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1 IMPROVING TRANSPARENCY AND ACCESSIBILITY
2 OF FEDERAL CONTRACTING DATABASES

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4 TUESDAY, SEPTEMBER 29, 2009

5 United States Senate,
6 Committee on Homeland Security and Governmental Affairs,
7 Ad Hoc Subcommittee on Contracting Oversight,
8 Washington, D.C.

9 The Subcommittee met, pursuant to notice, at 10:04
10 a.m., in Room 342, Dirksen Senate Office Building, Hon.
11 Claire McCaskill, Chairman of the Subcommittee, presiding.

12 Present: Senators McCaskill and Bennett.

13 OPENING STATEMENT OF SENATOR MCCASKILL

14 Chairman McCaskill. Good morning. We welcome the
15 witnesses and everyone to the hearing this morning.

16 This hearing will now come to order. We are here today
17 to discuss the future of the Federal Government's
18 contracting database.

19 I think I will start by stating the obvious. This is
20 not a wildly exciting topic. We are not going to have banks
21 of television cameras or eager crowds lined up to see what
22 is happening at this hearing. I saw no linestanders. I saw
23 no rush to grab a seat as the seats became available this
24 morning.

25 The idea of spending some time talking about FPDS,

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1 ORCA, CCR, PPIRS, or "Peepers," and the IAE is enough to
2 send most people screaming for the exits, but these acronyms
3 are fundamental to the way government does business. In
4 2008, the Federal Government spent over \$500 billion in
5 contracts, with thousands of different companies, to acquire
6 everything from pens to planes to people.

7 Electronic systems and databases are used in every
8 phase of the contracting process. Government employees use
9 these systems to solicit requirements, review offers,
10 evaluate vendors, and create and administer contracts.
11 Companies use the systems to find and register for
12 opportunities, track when and how and what the government is
13 acquiring, and view their own performance. And, the public
14 should use these systems to understand what the government
15 is doing with their money.

16 There are now more than a dozen Federal databases and
17 systems with information relevant to Federal contracting.
18 They are managed by at least five different agencies and
19 supported by at least eight different contractors.

20 In recent years, these systems have been the subject of
21 criticism from Federal auditors, members of the public and
22 Congress for being difficult to use, containing incomplete
23 records, for not being available or accessible to the public
24 and for not containing the timely, accurate information
25 necessary to both the government, vendors and the people who

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1 are paying the bills.

2 In the last two years, the government has even created
3 a whole new system, USAspending.gov, simply to try to
4 translate information contained in older databases, to make
5 it more accessible to the public.

6 To address many of these problems, the Federal
7 Government has moved forward with the creation of the
8 Integrated Acquisition Environment, or IAE. The IAE brought
9 together eight systems under management of the IAE Program
10 Management Office at GSA. This has already had significant
11 advantages of streamlining. For example, the IAE has
12 already brought all the help desk services together under a
13 single contractor.

14 The government now plans to award a contract called the
15 Architecture Operations Contract Support, or AOCS, to begin
16 to consolidate the different databases into one system.
17 When implemented, it is envisioned that the AOCS contractor
18 will be responsible for designing a new enterprise
19 architecture and then gradually moving each of the databases
20 into the architecture. Vendors and the government will
21 access the different services from one single entrance
22 point. Members of the public will be able to access the
23 system using a password.

24 The AOCS contract does not--let me repeat--does not
25 include improvements to the underlying database systems.

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1 Instead, the government will also award multiple contracts
2 to improve and enhance the software throughout the life of
3 the AOCS contract.

4 The AOCS contract was supposed to have been awarded at
5 the end of the September. Last week, GSA pushed back the
6 award date to the end of October. So we are still at the
7 very early stages of the development of this project. Now
8 is the time for us to look forward, to ask some tough
9 questions, before the government gets embroiled in a costly
10 contract that may not be the best way forward.

11 We are here today to learn from representatives of the
12 key users of these systems: industry, the public and
13 government. We are trying to find out what the consolidated
14 contracting system of the future should look like.

15 We will also hear from Vivek Kundra, the President's
16 Chief Information Officer, about whether and how the new
17 Integrated Acquisition Environment will improve the quality,
18 transparency and usability of acquisition information.

19 We will discuss barriers to achieving a unified,
20 simplified, publically-accessible contracting system, like
21 the technological hurdles presented by migrating legacy
22 systems onto a new architecture and the government's
23 Byzantine management structure for the project. Wait until
24 you see that chart. Talk about give you a headache.

25 I look forward to a constructive discussion of these

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1 questions today. I would also like to take this opportunity
2 to welcome the new Ranking Member of the Subcommittee,
3 Senator Bob Bennett, who has a long record of trying to
4 bring common sense and a business perspective to the way we
5 spend the public's money. I think he will be an incredible
6 asset to the work of this Contracting Oversight
7 Subcommittee, and I look forward to working with him closely
8 in trying to make government more responsive to the people,
9 with a better sense of use of money from a business
10 perspective.

11 I now yield to Senator Bennett for his statement.

12 OPENING STATEMENT OF SENATOR BENNETT

13 Senator Bennett. Thank you very much, Madam Chairman,
14 both for your statement and your warm welcome. I appreciate
15 it and look forward to the hearing and the opportunity to
16 work with you to try to solve some of these problems.

17 I also want to thank Senator Collins for her
18 graciousness in welcoming to the Committee and assigning me
19 to this particular Subcommittee. I know that it was
20 something that she enjoyed doing and was a bit of a
21 sacrifice for her to give this one up, but I am delighted
22 that she was willing to trust me with this responsibility.

23 I have a formal opening statement, which I would like
24 to submit for the record, but a few personal comments in
25 addition to that.

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1 There is a sense of deja vu for me, for two reasons.
2 Number one, when I graduated from college, my first job was
3 as a purchasing agent. So I was buying things and dealing
4 with people who wanted to sell me things and realized the
5 importance of having accurate information on both sides of
6 the conversation.

7 Since that time, I have run businesses and, during the
8 period of time, watched them go through the agony of
9 shifting from paper-based systems for information over to
10 the digital age, and I cannot think of a single transition
11 that was smooth or that was cheap. In both instances, there
12 was a great deal of angst on the part of those who had to
13 shift to something new, and there was a great deal of
14 concern on the part of those who had to pay for the
15 equipment and the software engineers and the writing of
16 programs to the something new.

17 And, always, in every one of those transitions, there
18 was an understandable human reaction which is: Can we not
19 put this off? Wait a minute. This is too hard. Can we not
20 slow down and put it off?

21 Of course, in the business world, the answer to that
22 question is no, because your competitor is doing it whether
23 you are or not, and, if you do not make the switch so that
24 you have all of the power of IT on your side, you are going
25 to lose customers and market share and money.

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1 In the government, there is not quite the same
2 pressure, and I have the feeling that there have been some
3 silo kind of activities going on across the government,
4 that: Well, this is too hard. Let's slow it down a little.

5 Then in another agency: Well, we want to do it our
6 way, and it is also kind of hard, and we will try something
7 else--so that you end up with what I think we are going to
8 see when you put up the chart to which you refer, a
9 situation that is opaque both for the vendor, who has no
10 idea what he has got to deal with in order to sell his
11 product, and with the buyer, who has no real understanding
12 of everything that is out there from which to make a choice.

13 That ends up costing the government money and, more
14 important, costing the government value because I know from
15 my State--and I am sure you do from yours--a number of
16 companies who say: I just do not deal with the Federal
17 Government. I do not even try to sell to the Federal
18 Government because the process is so impenetrable, it is not
19 worth it.

20 Those hardy souls who say I will deal with the
21 government are probably providing good products, but they
22 are, in a way, competing in a restricted environment because
23 some of the competitors who might be able to provide better
24 value for the government are simply not playing, and the
25 Federal contracting process is the reason.

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1 So what I am hoping for today, Madam Chairman, is that
2 we get an understanding of exactly what the state of affairs
3 might be right now. Then, we get a vision of who owns it
4 and is willing to deal with, so we can move towards the
5 ultimate goal of transparency on both sides of the deal,
6 that the vendors know what it is they are getting into and
7 the buyers know exactly the wide range of products that are
8 available.

9 So I thank you for calling the hearing and appreciate
10 the opportunity to be a part of it.

11 [The prepared statement of Senator Bennett follows:]

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1 Chairman McCaskill. Thank you, Senator Bennett.

2 Our first panel of witnesses brings three different
3 perspectives to the issue that we are going to discuss this
4 morning. Bill Woods is Director of Acquisition and Sourcing
5 Management at the United States Government Accountability
6 Office, at the GAO, Adam Hughes is the Director of Federal
7 Fiscal Policy at OMB Watch, and Trey Hodgkins is the Vice
8 President for National Security and Procurement Policy at
9 TechAmerica, representing a number of people who endeavor
10 every day to do business with the Federal Government.

11 It is the custom of this Subcommittee to swear in all
12 witnesses that appear before us. So, if you do not mind, I
13 would ask you to stand.

14 Do you swear that the information that you will give
15 before the Subcommittee will be the truth, the whole truth,
16 and nothing but the truth, so help you God?

17 Mr. Woods. I do.

18 Mr. Hughes. I do.

19 Mr. Hodgkins. I do.

20 Chairman McCaskill. The witnesses have stated in the
21 affirmative.

22 We will be using a timing system today. We would ask
23 that your oral testimony be no more than five minutes. Your
24 written testimony, of course, will be printed in the record
25 in its entirety.

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1 And, Mr. Woods, welcome to the hearing.

1 TESTIMONY OF WILLIAM T. WOODS, DIRECTOR,
2 ACQUISITION AND SOURCING MANAGEMENT, U.S.
3 GOVERNMENT ACCOUNTABILITY OFFICE

4 Mr. Woods. Thank you, Chairman McCaskill and Ranking
5 Member Bennett. Thank you for inviting me to testify this
6 morning about the government's contract data systems.

7 Chairman McCaskill, you are absolutely right in terms
8 of pointing out this is not a wildly exciting topic, but,
9 nevertheless, it is extremely important. The government
10 spends in excess of half a trillion dollars purchasing all
11 sorts of goods and services to make the government run, and
12 it is important that we know where that money is going and
13 how it is being spent.

14 There are a number of stakeholders that need to know
15 that information, starting, of course, with the Congress.
16 The agencies themselves need to know how they are spending
17 their money. The oversight community, of which I am one
18 representative, needs to know that as well. And, the
19 general public has a stake in that answer as well.

20 So it is extremely important that we get answers to the
21 kinds of questions that you have both put on the table this
22 morning.

23 We have looked at a variety of systems. We have used
24 many of the systems that you mentioned earlier, but we have
25 not evaluated all of them in depth. There are there,

1 however, that we have taken a close look at and which I
2 would like to focus on this morning. Those three are:

3 The Federal Procurement Data System, FPDS, the latest
4 version of that is the Federal Procurement Data System Next
5 Generation or FPDS-NG, and you will hear a lot about that
6 today. That is really the government's primary contracting
7 database. It is the backbone, if you will, of a number of
8 other systems that use that system. For example,
9 USAspending.gov relies on the information in the Federal
10 Procurement Data System.

11 The second system that I will cover today will be the
12 Past Performance Information Retrieval System, which, for
13 good or bad, goes by the acronym of PPIRS, and you will be
14 hearing a lot about PPIRS as this session progresses. That
15 is, as the name suggests, the central collection point for
16 past performance information on all the government's
17 contractors. A number of systems feed into that PPIRS
18 system.

19 And, the third that I will focus on today will be the
20 Excluded parties List System, or EPLS, and that is the
21 system that keeps track of those entities that have been
22 either suspended or debarred from doing business with the
23 government. Of course, it is important that not only do we
24 know about the past performance of contractors, but we need
25 to know those that have been excluded to make sure that we

1 do not inadvertently award contracts to those entities.

2 Let me start with just an overall observation that the
3 deficiencies that we have found in many of the systems that
4 we look at fall basically into three categories. One is
5 poor data quality, secondly is a lack of data submission,
6 and the third are inadequate systems capabilities. Not all
7 of the systems that we have looked at suffer from those
8 problems, but, that is, we have found that a number do, and
9 it is a good way for us to keep track of what we are looking
10 at.

11 In terms of data quality, the system that everything
12 relies and that we rely on quite a bit as users is the
13 Federal Procurement Data System. That system started in
14 1978, and almost right after that system started we have
15 repeatedly issued reports, report after report after report,
16 citing shortcomings in that system, in the data quality.

17 What do I mean by data quality? Accuracy, timeliness,
18 those are the two essential elements. Is the information
19 reliable? Unfortunately, too often, the answer that we have
20 found as users is no, the system is not reliable.

21 We have issued recommendations over the course of many
22 years. In large part, those recommendations have been
23 implemented by the agencies, either the Office of Management
24 and Budget, the General Services Administration. And, to be
25 truthful, the system is better now than it used to be, but

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1 it is still not where it needs to be.

2 And, how do we know that? We know that because we get
3 out and we pull contract files. We go to locations where
4 the contracts are, and we compare the information that is in
5 the contract file with the information that is in the
6 Federal Procurement Data System, and we find mismatches.
7 That is how we know that those systems are unreliable.

8 What are the consequences for us as users of those
9 systems? Sometimes we have to go to different sources of
10 information, such as pulling contract files in order to
11 complete the work that you, the Congress, have asked us to
12 do. Sometimes we have to choose different methodologies in
13 order to conduct the work. And then, there have been cases
14 in the past where we simply have not been able to the work
15 that you, the Congress, have asked us to do.

16 One example is we were asked to look at a pilot program
17 to use simplified acquisition procedures at the Department
18 of Defense, and we found that the data was so unreliable
19 that we simply could not complete that. We could not answer
20 that question. We could not tell you how that pilot program
21 was being conducted. That is the consequence of having
22 unreliable data in the system.

23 As I said, we have made numerous recommendations. The
24 system is better now for having implemented many of those
25 recommendations and because of the hard work of those in the

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1 Executive Branch who are trying to make the system work.

2 But problems remain, and I just want to cite.

3 There are a couple of instances, examples, cited in the
4 testimony. Let me just mention one of them--time and
5 materials contracts. We found in looking there at time and
6 materials contracts, that some people are coding those as
7 fixed-price contracts when they really are not. The labor
8 rate may be fixed, but the total amount that the government
9 is going to expend on that time and materials contract is
10 not fixed. So it is not correct to code that as a fixed-
11 price contract.

12 Let me get to data submission problems, and here again
13 we find problems with the Federal Procurement Data System.
14 Just one example, this Committee, or actually the full
15 Committee, asked us to look at the Department of Homeland
16 Security major systems, the contracts related to those major
17 systems. We tried to use the Federal Procurement Data
18 System to identify what those major systems were. Even
19 though the Federal Procurement Data System has a field to
20 identify the major system that a contract is associated
21 with, many times we found that that field was left blank.

22 So we simply could not do, take the same approach that
23 we would have. We had to go to the Department of Homeland
24 Security and ask them to construct a list of their major
25 programs.

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1 Now that was frustrating for us. It took us more time.
2 But, more importantly, it imposed a burden on the
3 Department. It is something that the Department did not
4 have to do. So we had to divert resources; the Department
5 had to divert resources, in order to allow us to perform the
6 work. That is one of the consequences.

7 There are other examples as well in terms of lack of
8 data in the system. For example, we, at the Congress's
9 request--actually it was a statutory mandate--were looking
10 at contracts in Iraq and Afghanistan. Everyone wants to
11 know: How many contracts are there. How much are we
12 spending? Who is getting the money? We could not answer
13 those questions using the Federal Procurement Data System.

14 Let me turn to another system, the Past Performance
15 System, and give you some examples of lack of information in
16 that system.

17 We looked earlier this year. We issued a report in
18 April of this year that found that only 31 percent of
19 contracts that were required to past performance information
20 in that system had the information, only 31 percent.

21 We also found that a key piece of information, i.e.,
22 terminations for default were not routinely entered into
23 that system. And, you will see in our statement we have one
24 example where a huge contract was awarded to a contractor
25 that had already defaulted on a previous contract and then

1 went on to default on the contract that was subsequently
2 awarded. That should have been discovered through use of
3 the Past Performance System, and it was not.

4 System capabilities: The system that I would like to
5 be able to cite there is the Excluded Parties List System.
6 We looked at that system in depth in 2005 and identified
7 what we thought was a serious deficiency, and that is that
8 the contractors that were listed in that system, there was
9 no unique identifier, names only but no unique identifier.
10 So we recommended that the agency require as a required
11 field that a number be entered.

12 The Administration agreed with that recommendation.
13 They implemented that recommendation. But, this year, we
14 went back and looked again to see whether contractors that
15 were on that list were nevertheless getting contracts, and
16 we found that they were, and they were for still some
17 systematic deficiencies in the system. Let me just cite
18 what I mean by that.

19 The system primarily uses a word search system that
20 requires the user to enter the name of the company. XYZ,
21 Inc. Company, for example, if you leave out the comma, you
22 get a different result. So it is not designed to
23 accommodate that sort of inadvertent error by the user.

24 So, again, we are asking for GSA to take specific
25 action in order to be able to address that. So far, what

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1 they have done is to add a pop-up warning to users of the
2 system that reminds them that they need to enter the name
3 exactly. We are hoping that they can do more in order to
4 make that system more reliable, in order for users to be
5 able to ensure that contractors that are debarred from
6 Federal contract do not, nevertheless, get awards.

7 Let me stop there, and I would be happy to take
8 questions as the hearing progresses. Thank you.

9 [The prepared statement of Mr. Woods follows:]

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1 Chairman McCaskill. Thank you, Mr. Woods.

2 Mr. Hughes.

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1 TESTIMONY OF ADAM HUGHES, DIRECTOR, FEDERAL FISCAL
2 POLICY, OMB WATCH

3 Mr. Hughes. Chairman McCaskill, Ranking Member
4 Bennett, my name is Adam Hughes, and I am the Director of
5 Federal Fiscal Policy at OMB Watch, an independent
6 nonpartisan watchdog organization. Thanks very much for
7 inviting me to testify here today.

8 OMB Watch was founded in 1983 to remove the veil of
9 secrecy from the White House Office of Management and Budget
10 and has spent over 25 years advocating for government
11 accountability, transparency and access to government
12 information and citizen participation in governmental
13 processes.

14 OMB Watch has a long history of developing
15 transparency, easily accessible and intuitive systems for
16 promoting and disseminating government data to the public.
17 With the creation in 1989 of RTKNet, the Right to Know
18 Network, a free searchable service of government about toxic
19 chemical releases and environmental health hazards, to our
20 work in 2006 creating FedSpending.org, a free online
21 searchable web site that gives anyone easy access to Federal
22 spending data, including contracts data, OMB Watch has been
23 at the forefront of work to make Federal data more
24 accessible and transparent.

25 This hearing is being held at a pivotal time.

1 Legislative reforms in the 110th and 111th Congress,
2 increased interest and actions from the current Obama
3 Administration, and additional committees and commissions
4 investigating Federal contracting practices, all point to
5 significant changes on the horizon in the Federal
6 contracting process.

7 At the same time, new technologies are allowing a
8 variety of audiences to easily access, manipulate and
9 analyze data delivered through machine-readable formats,
10 like RSS, ADAM and APIs. These new dissemination systems
11 are slowly beginning to seep their way into the Federal
12 Government, which is positioning itself to take advantage of
13 this type of data-sharing, particularly with the launch of
14 the new web site Data.gov.

15 This confluence of increased interest in contracting
16 reform and technology innovation should result in developing
17 a state-of-the-art one-stop shop for contracting data and
18 information. This system should ideally consist of
19 distributed databases that contain quality, relevant and
20 timely machine-readable data about the entire contracting
21 process, linked together in one intuitive interface.

22 Unfortunately, this vision is a long ways off as there
23 is a lot of work to do to fix the current system, which is
24 disjointed, antiquated--at times, redundant--and extremely
25 difficult to use. The menagerie of data systems do not

1 deliver accurate, timely and useful information, and they
2 create significant obstacles for use by government
3 contracting officials and watchdog organizations. Making
4 matters worse, there are problems with both the current
5 structure, or lack thereof, of Federal contracting databases
6 as well as the data contained within those systems.

7 Based on our experience, OMB Watch believes that all
8 Federal contracting data needs to be stored in a distributed
9 database system that is linked together by machine-readable
10 data, is web-accessible and fully searchable and is designed
11 to meet the needs of contracting officials and oversight
12 personnel while also providing public access to this
13 information. The best option for achieving this is to build
14 out the USAspending.gov web site interface to include other
15 contracting data, including performance and evaluation data,
16 suspension and debarment lists and additional information
17 related to the contracting process.

18 USAspending already has an open data architecture that
19 allows for sharing and disseminating information in
20 different formats including HTML, ASCII and XML. This
21 architecture is what will allow for the development of new
22 data analytic tools to be created, like the recently
23 launched IT dashboard. A distributed database system would
24 create a one-stop shop for contracting data and streamline
25 many parts of the data collection process, simplify the job

1 of contracting officials and oversight personnel, reduce
2 redundant data and web site maintenance costs, and present a
3 more cohesive, thorough picture of the Federal contracting
4 process to the public.

5 While the technology exists to support such a solution,
6 there would still need to be considerable effort to
7 streamline the contractor performance reporting system.
8 Simply funneling performance data from multiple disparate
9 systems that use different metrics to evaluate contractor
10 quality to a single location does not solve all the
11 problems.

12 Particularly given the current implementation of yet
13 another contracting database, required under the 2009
14 National Defense Authorization Act, a standardized and more
15 robust contractor performance data collection system needs
16 to be developed. Perhaps an even larger problem will be to
17 establish a reliable, publically-available, unique
18 organizational identifier that can allow data from disparate
19 databases to be easily combined and compared.

20 The Federal Government currently contracts out the work
21 of creating, assigning and updating unique organizational
22 identifiers to a private company, Dun and Bradstreet.
23 Allowing a private company to provide such an important
24 unique identifier for all entities receiving funds from the
25 Federal Government is extremely problematic as it subjects

1 that identifier system to the policies of a private company
2 and its business needs. While not necessarily malicious,
3 this arrangement can cause government data to be presented
4 in misleading or, at times, incorrect ways or simply not
5 made available to the public at all.

6 As the government progresses to adopt new and emerging
7 information technologies, including working to link
8 disparate data systems together, there must be reliable,
9 publically-available identifiers. OMB should head up an
10 interagency task force to develop the schema for such
11 identifiers, starting with organizational identifiers, and
12 Congress should provide oversight to make sure this process
13 proceeds expeditiously.

14 There is a long way to go to overcome the many
15 obstacles to creating a more efficient and effective
16 government contracting data system, yet the Integrated
17 Acquisition Environment provides the opportunity to deliver
18 such a system if it is done correctly. In creating a
19 contracting data system for the future, much more time and
20 resources need to be spent on developing easy mechanisms for
21 viewing, analyzing, exporting and sharing Federal contract
22 data. This will take consistent attention and leadership
23 from both Congress and the Obama Administration in order to
24 make sure that a distributed database system can become a
25 reality.

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1 Thanks very much for inviting me here, and I look
2 forward to your questions.

3 [The prepared statement of Mr. Hughes follows:]

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1 Chairman McCaskill. Thank you.

2 And, Mr. Hodgkins.

1 TESTIMONY OF A.R. TREY HODGKINS, III, VICE
2 PRESIDENT, NATIONAL SECURITY AND PROCUREMENT
3 POLICY, TECHAMERICA

4 Mr. Hodgkins. Good morning, Madam Chairwoman and
5 Ranking Member Bennett. My name is Trey Hodgkins. I am the
6 Vice President for Procurement Policy and National Security
7 at TechAmerica, which is a trade association representing
8 approximately 1,500 companies and their millions of
9 employees.

10 I am pleased to bring to you the technology and IT
11 sector perspective on Federal contracting databases. I am
12 going to address those in three different areas: first,
13 some general discussion topics about proposals that we have
14 seen in the past and that are still out there, some comments
15 about the existing databases and then a few recommendations.

16 I would like to start with a generic statement, to say
17 that to best use these databases we must focus on the goals
18 that they serve, which is to inform the acquisition
19 workforce decisions, improve the efficacy of the acquisition
20 process and achieve best value for the taxpayer.

21 Companies are primarily concerned that government
22 contractor databases will reveal information about their
23 products or services and how they bring those products or
24 services to the market. Another concern is that
25 unsubstantiated allegations of contractor wrongdoing will be

1 published.

2 Transparency that allows unrestricted public disclosure
3 of proprietary or sensitive contracting data does not
4 improve the acquisition process or inform the contracting
5 workforce. Instead, these proposals risk disclosing source
6 selection, intellectual property or proprietary data to
7 global competitors, directly or indirectly exposing national
8 and homeland security information, and using information out
9 of context that would negatively impact the acquisition
10 process and the competitive position of companies that do
11 business with the government.

12 For government, the negative impact on the acquisition
13 process includes a reduction in competition. Many companies
14 offering commercial or commercial off-the-shelf items would
15 simply be unable or unwilling to accept the kinds of risks I
16 just described.

17 In another example, posting an unredacted contract
18 could identify the location where work is to be performed
19 and reveal crucial components of our national and homeland
20 security. If data about program capabilities were subject
21 to public disclosure, adversaries could evaluate the supply
22 chain, identify critical production components, and, by
23 attacking that component, destruct our security. Aggregated
24 data would also allow adversaries to discern and reverse
25 engineer our capabilities and identify our weaknesses.

1 From a corporate perspective, public disclosure of data
2 would expose intellectual property, corporate sensitive and
3 technical data to industrial espionage. Corporate
4 competitors can aggregate data such as pricing methods and
5 weaken the competitive posture of a company.

6 Publishing mere allegations rather than final
7 determinations of wrongdoings also undercuts the fundamental
8 due process rights for contractors. Such proposals assume
9 that contracting officers would have the knowledge to make
10 an informed legal decision from the allegation. There is a
11 substantial risk that negative decisions would be made based
12 upon allegations that are later found to be without merit.

13 It is worth noting that contractors did not oppose the
14 Chairwoman's amendment last year that was adopted as part of
15 the final version of the Defense Authorization Act. That is
16 because it struck a balance between sharing data, protecting
17 proprietary information and setting reasonable expectations
18 about the contracting community.

19 In the same vein, TechAmerica does not oppose public
20 disclosure as long as existing protections remain in force.
21 These protections would include the Freedom of Information
22 Act, the Trade Secrets Act, common law decisions and
23 privileges regarding protection of sensitive information.

24 I would like to turn now to existing databases and note
25 that the government has an alphabet soup of databases

1 capturing and tracking government contracting, and these
2 databases support critical functions of government
3 contracting like evaluating past performance and determining
4 responsibility.

5 Contractors generally find that these databases are
6 inconsistent. They capture different data elements. They
7 employ differing processes and rules and too frequently
8 contain outdated, incomplete or inaccurate data.

9 An example of this is the recent uptick in report cards
10 for periods of performance of more than one year ago.
11 Contractors are worried they will not receive accurate
12 ratings so long after the performance period. Or, worse,
13 this will become a check-the-box exercise, and someone who
14 may have no knowledge of the contract is completing the
15 report card.

16 The practical consequences of having outdated,
17 incomplete or inaccurate data is harm to the government from
18 an unclear picture of bad actors in the contracting
19 community and harm to good contractors whose performance
20 goes unnoticed in evaluations for other work.

21 Another concern expressed by companies is that data is
22 collected using inconsistent criteria, that the results are
23 evaluated using inconsistent metrics and that the score
24 cards use inconsistent measurements.

25 Because of these issues, many government agencies have

1 resorted to placing requirements on bidders to pay for a
2 past performance report from a third party commercial
3 vendor. Any effort to reform government contract databases
4 should include a prohibition on this practice.

5 Finally, my recommendations: TechAmerica commends
6 current efforts related to the IAE, the Integrated
7 Acquisition Environment. It espouses goals that include
8 consistency of data, uniform standards for greater
9 interoperability, and consolidation of data and data
10 sources. To ensure success, greater emphasis on
11 implementing applications and systems with the IAE standards
12 will be required.

13 Finally, we must ensure that efforts to develop
14 government contractor databases have a clear plan about how
15 to analyze and use the data we collect in a meaningful way.
16 We hope that as you deliberate this issue any proposals
17 provide leadership and direction for data collection efforts
18 that achieve the goals I outlined in the beginning of my
19 testimony: to inform the decisions of the acquisition
20 workforce, to improve the efficacy of the acquisition
21 process and to achieve best value for the taxpayer.

22 Thank you.

23 [The prepared statement of Mr. Hodgkins follows:]

1 Chairman McCaskill. Thank you, Mr. Hodgkins.

2 Let's take a look at the lay of the land here as we
3 begin. GSA is in charge of managing what has been called
4 the Integrated Acquisition Environment, IAE. The IAE is
5 made up of approximately eight different databases
6 containing information on Federal contracting which GSA
7 hopes eventually to bring under one roof.

8 Now let's look what the IAE currently includes and the
9 alphabet soup of public and non-public information contained
10 in these systems used by contracting officials, vendors, the
11 business and contracting communities and, to a lesser
12 extent, the general public:

13 There is the Central Contractor Registration, CCR,
14 where vendors wishing to do business must register.

15 There is the Federal Agency Registration, FedReg, for
16 Federal entities that buy from and sell to each other, which
17 most people out there in the real world do not even
18 understand that that is actually going on. Actually, since
19 I have been here, I have found instances where agencies are
20 advertising to get other agencies to buy from them, all
21 within the Federal Government, which is weird. And, they
22 can make money doing that, which is even weirder.

23 The Excluded Parties List System, the EPLS, to identify
24 parties excluded from receiving Federal contracts.

25 The Online Representations and Certifications

1 Application, ORCA, for vendors to enter representations and
2 certifications regarding contracting records.

3 The Past Performance, PPIRS, providing access for
4 Federal acquisition officials to review past performance of
5 contracts, on contractors.

6 And, the Federal Procurement Data System, FPDS, which
7 contains all Federal contracting data, supposedly, over
8 \$3,000 throughout the Federal Government--and that is a huge
9 supposedly, like all capital letters, 15 exclamation marks.

10 These are just some of the systems included in the IAE.
11 The last one that I mentioned has been obviously the subject
12 of a number of critiques, which Mr. Woods referred to, about
13 its usability but also about the reliability of the
14 information that is contained in this.

15 If you would, the three of you, would each of you
16 describe which of these systems do you think does the best
17 job and which of these systems do you think does the worst
18 job from your perspective in terms of accountability and,
19 obviously, in terms of your members and companies utilizing
20 the databases?

21 Mr. Woods?

22 Mr. Woods. Well, certainly. We have not looked at all
23 of these systems. So I really cannot respond to the
24 question about which is the best and which is the worst.

25 Chairman McCaskill. Of the ones that you have looked

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1 at, the three you mentioned, which do you think is doing the
2 best job in terms of reliability and access and which do you
3 think has got the most ground still to cover?

4 Mr. Woods. Sure. The one that suffers the greatest, I
5 think, is the Federal Procurement Data System, and that is
6 the one that supports largely all the rest of the systems.
7 It is the one that we use the most. So it is the one that
8 we have user experience, and we know that it suffers from
9 reliability issues.

10 In terms of reliability, the suspension and debarment
11 list, the Excluded Parties List System, of the three that we
12 have looked at, probably does not suffer that same issue in
13 terms of reliability. If you are able to utilize it, the
14 information is there, but it is a question of the techniques
15 and the methods for accessing that system.

16 So I put those two at the ends of the extremes.

17 Chairman McCaskill. You know it was interesting to me
18 when you said that. I mean as somebody who takes advantage
19 of the wide world of search capabilities now that are,
20 frankly, amazing, and if you look back 10 years ago, when an
21 average person wanted to search something on the internet,
22 how difficult it was and how easy it is now.

23 Have you had any kind of information from EPLS, the
24 Excluded Parties List, why they have not refined the search
25 capability? The idea that a comma would exclude from a

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1 search someone who has been found to be disbarred from doing
2 business with the government, that is a big deal.

3 Mr. Woods. It is a big deal, and it is a bit
4 surprising in this day and age because there are other
5 approaches that are used in other contexts--you mentioned
6 the other web system--that may not suffer from that same
7 flaw.

8 Our latest report, we made about half a dozen
9 recommendations to the General Services Administration whose
10 job it is to run that system. They said they agreed with
11 all those recommendations, told us what they were doing, but
12 when we really looked at their responses, we came away
13 thinking that they really were not doing much more than they
14 were. They were not planning to do much more than they were
15 already doing, and so we kept all of our recommendations
16 open. We declined to close out any of the recommendations
17 based on their responses.

18 Chairman McCaskill. Okay.

19 Mr. Hughes?

20 Mr. Hughes. I do not want to say that there are not
21 problems with FPDS, but if you cannot find something in FPDS
22 you can find it on USAspending.gov. So I am not as
23 concerned with the front end problems with FPDS. So I would
24 probably not say that is the worst.

25 EPLS has, we have talked about, the search problems.

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1 In addition to the actual searches not working, you actually
2 have to do two separate searches because any people, any
3 companies that have been in EPLS and that now have come off
4 the list are included in an archive section. But in order
5 to search the archive section, you have to reenter your
6 search. And, there is no reason why you cannot do one
7 search and have a full results kicked back to you that says
8 here are the active ones and here are the inactive ones.

9 So the problem with the Dun's number and the name also
10 requires another search. So you are actually talking about
11 having to do four searches just to find whether one company
12 has ever been listed in EPLS.

13 On the other hand, it is public. So I think I have to
14 hold it a little bit above the PPIRS system.

15 I would say the PPIRS is doing the worst job. There is
16 no public access, and even the people within the government
17 who have access do not like it for a variety of reasons. So
18 I think that is probably the worst on my list because of
19 those reasons.

20 Chairman McCaskill. Okay.

21 Mr. Hodgkins?

22 Mr. Hodgkins. Senator, first, I think you had it right
23 when you mentioned in your opening comments that many of
24 these were approached in a silo fashion. So, in some sense,
25 we are comparing apples to oranges. They were not

1 necessarily intended to share data between systems, and we
2 are trying to make them do that. So there are some
3 differences that those issues cause problems with.

4 Generally speaking, our members are focused on PPIRS
5 because that is where their past performance data is
6 collected, and it serves as a repository. To my knowledge,
7 they are happy with their ability to get in and view their
8 records. They, of course, cannot see other companies'
9 records. They can make comments that become part of the
10 record, about information that is put in there about them.
11 And, in our opinion, we would prefer that database remain
12 closed to the contracting company for the reasons I
13 described earlier.

14 Of the other systems, many of these we find to be
15 useful in the same way that Mr. Hughes described.
16 USAspending is the public face for FPDS and for our uses and
17 our members' uses because they do get in those databases and
18 they look at the activities of their competitors. I think
19 that there is, at this point, there is a lack of full data,
20 but it is sufficient for us to find a lot of the things that
21 companies are looking for.

22 Chairman McCaskill. I find it interesting that the
23 companies like PPIRS the best and Mr. Hughes says that in
24 his estimation the people who use PPIRS in government do not
25 think so much of it. Now that is a disconnect that is maybe

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1 more troubling than any average person's ability to
2 understand what the heck all that means.

3 Mr. Hodgkins. If I may, Senator, its use is
4 cumbersome, but the data it contains, that is visible and
5 accessible by the companies. So from the point of view that
6 it is visible, they can see what the government is
7 collecting, they can observe it, they can add comments to
8 it, it is helpful and useful for them.

9 How user-friendly it is, is a different issue, and they
10 have told us that most of these systems are cumbersome and
11 difficult to use. And, that is one reason we believe much
12 of the data is incomplete.

13 Chairman McCaskill. Okay.

14 Mr. Bennett?

15 Senator Bennett. Thank you very much.

16 I have a reaction, sitting here, coming to this issue
17 brand new. If I were the CEO of this company, the first
18 question I would ask is: Well, why has somebody not taken
19 control of this?

20 And, of course, the answer would be: Well, you are the
21 CEO. You name somebody.

22 So, if I can for three seconds be President of the
23 United States, OMB should have ownership of this. It is the
24 Office of Management and Budget. I understand that the M in
25 OMB is basically silent, that they spend 95 plus percent of

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1 their time on the B and very little on the M, but this has
2 very significant B consequences.

3 Now, Mr. Woods, you are the government's watchdog. Mr.
4 Hughes, you are an outside watchdog. And, I guess, Mr.
5 Hodgkins, you are the dog that is being watched, if I know
6 how this works out.

7 [Laughter.]

8 Senator Bennett. What is your reaction to that, that a
9 very firm statement--we will have the fellow from OMB later
10 on--but the very firm statement at the highest level saying,
11 okay, fix this, which means take ownership of the problem,
12 and I do not have a sense that anybody governmentwide has
13 ownership of the problem, and is there anybody other than
14 OMB who should do it?

15 Mr. Woods. Senator Bennett, if I could speak to that,
16 OMB certainly has a role to play here, a very prominent
17 role, and in fact there are statutes that have dictated to
18 OMB that they are to assume a leadership responsibility.

19 However, one of the points that I make in our written
20 statement is that there are so many actors involved here,
21 that OMB or one of the offices within OMB, the Office of
22 Federal Procurement Policy, may set the policy for how
23 systems are supposed to work. But, in terms of
24 operationalizing those systems, they need to turn to the
25 General Services Administration, to the Department of

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1 Defense. They need to rely on other agencies that input,
2 and there are dozens and dozens of agencies that input into
3 the various systems.

4 So, unfortunately, we have a situation where OMB may
5 have the responsibility for ensuring that these systems
6 work, but, in terms of actually getting the work done, they
7 need to rely on other agencies to make that happen.

8 Senator Bennett. That sounds like a lot of silos to
9 me.

10 Mr. Hughes?

11 Mr. Hughes. I agree with that assessment. I think I
12 would add that it is not, that you certainly hit the problem
13 on the head. It is that there is no one in charge or maybe
14 the problem is that everyone is in charge.

15 But I am not sure OMB can do it alone to fix the
16 problem. They do have some abilities to be able to
17 streamline and organize from the top, but I think there are
18 two points that get to why they are not the end all and be
19 all solution to this.

20 The first is that a lot of the problems with the way
21 that the current systems have been developed is that they
22 were not developed with the end user in mind. They were
23 designed to input vast amounts of information, but they were
24 not designed to export or use that data once it was in
25 there. And, being OMB Watch, we kind of have a general

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1 reaction to letting OMB be in charge of stuff, which is,
2 well, you should get people involved who are actually going
3 to do use these systems. Almost all the time, it is not
4 going to be OMB staff who are using these databases.

5 The second thing is that I think it might even need to
6 be a higher priority than OMB because there has been a
7 number of reforms proposed over the last couple of years.
8 One, in particular, there is OFPP had an interagency task
9 force in 2005 that recommended changes to the performance--

10 Chairman McCaskill. What is OFPP?

11 Mr. Hughes. Office of Federal Procurement Policy.

12 Chairman McCaskill. Okay.

13 Mr. Hughes. That recommended changes to the
14 contracting performance databases, things like streamlining
15 the evaluation process, those sorts of things--nothing even
16 to the point of contention where is it public or not, just
17 to get the internal systems working better.

18 Their report was in 2005. It took almost four years to
19 issue a proposed rule about implementing some of those
20 changes, and this is all within the Executive Branch. This
21 is not getting Congress to act. And, even when the rules
22 were proposed last year and then this year, they did not
23 capture really the essence of what the major recommendations
24 were from the task force.

25 So, even if we put OMB in charge, there is still lots

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1 of mechanisms and levers that need to be pulled at the right
2 times--just like Mr. Woods said as well, to even move to
3 proposed rule, final rule in the FAR and then beyond that
4 into the actual implementation with contractors and GSA and
5 others, the more mechanical aspects of it.

6 So I think you are right, that someone needs to be in
7 charge, and I think OMB probably is a good place to head up
8 a more focused effort to move this forward, but I do think
9 that they are not going to have all the powers and
10 capabilities that will be necessary to achieve the right
11 type of system.

12 Senator Bennett. I am interested that you think there
13 is something higher than OMB.

14 Mr. Hughes. The President. I mean you mentioned
15 yourself, if the CEO was here, should I appoint somebody? I
16 think that is a good way to go, but it also would be a lot
17 more effective if the CEO himself or herself came down and
18 said, I want to know what has happened this week and this
19 quarter to make this move forward.

20 I think the Obama Administration has been willing to
21 bring that type of, at least at this point, rhetoric to
22 performance and data management and using systems that
23 better help government do its job, but it needs to be a
24 continual process. It cannot be something that you say in
25 January and hope it gets done over the next four years.

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1 Senator Bennett. I agree with that, but, having served
2 in the Executive Branch, I learned that there is nothing
3 higher than OMB.

4 Mr. Hodgkins?

5 Mr. Hodgkins. Senator, I too would agree with Mr.
6 Woods's evaluation that OMB serves a policy role but does
7 not have many of the resources necessary to operationalize
8 things.

9 And, I would note that many of the problems we are
10 faced with, in trying to make these systems more accessible
11 and their data more consistent and interoperable, are
12 cultural and policy issues. They are not technical issues.

13 Senator Bennett. Again, the shorthand word for that,
14 again, is stovepipes or silos.

15 Mr. Hodgkins. Yes, sir.

16 Senator Bennett. And, somebody has got to break down
17 the stovepipes.

18 Somebody has got to say: We have the clout to say,
19 okay, yes, we are going to listen to DoD. We are going to
20 listen to GSA. They are the end users. But they are not
21 going to develop their own system. We are not going to
22 allow that because everybody ought to have some kind. There
23 ought to be in the government some kind of common platform
24 that there can be some interchange of information.

25 If somebody is in charge of saying, well, you need to

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1 fix this and you need to fix that and you go ahead--no, you
2 cannot do it without consulting them. But you have to
3 create some kind of overall matrix, do you not, in order to
4 have the whole thing work?

5 Mr. Hodgkins. Yes, sir. Building, architecting the
6 systems, architecting the data, what is going to be in it,
7 what is not going to be gets to questions like does the
8 comma count or not when you do a search. If you do not do
9 that correctly on the front end, then you end up with
10 systems that leave out results without a comma.

11 I would say again, though, that this is a cultural
12 issue. There are significant stovepipes, as the Senator has
13 described and that would need to be overcome.

14 But I would point to the standards that have been put
15 in place at least since the beginning in the IAE. If
16 agencies have a guidebook to follow when they are asked to
17 develop new databases or improve the ones that are in place,
18 then we can begin to see more consistent results. We can
19 begin to see more interoperability between systems and the
20 data they develop.

21 This is not going to happen overnight, but if we can
22 come up with a common set of standards and guides and issue
23 guidance related to that, then we can move forward.

24 Senator Bennett. Well, it sounds to me like we are
25 talking about a whole new system.

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1 Mr. Woods. Senator, if I might, we are seeing some
2 movement in that direction. Earlier this month, the Office
3 of Management and Budget put a notice in the Federal
4 Register about a new architecture that they are trying to
5 create, that would bring together a lot of these systems.
6 We have not looked at that proposal in any sort of depth, of
7 course, but it does hold promise, and it does show that OMB
8 is taking the reins and trying to break down some of the
9 silos that you talked about.

10 Mr. Hughes. If I could add one thing.

11 Senator Bennett. Surely.

12 Mr. Hughes. You mentioned it sounds like it is a whole
13 new system. I am not sure that is exactly right. I think
14 like when USAspending.gov was launched, I do not think that
15 means that we get of FPDS. I think the FPDS.gov web site is
16 completely unnecessary, but the inputs that come through
17 FPDS that funnel data through USAspending.gov, it is still
18 the primary pipeline for data about contracting, spending
19 data.

20 So I think when you are talking about it, it is not
21 necessary a whole new system. It is you have to get the
22 databases and the data to be able to talk to each other.
23 Once you do that, it is simple to put up a one-stop
24 interface where all the data can be pulled to one place.

25 It is just a problem because of the siloed nature of

1 the development of these systems, like you talked about.
2 They are not able to communicate with each other. I think
3 OMB's involvement is crucial to be able to make sure those
4 kind of standard technologies can be developed, so that the
5 systems can talk to each other.

6 Senator Bennett. I think the USAspending.gov, the
7 Coburn-Obama Bill, was a very good step in the right
8 direction.

9 And, we can debate what constitutes a whole new system.
10 I am not suggesting that we throw everything out, but let me
11 say a whole new mindset on the part of the Federal
12 Government that says: We are going to have a single
13 platform. We are going to move whatever we have now that
14 works around into that concept, and we are going to address
15 it from the standpoint of the end users, whether it is DoD
16 or GSA or whatever.

17 Or, the contractors because contractors are end users
18 of this, and we have to keep in mind the concerns that Mr.
19 Hodgkins has raised. The contractor says I am not going to
20 get on that system if it is going to be used in this way.

21 I come back to the comment I made in my opening
22 statement that one of the things that is wrong with this
23 whole business of Federal procurement is that a number of
24 businesses simply will not play, not because they do not
25 have something that the Federal Government could use.

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1 Indeed, they may very well have something that the Federal
2 Government needs, that is better than what is being
3 purchased now, but the procurement system is so broken that
4 they will not play in that arena, and you end up with less
5 than the best value and shutting out contractors. So when
6 we talk about end users, we have to include Mr. Hodgkins's
7 constituency as well.

8 Thank you, Madam Chairman.

9 Chairman McCaskill. Let me just briefly talk about
10 what OMB is about to do in terms of this contract that they
11 are going to put out there, this architectural operations
12 contract. It is a huge contract, eight years in duration,
13 massive scope, to try to build a platform to pull all these
14 databases in.

15 It could result in the elimination or consolidation of
16 databases across the entire Federal civilian and Defense
17 Department acquisition communities, but there is also great
18 potential, great risk here. If we build an egg carton and
19 just move the eggs, without ever busting the eggs and
20 improving the input of the data and improving the ability to
21 talk to one another, I do not know what we have
22 accomplished.

23 Your comments, Mr. Hughes, about being consulted, the
24 end users. I mean IT 101 is you better talk to the people
25 who are going to use the system before you design the system

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1 as opposed to just having people design it in a vacuum.

2 What I was very concerned about in preparation for this
3 hearing was that I had heard from staff that none of you
4 were of this contract before we began preparing for this
5 hearing. Is that accurate?

6 Mr. Woods. Yes. I, personally, was not. That is
7 correct.

8 Chairman McCaskill. Mr. Hodgkins?

9 Mr. Hodgkins. Nor was I, Senator. That does not mean
10 that some of my company, member companies would not have
11 known about it and be pursuing that opportunity, but I was
12 not aware of it.

13 Chairman McCaskill. Yes, well, that is kind of scary.
14 I mean you are three major end users, obviously. As far as
15 I am concerned, Mr. Woods, there is no bigger and more
16 important end user of database information in government
17 than GAO. As you said very accurately, you cannot do your
18 work in a meaningful, effective or efficient way if the
19 databases are not reliable and user friendly.

20 Mr. Woods. That is correct.

21 Chairman McCaskill. And, Mr. Hughes, you cannot
22 provide any outside oversight under the same situation.

23 Now since you learned of this contract being let, do
24 you have any opinions as to whether or not they are going
25 the right way and the way we are doing this, this setting up

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1 an egg carton to move the eggs as opposed to trying to start
2 with a brand new system that Senator Bennett alluded to?

3 Mr. Hughes. I do not. I have not. Even though I know
4 that they are moving forward with that, I do not have a
5 great deal of information about what exactly they are trying
6 to achieve from a technical standpoint.

7 Your description of it in your opening statement,
8 though, sounds remarkably similar to what I wrote in my
9 testimony. So, from at least a summary standpoint, it
10 sounds like the vision for what they want to achieve is
11 correct. My hesitation, however, is that the devil is
12 always in the details with these things.

13 The FPDS-NG contract was supposed to make it a user-
14 friendly web site. That completely failed. It was not user
15 friendly, and it is still not user friendly. So, even if
16 the vision is in place, if you do not have the right
17 mechanisms put together, you can still end up with your
18 description of the egg carton.

19 Chairman McCaskill. Finally, Mr. Woods, let me ask you
20 before we go to the representative from OMB and any other
21 questions Mr. Bennett might have, do you have any advice or
22 anything that we could do, because it is correct that OMB
23 needs to be kind of in charge of setting the table?

24 But, if people do not pull up to the table and
25 participate, these databases are really not going to work.

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1 I mean they are only as good as the information that is put
2 in. And, if there is not a culture that emphasizes the
3 accurate input of data at the Pentagon or at the Department
4 of Homeland Security or at HHS, then this is really an empty
5 exercise.

6 Have you seen anything as you have looked at these
7 systems, that certain departments have done a better job?

8 Does anybody get in trouble for not putting data in?
9 Is there any sense that there is accountability at the
10 trench level where this information has to be put into the
11 system in order for it to be collated or used in terms of
12 accountability?

13 Mr. Woods. Well, there are lots of different issues
14 about why we are where we are in terms of the data. One is
15 certainly the overtaxed acquisition workforce. We have
16 fewer of them now than we used to, and now spending is far
17 greater, and the number of contract actions is also far
18 greater. So that is one place to look for why.

19 But, in terms of your issue and how do we change the
20 culture, I think the agencies need to realize the value that
21 good information could have for them. If they became more
22 aware of where they are spending their number, who they are
23 spending it with, they could take what is known as a
24 strategic sourcing approach and consolidate buys where that
25 make sense, to go to alternative sources where that makes

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1 sense, to look for competition opportunities where those
2 present themselves.

3 So, accurate data can be of benefit to the agencies.
4 They can be the users of the data themselves. They should
5 be the users of the data.

6 Chairman McCaskill. Yes, it would work better if it
7 was their money they were spending instead of public money.

8 Mr. Hughes. Senator, if I could add one thing about
9 the culture question.

10 Chairman McCaskill. Yes.

11 Mr. Hughes. It is a cultural issue within agencies,
12 and I think to a large extent transparency is a great tool
13 to be able to help facilitate a better culture and a more
14 responsive culture.

15 Chairman McCaskill. Right.

16 Mr. Hughes. You asked, does anyone ever get in
17 trouble? I think you want to flip that on its head. I
18 think you want to reward folks for disclosing information,
19 for filling out the evaluations, et cetera.

20 I think the GAO report from April showed that not only
21 is our acquisition workforce overtaxed and do not have time
22 to fill out all these evaluations, but they do not see the
23 value in it. They do not see how they can use the data to
24 help them better do their jobs.

25 So I think if we are able to develop the tools to be

1 able to facilitate this. You know. For instance, contract
2 officers do not even have a good tool to figure out which
3 contracts they have filled out evaluations for and which
4 ones they have not.

5 A lot of times agencies do not know what their
6 percentage of contract evaluations filled out is. They have
7 to have GAO come in and do an exhaustive study to figure it
8 out. That should be a very simple statistic that is easy to
9 track through a better contracting database system.

10 I think if you put those tools in place and if you open
11 it up, with the concerns about proprietary information
12 addressed, you are going to see a more responsive workforce
13 enter better data over time. It is not going to happen in a
14 year, but, if you have the right systems in place, overall
15 it will get better and better as we move forward.

16 Chairman McCaskill. That is a good idea. Okay.

17 Mr. Hodgkins. Senator, if I may add, I noted in my
18 written testimony that there are some of the software tools
19 that contracting officers and acquisition workforce
20 personnel are using today that are linked into PPIRS, and
21 there may be a way to expand upon that so that some of the
22 work they are already performing--we are not adding to their
23 workload--is feeding into these systems and populating some
24 of these fields.

25 It would still not do the follow-on evaluation. They

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1 need to go back and do that. But it may be a way to keep
2 from adding to their workload but get more information into
3 these systems as we look at options.

4 Chairman McCaskill. Anything else, Mr. Bennett, for
5 these witnesses?

6 Senator Bennett. Yes. Mr. Woods, the AOCs RFP has
7 been issued, but the contract has not yet been awarded.

8 Mr. Woods. That is my understanding, sir.

9 Senator Bennett. My question is could GAO take a look
10 at the process of how it is being awarded and who is bidding
11 and make a contribution to see to it that the contract goes
12 to the right folks, or is that not yours?

13 Mr. Woods. Well, at some point, we may be able to do
14 audit work looking at this particular procurement, but now
15 is an extremely sensitive time. We are in the--my
16 understanding is we are in the source selection phase of
17 that. GAO has a statutory function to entertain and decide
18 bid protests. So if once that award is made, if anyone were
19 to challenge that award, we would need to be in a position
20 where our independence is not compromised and we are able to
21 fairly decide that protest.

22 Senator Bennett. Just to satisfy my curiosity, who are
23 the bidders and who is going to make the decision as to
24 which bidder gets the contract?

25 Mr. Woods. I do not know who the bidders are. What I

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1 do know is that it is a General Services Administration
2 procurement, and I do not know who the source selection
3 official is.

4 Senator Bennett. So GSA will probably make the
5 decision rather than OMB?

6 Mr. Woods. That is my understanding, sir.

7 Senator Bennett. Okay. Madam Chairman, maybe we can
8 find out.

9 What kind of contractor would be bidding for this?

10 You say you do not know who they are, but are we
11 looking at McKinsey and Booz Allen Hamilton competing with
12 each other or are we looking at big accounting firms? Are
13 we looking at Microsoft?

14 I have no idea. Who would be trying to do this?

15 Mr. Hughes. It is unknown. I mean I think maybe Mr.
16 Hodgkins can comment. Like he mentioned earlier, there may
17 be a great variety of companies bidding to get the contract,
18 and then there are associated subcontractors that can
19 provide different aspects of the RFP. I think it could be
20 any and all of those companies or types of companies that
21 you mentioned.

22 I think particularly for IT procurements, there is the
23 kind of big heavy-hitters that come in and say, we have a
24 big network of subcontractors, we can do anything. There is
25 the small, more boutique firms that have more of a niche in

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1 the IT sectors and what they can deliver. At this point, it
2 is really, from my opinion, it is up in the air.

3 I think what we learned through the Recovery.gov 2.0
4 contract, about who was bidding and what types of firms
5 banded together to be contractors and subcontractors. I
6 think some of the names that came up, particularly
7 Smartronix, I had never heard of, and they won this very
8 large redesign contract.

9 So it is really difficult to say. It is not the top
10 three companies, and those are the only ones that are going
11 to bid. But if it is not disclosed, so there is no way to
12 actually know who is bidding.

13 Well, someone knows. Someone at GSA knows.

14 Senator Bennett. Somebody is going to know because
15 they are going to give it.

16 Back to my earlier analogy, something as important as
17 this, if I were the CEO, I would want to know even though I
18 am not the one to make the final decision because I would
19 delegate that to somebody whose expertise was greater than
20 mine. I would, at least for something this important to the
21 corporation, as the CEO, I would want to have a review.

22 Again, this comes back to OMB. OMB is the President in
23 terms of managing the Federal Government. As I say, I
24 served in the Executive Branch, and I know that a cabinet
25 officer usually, once the thrill of taking the oath of

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1 office in the Oval Office wears off, discovers that he works
2 for a staffer at OMB. That is just kind of the reality of
3 where we are.

4 So we will raise this with this next witness.

5 Chairman McCaskill. I want to thank all three of you
6 for being here and for adding important information to this
7 discussion on Federal contracting databases. The Committee
8 appreciates your being here.

9 Thank you, Mr. Kundra. As I indicated before, it is
10 the custom of this Committee to do an oath, and I would ask
11 you at this time: Is the information you are about to give
12 this Committee the truth, the whole truth and nothing but
13 the truth, so help you God?

14 Mr. Kundra. It is the truth, yes.

15 Chairman McCaskill. Thank you very much for being
16 here.

17 Mr. Kundra was appointed as Federal Chief Information
18 Officer of the United States by President Obama in March,
19 2009. Prior to joining the Administration, he served in
20 Mayor Fenty's cabinet as the CTO for the District of
21 Columbia and in Governor Kaine's cabinet as the Assistant
22 Secretary of Commerce and Technology for the Commonwealth of
23 Virginia. He has also served in leadership roles in the
24 private sector.

25 He got the 2008 IT Executive of the Year for his

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1 pioneering work to drive transparency, engage citizens and
2 lower the cost of government operation. He has been named
3 to the Government Technology Magazine's Top 25 Doers,
4 Dreamers and Drivers.

5 And, boy, oh, boy, we need a doer, a dreamer and a
6 driver in this area of Federal contracting.

7 Thank you for being here today. We look forward to
8 your testimony.

1 TESTIMONY OF VIVEK KUNDRA, FEDERAL CHIEF
2 INFORMATION OFFICER AND ADMINISTRATOR FOR
3 ELECTRONIC GOVERNMENT AND INFORMATION TECHNOLOGY,
4 OFFICE OF MANAGEMENT AND BUDGET

5 Mr. Kundra. Chairman McCaskill, Ranking Member
6 Bennett, I am pleased to appear before you today to discuss
7 the Administration's commitment to improving acquisition
8 information systems and plans to promote greater
9 transparency in Federal contracting. We recognize issues
10 around data timeliness, accuracy and completeness, and also
11 the usability of the various systems that were discussed
12 earlier.

13 The Federal acquisition process is complex and involves
14 many stakeholders with different needs. Over the last
15 decade, the acquisition community has led policy and system
16 changes to streamline the complicated Federal acquisition
17 environment. Moving forward, the Administration is
18 committed to greater openness and transparency. Greater
19 transparency in public procurement will enhance competition,
20 promote citizen engagement and drive accountability that
21 will lead to better stewardship of taxpayer dollars.

22 Let me describe how earlier efforts have served as a
23 foundation for today's acquisition systems and discuss plans
24 for the future.

25 Consider three basic questions that the American people

1 have a right to know: What contracting opportunities are
2 available? What is the government buying and how? With
3 whom is the government doing business?

4 To address these questions, the Federal Government has
5 undertaken a decade-long journey. In the early nineties,
6 vendors interested in contracting opportunities had to
7 subscribe to a daily print publication called the Commerce
8 Business Daily. In 2002, the Commerce Business Daily was
9 retired, and FedBizOpps became the central source for
10 contracting opportunities. Today, over 100,000 vendors have
11 subscribed to FedBizOpps and about 2,000 opportunities are
12 posted daily.

13 Previously, information about what the government buys
14 was provided in an annual paper-based report. The current
15 Federal Procurement Data System, FPDS, established in 2003,
16 captures up to 198 data elements per transaction, ranging
17 from the type of contract to the money obligated. Last
18 year, there were over eight million transactions in the
19 system.

20 Before the Central Contractor Registration system was
21 made mandatory in 2003, vendors interested in doing business
22 with the government mailed forms to individual contracting
23 offices. Today, nearly 600,000 vendors are registered in
24 CCR, and the government uses this information to pay vendors
25 and to search for businesses in specific industries.

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1 Instead of contacting multiple government offices, vendors
2 register only once.

3 Over the nearly eight years that the IAE has existed,
4 electronic acquisition tools have been made public. They
5 have been identified and developed for governmentwide use.
6 Hundreds of standalone paper-based systems or agency-
7 maintained systems were replaced by eight governmentwide
8 systems that support over 40,000 contracting officials,
9 600,000 vendors, over \$500 billion in annual procurement
10 spending and over 8 million transactions a year.

11 Each of the IAE systems was developed independently,
12 used different software and operated on different hardware
13 platforms. Due to the fragmented ad hoc nature of
14 procurement systems, cultural changes required in the
15 agencies and resource constraints, improvements did not
16 occur overnight. For example, fully implementing FPDS at a
17 single agency took three years to complete.

18 As a result, GSA is re-architecting and consolidating
19 the IA Environment to develop the integrated procurement
20 platform of the future. The success of these efforts
21 depends on leadership in the acquisition community both at
22 the Office of Management and Budget and at the agencies.

23 The Office of Procurement Policy is setting the policy.
24 The Office of E-Government and Information Technology at OMB
25 is providing the technology leadership. GSA is responsible

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1 for program management. And, agencies are responsible for
2 submitting timely, accurate and comprehensive data.

3 Despite previous efforts to migrate from hundreds of
4 systems to the eight that currently comprise the IAE, much
5 work remains to address persistent issues discussed by the
6 previous panel. We must continue to focus on improving data
7 quality, increasing transparency and enhancing usability.

8 In moving to the future procurement platform, the
9 American people will have unprecedented access into how
10 their taxpayer dollars are being spent. Vendors will be
11 able to compete more efficiently through a streamlined
12 platform, and oversight organizations and public interest
13 groups will have improved access to procurement data.

14 Thank you for the opportunity to testify today, and I
15 look forward to your questions.

16 [The prepared statement of Mr. Kundra follows:]

1 Chairman McCaskill. Thank you very much, and we
2 welcome you to the hearing.

3 Let me just start with I am going to put a slide up
4 that is supposed to show the governance structure over the
5 Integrated Acquisition Environment.

6 I spent some time with this. I think what I am most
7 worried about is this is the governance structure, and I
8 cannot tell who is in charge. I understand this is a
9 challenge because you have inputs from so many places, and
10 you have to involve more than just the personnel at OMB, but
11 I have to figure out who is going to pull the trigger on
12 changing this architecture and who is the boss.

13 Can you lend any -- I mean that is kind of an
14 embarrassing chart in that I think the idea in information
15 technology is to make it simple, so everyone can understand
16 it. It is very hard to understand that diagram, and it is
17 the governance. So if you cannot understand the governance,
18 all kinds of nonsense can happen.

19 Can you illuminate the Committee on who is in charge?

20 Mr. Kundra. It is the Office of Federal Procurement
21 Policy is driving the policy and the strategy when it comes
22 to consolidating and creating a single platform across the
23 Federal Government.

24 My office, the Office of E-Government and Information
25 Technology is providing the technology leadership at OMB in

1 terms of the architecture of the systems themselves.

2 And, GSA is responsible for the operations of the
3 Integrated Acquisition Environment.

4 Chairman McCaskill. Okay. Well, this chart--
5 Senator Bennett. GSA is not on this.

6 Chairman McCaskill. GSA is not here in terms of
7 governance. So is GSA just merely functioning as a pass-
8 through and not in terms of governance?

9 I see OFPP, and I see E-Gov and then two others, like
10 there are four little squares at the top under OMB: OFFM,
11 E-Gov and RMO and then OFPP. Which of those four?

12 If there is a horrible article on the front page of the
13 Washington Post about how this integration contract has
14 failed, who is Peter Orszag going to call first?

15 Mr. Kundra. So, ultimately, this is being driven from
16 a policy perspective at OFPP, from a business perspective,
17 and we are providing support on the technology side.

18 Chairman McCaskill. Okay. So if it is a failure of
19 the systems, it might be you. But if it is the policy that
20 is driving what you have designed, it would be OFPP.

21 Mr. Kundra. Right, and in terms of the operations of
22 this plan, of course, it is the GSA project management
23 office in terms of managing this project and even, as you
24 were talking about earlier, from a contracting perspective.
25 GSA has the expertise and the PMO office in terms of

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1 managing the project itself, but the policy is being set out
2 of OMB.

3 Chairman McCaskill. Okay. I am glad of you because we
4 really have not gotten until now anybody to admit who is in
5 charge. So I would say the policy then is OFPP. You are
6 helping them navigate the IT part of it, but the policy is
7 being driven there.

8 In terms of who is designing this, what is essential,
9 is that OFPP in terms of what? I mean who would I look to
10 for not talking to some of the most important end users,
11 prior to this RFP being put out in the street?

12 Mr. Kundra. So GSA is the entity that has issued the
13 RFP. And, from my understanding, last year, there was
14 actually an industry day, and also before they put out the
15 RFP it was advertised widely. It is an open, competitive
16 process for this entire contract. That was on FedBizOpps,
17 available for anybody to compete on.

18 Chairman McCaskill. This has been around. This plan
19 really has been one that the previous administration did.
20 It has been two years in the making, my understanding.

21 Mr. Kundra. With the community, yes, from 2007.

22 And, the E-Gov office has been involved with GSA in
23 terms of the architecture and thinking forward in terms of
24 the new platform, and a big part of that is driven by the
25 President's agenda on transparency and open government. If

1 you look at the changes that have been made in this
2 Administration around USAspending and the IT dashboard, in a
3 similar fashion, what we want to make sure is that this
4 architecture, the underlying architecture, enables the
5 American people to have access to procurement data and how
6 this government is operating in ways that were not available
7 before

8 Chairman McCaskill. If you would show the next slide,
9 please, this is the System Transition and Migration. Could
10 you simply explain what this document is trying to show to
11 someone that is trying to understand this process?

12 How long is this going to take to combine these systems
13 and move these eggs to a new egg carton?

14 Mr. Kundra. So if we look, if we could step back a
15 little bit, the systems that exist today, the eight various
16 systems, actually have over a million codes, lines of code
17 that actually make up these eight systems.

18 And, what you are seeing here before you is a notional
19 diagram that GSA has created that, one, first takes care of
20 efficiencies around making sure there is a common help desk
21 across these eight distributed systems. It makes no sense
22 to have eight separate help desks, to have eight separate
23 hosting providers.

24 So step one is to consolidate and make sure that we are
25 saving taxpayer dollars, so we are not replicating this

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1 eight times. So they have done that with the help desk.

2 What they are moving forward with, here, number one, is
3 to actually first reengineer the whole architecture of these
4 systems. So what we are not doing is essentially lifting up
5 the systems and not really spending any energy rethinking
6 about how does work get done within the Federal Government.
7 How do you architect it and make sure that we are listening
8 to the requirement?

9 And, as the previous panel said, they may not have been
10 consulted before. But part one of this contract, what GSA
11 is asking is to make sure that there is requirements-
12 gathering, that there is a broad array of people that are
13 consulted ahead of time and that there are actually profiles
14 created on the different types of users.

15 And then, moving forward, what will happen is these
16 systems will be moved to a consolidated hosting environment,
17 after which the one million plus lines of code that I was
18 talking about, part of what will happen is it will be
19 reengineered to make sure that it is in line with the
20 transparency objectives of this Administration.

21 And also, making sure that we are looking at the entire
22 ecosystem--what is it that the contracting officers need
23 today that they do not have access to? What is it that the
24 American people need access to that they do not have access
25 to?

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1 And, how do we use newer technologies, whether it is
2 around search, so that you do not have eight different
3 search engines as you do today? In each of these eight
4 systems, how do you get a unified search across all of these
5 different databases?

6 Chairman McCaskill. So you are envisioning that you
7 are going to have a new search capability that will
8 integrate all? It is not going to just be a platform where
9 all these siloed systems are going to sit?

10 Mr. Kundra. Absolutely not. That would be a waste of
11 time, if all we did is just took eight databases and moved
12 them to a single platform.

13 The idea here is phase one of this is to rationalize
14 the investments we are making, so we have them initially
15 hosted centrally. Then phase two is to actually go out
16 there and reengineer the entire platform, so that it is not
17 just a copy and paste because that adds no value.

18 Chairman McCaskill. So you believe that when this is
19 all said and done, and if you could guess how long it is
20 going to take for me today, and then we are not going to
21 have the comma problem in excluded parties anymore?

22 Mr. Kundra. Actually, even with the comma problem, as
23 late as last week, GSA was working on addressing that issue.
24 So there are going to be a number of incremental changes
25 that are going to be made as we move forward with this new

1 platform.

2 The notion here is to make sure that what we do not do
3 is repeat some of the same problems that we did in the past,
4 which was essentially just webify our current processes and
5 essentially take the brick and mortar institutions and just
6 put a web site in front of them. What is really important
7 here in terms of the architecture of this new platform is to
8 rethink and introduce game-changing technologies that will
9 actually improve data quality, improve the timeliness and
10 ensure that we have comprehensive data sets from an agency
11 perspective.

12 But I do not want to over-promise in terms of just the
13 role of technology because a lot of this is also going to
14 have to do with the cultural changes that are going to be
15 made at the agency level.

16 Chairman McCaskill. Right.

17 Mr. Kundra. But what technology can do is introduce
18 steps up front, so people are not allowed to submit
19 information that may be incomplete, so people are not
20 allowed to enter information that is inaccurate.

21 Right now, if you were to put in an address or vendor
22 name, it is replicated eight different times. Whereas, in
23 our consumer lives, if we are changing an address, the U.S.
24 Postal Service allows you to auto-fill it and asks you is
25 this the accurate address. It looks it up from a database.

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1 In the same way, the new architecture will introduce
2 some of those architectural changes that ensure that you
3 have a common service platform, so that you do not have to
4 think about these in eight different ways.

5 The approach historically has been, well, if you need
6 to register as a contractor, you have got to have one
7 system. If you need to look at past performance, you have
8 to sign up for a second system.

9 Chairman McCaskill. Right.

10 Mr. Kundra. If you need to look at the excluded
11 parties list, there is a third system.

12 And, this system essentially rationalizes those
13 investments and makes sure there is a common platform.

14 Chairman McCaskill. Now how long do you think this is
15 going to take?

16 Mr. Kundra. So the notional architecture right now is
17 two to three years, but what is unknown is because the bids
18 are not in as far as a contract is concerned it could be
19 done as soon as a year and a half, a year, or it could take
20 three years. That is going to be dependent on the responses
21 that come in to the contract itself.

22 Chairman McCaskill. Well, you are going to go in the
23 Hall of Fame of Dreamers, Doers and Drivers if you do it in
24 three years.

25 We just heard testimony that there was an interagency

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1 group that came together and made serious and substantial
2 and helpful recommendations, and four years later we finally
3 had some government policy that embraced those
4 recommendations. Then, it was like it was very weak coffee
5 by the time that they had actually embraced the
6 recommendations of the panel.

7 So, if it takes four years to do something like that,
8 what you are really proposing to do here, if we accomplish
9 what you say we are going to accomplish, it will be a great
10 day because then you will be able to go to various places
11 with one inquiry. I think that is exactly what needs to
12 happen. So I wish you luck.

13 It seems to me that one of the reasons this is
14 occurring is who owns the codes and the controversy that
15 these various databases have had with their contractors.
16 When it is time to make changes and it is time to get
17 responsiveness from the contractor, it has been a arm-
18 wrestling match over the ownership of the codes.

19 Are you confident that you have addressed the ownership
20 of the codes in this new architectural effort you are making
21 for these databases?

22 Mr. Kundra. So part of the GSA contract itself is that
23 there is a provision that the code will be open in terms of
24 the government will own the code and, not only that, when
25 modifications are made to the code itself, they will be

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1 transparent and everybody will be able to see how it was
2 coded, so that if we do have to switch from Contractor A to
3 B the government owns that intellectual property and not an
4 individual contractor.

5 Chairman McCaskill. Okay. Thank you.

6 Senator Bennett.

7 Senator Bennett. Thank you very much.

8 My understanding is that GSA is probably doing a pretty
9 good job of dealing with this, but again they are acting, as
10 the chart showed, under the direction of OMB. So, while
11 they are doing a good job executing, the vision is going to
12 have to come out, again, from OMB.

13 What is the Acquisition Committee for E-Government?
14 Can you describe their role for us?

15 Mr. Kundra. Sure, sir. The Acquisition Committee for
16 E-Government is made up of stakeholders, whether that is at
17 DoD or HHS or NASA, and they look, they serve as a change
18 control board in terms of the changes that are made to the
19 various systems.

20 One of the best practices in technology projects is
21 that you have to have a high engagement of the business
22 owners and the technology folks. Otherwise, technology
23 projects fail.

24 And, history is littered in the Federal Government with
25 massive IT failures because what ends up happening is the

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1 technology folks go out there and build the best, greatest,
2 neatest thing, and the business people look at it and say,
3 oh, what is this? We cannot even use it or it does not
4 solve 99 percent of our problems.

5 Senator Bennett. Yes. Can you say Social Security
6 Administration?

7 Mr. Kundra. There are a number of projects.

8 So the ACE committee serves to ensure that the
9 interests and the oversight is also there from a business
10 perspective as GSA makes a lot of these changes, and we are
11 getting constant input in terms of change management.

12 Senator Bennett. Well, I keep going after the locus of
13 the vision, and you have given us two agencies in OMB, both
14 of which you are responsible for--the E-Government and the
15 OFPP.

16 Mr. Kundra. I am not responsible for OFPP. I am
17 responsible for E-Gov, but we work very, very closely
18 together.

19 Senator Bennett. You play a role in OFPP, do you not?

20 Mr. Kundra. No, I do not.

21 Senator Bennett. You do not play any role there?

22 Mr. Kundra. No. I am just in E-Government and
23 Information Technology.

24 Senator Bennett. Okay. So you told us earlier that
25 the vision ultimately comes out of OFPP?

1 Mr. Kundra. OFPP sets the policy.

2 Senator Bennett. I see, all right.

3 Mr. Kundra. From a technology perspective and
4 architecture, I am working closely with my colleagues at
5 OMB. Just to give you an example of a couple of things that
6 we have is if you look at the IT dashboard that we deployed.
7 We were looking at \$76 billion of IT spending, and for the
8 first time what we did is we democratized that data to where
9 you could see where we were on a specific project plan, on a
10 monthly basis, and we are moving as close as possible to
11 real time.

12 Ultimately, this is driven by the President's vision of
13 a transparent and an open government where the default
14 presumption is we will put information out there, release
15 it, serving the interests of the public.

16 I will be the first one to tell you that I do not think
17 if you look at these eight systems that they were designed
18 or architected from the ground-up with transparency,
19 collaboration and open government in mind, and part of the
20 vision here is to move the public sector in that direction.

21 Senator Bennett. Okay. Well, the Chairman is a
22 Senator from Missouri, and in that spirit I am trying to
23 find where the buck stops, and I have not found it yet in
24 terms of the setting the vision here.

25 Now it is easy to say, well, the President has to set

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1 it. But, in reality, other than saying we have to solve
2 this problem, the buck has to stop somewhere in here, and I
3 am still fuzzy on it. Maybe it is my inability to
4 understand quite what you are telling me.

5 GSA has to have a vision articulated to them in very
6 clear terms before they can really make an intelligent
7 decision with respect to the RFP. Okay.

8 This is the contractor that is best equipped to fill
9 the vision, and GSA reports that to OFPP. I understand the
10 head of that office, that position is vacant at the moment.
11 So there is an acting somewhere.

12 Now you say the President has laid out a vision. I
13 have a slight problem with what I hear of the President's
14 vision. I hear it over and over again--full transparency.
15 Well, I am all for full transparency as long as the system
16 works. But you can have full transparency in a system that
17 does not work and say, yes, everybody knows that it does not
18 work.

19 So there has to be an additional part of this vision
20 just other than, well, we are going to have the most
21 transparent government available. We have to have something
22 that works. Who sets the vision that says, GSA, this is the
23 vision of how this thing really has to work, this is our
24 goal?

25 And, if the goal is transparency above all else and you

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1 leave out the question of how does it work, you run the risk
2 of getting the wrong contractor, and Senator McCaskill's
3 concern about four years will be fulfilled. You will spend
4 the money, and four years later you will not have the
5 problem solved.

6 Mr. Kundra. And, I did not mean to imply that the
7 vision is only full transparency.

8 The vision is actually articulated as part of the
9 strategy around making sure that, one, these systems
10 obviously work as far as being transactional systems,
11 whether it is for the 40,000 plus contracting officials or
12 it is for the private sector that wants to compete and do
13 business with the government--making sure that it is easy
14 for the private sector to engage. We want to encourage new
15 entrants. So we have Darwinian pressure in terms of making
16 sure that we are getting the best product or services at the
17 lowest cost, so we are producing value for taxpayers.

18 Also, making sure that the open government agenda for
19 the American people, they can see how their dollars are
20 being spent around transparency.

21 Ultimately, this is part of a management agenda that we
22 are driving and working with the Deputy Director of
23 Management to drive this agenda across the Federal
24 Government.

25 Senator Bennett. I agree with that goal.

1 Thank you, Madam Chairman.

2 Chairman McCaskill. I know that the mission for IAE
3 was defined back in October, 2007. I have reviewed the
4 mission, and there is nothing in there about transparency
5 and access for the public. The mission was to simplify,
6 unify and streamline the acquisition process for government
7 buyers and government sellers.

8 What steps have you taken to try to reconcile the
9 President's transparency initiatives with the stated mission
10 of the IAE and how do you reconcile that mission with the
11 requirement of a password for the new system as it relates
12 to access, especially since you do not need a password for
13 USAspending.gov?

14 Mr. Kundra. What is happening is, one, we are
15 involved, OMB is, with the ACE community in making sure that
16 we are baking these requirements into what the new platform
17 is going to look like.

18 Two, we are working very closely with GSA. But I think
19 more importantly, as part of the architecture process
20 itself, step one is to actually go out there and gather
21 requirements. What is going to happen is post the award is
22 GSA is going to be listening to not just internal Federal
23 Government employees but OMB Watch, listening to
24 TechAmerica, listening to the U.S. Congress, listening to
25 the American people to make sure that those requirements are

1 baked in because this is a huge opportunity, and it is a
2 once in a decade-long opportunity to make sure that we get
3 this right, once and for all.

4 That is why we are leading with architecture. We are
5 leading with making sure that we do not end up with where we
6 are right now. The analogy would be having eight different
7 people with eight different visions going out there and
8 building a building.

9 For the first time, what we are saying is let's step
10 back. Let's figure out what is it that the users really
11 need, and that is why step one is to make sure that we award
12 an architecture contract, so we can bake that into the
13 operations of this new platform.

14 Chairman McCaskill. To carry your analogy once step
15 further, you are building a building that is going to have a
16 huge, massive stadium representing the public surrounding
17 it, that want to see right into that building. I mean
18 through every wall and through every partition. That,
19 obviously, is the challenge for you.

20 I want to not leave this hearing without addressing one
21 of my themes in contracting oversight, and that is
22 contractors watching contractors, developing policies for
23 contractors monitoring contractors. We have contractors
24 overseeing contractors within the project and the management
25 of IAE. In fact, the IAE Program Management Office has more

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1 contractor employees than it has government employees.

2 Have you had an opportunity to get your arms around the
3 massive use of contractors in the area of managing
4 contractors and how we move away from what I do not think
5 anybody has been able to demonstrate, a process that has
6 actually produced any cost savings to the government?

7 Mr. Kundra. My understanding from the GSA Project
8 Management Office is that it is made up of about 15 Federal
9 Government employees and 15 contractors.

10 But what is really important here is that is why ACE is
11 vital--the Acquisition Committee for E-Government which
12 represents the government interests and the oversight that
13 OMB is providing in terms of setting the policy direction,
14 working closely with GSA. So GSA and the contracting
15 community there is not just engineering all this on its own,
16 but it is actually the Program Management Office.

17 Not only that, but GSA has actually just hired a full-
18 time contracting officer to oversee this contract, to make
19 sure, given how important and vital this is to the public
20 interest, that we are watching this contract and that it is
21 the government officials that are calling the shots.
22 Especially when you look at the specific migrations of these
23 systems, it is going to be ultimately in the hands of the
24 government in making those decisions, and especially the
25 award decisions themselves.

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1 Chairman McCaskill. Okay. I will be watching very
2 closely on the award of this contract because I think it is
3 very important that true competition is occurring.

4 We had a very contentious hearing on the ANCs, and I do
5 not want to revisit that topic today, but there are
6 exclusions and exceptions to the need for competitiveness
7 that are built into the law.

8 But I hope that we are paying attention to competition
9 because ultimately some of the massive IT failures that we
10 discussed were about relying on one source of information,
11 one person saying this is what you need and have to have,
12 and pulling the trigger without enough input and enough
13 competitive input into the process. That is one of the
14 reasons that we have had the massive failures in so many of
15 the IT systems that we have gone about trying to implement.
16 So I hope you are paying attention on that front.

17 Mr. Kundra. And, on the cost side, that is one of the
18 reasons this is a fixed-price, open, competitive contract,
19 so we do not end up in an environment where we have cost
20 overruns.

21 Chairman McCaskill. Great, great. I do not think I
22 have anything else.

23 Senator Bennett, do you have anything else today?

24 Senator Bennett. Just a comment or two. Mr. Kundra,
25 do you sit on ACE?

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1 Mr. Kundra. My team is represented on ACE. I have
2 attended meetings of the ACE community itself. But, from
3 OMB, I have folks who serve on that and attend those
4 meetings regularly.

5 Senator Bennett. I think it vital that you do that,
6 that you be involved in that because, yes, it is important
7 that the end users all get there and say this is what we
8 need.

9 But, again, from my own business experience, one of the
10 most catastrophic IT circumstances that I lived through with
11 one of my clients is that when all of the folks who wanted
12 the services said, well, can the computers do this and can
13 the computers do that and can the computers do the other
14 thing, and the answer was yes in every instance. And, they
15 all got excited.

16 No one asked the question, should the computers do
17 this? There were some things that, quite frankly, the
18 computer was less efficient than somebody who had a human
19 brain, who could look at this and say, that is a dumb thing
20 to do. But we can do it by computer.

21 You are in the position to say, the computer is not
22 all-knowing. The computer is an idiot. It only does what
23 it is programmed to do, and it does not think.

24 Hollywood movies to the contrary, the computer does not
25 think. It only does what it is programmed to do, and there

1 are some things that require humans to be there and make
2 some human, intelligent decisions for which they will be
3 held accountable.

4 I think someone of your background and capacity should
5 be there as people are saying, well, can you do this for me
6 and, oh, great, let's do all of this--and try to cut the
7 human decision-making out in a way to make everything
8 automatic.

9 The company that had that experience no longer exists,
10 and one of the reasons is because it tried to use the
11 computer to do some things that intelligent human beings
12 could do. And, many times, the intelligent human being can
13 do it faster because this is a judgment call rather than an
14 arithmetic analysis circumstance.

15 I hope that gets into this overall restructuring of
16 where we are going in government because I think if we were
17 to drill down deep enough we would find examples of people
18 relying on computers to make decisions that people ought to
19 be making instead of machines.

20 That is just an editorial comment that I would like to
21 leave with you, as I salute you for your service and your
22 expertise and thank you for your willingness to come into
23 this mess. I know you could make a whole lot more money
24 some place else. So we are grateful for your willingness to
25 come here and help us out.

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1 Mr. Kundra. Thank you.

2 Chairman McCaskill. Yes, we do appreciate that. I
3 think that what we are about to embark upon has great
4 rewards potentially, but I think you uniquely understand,
5 perhaps, the great risks that are also involved.

6 Please tell all of your colleagues that are involved in
7 this project and get word to the ACE council that this
8 Committee will continue to provide oversight in this
9 process, and we will be looking to provide input as the
10 process goes along.

11 There are not very many people around here that
12 understand the alphabet soup of the Federal contracting
13 databases or all of the problems inherent in those
14 databases. I think this Subcommittee does, and we will
15 continue to try to be an active partner in doing the best
16 job we can in producing a system that makes sense for the
17 American taxpayers.

18 We appreciate your service. I do not think we say
19 often enough that people who make choices like you have made
20 have decided that there is greater good to going to work for
21 the public than getting a very, very big paycheck from many
22 private entities that would be happy to pay you much more
23 than we would ever dream of paying you. So I second Mr.
24 Bennett's congratulations to you in joining government, and
25 we will look forward to continuing to work together and

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1 provide the kind of aggressive oversight that I know can be
2 helpful to this project in the long run.

3 Thank you very much.

4 [Whereupon, at 11:50 a.m., the Subcommittee was
5 adjourned.]