



Ecosystem Workforce Program

BRIEFING PAPER # 10

Government Estimates and Award Amounts for Forest Service Thinning Contracts

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Over the last several months there has been considerable political controversy in the media over the way that federal forest contract workers are treated. Some contend that part of the problem is that the Forest Service awards contracts to the lowest bidder, sometimes disregarding how much it would cost to do the work if the contractor were to pay the full wages and benefits as required by law. These same people maintain that the Forest Service consistently awards contracts below the agencies own estimate of how much it costs to do the work. Unfortunately, there has been no systematic examination of how award price compares to the government estimate.

To address these questions, we set out to compare the government estimate to the amount awarded for a sample of Forest Service thinning contracts.

Approach

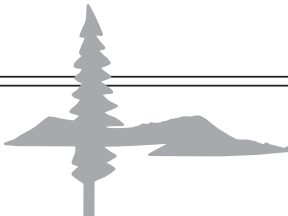
We hoped to compare the government estimate and award price for thinning contracts awarded over the past 5 years. We identified contracts using FedBizOpps, the place where the federal government posts contract solicitations. We narrowed our search by looking for awards and presolicitations beginning January 1, 2000 and ending December 31, 2005. Our focus was on hand thinning contracts. We excluded stewardship projects, large machine work and any contracts involving log removal and timber sales. Once we had a set of relevant contracts, we called the contact person for the solicitation to request the government estimate.

Findings

A government estimate is designed to give the government an idea of how much the work to be contracted will cost. We have found that the process of determining a government estimate varies across regions and offices. One procurement technician

told us that the government estimate differs depending on the person who completes it; some people just look at how much a similar contract was awarded for the year before while others follow a more detailed process to derive the government estimate. A staff member in Region 4 told us that they never award a thinning contract for more than the government estimate. A contract specialist in Region 6 said that sometimes they award contracts for more than the government estimates but that it depends on competition.

Acquiring the government estimate was more difficult than we expected. Unlike the amounts awarded for contracts, government estimates are never posted online. We called many different procurement technicians and contract specialists asking for government estimates. Most of the people that we talked to were very willing to tell us the final amount awarded and the contractor who received the award, but there were mixed responses to the request for a government estimate. A staff member in Region 4 told us that we would need to file a request through the Freedom of Information Act (FOIA) to obtain government estimates. Many other



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people told us that the information was confidential and was never given out. One contract specialist explained that in the solicitation process a contractor could change their bid up until the last moment and that revealing the government estimate before the contract was awarded could make them change their bid. Never giving out the government estimate reduced the possibility of error and accidentally revealing the estimate before the contract was awarded. At the other end of the spectrum, some offices offered the information up freely without questioning the reasons that it was needed. The majority of these staff members were from Region 6.

The data used in the study includes 121 contracts in 10 different regions and 31 national forests across the country. The total amount awarded for all of these contracts was \$8,053,818. Of these 121 contracts, we obtained the government estimates for 23, a selection that is approximately 1/6 the original sample (table 1).

These 23 contracts were awarded in 3 regions and 7 national forests (table 1). The total amount awarded was \$1,377,878 and the total of the government estimates for these contracts came to \$1,491,876. Therefore, these 23 contracts were together awarded for \$113,998 less than their government estimates.

For 15 of the 23 contracts (65%), the award amount was less than the government estimate. Of the 23 contracts, one contract was awarded that was the same as the government estimate. Two contracts were awarded at more than 20% above the government estimate. Eight contracts were awarded at more than 20% below the government estimate (figure 1). A larger sample size would give a more accurate picture of the nature of contracting in the Forest Service; unfortunately we were not able to get enough government estimates to create this type of study. *Because of the small non-random sample, the results in this paper may not be representative of larger patterns.*

Conclusions and Recommendations

In this study we learned that the process for determining the government estimate varies across national forests. Sometimes the government estimate is considered to be an upper limit. It is a line that can be crossed in some procurement offices and one that can never be crossed in others. We

also found that obtaining the government estimate is difficult and we were only able to get the government estimate for 23 contracts. When we compared the award amount to the government estimates in this dataset, the award amount was lower than the government estimates 65% of the time.

Accurate government estimates could be a valuable tool for the Forest Service. Good estimation from the beginning would help the Forest Service to determine the best contractor. Best-value contracting could occur from the start, with the creation of the government estimate, and then later when the quality of the different contractors is reviewed in the evaluation process.

Making the government estimate consistently available after the contract is awarded would help to forward research like this study and would give communities, contractors, and the Forest Service a clearer picture of the trends in Forest Service contracting. The Forest Service could use this information to either refute claims of below cost awards or use the information to change their procurement practices.

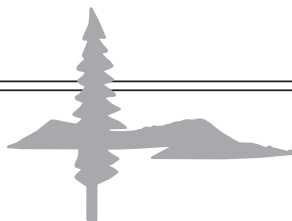


Table 1 - Location of the Sample Thinning Contracts

Region	Number of Contracts	Number with Government Estimates
1	30	1
2	2	0
3	15	0
4	9	0
5	10	6
6	31	16
8	1	0
9	4	0
10	19	0
Total	121	23

Figure 1 - Award Amount Compared to the Government Estimate

