

“(3) the composition of teams designated to perform independent management reviews;

“(4) any phase-in requirements needed to ensure that qualified staff are available to perform independent management reviews;

“(5) procedures for tracking the implementation of recommendations made by independent management review teams; and

“(6) procedures for developing and disseminating lessons learned from independent management reviews.”

[(d) Repealed. Pub. L. 115-232, div. A, title VIII, § 812(b)(23), Aug. 13, 2018, 132 Stat. 1849.]

#### ESTABLISHMENT AND IMPLEMENTATION OF MANAGEMENT STRUCTURE

Pub. L. 107-107, div. A, title VIII, § 801(b)(2), Dec. 28, 2001, 115 Stat. 1176, directed the Secretary of Defense to establish and implement the management structure required under this section and the Under Secretary of Defense for Acquisition, Technology, and Logistics to issue guidance for officials in such management structure not later than 180 days after Dec. 28, 2001.

#### PHASED IMPLEMENTATION; REPORT

Pub. L. 109-163, div. A, title VIII, § 812(b), (c), Jan. 6, 2006, 119 Stat. 3378, 3379, which related to the phased implementation of the requirements of section 2330 of this title, was repealed by Pub. L. 115-232, div. A, title VIII, § 812(b)(24), Aug. 13, 2018, 132 Stat. 1849.

#### PROCUREMENT PROGRAM REVIEW STRUCTURE; COMPTROLLER GENERAL REVIEW

Pub. L. 107-107, div. A, title VIII, § 801(d)-(f), Dec. 28, 2001, 115 Stat. 1177, as amended by Pub. L. 113-291, div. A, title X, § 1071(b)(8), Dec. 19, 2014, 128 Stat. 3507, which provided for a program review structure applicable to the procurement of services similar to the one applicable to the procurement of weapon systems by the Department of Defense, and a Comptroller General assessment thereof, was repealed by Pub. L. 115-232, div. A, title VIII, § 812(b)(25), Aug. 13, 2018, 132 Stat. 1849.

#### PERFORMANCE GOALS FOR PROCUREMENTS OF SERVICES

Pub. L. 107-107, div. A, title VIII, § 802, Dec. 28, 2001, 115 Stat. 1178, as amended by Pub. L. 107-314, div. A, title VIII, § 805, Dec. 2, 2002, 116 Stat. 2605, which established performance goals for procurements of services pursuant to multiple award contracts, was repealed by Pub. L. 115-232, div. A, title VIII, § 812(b)(26), Aug. 13, 2018, 132 Stat. 1849.

### § 2330a. Procurement of services: tracking of purchases

(a) **DATA COLLECTION REQUIRED.**—The Secretary of Defense shall establish a data collection system to provide management information with regard to each purchase of services by a military department or Defense Agency in excess of \$3,000,000, regardless of whether such a purchase is made in the form of a contract, task order, delivery order, military interdepartmental purchase request, or any other form of interagency agreement, for services in the following service acquisition portfolio groups:

- (1) Logistics management services.
- (2) Equipment related services.
- (3) Knowledge-based services.
- (4) Electronics and communications services.

(b) **DATA TO BE COLLECTED.**—The data required to be collected under subsection (a) includes the following:

- (1) The services purchased.
- (2) The total dollar amount of the purchase.
- (3) The form of contracting action used to make the purchase.

(4) Whether the purchase was made through—

(A) a performance-based contract, performance-based task order, or other performance-based arrangement that contains firm fixed prices for the specific tasks to be performed;

(B) any other performance-based contract, performance-based task order, or performance-based arrangement; or

(C) any contract, task order, or other arrangement that is not performance based.

(5) In the case of a purchase made through an agency other than the Department of Defense, the agency through which the purchase is made.

(6) The extent of competition provided in making the purchase and whether there was more than one offer.

(7) Whether the purchase was made from—

(A) a small business concern;

(B) a small business concern owned and controlled by socially and economically disadvantaged individuals; or

(C) a small business concern owned and controlled by women.

(c) **INVENTORY SUMMARY.**—(1) Not later than the end of the third quarter of each fiscal year, the Secretary of Defense shall prepare an annual inventory, and submit to Congress a summary of the inventory, of activities performed during the preceding fiscal year pursuant to staff augmentation contracts and contracts closely associated with inherently governmental functions on behalf of the Department of Defense. The guidance for compiling the inventory shall be issued by the Under Secretary of Defense for Personnel and Readiness, the Under Secretary of Defense (Comptroller), and the Under Secretary of Defense for Acquisition and Sustainment, as follows:

(A) The Under Secretary of Defense for Personnel and Readiness, as supported by the Under Secretary of Defense (Comptroller), shall be responsible for developing guidance for—

(i) the collection of data regarding functions and missions performed by contractors in a manner that is comparable to the manpower data elements used in inventories of functions performed by Department of Defense employees;

(ii) the calculation of contractor full-time equivalents for direct labor, using direct labor hours in a manner that is comparable to the calculation of Department of Defense civilian full-time employees; and

(iii) the conduct and completion of the annual review required under subsection (e)(1).

(B) The Under Secretary of Defense for Acquisition and Sustainment shall be responsible for developing guidance on other data elements and implementing procedures for requirements relating to acquisition.

(2) The entry for an activity on an inventory under this subsection shall include, for the fiscal year covered by such entry, the following:

(A) The functions and missions performed by the contractor.

(B) The contracting organization, the component of the Department of Defense administering the contract, and the organization whose requirements are being met through contractor performance of the function.

(C) The funding source for the contract under which the function is performed by appropriation and operating agency.

(D) The fiscal year for which the activity first appeared on an inventory under this section.

(E) The number of contractor employees, expressed as full-time equivalents for direct labor, using direct labor hours and associated cost data collected from contractors (except that estimates may be used where such data is not available and cannot reasonably be made available in a timely manner for the purpose of the inventory).

(F) A determination whether the contract pursuant to which the activity is performed is a personal services contract.

(G) A summary of the data required to be collected for the activity under subsection (a).

(3) The inventory required under this subsection shall be submitted in unclassified form, but may include a classified annex.

(d) REVIEW AND PLANNING REQUIREMENTS.—Within 90 days after the date on which an inventory is submitted under subsection (c), the Secretary of the military department or head of the Defense Agency responsible for activities in the inventory shall—

(1) review the contracts and activities in the inventory for which such Secretary or agency head is responsible, with particular focus and attention on the following categories of high-risk product service codes (also referred to as Federal supply codes):

(A) Special studies or analysis that is not research and development.

(B) Information technology and telecommunications.

(C) Support, including professional, administrative, and management;

(2) ensure that—

(A) each contract on the list that is a personal services contract has been entered into, and is being performed, in accordance with applicable statutory and regulatory requirements;

(B) the activities on the list do not include any inherently governmental functions; and

(C) to the maximum extent practicable, the activities on the list do not include any functions closely associated with inherently governmental functions; and

(3) identify activities that should be considered for conversion—

(A) to performance by civilian employees of the Department of Defense pursuant to section 2463 of this title; or

(B) to an acquisition approach that would be more advantageous to the Department of Defense.

(e) DEVELOPMENT OF PLAN AND ENFORCEMENT AND APPROVAL MECHANISMS.—The Secretary of the military department or head of the Defense Agency responsible for activities in the inven-

tory shall develop a plan, including an enforcement mechanism and approval process, to—

(1) provide for the use of the inventory by the military department or Defense Agency to implement the requirements of section 129a of this title;

(2) ensure the inventory is used to inform strategic workforce planning;

(3) facilitate use of the inventory for compliance with section 235 of this title; and

(4) provide for appropriate consideration of the conversion of activities identified under subsection (e)(3) within a reasonable period of time.

(f) COMPTROLLER GENERAL REPORT.—Not later than March 31, 2018, the Comptroller General of the United States shall submit to the congressional defense committees a report on the status of the data collection required in subsection (a) and an assessment of the efforts by the Department of Defense to implement subsection (e).

(g) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to authorize the performance of personal services by a contractor except where expressly authorized by a provision of law other than this section.

(h) DEFINITIONS.—In this section:

(1) PERFORMANCE-BASED.—The term “performance-based”, with respect to a contract, task order, or arrangement, means that the contract, task order, or arrangement, respectively, includes the use of performance work statements that set forth contract requirements in clear, specific, and objective terms with measurable outcomes.

(2) FUNCTION CLOSELY ASSOCIATED WITH INHERENTLY GOVERNMENTAL FUNCTIONS.—The term “function closely associated with inherently governmental functions” has the meaning given that term in section 2383(b)(3) of this title.

(3) INHERENTLY GOVERNMENTAL FUNCTIONS.—The term “inherently governmental functions” has the meaning given that term in section 2383(b)(2) of this title.

(4) PERSONAL SERVICES CONTRACT.—The term “personal services contract” means a contract under which, as a result of its terms or conditions or the manner of its administration during performance, contractor personnel are subject to the relatively continuous supervision and control of one or more Government officers or employees, except that the giving of an order for a specific article or service, with the right to reject the finished product or result, is not the type of supervision or control that makes a contract a personal services contract.

(5) SERVICE ACQUISITION PORTFOLIO GROUPS.—The term “service acquisition portfolio groups” means the groups identified in Department of Defense Instruction 5000.74, Defense Acquisition of Services (January 5, 2016) or successor guidance.

(6) STAFF AUGMENTATION CONTRACTS.—The term “staff augmentation contracts” means services contracts for personnel who are physically present in a Government work space on a full-time or permanent part-time basis, for the purpose of advising on, providing support to, or assisting a Government agency in the performance of the agency’s missions, includ-

ing authorized personal services contracts (as that term is defined in section 2330a(g)(5) of this title).<sup>1</sup>

(7) SIMPLIFIED ACQUISITION THRESHOLD.—The term “simplified acquisition threshold” has the meaning given the term in section 134 of title 41.

(8) SMALL BUSINESS ACT DEFINITIONS.—

(A) The term “small business concern” has the meaning given such term under section 3 of the Small Business Act (15 U.S.C. 632).

(B) The terms “small business concern owned and controlled by socially and economically disadvantaged individuals” and “small business concern owned and controlled by women” have the meanings given such terms, respectively, in section 8(d)(3) of the Small Business Act (15 U.S.C. 637(d)(3)).

(Added Pub. L. 107–107, div. A, title VIII, §801(c), Dec. 28, 2001, 115 Stat. 1176; amended Pub. L. 110–181, div. A, title VIII, §807(a), Jan. 28, 2008, 122 Stat. 213; Pub. L. 111–84, div. A, title VIII, §803(b), Oct. 28, 2009, 123 Stat. 2402; Pub. L. 111–383, div. A, title III, §321, Jan. 7, 2011, 124 Stat. 4183; Pub. L. 112–81, div. A, title IX, §936, Dec. 31, 2011, 125 Stat. 1545; Pub. L. 113–66, div. A, title IX, §951(a), Dec. 26, 2013, 127 Stat. 839; Pub. L. 114–328, div. A, title VIII, §§812, 833(b)(2)(C)(ii), Dec. 23, 2016, 130 Stat. 2269, 2284; Pub. L. 115–91, div. A, title X, §1081(a)(30), (d)(6)(A), Dec. 12, 2017, 131 Stat. 1595, 1600; Pub. L. 115–232, div. A, title VIII, §819, Aug. 13, 2018, 132 Stat. 1853.)

#### REFERENCES IN TEXT

Section 2330a(g)(5) of this title, referred to in subsec. (h)(6), meaning subsec. (g)(5) of this section, was redesignated through a series of amendments as subsec. (h)(4) of this section.

#### AMENDMENTS

2018—Subsec. (c)(1). Pub. L. 115–232, in introductory provisions, inserted “and contracts closely associated with inherently governmental functions” after “staff augmentation contracts” and substituted “Under Secretary of Defense for Acquisition and Sustainment” for “Under Secretary of Defense for Acquisition, Technology, and Logistics”.

Subsec. (c)(1)(B). Pub. L. 115–232, §819(2), substituted “Under Secretary of Defense for Acquisition and Sustainment” for “Under Secretary of Defense for Acquisition, Technology, and Logistics”.

2017—Subsec. (d)(1)(C). Pub. L. 115–91, §1081(a)(30)(A), struck out period before semicolon at end.

Subsec. (h)(1). Pub. L. 115–91, §1081(a)(30)(B)(i), inserted heading.

Subsec. (h)(2) to (4). Pub. L. 115–91, §1081(d)(6)(A), amended directory language of Pub. L. 114–328, §833(b)(2)(C)(ii). See 2016 Amendment notes below.

Subsec. (h)(5). Pub. L. 115–91, §1081(a)(30)(B)(iii), inserted heading.

Pub. L. 115–91, §1081(a)(30)(B)(ii), redesignated par. (6) defining “service acquisition portfolio groups” as (5). Former par. (5) redesignated (7).

Pub. L. 115–91, §1081(d)(6)(A), amended directory language of Pub. L. 114–328, §833(b)(2)(C)(ii). See 2016 Amendment note below.

Subsec. (h)(6). Pub. L. 115–91, §1081(a)(30)(B)(iv), inserted heading.

Pub. L. 115–91, §1081(a)(30)(B)(ii), redesignated par. (7) as (6). Former par. (6) defining “service acquisition portfolio groups” redesignated (5) and former par. (6) relating to Small Business Act definitions redesignated (8).

Pub. L. 115–91, §1081(d)(6)(A), amended directory language of Pub. L. 114–328, §833(b)(2)(C)(ii). See 2016 Amendment note below.

Subsec. (h)(7). Pub. L. 115–91, §1081(a)(30)(B)(ii), redesignated par. (5) as (7). Former par. (7) redesignated (6).

Subsec. (h)(8). Pub. L. 115–91, §1081(a)(30)(B)(ii), redesignated par. (6) relating to Small Business Act definitions as (8).

2016—Subsec. (a). Pub. L. 114–328, §812(a), (b), substituted “in excess of \$3,000,000” for “in excess of the simplified acquisition threshold” and “, for services in the following service acquisition portfolio groups:” for period at end and added pars. (1) to (4).

Subsec. (c). Pub. L. 114–328, §812(c)(1), substituted “Inventory Summary” for “Inventory” in heading.

Subsec. (c)(1). Pub. L. 114–328, §812(c)(2), substituted “prepare an annual inventory, and submit to Congress a summary of the inventory, of activities performed during the preceding fiscal year pursuant to staff augmentation contracts on behalf” for “submit to Congress an annual inventory of the activities performed during the preceding fiscal year pursuant to contracts for services (and pursuant to contracts for goods to the extent services are a significant component of performance as identified in a separate line item of a contract) for or on behalf”.

Subsec. (d). Pub. L. 114–328, §812(d), redesignated subsec. (e) as (d) and struck out former subsec. (d). Prior to amendment, text of subsec. (d) read as follows: “Not later than 30 days after the date on which an inventory under subsection (c) is required to be submitted to Congress, the Secretary shall—

“(1) make the inventory available to the public; and

“(2) publish in the Federal Register a notice that the inventory is available to the public.”

Subsec. (d)(1). Pub. L. 114–328, §812(e), inserted “, with particular focus and attention on the following categories of high-risk product service codes (also referred to as Federal supply codes):” after “responsible” and added subpars. (A) to (C).

Subsec. (e). Pub. L. 114–328, §812(d)(2), redesignated subsec. (f) as (e). Former subsec. (e) redesignated (d).

Subsec. (f). Pub. L. 114–328, §812(f), added subsec. (f). Former subsec. (f) redesignated (e).

Subsecs. (g), (h). Pub. L. 114–328, §812(d), redesignated subsecs. (i) and (j) as (g) and (h), respectively, and struck out former subsecs. (g) and (h) which related to Inspector General reports and Comptroller General reports, respectively.

Subsec. (h)(2). Pub. L. 114–328, §833(b)(2)(C)(ii)(I), (II), as amended by Pub. L. 115–91, §1081(d)(6)(A), redesignated par. (3) as (2) and struck out former par. (2). Prior to amendment, par. (2) read as follows: “The definitions set forth in section 2225(f) of this title for the terms ‘simplified acquisition threshold’, ‘small business concern’, ‘small business concern owned and controlled by socially and economically disadvantaged individuals’, and ‘small business concern owned and controlled by women’ shall apply.”

Subsec. (h)(3), (4). Pub. L. 114–328, §833(b)(2)(C)(ii)(II), as amended by Pub. L. 115–91, §1081(d)(6)(A), redesignated pars. (4) and (5) as (3) and (4), respectively. Former par. (3) redesignated (2).

Subsec. (h)(5). Pub. L. 114–328, §833(b)(2)(C)(ii)(III), as amended by Pub. L. 115–91, §1081(d)(6)(A), added par. (5). Former par. (5) redesignated (4).

Subsec. (h)(6). Pub. L. 114–328, §833(b)(2)(C)(ii)(III), as amended by Pub. L. 115–91, §1081(d)(6)(A), added par. (6) relating to Small Business Act definitions.

Pub. L. 114–328, §812(g), added par. (6) defining “service acquisition portfolio groups”.

Subsec. (h)(7). Pub. L. 114–328, §812(g), added par. (7).

Subsecs. (i), (j). Pub. L. 114–328, §812(d)(2), redesignated subsecs. (i) and (j) as (g) and (h), respectively.

2013—Subsecs. (g) to (j). Pub. L. 113–66 added subsecs. (g) and (h) and redesignated former subsecs. (g) and (h) as (i) and (j), respectively.

2011—Subsec. (c). Pub. L. 111–383, §321(2) to (4), substituted “The guidance for compiling the inventory shall be issued by the Under Secretary of Defense for

<sup>1</sup> See References in Text note below.

Personnel and Readiness, the Under Secretary of Defense (Comptroller), and the Under Secretary of Defense for Acquisition, Technology, and Logistics, as follows:” for “The entry for an activity on an inventory under this subsection shall include, for the fiscal year covered by such entry, the following:” in par. (1), added new subpars. (A) and (B) to par. (1), inserted par. (2) designation and introductory provisions before former subpars. (A) to (G) of par. (1) thereby making them part of par. (2), added subpar. (E), and struck out former subpar. (E) which read as follows: “The number of full-time contractor employees (or its equivalent) paid for the performance of the activity.”

Subsec. (c)(1). Pub. L. 112–81, §936(a)(1), inserted “(and pursuant to contracts for goods to the extent services are a significant component of performance as identified in a separate line item of a contract)” after “pursuant to contracts for services” in introductory provisions.

Subsec. (c)(1)(A)(ii), (iii). Pub. L. 112–81, §936(a)(2), added cls. (ii) and (iii) and struck out former cl. (ii) which read as follows: “the calculation of contractor manpower equivalents in a manner that is comparable to the calculation of full-time equivalents for use in inventories of functions performed by Department of Defense employees.”

Subsec. (c)(1)(B). Pub. L. 112–81, §936(a)(3), inserted “for requirements relating to acquisition” before period at end.

Subsec. (c)(2), (3). Pub. L. 111–383, §321(1), redesignated par. (2) as (3).

Subsec. (e)(2) to (4). Pub. L. 112–81, §936(b), inserted “and” at end of par. (2), substituted period for “; and” at end of par. (3), and struck out par. (4) which read as follows: “develop a plan, including an enforcement mechanism and approval process, to provide for appropriate consideration of the conversion of activities identified under paragraph (3) within a reasonable period of time.”

Subsec. (f) to (h). Pub. L. 112–81, §936(c), added subsec. (f) and redesignated former subsecs. (f) and (g) as (g) and (h), respectively.

2009—Subsec. (e)(4). Pub. L. 111–84 inserted “, including an enforcement mechanism and approval process,” after “plan”.

2008—Subsecs. (c) to (g). Pub. L. 110–181, §807(a)(1), (2), added subsecs. (c) to (f), redesignated former subsec. (d) as (g), and struck out heading and text of former subsec. (c). Former text read as follows: “To the maximum extent practicable, a single data collection system shall be used to collect data under this section and information under section 2225 of this title.”

Subsec. (g)(3) to (5). Pub. L. 110–181, §807(a)(3), added pars. (3) to (5).

#### EFFECTIVE DATE OF 2017 AMENDMENT

Pub. L. 115–91, div. A, title X, §1081(d), Dec. 12, 2017, 131 Stat. 1599, provided that the amendment made by section 1081(d)(6)(A) is effective as of Dec. 23, 2016, and as if included in Pub. L. 114–328 as enacted.

#### EFFECTIVE DATE OF 2008 AMENDMENT

Pub. L. 110–181, div. A, title VIII, §807(b), Jan. 28, 2008, 122 Stat. 215, provided that:

“(1) The amendments made by subsection (a) [amending this section] shall be effective upon the date of the enactment of this Act [Jan. 28, 2008].

“(2) The first inventory required by section 2330a(c) of title 10, United States Code, as added by subsection (a), shall be submitted not later than the end of the third quarter of fiscal year 2008.”

#### DEVELOPMENT OF GUIDANCE ON PERSONAL SERVICES CONTRACTS

Pub. L. 110–417, [div. A], title VIII, §831, Oct. 14, 2008, 122 Stat. 4534, which required the Secretary of Defense to develop certain guidance related to personal services contracts, was repealed by Pub. L. 115–232, div. A, title VIII, §812(b)(27), Aug. 13, 2018, 132 Stat. 1849.

### § 2331. Procurement of services: contracts for professional and technical services

(a) IN GENERAL.—The Secretary of Defense shall prescribe regulations to ensure, to the maximum extent practicable, that professional and technical services are acquired on the basis of the task to be performed rather than on the basis of the number of hours of services provided.

(b) CONTENT OF REGULATIONS.—With respect to contracts to acquire services on the basis of the number of hours of services provided, the regulations described in subsection (a) shall—

(1) include standards and approval procedures to minimize the use of such contracts;

(2) establish criteria to ensure that proposals for contracts for technical and professional services are evaluated on a basis which does not encourage contractors to propose uncompensated overtime;

(3) ensure appropriate emphasis on technical and quality factors in the source selection process;

(4) require identification of any hours in excess of 40-hour weeks included in a proposal;

(5) ensure that offerors are notified that proposals which include unrealistically low labor rates or which do not otherwise demonstrate cost realism will be considered in a risk assessment and evaluated appropriately; and

(6) provide guidance to contracting officers to ensure that any use of uncompensated overtime will not degrade the level of technical expertise required to perform the contract.

(Added Pub. L. 101–510, div. A, title VIII, §834(a)(1), Nov. 5, 1990, 104 Stat. 1613; amended Pub. L. 102–25, title VII, §701(a), Apr. 6, 1991, 105 Stat. 113; Pub. L. 103–355, title I, §1004(c), Oct. 13, 1994, 108 Stat. 3253; Pub. L. 107–107, div. A, title VIII, §801(g)(1), Dec. 28, 2001, 115 Stat. 1177.)

#### PRIOR PROVISIONS

A prior section 2331 was renumbered section 2350 of this title.

#### AMENDMENTS

2001—Pub. L. 107–107 substituted “Procurement of services: contracts” for “Contracts” in section catchline.

1994—Subsec. (c). Pub. L. 103–355 struck out text and heading of subsec. (c). Text read as follows:

“(1) The Secretary of Defense may waive the limitation in section 2304(j)(4) of this title on the total value of task orders for specific contracting activities to the extent the Secretary considers the use of master agreements necessary in order to further the policy set forth in subsection (a).

“(2) During any fiscal year, such a waiver may not increase the total value of task orders under master agreements of a contracting activity by more than 20 percent of the value of all contracts for advisory and assistance services awarded by that contracting activity during fiscal year 1989.

“(3) Such a waiver shall not become effective until 60 days after the Secretary of Defense has published notice thereof in the Federal Register.”

1991—Subsec. (c)(1). Pub. L. 102–25 struck out “on a case-by-case basis” after “value of task orders”, substituted “considers the use of master agreements necessary” for “considers necessary the use of master agreements”, and struck out “of this section” before period at end.