



U.S. Small Business
Administration

Contract Bundling
Report to Congress for
Fiscal Year 2019

June 15, 2020

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2. Abbreviations

Chief Financial Officer (CFO)
Federal Acquisition Regulation (FAR)
Federal Procurement Data System-Next Generation (FPDS-NG)
North American Industry Classification System (NAICS) code
United States Code (U.S.C.)
Fiscal Year (FY)
United States Army (USA)
United States Air Force (USAF)
Defense Logistics Agency (DLA)

3. List of the 24 CFO Act Agencies

Department of Commerce (DOC)
Department of Defense (DoD)
Department of Energy (DOE)
Department of Homeland Security (DHS)
Department of Interior (DOI)
Department of Justice (DOJ)
Department of Labor (DOL)
Department of Transportation (DOT)
Department of Education (Education)
Environmental Protection Agency (EPA)
General Services Administration (GSA)
Department of Health and Human Services (HHS)
Department of Housing and Urban Development (HUD)
National Aeronautics and Space Administration (NASA)
U.S. Nuclear Regulatory Commission (NRC)
National Science Foundation (NSF)
Office of Personnel Management (OPM)
Small Business Administration (SBA)
Social Security Administration (SSA)
Department of State (State)
Department of Treasury (Treasury)
U.S. Agency for International Development (USAID)
United States Department of Agriculture (USDA)
Department of Veterans Affairs (VA)

4. Report Summary

The Small Business Act (the Act) requires the U.S. Small Business Administration (SBA) to annually submit a report on contract bundling to the Committee on Small Business of the United States House of Representatives and the Committee on Small Business and Entrepreneurship of the United States Senate. Section 3 of the Act, 15 U.S.C. § 632(o)(1), defines “bundled contract” as “a contract that is entered into to meet requirements that are consolidated in a bundling of contract requirements.” Similarly, 15 U.S.C. § 632(o)(2) defines “bundling” as “Consolidating two or more procurement requirements for goods or services previously provided or performed under separate smaller contracts into a solicitation of offers for a single contract that is likely to be unsuitable for award to a small-business concern due to—

- (A) the diversity, size, or specialized nature of the elements of the performance specified;
- (B) the aggregate dollar value of the anticipated award;
- (C) the geographical dispersion of the contract performance sites; or
- (D) any combination of the factors described in subparagraphs (A), (B), and (C).” Section 15 of the Act, 15 U.S.C. § 644(p)(4)(B), requires an annual report on contract bundling that should contain the following information:

- (i) data on the number, arranged by industrial classification, of small business concerns displaced as prime contractors as a result of the award of bundled contracts by Federal agencies; and

- (ii) a description of the activities with respect to previously bundled contracts of each Federal agency during the preceding year, including—

- (I) data on the number and total dollar amount of all contract requirements that were bundled; and

- (II) with respect to each bundled contract, data or information on—
- (aa) the justification for the bundling of contract requirements;
 - (bb) the cost savings realized by bundling the contract requirements over the life of the contract;
 - (cc) the extent to which maintaining the bundled status of contract requirements is projected to result in continued cost savings;
 - (dd) the extent to which the bundling of contract requirements complied with the contracting agency’s small business subcontracting plan, including the total dollar value awarded to small business concerns as subcontractors and the total dollar value previously awarded to small business concerns as prime contractors; and
 - (ee) the impact of bundling contract requirements on small business concerns unable to compete as prime contractors and industries of such small business concerns—including a description of any changes to the proportion of any such industry that is composed of small business concerns.

Section 15 of the Act (15 U.S.C. § 644(p)(5)) provides that SBA shall have access to information collected in the Federal Procurement Data System-Next Generation (FPDS-NG) and that the head of each contracting agency shall provide SBA with procurement information collected through existing data sources.

SBA evaluates the FPDS-NG contracting data using the FPDS-NG Bundling Report and requests a written report from each of the 24 Chief Financial Officers (CFO) Act agencies that

provides the information required by 15 U.S.C. § 644(p)(4)(B) of the Act.

FPDS-NG and agency data sources do not currently contain sufficient information to quantify the extent to which bundling of contract requirements impacts the ability of small businesses to compete as prime contractors or to compare the savings realized under an existing bundled contract with the potential savings that may occur if that bundled contract is re-competed in its current configuration. This report contains a summary of agency narrative reports that address the bundling data required by 15 U.S.C. § 644(p)(4)(B). FPDS-NG does not currently capture estimated savings at the transaction level, nor does it capture bundling that occurs overseas. The Federal Acquisition Regulation (FAR), in FAR 2.101, considers bundling to “not apply to a contract that will be awarded and performed entirely outside of the United States” that is at variance with the definition of bundling at 15 U.S.C. § 632(o)(2). In FY 2017 FPDS-NG was revised, V1.4 SP 33.0, to provide an improved capability for all agencies to identify bundled contract actions. However, FPDS-NG does not capture savings at the contract action transaction level and the agency narrative reports continue to be the only source of information on savings from bundling.

5. Fiscal Year 2019 Results

Department of Defense (DoD) reported bundling activities that totaled \$1,750,424,611 in ultimate dollar value. None of the reported bundling was identified as Mission-Critical or related to A-76 actions. The Department of the Interior (DOI) contract bundling report states there is one (1) bundled contract, but it does not show in FPDS-NG. DOI was contacted and they advised the correction is in process and will provide an updated contract bundling report when the correction is completed. As of the date of this report, FPDS-NG does not show a bundled contract.

SBA sought the FY 2019 bundling data directly from all the 24 CFO Act agencies. Twenty-two agencies reported no bundling activity. As mentioned above, two Federal agencies DOI (Enclosure 2) and DoD (Enclosure 1) responded with the enclosed reports on their bundling activities that occurred in FY 2019. The Department of Defense (DoD) reported three bundled contract awards in FY 2019 representing \$1,750,424,611 in ultimate dollar value with \$81,698,514 obligated in FY 2019. DOD did not provide an update on two additional bundled contract awards that were reported in FY 2015 and FY 2016 and still active in FY 2019. The FY 2015 bundled contract represented a total of \$5,812,444 in obligated funds in FY 2019. The FY 2016 bundled contract represented a total of \$5,346,226 in obligated funds in FY 2019. Thus, overall, in FY 2019, \$492,857,184 was obligated through DoD bundled contract actions as included in Table 1 below and the DoD FY 2019 Contract Bundling Report in Enclosure 1.

Table 1 below provides a summary of FY 2019 contract bundling activities for DOD.

Table 1. Summary of Agency FY 2019 Obligations Against Bundled Contracts

Contracting Agency	Total Bundled Dollars Obligated in FY 2019	Ultimate Contract Value of Bundled Contract (Over Life of Contract)
TOTAL DOD BUNDLED CONTRACTS	\$492,857,184	\$2,091,886,114

6. Summaries of Agency Submitted Reports

6.1 U.S. Department of Defense

Pursuant to 15 U.S.C. § 644(p)(4)(B) of the Small Business Act which requires SBA to prepare an Annual Report on Contract Bundling, the DoD Office of Small Business Programs (OSBP) submitted a report to SBA that describes the extent of the Department’s contract bundling for FY 2019 (Enclosure 1).

Based on a review of the data reported in the FPDS-NG along with each DoD component that reported such data, it was determined that DoD bundled three new contracts in FY2019 and continued to make awards against two existing bundled contract previously reported in FY 2015 and FY 2016. The new bundled contracts reported in FY 2019 were the United States Air Force (USAF) requirement for performance of asset management, cybersecurity, helpdesk support, technical support, configuration management of highly specialized military systems; the United States Army (USA) requirement for tritonal bomb kits; and the Defense Logistics Agency (DLA) requirement for the Aircraft Engine and Engine Parts Manufacturing.

Additionally, DoD’s Contract Bundling Report did not provide updates on bundled contract awards previously reported in FY 2015 and FY 2016. Based on FPDS-NG data, the previously identified substantial bundling award not provided in the FY 2019 DoD narrative

report for two previously bundled contracts is included in this report. The information below and the attached the FY 2019 DoD bundling report in Enclosure 1 provides details regarding this contract and any associated justifications and impacts.

6.1.1 Data on the number, arranged by industrial classification, of small business concerns displaced as prime contractors as a result of the award of bundled contracts by the DOD:

There were 176 small business concerns (SBCs) displaced by the DoD FY 2019 bundling actions across 19 North American Classification Systems (NAICS) codes. The numbers of small business contractors impacted by the DoD bundling activity in various NAICS codes are represented in Table 2, below.

Table 2. Summary of Small Business Concerns Displaced

NAICS Code	Number of Small Business Contractors Displaced
332993	1
541513	0
326310	5
326220	5
331420	2
332119	7
332510	13
332613	1
332618	3
332622	37
332919	7
332991	10
333613	7
335311	2
336310	1
336320	2
336412	64
336413	1
339991	8
TOTAL	176

Source: Table 2 information shown in Department of Defense FY 2019 Contract Bundling Report, Page 2.

6.1.2 Description of the activities with respect to bundled contracts of DoD during FY 2019:

Data on the number and total dollar amount of all contract requirements that were bundled:

Table 3 Summary of Active DoD Bundled Contracts in FY 2019

Contracting Agency	Procurement Instrument Identifier (PIID)	Estimated Total Value of Bundled Contract (Lifetime value of Contract)
UNITED STATES AIR FORCE (5700)	FA701419DA005	\$445,361,476
DEFENSE LOGISTICS AGENCY (97AS)	SPE4AX19D9400	\$315,463,135
UNITED STATES ARMY (2100)	W52P1J19D0015	\$989,600,000
WASHINGTON HEADQUARTERS SERVICES	HQ003415D0014	\$300,000,000 ¹
DEFENSE LOGISTICS AGENCY (97AS)	SPE7LX16D0125	\$41,461,503 ²
TOTAL		\$2,091,886,114

The following attachments from the DOD report are incorporated as attachments to this report

Note: There was no attachment provided for the previously reported DLA contract identified in Table 1; however FPDS-NG shows obligations for FY 2019:

- Attachment 1: Defense Logistics Agency – SPE4AX19D9400
- Attachment 2: U.S. Air Force – FA701419DA005
- Attachment 3: U.S. Army – W52P1J19D0015

6.2 Savings from Bundling

While there is documentation of estimated savings in the pre-award acquisition planning to bundle or mitigate the impact of bundled contracts, currently there is scant documentation of the ability to capture and validate the cost savings realized in the initial award or through continued use of bundled contracts. DoD identified pre-award cost savings estimates and cost-avoidance

¹ DoD did not report this FY 2015 Contract on its FY 2019 Contract Bundling Report, however there were new orders placed against this contract, which was previously reported as bundled in FY 2015. SBA includes these orders here in accordance with Section 15(p) (4)(B) of the Small Business Act.

² DoD did not report this FY 2016 Contract on its FY 2019 Contract Bundling Report, however there were new orders placed against this contract, which was previously reported as bundled in FY 2016. SBA includes these orders here in accordance with Section 15(p) (4)(B) of the Small Business Act.

savings estimates; however, DoD components were unable to identify cost savings realized or projected continued cost savings and indicated it was premature to provide a cost savings analysis.

8. Summary

Bundled contracts and orders against bundled contracts activity, totaling \$92,857,184 in obligated FY 2019 funds, continued to be a small percentage of total Federal contract actions reported, representing 0.0801% of the \$501,583,160,938³ of the total Federal prime contract dollars obligated in FY 2019. DoD contract bundling for FY 2019 represents 0.0801% of total Federal prime contract awards. According to DoD, DoD mitigated the impact of bundling through the use of set-asides, reserves and subcontracting plans.

The U. S. Department of the Treasury stated in September 2019 that two FY 2018 purchase orders were erroneously reported in FPDS-NG as bundled contracts and the errors would be corrected. Treasury was contacted January 2020 requesting an update on the corrections of these two purchase orders in FPDS-NG. As of the date of this report, the two FY 2018 purchase orders are currently showing in FPDS-NG as bundled. Those purchase orders are: 2036X518K00494 and 2091JE18P00014.

³ The FY 2019 Contract Bundling Report is based on the NDAA for FY 2016 and NDAA for FY 2019 guidance, which permits agencies to receive double credit for awards made in Puerto Rico.

9. ENCLOSURE 1
Department of Defense (DoD)

Department of Defense
FY 2019 Contract Bundling Report for the
Small Business Administration



Office of Small Business Programs

Office of the Under Secretary of Defense for Acquisition and Sustainment

January 2020

In support of the requirement from Section 15(p)(4) of the Small Business Act for the Small Business Administration (SBA) to prepare an Annual Report on Contract Bundling, the Department of Defense (DoD) Office of Small Business Programs (OSBP) submits this report to SBA to discuss the extent of the Department’s contract bundling for fiscal year (FY) 2019.

Based on an extensive review of the validated data from the *Bundled and Consolidated Contracts Report* in the Federal Procurement Data System-Next Generation (FPDS-NG), as well as communication with all DoD components, the Department reports three bundled contract for FY 2019, from the DLA, Army, and the Air Force. As requested, for FY 2019 the information below provides details regarding these contracts and any associated justifications and impacts.

1. Data on the number, arranged by industrial classification, of small business concerns displaced as prime contractors as a result of the award of bundled contracts by the DoD

NAICS	Number of SB Contractors
332993	1
541513	0
326130	5
326220	5
331420	2
332119	7
332510	13
332613	1
332618	3
332622	37
332919	7
332991	10
333613	7
335311	2
336310	1
336320	2
336412	64
336413	1
339991	8

2. Description of the activities with respect to bundled contracts of the DoD

(I) Data on the number and total dollar amount of all contract requirements that were bundled

PIID	Contracting Agency	Total Bundled Dollars
W52P1J19D0015	Army	\$989,600,000.00
FA701419DA005	Air Force	\$445,361,476.19
SPE4AX19D9400	DLA	\$315,463,134.88

Details regarding the above DoD bundled contract is described in the following attachments: No bundled contracts award in FY19.

Attachment 1: Army W52P1J19D0015

Attachment 2: Air Force FA701419DA005

Attachment 3: DLA SPE4AX19D9400

Summary

The DoD recognizes the importance of minimizing contract bundling to avoid adverse impacts to small businesses in the defense industrial base. DoD's ability to mitigate most bundling in FY 2019 reflects the Department's dedication to fostering a healthy small business industrial base. Preliminary data for FY 2019 shows that DoD awarded \$73.9 billion in small business prime contracts, which represents 23.83% of all small business eligible DoD procurement dollars (\$310.1 billion). This exceeded the SBA-assigned goal for DoD of 21.80%. Based on this preliminary data, DoD expects to surpass its small business goal while mitigating most bundling. DoD implements bundling only when it is the best option in the interest of the Department and the Federal government, based on objective analysis and projected cost savings.

The involvement of Small Business Professionals throughout the acquisition process, including training of contracting personnel and participation in acquisition strategy reviews, was critical to mitigating the bundling of contracts.

DoD remains committed to providing maximum practical opportunities for small business participation in Department acquisitions. DoD Contracting Officers will continue to ensure that if they bundle contracts, they will provide appropriate justification after considering ways to mitigate the loss of opportunities for small businesses in the development of acquisition strategies. One effective strategy for the mitigation of bundling's adverse impacts to small business is a continuing commitment to maximizing subcontract opportunities for small business. In FY 2018, the Department reported \$48 billion in subcontract awards representing 61% of the Federal government's small business subcontract performance. Preliminary performance data for FY 2019 indicates that the Department is on track to achieve similar performance.

10. ENCLOSURE 2
Department of Interior (DOI)

**DEPARTMENT OF THE INTERIOR
FISCAL YEAR 2019 CONTRACT BUNDLING REPORT**

In accordance with Section 15(p)(4) of the Small Business Act, Department of the Interior (DOI) submits its Annual Report of Contract Bundling. For the Fiscal Year 2019 reporting period, DOI has 1 bundled requirement to report. The Department will continue to closely monitor potential bundling.

Bundling Report

(i) Data on the number, arranged by industrial classification, of small business concerns displaced as prime contractors as a result of the award of bundled contracts by Federal agencies.

DOI Response: 1 Bundled Requirement - DOI initially found 16 contracts as being bundled in FY 19. After reviewing some of the entries it was apparent that many of these entries were likely in error and were corrected. Currently DOI shows 5 contracts in the standard bundling report for FY 19. OSDBU has contacted the Bureau of Land Management, US Fish and Wildlife Service and National Park Service. All have confirmed that the listed contracts are in fact not bundled. They have also confirmed that these contracts will be corrected as soon as is feasible.

The 1 bundled requirement for DOI is not currently showing as bundled in FPDS-NG. The Contracting Officer has been notified to correct the entry for the bundled requirement. The bundled requirement is for DOI's Enterprise Infrastructure Solutions Telephony and Conferencing Services. This order was awarded through GSA's EIS GWAC contract under the NAICS Code: 517110. There were seven small business concerns affected.

(ii) A description of the activities with respect to previously bundled contracts of each Federal agency during the preceding year, including-

(I) Data on the number and total dollar amount of all contract requirements that were bundled; and

DOI Response: at least 7 transactions totaling \$112,644

(II) With respect to each bundled contract, data or information on-

(aa) The justification for the bundling of contract requirements. See attached

DOI Response: See attached

(bb) The cost savings realized by bundling the contract requirements over the life of the contract.

DOI Response: \$18,023

(cc) The extent to which maintaining the bundled status of contract requirements is projected to result in continued cost savings.

DOI Response: maintaining bundled status will result in continued cost savings of 16%

(dd) The extent to which the bundling of contract requirements complied with the contracting agency's small business subcontracting plan, including the total dollar value awarded to small business concerns as subcontractors and the total dollar value previously awarded to small business concerns as prime contractors.

DOI Response: The bundled requirement has a subcontract plan goal of 37%. The subcontract data is currently not yet been reported.

(ee) The impact of the bundling of contract requirements on small business concerns unable to compete as prime contractors for the consolidated requirements and on the industries of such small business concerns, including a description of any changes to the proportion of any such industry that is composed of small business concerns.

DOI Response: Small business concerns have the ability to subcontract with the prime contractors on the EIS GWAC orders and the bundled requirements are too small to statistically change the small business proportion in the industry.