracts.

In order to account for potentially underrepresented cost-reimbursement spending in FY 2009, data (which still used the combination contract type), OMB calculated adjustments to the data. The data presented in this enclosure presents both unadjusted and adjusted data. The adjusted figures were derived by dividing up the reported spend on combination contracts (which totaled \$59 billion in FY 2009) and adding a portion of it to the total reported under each contract type.

The following assumptions were made:

- 23%, or \$10.18 billion, of the combination contract spending in FY 2009 was made under cost-reimbursement contracts. This is the percentage of reported spend under combination contracts that GAO found to be made through cost-reimbursement contracts in FY 2008.

- 5%, or \$2.44 billion, of the combination contract spending in FY 2009 was made under T&M/LH contracts. This is the percentage of reported spend outside of combination contracts that was reported as T&M in FY 2008.
- 70%, or \$34.14 billion, of the combination contract spending in FY 2009 was made under fixed-price contracts. This represents the balance of spending reported under combination contracts in FY 2008 (less 2% for contract actions where the agency did not identify the contract type or where the obligations were made under a contract coded as “combination” prior to the change in reporting methodology).

Obligations (\$B) by Contract Type in FY 2009: Unadjusted & Adjusted Figures

Contract Type	Total Spend (Unadjusted)	Adjustment Factor	Adjustment Amount	Total Spend (Adjusted)
Cost Reimbursement	\$152.96	23%	\$10.18	\$163.13
T&M/LH	\$28.87	5%	\$2.44	\$31.31
Fixed Price	\$313.65	70%	\$34.14	\$347.79

The redistribution of data from combination contracts to the three other contract types is depicted in graphical form below.

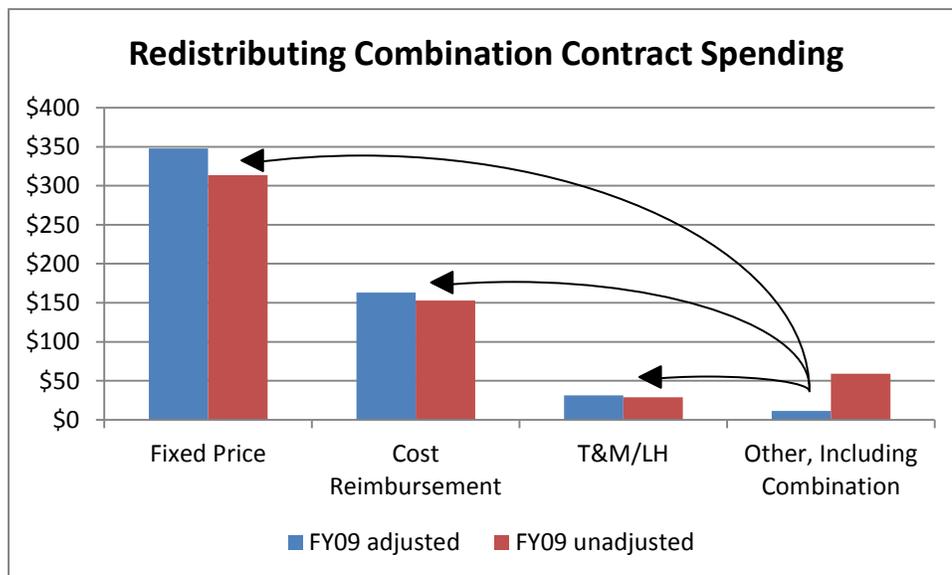


Table 1-A: Use of Cost Reimbursement Contracting in FY 2009 (\$B)

	Obligations (\$ Billion)			Actions		
	Cost Contracts	All Contracts	%	Cost Contracts	All Contracts	%
Government-wide	\$152.96	\$554.49	28%	148,381	5,702,056	3%
Air Force	\$24.81	\$67.82	37%	26,875	208,332	13%
Army	\$25.57	\$133.38	19%	20,846	506,040	4%
Navy	\$28.75	\$95.42	30%	53,948	352,889	15%
Defense, Other	\$12.49	\$76.92	16%	8,724	2,495,517	0%
Defense, Total ¹	\$91.62	\$387.44	24%	110,393	3,562,778	3%
Agriculture	\$0.00	\$5.38	0%	134	71,047	0%
Commerce	\$0.53	\$3.20	16%	861	27,486	3%
Education	\$0.40	\$1.51	27%	446	3,528	13%
Energy	\$28.90	\$31.69	91%	2,805	15,281	18%
HHS	\$7.40	\$20.20	37%	7,851	73,001	11%
DHS	\$2.39	\$14.26	17%	2,161	90,812	2%
HUD	\$0.00	\$0.86	0%	215	5,257	4%
Interior	\$0.19	\$4.31	4%	836	83,836	1%
Justice	\$0.26	\$7.48	3%	210	137,254	0%
Labor	\$1.24	\$2.05	61%	1,191	9,386	13%
State	\$0.10	\$7.51	1%	220	204,665	0%
Transportation	\$1.30	\$5.41	24%	1,878	19,146	10%
Treasury	\$0.62	\$4.85	13%	1,531	49,136	3%
VA	\$0.05	\$14.77	0%	170	235,043	0%
AID	\$3.84	\$5.99	64%	1,432	7,471	19%
EPA	\$0.61	\$1.76	35%	4,193	22,453	19%
GSA	\$0.89	\$15.45	6%	642	998,770	0%
NASA	\$12.01	\$15.23	79%	10,280	32,768	31%
NRC	\$0.04	\$0.21	20%	489	2,680	18%
NSF	\$0.37	\$0.49	74%	188	1,249	15%
OPM	\$0.00	\$1.23	0%	19	14,236	0%
SBA	\$0.00	\$0.11	0%	-	916	0%
SSA	\$0.05	\$1.27	4%	59	10,137	1%
Non-CFO Act Agencies	\$0.15	\$1.85	8%	177	23,720	1%

Source: FPDS in February 2011

Note:

(1) Army, and by extension, Department of Defense, fixed price contract data have been adjusted by \$13.9B to reflect a one-time deobligation to correct for erroneous obligation at the beginning of FY 2008.

Table 1-B: Use of Cost Reimbursement Contracting in FY 2010 (\$B)

	Obligations (\$B)			Actions		
	Cost Contracts	All Contracts	%	Cost Contracts	All Contracts	%
Government-wide	\$162.23	\$535.84	30%	171,183	5,920,625	3%
Air Force	\$22.04	\$64.92	34%	29,263	204,352	14%
Army	\$28.29	\$140.19	20%	23,987	934,518	3%
Navy	\$36.30	\$87.69	41%	65,230	344,994	19%
Defense, Other	\$17.28	\$74.12	23%	12,827	2,571,141	0%
Defense, Total	\$103.90	\$366.91	28%	131,305	3,619,229	4%
Agriculture	\$0.01	\$6.06	0%	87	75,632	0%
Commerce	\$0.96	\$3.92	24%	720	26,794	3%
Education	\$0.40	\$1.83	22%	420	3,783	11%
Energy	\$23.72	\$25.69	92%	3,605	15,721	23%
HHS	\$7.40	\$19.01	39%	8,417	84,820	10%
DHS	\$2.62	\$13.57	19%	2,207	90,254	2%
HUD	\$0.02	\$1.63	1%	89	4,675	2%
Interior	\$0.24	\$6.04	4%	766	89,232	1%
Justice	\$0.23	\$6.45	3%	120	127,031	0%
Labor	\$1.33	\$2.23	60%	1,366	9,696	14%
State	\$0.12	\$8.12	1%	223	205,117	0%
Transportation	\$1.49	\$5.50	27%	2,814	20,778	14%
Treasury	\$0.68	\$5.94	11%	1,620	38,490	4%
VA	\$0.05	\$16.04	0%	49	478,033	0%
AID	\$4.75	\$6.49	73%	1,435	7,648	19%
EPA	\$0.52	\$1.65	32%	3,903	23,687	16%
GSA	\$0.52	\$17.34	3%	609	917,401	0%
NASA	\$12.72	\$16.02	79%	10,505	35,494	30%
NRC	\$0.04	\$0.12	32%	508	1,769	29%
NSF	\$0.28	\$0.51	56%	148	1,988	7%
OPM	\$0.00	\$1.12	0%	1	7,930	0%
SBA	\$0.00	\$0.14	0%	0	1,118	0%
SSA	\$0.06	\$1.36	4%	51	10,277	0%
Non-CFO Act Agencies	\$0.16	\$2.19	7%	215	24,028	1%

Source: FPDS in February 2011

Table 2-A: Obligations by Contract Type for FY 2009

	Cost Contracts		FP Contracts		T&M/LH		Other	
	Obligations	% Total	Obligations	% Total	Obligations	% Total	Obligations	% Total
Government-wide	\$152.96	28%	\$313.65	57%	\$28.87	5%	\$59.00	11%
Air Force	\$24.81	37%	\$34.68	51%	\$3.73	6%	\$4.59	7%
Army	\$25.57	19%	\$100.03	65%	\$9.11	7%	\$12.57	9%
Navy	\$28.75	30%	\$42.53	45%	\$0.95	1%	\$23.19	24%
Defense, Other	\$12.49	16%	\$55.28	72%	\$1.82	2%	\$7.33	10%
Defense, Total ¹	\$91.62	24%	\$232.52	60%	\$15.62	4%	\$47.68	12%
Agriculture	\$0.00	0%	\$4.94	92%	\$0.17	3%	\$0.26	5%
Commerce	\$0.53	16%	\$1.53	48%	\$0.46	14%	\$0.69	21%
Education	\$0.40	27%	\$1.00	66%	\$0.04	3%	\$0.07	4%
Energy	\$28.90	91%	\$1.86	6%	\$0.74	2%	\$0.18	1%
HHS	\$7.40	37%	\$10.26	51%	\$0.97	5%	\$1.56	8%
DHS	\$2.39	17%	\$6.94	49%	\$2.51	18%	\$2.43	17%
HUD	\$0.00	0%	\$0.68	79%	\$0.02	3%	\$0.15	17%
Interior	\$0.19	4%	\$2.96	69%	\$0.71	17%	\$0.45	10%
Justice	\$0.26	3%	\$5.19	69%	\$1.51	20%	\$0.52	7%
Labor	\$1.24	61%	\$0.43	21%	\$0.12	6%	\$0.27	13%
State	\$0.10	1%	\$4.59	61%	\$1.04	14%	\$1.78	24%
Transportation	\$1.30	24%	\$3.12	58%	\$0.53	10%	\$0.46	9%
Treasury	\$0.62	13%	\$3.56	73%	\$0.33	7%	\$0.34	7%
VA	\$0.05	0%	\$14.29	97%	\$0.13	1%	\$0.29	2%
AID	\$3.84	64%	\$0.75	12%	\$1.26	21%	\$0.14	2%
EPA	\$0.61	35%	\$0.41	23%	\$0.70	40%	\$0.04	2%
GSA	\$0.89	6%	\$12.65	82%	\$1.23	8%	\$0.67	4%
NASA	\$12.01	79%	\$2.87	19%	\$0.13	1%	\$0.22	1%
NRC	\$0.04	20%	\$0.10	48%	\$0.06	29%	\$0.01	3%
NSF	\$0.37	74%	\$0.02	5%	\$0.10	20%	\$0.00	1%
OPM	\$0.00	0%	\$0.99	81%	\$0.02	2%	\$0.21	17%
SBA	\$0.00	0%	\$0.09	80%	\$0.00	1%	\$0.02	20%
SSA	\$0.05	4%	\$0.71	56%	\$0.13	11%	\$0.37	30%
Non-CFO Act Agencies	\$0.15	8%	\$1.19	65%	\$0.33	18%	\$0.18	10%

Source: FPDS in February 2011

Note:

(1) Army, and by extension, Department of Defense, fixed price contract data have been adjusted by \$13.9B to reflect a one-time deobligation to correct for erroneous obligation at the beginning of FY 2008.

Table 2-B: Obligations by Contract Type for FY 2010

	Cost Contracts		FP Contracts		T&M/LH		Other	
	Obligations	% Total	Obligations	% Total	Obligations	% Total	Obligations	% Total
Government-wide	\$162.23	30%	\$333.84	62%	\$28.41	5%	\$11.36	2%
Air Force	\$22.04	16%	\$99.32	74%	\$9.08	7%	\$3.50	3%
Army	\$28.29	36%	\$48.35	61%	\$0.94	1%	\$2.10	3%
Navy	\$36.30	46%	\$39.32	50%	\$3.17	4%	\$0.39	0%
Defense, Other	\$17.28	23%	\$54.56	74%	\$1.91	3%	\$0.37	0%
Defense, Total	\$103.90	28%	\$241.50	66%	\$15.09	4%	\$6.36	2%
Agriculture	\$0.01	0%	\$5.76	95%	\$0.16	3%	\$0.13	2%
Commerce	\$0.96	24%	\$2.14	55%	\$0.57	14%	\$0.26	7%
Education	\$0.40	22%	\$1.30	71%	\$0.09	5%	\$0.05	3%
Energy	\$23.72	92%	\$1.01	4%	\$0.85	3%	\$0.11	0%
HHS	\$7.40	39%	\$9.48	50%	\$1.26	7%	\$0.87	5%
DHS	\$2.62	19%	\$7.54	56%	\$2.54	19%	\$0.87	6%
HUD	\$0.02	1%	\$1.51	93%	\$0.03	2%	\$0.06	4%
Interior	\$0.24	4%	\$4.94	82%	\$0.77	13%	\$0.09	2%
Justice	\$0.23	3%	\$4.73	73%	\$1.24	19%	\$0.25	4%
Labor	\$1.33	60%	\$0.53	24%	\$0.25	11%	\$0.13	6%
State	\$0.12	1%	\$5.83	72%	\$1.22	15%	\$0.95	12%
Transportation	\$1.49	27%	\$3.48	63%	\$0.46	8%	\$0.07	1%
Treasury	\$0.68	11%	\$4.94	83%	\$0.23	4%	\$0.08	1%
VA	\$0.05	0%	\$15.73	98%	\$0.11	1%	\$0.15	1%
AID	\$4.75	73%	\$0.96	15%	\$0.67	10%	\$0.12	2%
EPA	\$0.52	32%	\$0.47	28%	\$0.64	39%	\$0.02	1%
GSA	\$0.52	3%	\$14.99	86%	\$1.44	8%	\$0.38	2%
NASA	\$12.72	79%	\$2.99	19%	\$0.13	1%	\$0.18	1%
NRC	\$0.04	32%	\$0.02	17%	\$0.06	47%	\$0.01	5%
NSF	\$0.28	56%	\$0.10	20%	\$0.12	24%	\$0.00	1%
OPM	\$0.00	0%	\$1.04	93%	\$0.03	3%	\$0.05	4%
SBA	\$0.00	0%	\$0.11	76%	\$0.02	11%	\$0.02	14%
SSA	\$0.06	4%	\$1.13	83%	\$0.13	9%	\$0.05	3%
Non-CFO Act Agencies	\$0.16	7%	\$1.62	74%	\$0.30	14%	\$0.10	5%

Source: FPDS in February 2011

Table 2-C: Obligations by Contract Type for FY 2009 (Adjusted for Combination Contracts)

	Cost Contracts		FP Contracts		T&M/LH		Other	
	Obligations	% Total	Obligations	% Total	Obligations	% Total	Obligations	% Total
Government-wide	\$163.13	29%	\$348.76	63%	\$31.31	6%	\$11.21	2%
Air Force	\$27.72	40%	\$37.94	54%	\$3.96	6%	\$0.16	0%
Army	\$30.14	20%	\$109.14	73%	\$9.74	7%	\$0.17	0%
Navy	\$30.43	33%	\$56.86	61%	\$1.95	2%	\$3.68	4%
Defense, Other	\$12.49	17%	\$60.53	80%	\$2.19	3%	\$0.18	0%
Defense, Total ¹	\$100.79	26%	\$264.47	68%	\$17.84	5%	\$4.18	1%
Agriculture	\$0.01	0%	\$4.95	92%	\$0.17	3%	\$0.25	5%
Commerce	\$0.66	21%	\$1.96	61%	\$0.49	15%	\$0.10	3%
Education	\$0.41	27%	\$1.02	68%	\$0.04	3%	\$0.04	3%
Energy	\$28.93	91%	\$1.96	6%	\$0.75	2%	\$0.05	0%
HHS	\$7.47	37%	\$10.48	52%	\$0.99	5%	\$1.26	6%
DHS ²	\$2.53	18%	\$7.37	52%	\$2.54	18%	\$1.84	13%
HUD	\$0.04	4%	\$0.79	92%	\$0.03	4%	\$0.01	1%
Interior	\$0.27	6%	\$3.20	74%	\$0.73	17%	\$0.11	3%
Justice	\$0.30	4%	\$5.31	71%	\$1.52	20%	\$0.36	5%
Labor	\$1.25	61%	\$0.46	22%	\$0.12	6%	\$0.22	11%
State	\$0.35	5%	\$5.37	72%	\$1.09	15%	\$0.72	10%
Transportation	\$1.35	25%	\$3.28	61%	\$0.55	10%	\$0.24	4%
Treasury	\$0.64	13%	\$3.62	75%	\$0.33	7%	\$0.27	6%
VA	\$0.05	0%	\$14.30	97%	\$0.13	1%	\$0.28	2%
AID	\$3.84	64%	\$0.75	13%	\$1.26	21%	\$0.13	2%
EPA	\$0.61	35%	\$0.41	23%	\$0.70	40%	\$0.04	2%
GSA	\$0.95	6%	\$12.82	83%	\$1.24	8%	\$0.44	3%
NASA	\$12.02	79%	\$2.90	19%	\$0.13	1%	\$0.19	1%
NRC	\$0.04	20%	\$0.10	48%	\$0.06	29%	\$0.01	3%
NSF	\$0.37	74%	\$0.02	5%	\$0.10	20%	\$0.00	1%
OPM	\$0.01	0%	\$1.01	82%	\$0.02	2%	\$0.19	16%
SBA	\$0.00	0%	\$0.09	80%	\$0.00	1%	\$0.02	20%
SSA	\$0.05	4%	\$0.71	56%	\$0.13	11%	\$0.37	30%
Non-CFO Act Agencies	\$0.22	12%	\$1.41	77%	\$0.34	19%	-\$0.12	-7%

Source: FPDS in February 2011

Notes:

- (1) Army, and by extension, Department of Defense, fixed price contract data have been adjusted by \$13.9B to reflect a one-time deobligation to correct for erroneous obligation at the beginning of FY 2008.
- (2) In addition to eliminating combination contracts as a data field, DHS issued guidance to eliminate the use of several additional data fields in the "other" category that were capturing obligations for cost reimbursement, T&M/LH and fixed prices contracts. Accordingly, DHS figures are adjusted for the change in both combinations and the additional obligations in the "other" category for cost-reimbursement, T&M/LH and fixed price contracts.