

**FOR IMMEDIATE RELEASE****Statement of Chairman Bennie G. Thompson****“Playing by Its Own Rules: TSA’s Exemption from the Federal Acquisition Regulation, and How it Impacts Partnerships with the Private Sector”**

August 1, 2007 (Washington) – Today, Committee on Homeland Security Chairman Bennie G. Thompson (D-MS) delivered the following prepared remarks for the Management, Investigations, and Oversight Subcommittee hearing entitled “Playing by Its Own Rules: TSA’s Exemption from the Federal Acquisition Regulation, and How it Impacts Partnerships with the Private Sector”:

“TSA was created in a time of high anxiety. And it was in that environment that it was exempted from the traditional government contracting rules. Instead of the Federal Acquisition Regulation, TSA uses the Federal Aviation Administration’s ‘Acquisition Management System,’ or AMS.

We are not here to second-guess that decision. Instead, we are looking at whether this makes sense for the future. Does it make sense for contractors who want to work with TSA to have to master a new set of contracting rules?

TSA tells us that this is not a problem. Its partners in the industry, however, say differently. They tell us that it is difficult for large, sophisticated contractors to keep track of two different procurement regimes. If the Fortune 500 companies struggle, imagine how hard it is for the little guy. The simple reality is that asking a small business to obtain expertise in a different set of contracting rules costs money.

And added costs are added barriers to entry. Another question is whether it makes sense for the TSA to be exempt from the Competition in Contracting Act. TSA says that under AMS, ‘competition is the preferred method.’

But the FAR and the Competition in Contracting Act require more – they require ‘full and open competition.’ And our friends in the industry tell us that ‘preferred’ falls far short of ‘full and open.’ Finally, does it make sense for the Department of Homeland Security to have to oversee two distinct contracting systems? The Department says it supports the exemption.

But I’m concerned about the cost of having two systems, in terms of training staff, conducting oversight, and fostering departmental integration. The FAR is not perfect. But it is used by virtually the entire Federal Government, and it is well known to industry.

Moreover, it has been refined and improved over the past 30-plus years. Removing TSA’s exemption will not magically solve all the contracting problems it has had. But it seems to me that it is a good start. “

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