

STATEMENT OF
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OFFICE OF MANAGEMENT AND BUDGET
BEFORE THE
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
AND THE
COMMITTEE ON SMALL BUSINESS
UNITED STATES HOUSE OF REPRESENTATIVES

May 12, 2011

Chairman Issa, Chairman Graves, Ranking Member Cummings, Ranking Member Velazquez, and members of the Committees, I appreciate the opportunity to appear before you today. As the Administrator of the Office of Federal Procurement Policy (OFPP), I am statutorily responsible for overseeing the development of government-wide acquisition policies and regulations and ensuring they promote economy, efficiency, and effectiveness in agencies' procurement activities and the increased participation of small businesses in the federal marketplace. As you know, the President has made contracting reform a top priority and he has also called on agencies to expand opportunities for our nation's small businesses, including small disadvantaged businesses, service-disabled veteran owned small businesses, women-owned small businesses, and small businesses in Historically Underutilized Business Zones. I am pleased to say we are making good progress on both fronts. After more than a decade of uncontrolled contracting growth, we are reducing contract spending, with spending in Fiscal Year 2010 about 15 billion dollars lower than in 2009. We have also increased competition and created new opportunities for the small business community.

I understand that the Committee had requested testimony from OMB about a draft Executive Order regarding disclosure of political contributions by federal contractors. As you know, and as Director Lew has written to you, because no such Executive Order has been issued, it would be inappropriate for any OMB or Executive Branch official to testify about matters that are still undergoing comment and review and do not yet reflect final Administration Policy. As a result, we appreciate the Committee's recognition that my testimony today will be limited to addressing our efforts to enhance integrity, efficiency and transparency in federal procurement and will not address the draft Executive Order.

I can state unequivocally that this Administration has always been, and remains, fully committed to a merit-based contracting process rooted in the highest levels of integrity and transparency. There is no place for politics in federal acquisition. Accordingly, the process must ensure, and the public must have confidence, that no political considerations are allowed to bear on federal contracting decisions at any point during the acquisition process.

Since my confirmation as Administrator in November 2009, OFPP has worked with Executive Branch agencies to make important strides to strengthen the integrity, transparency, and efficiency in our procurement process. These efforts, along with those to strengthen the

acquisition workforce, are helping us to reinforce fundamental principles of fairness and make our acquisition system the envy of the world.

Integrity. One of the most, if not the most, important tenets of our acquisition system is that only factors set out in the contract solicitation may be considered in making awards – nothing more and nothing less. There are well established accountability mechanisms to ensure the integrity of the process, both administrative and judicial, that are available to bidders to challenge agency decisions if they believe the agency has not followed the factors stated in the solicitation. I am particularly familiar with the bid protest process at the Government Accountability Office, where I worked for 17 years, and can tell you based on this extensive experience, that the protest process, ultimately culminating in possible recourse in the Court of Federal Claims and the Federal Circuit, works very well in providing the type of independent review that is required to protect the integrity of the process.

These mechanisms are just some among many others that help preserve the integrity of our procurement system. A year ago, we unveiled the “Federal Awardee Performance and Integrity Information System” (FAPIIS) – a new one-stop source for a comprehensive range of data, such as information on suspensions and debarments, contract terminations, and contractor disclosure of adverse criminal, civil, and administrative actions. Broadened and easier access to this information is giving our contracting officers the information they need to more easily determine whether a company is playing by the rules and has the requisite integrity to do business with the government. Beginning last month, information inputted in FAPIIS is also being made available to the public, so our citizens also can have greater insight into the contractors who are bidding for work. FAPIIS is thus another example of efforts to share information about contractors with the public, in order to reinforce the public’s confidence in the integrity of the procurement process.

We are also modernizing rules addressing conflicts of interest to help our contracting officers more effectively deal with present-day challenges associated with the government’s increased use of service contractors. The new rules, when finalized, will better ensure that no contractor benefits from an unfair competitive advantage in a source selection and that the taxpayers’ interests are protected from contractors that are unable to render impartial assistance or advice to the government.

Efficiency. We are strengthening tools to help us take more efficient and effective advantage of competition, our most powerful tool for saving money, improving contractor performance, curbing fraud, and promoting accountability for results. Every agency is working to reduce the share of dollars obligated through new contracts that are awarded noncompetitively or after a competition that received only one bid – situations that put our government at heightened risk of waste and abuse. We are also improving rules and practices governing the use of interagency and agency-wide contracts. These vehicles give us the ability to leverage the government’s purchasing scale and increase administrative efficiency. These vehicles also reduce costly duplication in contracting activities, lessen the amount of paperwork contractors must prepare to receive work and lower their costs of doing business with the government. I am proud to say that many of our most promising examples of success to date involve awards to small businesses, and we are working every day to enlarge the base of small businesses who do

business with our agencies. This includes taking better advantage of technology to help small businesses more easily navigate the federal market space to find business opportunities. Earlier this spring, for example, the General Services Administration unveiled a new web-based tool that now allows small businesses to access from one website all agency outreach, business development, and training events across the government.

Transparency. We are shining a stronger light on our acquisition processes to help protect the public from wasteful spending practices and inspire public confidence in the integrity of the contracting process. We have significantly improved the content and functionality of USASpending.gov, the one-stop source for information on federal contract spending, to give the public unprecedented access to information about how their tax dollars are being spent. Spending data on subcontracts is now posted on this site, so taxpayers can understand how much work is subcontracted, to which vendors, and for what purpose. The public also has access to salary information of the top executives of many of our federal prime contractors and subcontractors.

Acquisition workforce. The acquisition workforce is our most important resource and key to preserving the integrity of the acquisition process. This Administration has taken unparalleled steps to increase the capability and capacity of the acquisition workforce, as evidenced in the President's Budget requests for FY 2011 and FY 2012, and it has been, and remains, my first priority to make sure the good women and men of our acquisition workforce have access to the training and development opportunities they need to be the best possible stewards of our taxpayer dollars. Their professionalism is one of our greatest assets, and among my core responsibilities as Administrator is to be their champion.

Let me reiterate the Administration's unwavering commitment to protecting the integrity of the federal contracting process and ensuring our taxpayers continue to have confidence in our procurement system. There is much left to be done and we welcome the opportunity to work with both of these Committees and other members of Congress to make meaningful and sustained improvements to our procurement system to ensure that it remains merit-based and meets the highest standards of integrity, efficiency, and transparency.

This concludes my prepared remarks. I am happy to answer any questions that you may have.