

GAO Highlights

Highlights of [GAO-22-105307](#), a report to congressional committees

Why GAO Did This Study

The federal government spends hundreds of billions of dollars each year on products and services. To help ensure that the government pays fair and reasonable prices, contracting officers generally rely on competition.

When a contract is awarded without adequate price competition, contracting officers may rely on certified cost or pricing data from offerors to determine if the prices are reasonable. When these data are not required, contracting officers use data other than certified cost or pricing data, such as information from previous contracts, market research, or the contractor.

Congress included a provision in statute for GAO to report on the implementation and effect of section 811's changes to cost or pricing data submission requirements. This report describes (1) how DOD and NASA implemented the changes applicable to their agencies, and (2) the extent that DOD and NASA analyzed the effect of the changes on their ability to obtain cost or pricing data.

Using federal procurement data, GAO selected DOD and NASA, which had awards with the highest and fifth highest total contract values in fiscal year 2020, the last complete year of data available. GAO used federal procurement data to estimate the number of DOD and NASA awards in fiscal year 2020 that were potentially affected by the increased threshold. GAO also reviewed federal regulations, defense regulations, and agency policies; and interviewed DOD and NASA officials and contracting officers.

View [GAO-22-105307](#). For more information, contact Timothy J. DiNapoli at (202) 512-4841 or DiNapoliT@gao.gov.

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FEDERAL CONTRACTING

Implementation of Changes to Cost or Pricing Data Requirements

What GAO Found

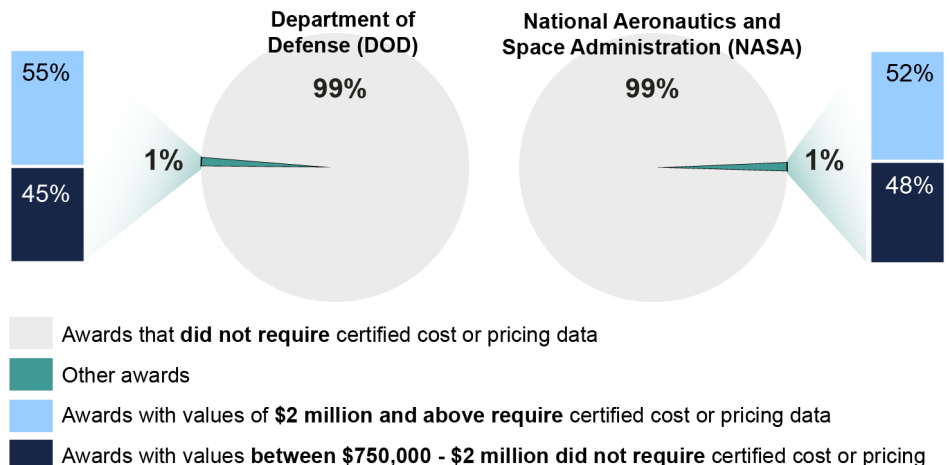
To help ensure the government pays fair and reasonable prices, agencies may require potential contractors (known as offerors) to provide data, such as the costs to produce goods or services or the prices others have paid. In some cases, offerors must certify that the data they provide are accurate, current, and complete. Section 811 of the National Defense Authorization Act for Fiscal Year 2018, among other things:

- increased the dollar threshold above which offerors must submit certified cost or pricing data from \$750,000 to \$2 million for certain awards, including subcontracts and modifications; and
- required Department of Defense (DOD) offerors, when certified cost or pricing data are not required, to submit data other than certified cost or pricing data if requested by the contracting officer to determine that prices are fair and reasonable.

Both DOD and the National Aeronautics and Space Administration (NASA) implemented the threshold increase for obtaining certified cost or pricing data by the statutorily effective date of July 1, 2018. They also, in conjunction with other federal agencies and the Office of Management and Budget, incorporated the statutory changes into the Federal Acquisition Regulation on July 2, 2020.

During this review, DOD and NASA officials told GAO they have not formally analyzed the effects of section 811. Using data from the Federal Procurement Data System, GAO estimated that less than 1 percent of DOD's and NASA's total number of awards may require submitting certified cost or pricing data depending on the dollar threshold applied. Of that 1 percent, nearly half of the awards are estimated not to require contractors to submit certified cost or pricing data due to the threshold change (see figure).

Estimated Percentage of DOD and NASA Awards in Fiscal Year 2020 That Did Not Require Certified Cost or Pricing Data Due to Threshold Change



Source: GAO analysis based on Federal Procurement Data System data. | GAO-22-105307