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House of Representatives

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Statement of Rep. Henry A. Waxman Chairman, Committee on Oversight and Government Reform The Waxman Clean Contracting Amendment to the National Defense Authorization Act September 24, 2008

This Congress, the House and Senate have passed important federal contracting reforms, but neither body has assembled them into a comprehensive package. The “Clean Contracting Act” in title 8 of the National Defense Authorization Act consolidates these provisions into a single, comprehensive reform measure.

I want to particularly thank Chairman Skelton for working with me to help bring these provisions to the House floor today. He has been a tremendous partner in the fight to root out waste, fraud, and abuse.

The Clean Contracting Act requires agencies to enhance competition in contracting, limit the use of abuse-prone contracts, start the effort to rebuild the federal acquisition workforce, strengthen important anti-fraud measures, and increase transparency in federal contracting.

The provisions in the Act respond to procurement abuses that the Oversight Committee, the Armed Services Committee, and other committees have identified in hearings and investigative reports. These egregious procurement practices have occurred in Iraq, in the response to Hurricane Katrina, and at the Department of Homeland Security — and they need to be halted. They may enrich companies like Halliburton and Blackwater, but have squandered billions of dollars that belong to the taxpayer.

This legislation says that Congress is serious about stopping waste, fraud, and abuse.

One important provision would limit the length of no-bid contracts awarded in emergencies to one year. This provision would end the abuses that occurred after Hurricane Katrina, when many “emergency” contracts were allowed to continue for many years.

Another provision would require regulations and reporting on the use of cost-plus contracts, which provide contractors with little incentive to control costs. Spending under this type of contract grew over 75% between 2000 and 2005.

Another important provision would prohibit contractors from charging excessive mark-up charges for work done by subcontractors. This would prevent the infamous “blue roof” scandal following Hurricane Katrina, where taxpayers were charged almost \$2,500 dollars apiece for something that actually cost \$300.

Other vital provisions in this bill would prevent the abuse of interagency contracts, as was the case at Abu Ghraib, where interrogators were hired using an Interior Department contract for information technology.

The bill also includes a modified version of a provision which recently passed the House under suspension of the rules. It is based on a bill authored by Rep. Maloney and requires the development of a database of suspension and debarment information.

My only regret is that some of the other key reforms passed by the House were not included in the final version of the legislation. I am disappointed that the House and Senate compromise does not include a ban on private interrogators in U.S. military detention facilities or mandate congressional approval for any security pact with Iraq that is negotiated by the President. I am also greatly disappointed that the bill, which authorizes some additional funding for the war in Iraq, fails to set a timeline for the withdrawal of our troops.

Still, I urge members to support this bill because the Clean Contracting Act provisions will make a fundamental difference in the way our government operates and begin to restore taxpayer confidence.