

Statement of
Senator Susan M. Collins

**S. 680: The Accountability in Government
Contracting Act of 2007**

HSGAC Business Meeting
August 1, 2007

Mr. Chairman, I am pleased that you have scheduled this mark-up of S. 680, which we introduced in February along with Senators Coleman, Carper, and McCaskill.

I thank Senator Levin for working closely with us, particularly on provisions that would apply to the Department of Defense. I also thank Senator Akaka for adding his name to that bipartisan list of cosponsors, and for his suggestions on improving

data input for the Federal Procurement Data System and on linking award fees to contractor performance.

This bill would strengthen competition in federal contracting, improve procurement outcomes, and help to curtail waste of taxpayers' money.

With federal contract purchases now exceeding \$400 billion a year and with the alarming waste we have discovered through our investigations, the need for vigorous reform of our contracting operations is evident.

The dollar volume of federal contracting has nearly doubled since the year 2000, but the portion of new contracts and payments under existing contracts that were subjected to full and open competition has fallen below 50 percent. Meanwhile, Government Accountability Office analysts and

agency Inspectors General have identified billions of procurement dollars lost to waste, fraud, and abuse in areas ranging from disaster relief to space programs, and from Afghan reconstruction to nuclear-site cleanup.

It is alarming that the contract-management functions at Defense, DHS, and the Department of Energy are all on GAO's high-risk list.

We know from our investigations and from many other sources that just as the problems are varied, so are the causes. They include a severe and growing shortage of qualified acquisition professionals in the federal service, 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 rigor in assessing

technological maturity and production capability, 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.

One of the most troubling factors has been the significant decline in the numbers of procurement officers since the early 1990s. The Federal Acquisition Institute reports annual turnover rates for acquisition personnel average 9 percent overall and exceed 15 percent in a dozen agencies.

Meanwhile, the portion of contracting personnel eligible for full retirement has more than doubled in the past 15 years, and is expected to approach 30 percent in Fiscal Year 2011. All these indicators depict a workforce problem that, if not addressed,

will lead to wasted money and will frustrate vital objectives for years to come.

Given the growth of federal procurement and workforce aging, the bill also contains urgently needed provisions to help recruit, develop, and retain a highly professional acquisition workforce.

The goals of S. 680 remain unchanged since its introduction, but based on discussions with colleagues, testimony from experts, and suggestions from stakeholders, Senator Lieberman and I proposed additional modifications in a substitute amendment that will improve the legislation in important ways.

First, while recognizing that urgent and compelling circumstances can sometimes dictate awarding contracts without initial competition, S.680

would set a time limit for conducting a follow-on competitive process for such contracts. We have modified the language to extend the time limit from 150 days to 270 days to avoid the risk of unrealistically compressing schedules and undermining the objectives of getting quality, promptness, and value for taxpayers' dollars.

Second, the substitute amendment takes a new approach to the problem of excessive costs that can accompany multiple tiering of subcontractors. We have seen appalling instances of waste, whether in natural disasters like Hurricane Katrina or in war zones, where tiered contracts have ratcheted up overhead costs and complicated projects without adding value to outcomes.

Our bill's original language applied a percentage-of-value constraint to tiering. As we listened to comments, however, it became clear that this might not always be a useful benchmark, and that there are few hard data to guide such reform efforts.

The substitute therefore tasks the Office of Federal Procurement Policy with analyzing the tiering problem, taking note of recent Department of Defense initiatives to address this concern, and recommending any further legislative or regulatory action that may be necessary.

Third, the section of the original bill strengthening the role of Inspectors General has been withdrawn for separate development. This will allow the Chairman and me to work cooperatively with Senators McCaskill and Coburn to develop a bill

that addresses many of the concerns facing our IG community.

I urge my colleagues to join me and the cosponsors in voting to adopt the substitute amendment and to report the bill favorably to the full Senate.

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