



**Testimony before the
Committee on Homeland Security and
Governmental Affairs
Subcommittee on Contracting Oversight
United States Senate**

**Statement for Hearing entitled,
“Interagency Contracts (Part II):
Management and Oversight”**

Statement of

Diane Frasier

Director

Office of Acquisition and Logistics Management

National Institutes of Health

U.S. Department of Health and Human Services



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Chairman McCaskill, Ranking Member Brown, and members of the Subcommittee, good afternoon. My name is Diane Frasier, and I am the Director of the Office of Acquisition and Logistics Management at the National Institutes of Health (NIH), within the Department of Health and Human Services (HHS). Thank you for the invitation to appear before you today to discuss efforts by the National Institutes of Health to ensure competition, efficiency, and transparency in its interagency contracting program.

In response to the Clinger-Cohen Act, NIH established the NIH Information Technology Acquisition Assessment Center (NITAAC) to provide technical and acquisition subject matter expertise in the area of technology management to NIH. NITAAC established several indefinite delivery contracts with the goal of providing a means for the NIH acquisition community to acquire, in the most efficient manner, the most up-to-date information technology solutions and products for its laboratories and programs. News of the value and effectiveness of using the acquisition vehicles established by NITAAC quickly spread, and other components within HHS, as well as other Federal agencies began using these vehicles in order to meet their information technology needs.

In September 2000, NIH was designated as an executive agent for acquisition and authorized by the Office of Management and Budget (OMB) to establish and administer the following contract programs for government-wide use:

- **Chief Information Officer-Solutions and Partners (CIO-SP2):** awarded to 44 contractors that provide information technology services focused on supporting research, health, and mission-critical programs;

- **Image World:** awarded to 24 contractors that provide health imaging and geographic information system-related services and products; and,
- **Electronics Commodities Store III (ECS III):** awarded to 60 contractors that provide computing resources, telecommunications equipment, and scientific research workstations

NIH is one of three agencies designated as an executive agent by OMB for government-wide acquisition of information technology.

Since the inception of the NIH Government-Wide Acquisition Contracts (GWACs), 14 federal departments and more than 21 agencies have utilized them to fulfill critical information technology needs. During Fiscal Years 2001 through 2009, departments and agencies have placed task and delivery orders against these NIH contracts, resulting in obligations ranging from \$68 million to \$1.1 billion for a given fiscal year, totaling \$6.7 billion.

Currently, NIH is not managing any multiagency contracts. NIH does take advantage of GSA Multiple Award Schedules to obtain supplies and services that it cannot acquire either through its internal inventories, or through other NIH contracts.

With each iteration of its GWACs, NIH strives to enhance competition, efficiencies, and transparency. NIH is planning for a recompetition of the CIO-SP2 and the Image World GWACs, both of which are scheduled to expire in December 2010.

The new GWACs will continue to give Federal agencies access to the most progressive and innovative technologies and solutions available from contractors that are expert both in IT and health-related fields. To provide a few examples: the contracts will offer

solutions in areas such as health science informatics and computational services that address the use of information in health and biomedicine; biomedical information services such as the development of database technologies for biology and medicine; and geospatial scientific imaging that uses technology to extract geospatial information from remotely sensed imagery to make smart decisions about the impact of human development on the natural environment. Further, with the advent of the Affordable Care Act, solutions made available through these vehicles will go far in assisting Federal agencies in executing reform initiatives and aligning with the Federal Health Architecture.

NIH continually strives to ensure that small and small disadvantaged businesses receive a fair proportion of the total dollars awarded under the GWACs. In fact, 70% of NIH's GWAC awards were made to small businesses. Under the proposed re-competition, the offerings under CIO-SP2 and the Image World GWACs will be consolidated. Two identical solicitations are anticipated; one of which will be set aside for small businesses. Plans are to offer an incentive, in the form of a reduced fee, in an effort to further encourage agencies to use small and disadvantaged businesses to fulfill their requirements and meet their socio-economic goals.

NIH has streamlined the task order process under the GWACs through the development of agile web-based tools that enable federal agencies to ensure fair opportunity and obtain the highest level of service at fair and reasonable prices. NIH also provides its customers with acquisition and technical expertise to assist them in defining their requirements in a manner that promotes high quality solutions.

All of our vehicles offer pricing that is quite competitive; in fact, our ECS III contracts consistently offer pricing for IT products at rates that are lower than the established catalog or market price, and with a very low contract access fee. For this reason, in 2009, the ECS III contracts were designated as a strategic sourcing vehicle by HHS.

Pursuant to its executive agent designation, NIH is required to maintain transparency with respect to its overall management of the GWAC program. In this regard, NIH regularly reports to OMB on its performance metrics and its ongoing efforts to improve contracting practices, competition, and financial management. Transparency is further achieved through outreach to customer and contractor communities; active involvement in its long-standing Industry Advisory Committee, which is utilized to enhance communications between NIH acquisition management personnel and the GWAC holders; and, a website containing a wealth of information highly useful to existing customers, potential customers, and GWAC holders.

As an executive agent for the GWAC reporting directly to OMB, NIH provides an alternative to federal government agencies in meeting their IT requirements through a value proposition that best supports:

- healthcare reform initiatives;
- efficiency, competition, and transparency throughout the acquisition process;
- and
- meaningful Small Business and Small Disadvantaged Business participation.

Thank you for the opportunity to testify before you today. I am happy to answer any questions you may have.