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BEFORE THE
SENATE HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
AD HOC SUBCOMMITTEE ON CONTRACTING OVERSIGHT

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<u>Improving Transparency and Accessibility of Federal Contracting Databases</u>

Chairman McCaskill, Ranking Member Bennett, and members of the Subcommittee, I am pleased to appear before you today to discuss the Administration's commitment to improving our acquisition information systems and our plans to promote greater transparency in Federal contracting. These systems collect and provide information that support over $500 billion in annual contracting.

The Federal acquisition process is complex and involves many stakeholders with different needs. Through various focused efforts over the last decade, the acquisition community has led policy and system changes to centralize and standardize information collection and reporting.

Moving forward, the Obama Administration is committed to greater openness and transparency in the Federal government. Increasing the transparency of the government's contracting processes, reporting, and opportunities will attract new entrants into the federal market and improve competition; help the government buy more efficiently; and promote citizen engagement.

Let me describe how earlier efforts changed acquisition information management and served as the foundation for today's Integrated Acquisition Environment (IAE) and plans for the future.

<u>The Journey</u>

To understand the steps that the Office of Management and Budget (OMB) and the acquisition community have taken and will take to create a better future, it would be helpful to understand where this effort began and the changes made in a few key areas. Consider three basic questions the American people have the right to know:

- What federal contracting opportunities are available?
- What is the Federal government buying and how are they buying it?
- With whom is the Federal government doing business?

To address these questions, the Federal government has undertaken a decade-long journey.

Access to Federal Contracting Opportunities

When efforts to improve electronic contracting information began in the early 1990's, vendors who wanted to learn about federal contracting opportunities had to subscribe to the Commerce Business Daily, a daily print publication. Vendors manually scoured hundreds of listings daily to identify potential opportunities and slowly communicated this information throughout their companies. There was no way to easily search for relevant opportunities, identify teaming partners, or target scarce marketing resources. This was very inefficient for vendors and the government. Every contractor had to contact the contracting officer for each opportunity they were interested in, a significant effort given the thousands of contracting offices government wide - over 9,000 today. Only a synopsis of the procurement was provided, not the entire document. The contractor had to write to the contracting officer to show their intention to participate. The government spent hours assembling packages for mailing and was never sure of adequate competition until the proposals were received.

The acquisition community identified better access to Federal procurement opportunities as a critical business need. With leadership from the Office of Federal Procurement Policy (OFPP), support from the then-Procurement Executives Council, and input from industry, the Commerce Business Daily was retired in 2002 and FedBizOpps (www.fedbizopps.gov) became the central, government-wide point of entry. Today, over 100,000 vendors have subscribed to FedBizOpps to receive targeted procurement opportunity announcements. About 2,000 opportunities are posted daily on FedbizOpps.

Access to Procurement Data

Data about the products and services the government buys can help agencies plan more strategically and help stakeholders hold the government accountable for contracting actions. In the past, information about contracting actions was provided in the Federal Procurement Report that was published annually by the General Services Administration (GSA). The report generally was issued over six months after the end of the fiscal year – much too late to be of value to ongoing agency operations or future acquisition planning. More detailed data could be obtained from GSA on an ad hoc basis, but reports were created manually and were only as accurate as the data was timely.

The current Federal Procurement Data System (FPDS), established in 2003, captures up to 198 data elements per transaction, and last year over 8 million transactions were reported to FPDS. This information is entered directly by agencies within 72 hours after the transaction is completed. Anyone can review and analyze this information, which explains the extent to which agencies use competition, types of contracts used, types of goods and services acquired, money obligated, contractor information, and other critical data.

Expanding Access for Vendors

Before the Central Contractor Registration (CCR) was made mandatory in 2003, potential vendors mailed forms called the Standard Form 129, *Solicitation Mailing List Application,* to individual contracting offices to tell agencies about their capabilities and express interest in doing business with them. Agencies used this information to conduct market research. For example, if an agency needed graphics services, the contract specialist would manually review the forms received by the office. However, market and vendor information was incomplete and vendors used scarce resources to provide this information to agency buyers. Additionally, vendors were required to mail electronic funds transfer forms to individual government payment offices in order to be paid in accordance with the Debt Collection Improvement Act of 1996.

Today, every vendor who wants to contract with the Federal government is required to register in the Central Contractor Registration. It contains information on their principal industry areas, the socio-economic attributes of the company, and other information related to their ability to contract with the government. Nearly 600,000 vendors are registered and the government uses this information to pay vendors accurately and on time, to search for businesses in specific socio-economic categories or industries, and to conduct general research. Instead of separately contacting multiple government offices, potential and existing vendors can register once and their information is available to all agencies.

Due to the fragmented, ad hoc nature of procurement systems, cultural and process changes required in the agencies and other user communities, and resource constraints, these improvements did not occur overnight. For example, fully implementing FPDS at a single agency (Department of Defense) was a significant challenge that took about three years to complete.

The success of these and future efforts depends on leadership in the acquisition community – both at the Office of Management and Budget (OMB) and at the agencies. The Office of Federal Procurement Policy (OFPP) led these efforts to consolidate and standardize functions, streamline information, and institutionalize changes in the Federal Acquisition Regulation. They partnered with the then-Procurement Executives Council and established the Acquisition Committee for E-Gov (ACE). The ACE is comprised of agency senior representatives who provide input from users' and policy officials' perspectives. This collaborative governance model was critical to getting to where we are today and will be even more important as we move forward.

Consolidation

The Integrated Acquisition Environment (IAE), established in 2001, provides consistent Federal government-wide electronic acquisition capabilities. Prior to the introduction of the IAE, most agencies supported their acquisition processes with their own paper-based or unique systems. Over the nearly eight years that the IAE has been in existence, government-wide electronic acquisition tools were identified, developed, implemented, and made available to all agencies. Today, acquisition-related information is available online and searchable in real time or near

real time. Hundreds of standalone, paper-based, or agency-maintained systems and interfaces were replaced by eight government-wide systems[1] that support over 40,000 contracting professionals, 600,000 vendors, over $500 billion in annual procurement spending, and over eight million transactions per year.

Each of the eight IAE systems was originally developed independently, used different software, and operated on different hardware platforms run by different contractors. In this complex and stove-piped environment, it was difficult to respond to policy or technology changes in a timely manner. This limitation led the procurement community and GSA to explore an integrated approach to optimize the performance of the IAE as a whole. As a result, GSA is engaged in a rearchitecting and consolidation of IAE to develop the integrated procurement platform of the future.

Roles and Responsibilities

The E-Government Act of 2002 requires the OMB Administrator for E-Government and Information Technology and the Administrator for Federal Procurement Policy to work together to ensure effective implementation of electronic procurement initiatives.

OFPP establishes federal procurement policy and serves as the functional owner of the IAE systems. The Office of E-Government and Information Technology provides technical leadership and support for the information technology aspects of procurement initiatives through the enterprise architecture and capital planning and investment management processes.[2]

Together, OFPP and the Office of E-Government and Information Technology provide executive leadership and direction, supporting the government's policy goals and improving the transparency and accessibility of our acquisition processes.

GSA, as the IAE Managing Partner, is responsible for day-to-day operations and overall project management. As the initiative moves forward, the Office of E-Government and Information Technology will work closely with the Chief Information Officer and the Chief Enterprise Architect at GSA and the IAE team to apply federal enterprise architecture practices and to provide leadership and direction on IT investment management.

Future Vision

Moving from eight separate systems to an integrated platform for procurement will enable the Federal government to realize the President's vision of an open and transparent government in acquisition by:
- Improving data quality
- Simplifying access to acquisition data
- Improving usability of procurement systems

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[1] Reference Attachment A for a list of the eight systems
[2] As outlined in OMB Circular A-11, Section 300 ("Planning, Budgeting, Acquisition, and Management of Capital Assets")

By executing the Integrated Acquisition Environment strategy, we will be able to provide more current and comprehensive acquisition data to the American people through publicly accessible websites. Agencies will also be able to use this information to strengthen their acquisition practices and improve how contracts are awarded and managed as envisioned in the President's Memorandum on Government Contracting dated March 4, 2009.

Conclusion

Despite previous efforts to migrate from hundreds of systems to the eight that currently comprise the IAE, much work remains. We must continue to focus on improving data quality, increasing transparency, and enhancing service delivery.

In moving to the future procurement platform, the American people will have unprecedented access into how their taxpayer dollars are spent and vendors will be able to compete more efficiently through a streamlined platform, and oversight organizations and public interest groups will have better and faster access to procurement data.

Thank you for the opportunity to discuss the important work that is underway now and the future plans to improve the transparency and accessibility of acquisition information systems. I look forward to your questions.

ATTACHMENT A (IAE SYSTEMS INVENTORY)

The Integrated Acquisition Environment consists of the following systems:

1) **FBO (FedBizOpps)** – The single government point-of-entry for posting solicitations over $25,000, allowing commercial business suppliers to search, monitor and retrieve opportunities in federal government markets.

2) **WDOL (Wage Determinations On-Line)** – This government-wide web site makes Service Contract Act (SCA) and Davis-Bacon (DBA) wage determinations easily accessible by the contracting community.

3) **CCR (Central Contractor Registration)** – Vendors wanting to do business with the government are required to register in CCR and revalidate annually. This provides payment information, validates Small Business Administration certifications for 8(a), or HUBZone businesses, calculates potential business size, and validates taxpayer IDs with IRS.

4) **ORCA (Online Representations and Certifications Application)** – This web-based application allows vendors to enter Representations and Certifications (such as Small Business Certification) once for use on all federal contracts. Vendors update these "reps and certs" annually.

5) **PPIRS (Past Performance Information Retrieval System)** – The federal acquisition community can access timely and pertinent contractor past performance information via this web-enabled, government-wide application.

6) **EPLS (Excluded Parties List System)** – Parties excluded from receiving federal contracts and certain subcontracts are identified on this web-based system. Also identified are individuals excluded from certain types of federal financial and non-financial assistance, including benefits.

7) **FPDS-NG (Federal Procurement Data System-Next Generation)** – This online repository provides data on all federal contract actions over $3,000. Standard and custom reports are easily accessible.

8) **eSRS (Electronic Subcontracting Reporting System)** – This system is designed for prime contractors to report accomplishments toward subcontracting goals required by their contract.