

Statement of
Senator Susan M. Collins

“Federal Acquisition: Ways to Strengthen Competition
and Accountability”

U.S. Senate Committee on Homeland Security
and Governmental Affairs
July 17, 2007

The challenge of overseeing federal contracting has grown over the years. Spending under federal contracts now exceeds \$400 billion a year, making the U.S. government by far the world’s largest purchaser of goods and services, from staplers to studies to satellites.

During the past two decades, federal purchasing has undergone several waves of reform. As a Senate staffer years ago, I helped draft the Competition in

Contracting Act of 1984. More recent reform efforts were enacted in 1994, 1996, and 2003.

Unfortunately, many of the problems we sought to correct over the years are still with us, like a drug-resistant virus that defies a doctor's best efforts.

This Committee has heard truly alarming reports on acquisition problems such as arose in the response to Hurricane Katrina and in the reconstruction efforts in Iraq and Afghanistan. But even routine federal acquisition projects are often rife with problems.

I will mention three examples from a regrettably long list of candidates:

- **The Special Inspector General for Iraq**

Reconstruction found that the Department of

Defense's management of \$7.3 million in contracts relating to the Babylon Police Academy had numerous deficiencies, including \$1.3 million wasted on duplicate construction and unneeded equipment, \$2 million in unaccountable spending, and possible fraud.

- **FEMA spent \$915 million to buy manufactured homes for victims of Hurricanes Katrina and Rita that was largely wasted. More than 2,000 of the units exceeded FEMA's size specifications, and FEMA's flood-plain rules prevented large-scale deployment in the most heavily damaged areas of Louisiana and Mississippi.**

- **The Department of Energy contracted with Bechtel to build a \$4.3 billion waste-treatment plant at the contaminated federal nuclear facility in Hanford,**

Washington. GAO reported this year that the cost estimate now exceeds \$12 billion, and that completion will likely be in 2019 or later, eight years later than originally scheduled. GAO points to contractor performance, DOE management and oversight, and technical issues as problems.

Mr. Chairman, I don't cite these examples to question the goals or importance of the programs. I cite these programs precisely because they are important - important for advancing our national interests, for enhancing the capabilities of our armed forces, and for protecting our citizens. That is why, beyond the concern for wasted dollars and delayed deliveries, it is so troubling that the contract-management functions at Defense, DHS, and the Department of Energy are all on GAO's high-risk list.

We know that just as the problems are varied, so are the causes. They include a severe and growing shortage of qualified acquisition professionals, an over-reliance on sole-source contracts, inadequate specification of requirements and delivery dates, too many award fees in the face of poor performance, a lack of transparency in the process, deficient monitoring and evaluation, and even decision-making corrupted by individuals accepting gifts or seeking future private employment.

That is why I, along with Chairman Lieberman and Senators Coleman, Carper and McCaskill, introduced S. 680, the Accountability in Government Contracting Act of 2007, earlier this year.

This strong, bipartisan package of reforms would tackle many of the problems we have seen in

federal acquisition. It would help to strengthen the acquisition workforce, improve oversight of contracts, and promote competition and transparency.

Among other reforms, S. 680 would mandate competition for task or delivery orders that are currently not subject to competition. To increase the quality of competitive bids and bring additional transparency to task or delivery order competitions, the bill establishes the right to post-award debriefings for unsuccessful bidders on orders valued over \$5 million. This will help vendors shape better offers for the future and sharpen competition.

S. 680 also lessens the risks inherent in sole-source contracts by requiring prompt, on-line publication of notices of all sole-source task or

delivery orders above the Simplified Acquisition Threshold.

The bill would mitigate the practice of awarding contracts missing key terms, such as price, scope or schedule – that is, “undefinitized contracts” – by requiring the contracting officer to unilaterally determine missing terms within 180 days or a specified completion percentage.

Equally important, several measures in S. 680 would address the shortfalls in the ranks of federal acquisition professionals. Mechanisms include an acquisition internship program and a government-industry exchange program; an Acquisition Fellowship Program offering scholarships in exchange for a commitment to federal service, requirements for human-capital strategic plans by

chief acquisition officers, and a new senior-executive-level position in the Office of Federal Procurement Policy to manage this initiative.

I am eager to hear ideas from our witnesses for making our bill even more comprehensive and effective. As Comptroller General, Mr. Walker has performed a great service to the country by overseeing GAO's numerous and insightful reports on government programs, and in publicizing the high-risk list. Ms. Madsen's legal background in contracting and her service with the SARA Panel establish her as a particularly acute diagnostician in this area. And Mr. Soloway's government experience in earlier reform programs and his private-sector expertise will give us valuable insights in how we can improve the contracting process while taking into account legitimate business concerns.

This is a vitally important subject for the Committee. Delays and defects in procuring goods and services frustrate our goals, and can endanger the lives of our citizens and our soldiers. And every dollar lost to waste, fraud, or abuse is a dollar denied to some other worthy objective.

#