

**Statutory Notes and Related Subsidiaries****EFFECTIVE DATE OF 2021 AMENDMENT**

Amendment by Pub. L. 117-81 applicable as if included in the enactment of title XVIII of Pub. L. 116-283 as enacted, see section 1701(a)(2) of Pub. L. 117-81, set out in a note preceding section 3001 of this title and Effective Date note below.

**EFFECTIVE DATE**

Section and amendment by Pub. L. 116-283 effective Jan. 1, 2022, with additional provisions for delayed implementation and applicability of existing law, see section 1801(d) of Pub. L. 116-283, set out as an Effective Date of 2021 note preceding section 3001 of this title.

**§ 4505. 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 inventory 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<sup>1</sup> 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, respec-

tively, 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 4508(b)(3) of this title.

(3) **INHERENTLY GOVERNMENTAL FUNCTIONS.**—The term “inherently governmental functions” has the meaning given that term in section 4508(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, including authorized personal services contracts (as that term is defined in section 4505(g)(5)<sup>1</sup> of this title).

(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, § 2330a; 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,

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

title VIII, §819, Aug. 13, 2018, 132 Stat. 1853; renumbered §4505 and amended Pub. L. 116–283, div. A, title XVIII, §§1856(g), (h), 1883(b)(2), Jan. 1, 2021, 134 Stat. 4275, 4294; Pub. L. 117–81, div. A, title XVII, §1701(b)(19)(B), (d)(13), Dec. 27, 2021, 135 Stat. 2135, 2137.)

### Editorial Notes

#### REFERENCES IN TEXT

Section 235 of this title, referred to in subsec. (e)(3), was repealed by Pub. L. 117–81, div. A, title VIII, §815(b)(1), Dec. 27, 2021, 135 Stat. 1825.

Section 4505(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.

#### PRIOR PROVISIONS

A prior section 4505, act Aug. 10, 1956, ch. 1041, 70A Stat. 252, which related to procurement by Secretary of the Army of production equipment, was repealed by Pub. L. 103–160, div. A, title VIII, §823(1), Nov. 30, 1993, 107 Stat. 1707.

#### AMENDMENTS

2021—Pub. L. 116–283, §1856(g), renumbered section 2330a of this title as this section.

Subsec. (h)(2). Pub. L. 117–81, §1701(d)(13), which directed the substitution of “section 4508(b)(3)” for “section 2383(b)(3)”, could not be executed because of the intervening amendment by Pub. L. 116–283, §1883(b)(2). See note below.

Pub. L. 116–283, §1883(b)(2), substituted “section 4508(b)(3)” for “section 2383(b)(3)”.

Subsec. (h)(3). Pub. L. 116–283, §1856(h), as amended by Pub. L. 117–81, §1701(b)(19)(B), substituted “section 4508(b)(2)” for “section 2383(b)(2)”.

Subsec. (h)(6). Pub. L. 116–283, §1883(b)(2), substituted “section 4505(g)(5)” for “section 2330a(g)(5)”.

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 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).

#### Statutory Notes and Related Subsidiaries

##### EFFECTIVE DATE OF 2021 AMENDMENT

Amendment by section 1701(b)(19)(B) of Pub. L. 117–81 applicable as if included in the enactment of title XVIII of Pub. L. 116–283 as enacted, see section 1701(a)(2) of Pub. L. 117–81, set out in a note preceding section 3001 of this title and note below.

Amendment by section 1701(d)(13) of Pub. L. 117–81 to take effect immediately after the amendments made by title XVIII of Pub. L. 116–283 have taken effect, see section 1701(a)(3) of Pub. L. 117–81, set out in a note preceding section 3001 of this title and note below.

Amendment by Pub. L. 116–283 effective Jan. 1, 2022, with additional provisions for delayed implementation and applicability of existing law, see section 1801(d) of Pub. L. 116–283, set out as a note preceding section 3001 of this title.

##### 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 [now 10 U.S.C. 4505(c)], as added by subsection (a), shall be submitted not later than the end of the third quarter of fiscal year 2008.”

#### § 4506. Procurement of services: data analysis and requirements validation

(a) IN GENERAL.—The Secretary of Defense, acting through the Under Secretary of Defense (Comptroller) and Director of Cost Assessment and Program Evaluation, shall ensure that—

(1) appropriate and sufficiently detailed data are collected and analyzed to support the validation of requirements for services contracts and inform the planning, programming, budgeting, and execution process of the Department of Defense;

(2) requirements for services contracts are evaluated appropriately and in a timely manner to inform decisions regarding the procurement of services; and

(3) decisions regarding the procurement of services consider available resources and total force management policies and procedures.

(b) SPECIFICATION OF AMOUNTS REQUESTED IN BUDGET.—Effective February 1, 2023, the Secretary of Defense, acting through the Under Secretary of Defense (Comptroller) and Director of Cost Assessment and Program Evaluation, shall annually submit to Congress information on services contracts that clearly and separately identifies the amount requested for each category of services to be procured for each Defense Agency, Department of Defense Field Activity, command, or military installation. Such information shall—

(1) be submitted at or before the time of the budget submission by the President under section 1105(a) of title 31 or on the date on which the future-years defense program is submitted to Congress under section 221 of this title;

(2) cover the fiscal year covered by such budget submission by the President;

(3) be consistent with total amounts of estimated expenditures and proposed appropriations necessary to support the programs, projects, and activities of the Department of Defense included in such budget submission by the President for that fiscal year;

(4) be informed by the review of the inventory required by section 4505(c) using standard guidelines developed under subsection (d); and

(5) clearly and separately identify the amount requested and projected for the procurement of contract services for each Defense Agency, Department of Defense Field Activity, command, or military installation for the budget year and the subsequent four fiscal years in the future-years defense program submitted to Congress under section 221.

(c) DATA ANALYSIS.—(1) Each Secretary of a military department shall regularly analyze past spending patterns and anticipated future requirements with respect to the procurement of services within such military department.

(2)(A) The Secretary of Defense, acting through the Under Secretary of Defense (Comptroller) and Director of Cost Assessment and Program Evaluation, shall regularly analyze past spending patterns and anticipated future