

**UNITED STATES DEPARTMENT OF HOMELAND SECURITY
TRANSPORTATION SECURITY ADMINISTRATION**

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Before the

**UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON HOMELAND SECURITY
SUBCOMMITTEE ON MANAGEMENT, INVESTIGATIONS, AND OVERSIGHT**

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Chairman Carney, Ranking Member Rogers, and members of the Subcommittee, thank you for the opportunity to discuss the Transportation Security Administration's acquisition and contracting programs. I am the Assistant Administrator for Acquisition and the Chief Procurement Executive for the Transportation Security Administration (TSA). I am a career executive and have nearly 19 years of public service in the acquisition profession. I joined TSA in December 2002 after 14 years of service in the Department of Defense's Naval Sea Systems Command. Since joining TSA, I served as a Division Director and Deputy Chief Procurement Executive prior to my selection as the Assistant Administrator for Acquisition in November 2005.

As the Assistant Administrator for Acquisition, I provide direction and oversight of TSA's acquisition program, including award and administration of contracts and other agreements. At TSA, the Office of Acquisition is more than a contracts organization. Not only do we award contracts, we focus on strengthening program management and what we call "Big A" Acquisition across the TSA organization. Acquisition encompasses much more than the procurement aspect of conducting business. It is a life cycle approach to investments and requires the integration of numerous disciplines, including program management, engineering, budgeting, logistics, and contracting to name a few. This contrast to the "typical" federal contracts office is important to note, as it is similar to one of the key differences between TSA's Acquisition Management System (AMS) and the Federal Acquisition Regulation (FAR).

As you know, the Aviation and Transportation Security Act (P.L. 107-71) authorized TSA to utilize the FAA's AMS for our acquisitions. AMS provides TSA with flexibility to support security screening operations and address new security challenges. AMS allows TSA's acquisition office to provide timely contract support that is fully integrated with program development and program management needs. But the value of AMS should and does not focus on expediency, rather it emphasizes sound business decision making. AMS not only provides procurement policy and guidelines, but establishes an acquisition lifecycle framework that drives sound business decisions from concept exploration through sustainment of operations.

It is important to note that AMS shares the fundamental tenets found in the FAR:

- **Competition** - Competition is the preferred method of procuring technology and services under TSA's AMS and the FAR. While there may be cases where market analysis results in a determination not to compete, TSA continuously strives to develop requirements and procurement strategies that maximize competition. Similar to the FAR's list of exceptions to full and open competition, the AMS requires single source procurements to be documented and approved at the appropriate levels, identifying the rational basis for such a determination.
- **Small Business** - TSA's small and disadvantaged business utilization program has steadily grown since 2003. The program has trended positively each year, and we are currently running significantly higher again this year versus Fiscal Year 2006.
- **Transparency** - TSA's acquisition and procurement processes are transparent to the public.
 - TSA publicly announces its business opportunities on Fed Biz Opps, the Government's single point of entry for government procurements. As a result, commercial vendors have visibility into the product and service needs of TSA.
 - AMS encourages frequent and open communications with industry and offerors, from market analysis through contract award and administration. It is common practice for TSA to conduct "industry days" with interested firms prior to and/or after release of a solicitation. These open communications provide industry with greater insight into TSA's needs as well as allowing TSA to better understand the capabilities of our industry partners.
- **Procurement Integrity** – The Procurement Integrity Act applies to TSA and DHS equally.

While AMS shares these common tenets and principles, it does provide some important flexibilities or differences from the FAR that enable TSA to perform its mission efficiently and with value to the taxpayer:

- **Competitive Screening Process** – As I mentioned earlier, competition is the preferred way of business for TSA. Where the FAR emphasizes "full and open" competition, AMS is based on *managed* competitions which focus on firms that are most likely to be considered for award. Additionally, following market analysis, and through a series of screening information requests, AMS provides TSA with the flexibility to determine the best candidates for award. As a result, industry and government resources are not wasted by including firms that are not likely to receive an award. Also, the communication process with industry differs slightly from the FAR in a positive way in that AMS provides for flexible communications with industry throughout the process with one or more of the firms without giving any of them a competitive advantage. The FAR requires an agency to conduct discussions with all offers not eliminated if the Government has discussions with one vendor.
- **Commercial Contracting** – While the FAR allows commercial contracting procedures to be used only on procurements under \$5 million, AMS allows their use for commercially-available goods and services at any level. The use of commercial contracting procedures streamlines the procurement process and applying its use to commercial contracts that exceed \$5 million makes good business sense.

- **Disputes Resolution** – Whereas FAR-based organizations fall under the Government Accountability Office (GAO) protest process (and the board of contract appeals or U.S. Court of Federal Claims for all contractor claim appeals), TSA uses the FAA’s Office of Dispute Resolution for Acquisition (ODRA) to resolve protests and contract disputes. For protests and contract disputes, the ODRA process encourages resolution at the agency level, but if not feasible, it offers Alternative Dispute Resolution (ADR) approaches to possibly reach mutual resolution. If the ADR effort does not result in resolution then ODRA fully adjudicates the matter. Although the courts and contract appeal boards also provide for ADR, the ODRA actively utilizes ADR in protests and contract disputes with its immediate offer to the parties to resolve a matter under ADR. When this does not occur, the ODRA continuously encourages the parties to employ ADR processes during the numerous litigation stages. This streamlined process facilitates timely resolutions, resulting in a more efficient use of industry and government resources in protests and contract disputes. The ODRA process has worked extremely well for TSA, the contracting community, and the taxpayers. Based on our experience over five years with numerous cases, this ODRA dispute system under the AMS allows TSA to maintain business relationships with our industry partners with less animosity and lower litigation costs usually encountered when resolving matters through formal litigation.
- **IPT Structure** – Under AMS, the use of Integrated Product Teams (IPTs) is fundamental to doing business. While many FAR based organizations use IPTs to get the job done, they do not use it to the extent that we do under TSA’s AMS. The use of formal IPTs facilitates the communication between organizations and ensures participation from the various disciplines throughout the acquisition life cycle. My organization leads workshops on IPTs for TSA, bringing together program office, legal counsel, budget, and finance personnel to develop strategies and execute them, resulting in reduced costs and accelerated schedules to meet the mission.
- **Acquisition vs. Procurement** – While the FAR provides a prescriptive procurement framework, AMS provides lifecycle management guidance for acquisition. Sound procurements are the product of a strong acquisition program. AMS guides programs through the acquisition lifecycle and drives sound business decisions. These decisions are based on a mission need and requirement, alternatives analysis and investment reviews, planning, execution and oversight.
 - Since TSA awarded its early contracts to support the stand up of operations, the Office of Acquisition has continuously reviewed our business models to identify more effective strategies. Working within the AMS framework, TSA has implemented new business strategies that have resulted in lower costs, increased competition, and increased small business opportunities.
 - The Office of Acquisition includes a division dedicated to strengthening “Big A” Acquisition across TSA. This group provides outreach to the various programs, providing support in the areas of planning and program oversight. Their work was recently recognized in an award from the Chief Acquisition Officer’s Council. The award citation stated: “TSA’s Acquisition and Program Management Support Division built a

framework of certification and training, and implemented program management support tools such as the TSA Acquisition Program Status Report system – an executive-level tool to monitor key program metrics such as Program Manager Certification.”

With respect to staffing and training, TSA has invested in the development of our employees to allow them to operate in both an AMS and FAR environment. While the significant portion of our funding is obligated via AMS, our contracting professionals do use pre-established federal schedules such as GSA and DHS’s EAGLE and First Source programs. These government-wide or department-wide contracts are FAR-based, and our personnel are trained and certified to utilize such procedures.

For those unfamiliar with AMS, my organization routinely holds training classes on acquisition subjects that span the range of AMS, from “Big A” workshops on how to conduct market analysis to specific topics like the Office of Dispute Resolution procedures. Attendees include customer and program personnel, legal advisors, budget professionals, and contracting employees.

In addition, I believe AMS has assisted in our ability to recruit employees. The Office of Acquisition has a comprehensive Human Capital Strategy Plan, focused on recruiting, developing, and retaining highly qualified people. Our staffing has significantly increased over the last two years, including the establishment of a novel intern program for entry-level contracting professionals. The challenges we face in staffing are not significantly different from those faced across the Federal Government acquisition corps. It is merely a function of supply and demand for contracting professionals. However, TSA senior leadership has continued to support the acquisition function and has increased our hiring authority. We continue to aggressively hire to meet our targets.

We believe that for an individual with a FAR background, AMS provides career broadening opportunities. Many of our mid and senior career level staff came to us from FAR-based organizations. The environment is attractive to individuals looking to exercise sound business judgment to get the best value for the Government, not just comply with a prescriptive rule set.

In summary, AMS authority has provided TSA with the ability to conduct business efficiently and effectively. While AMS does not differ vastly from the FAR, TSA does benefit from its flexibilities. TSA complies with DHS policies and directives and I share the Chief Procurement Officer’s (CPO) priorities. After five years of conducting business within the AMS framework, I am confident that TSA will continue to utilize AMS to develop and implement sound business strategies in support of our mission.

Mr. Chairman, thank you for the opportunity to testify before the Subcommittee about TSA’s acquisition program. I am glad to answer any questions you or the Members of the Subcommittee may have for me.