

Opening Statement by Senator Scott P. Brown
June 30, 2010
Subcommittee on Contracting Oversight
U.S. Senate Homeland Security & Governmental Affairs Committee
“Interagency Contracts (Part II): Management and Oversight”

As Ranking Member of this subcommittee, it is again an honor to join with Chairman McCaskill in exploring the important issues of this subcommittee that go to the core of how our government conducts business. Unfortunately, I was not a member of the subcommittee at the time of the Part 1 hearing where subject matter experts from academia and industry provided key insights into what is working and what is not working with interagency contracting. Taking these lessons learned and applying them to the way the U.S. Government has traditionally does business is vital to getting the best value for the American taxpayer.

As the largest single consumer on the planet, our federal government spent over \$537 billion on goods and services last year alone – that’s nearly \$130 billion more the annual revenue of Wal-Mart. We are all familiar with buying and selling of goods, and we know that if you are purchasing on a large scale you usually expect a break in the price from the seller. As the largest purchaser in the world, the federal government should receive these same “wholesale prices,” in fact; it should be receiving the best prices for goods and services in the marketplace. Unfortunately, that is rarely the case.

The premise of harnessing this purchase power is at the core of our hearing today. How can we efficiently and effectively use interagency contracts to leverage the purchasing power of the federal government to achieve maximum savings for the American taxpayer?

Let me be clear upfront: the use of interagency contracting has significant benefits when used properly. It allows the government to leverage its aggregate buying power and reduce acquisition costs through simplified and expedited methods for procuring goods and services. However more needs to be done. Just as every successful business does, the U.S. government should be strategically assessing its requirements and using the most efficient mechanism to achieve the best value for the American taxpayer. Interagency contracting can achieve these goals but as the recent General Accountability Office (GAO) report indicates the government is falling short of these objectives.

The GAO report raises the same troubling questions on interagency contracting that have continued for over a decade. How can we expect the Government to leverage its buying power to get the best prices when we continue to create multiple contracts to purchase the same kinds of goods and services from the same vendors? The President in December of 2009 implemented a requirement that the Government save \$40 billion annually by the end of fiscal year 2011. An important component of this initiative is strategic sourcing and the kinds of tough problems we are taking on here today. Even the Administration concedes that the benefits of strategic sourcing and smarter contracting have not yet been fully utilized.

The GAO report also identified significant obstacles that prevent Government buyers from realizing the advantages of interagency contracts. A key problem identified by GAO was that government buyers lack the necessary data on the available contracts to make fully informed decisions. GAO also identified the lack of a cohesive policy for agencies to follow on interagency contracting. This lack of a clear plan creates a leadership void that pushes agencies to establish their own contracts, with their own vendors, rather than using existing contracts and

saving money. This duplication of effort exacerbates the strain on an already stretched acquisition workforce. In the report, the GAO also questioned whether the General Services Administration (GSA), who manages the Multiple Award Schedule (MAS) Program, the largest interagency government contracting program, is achieving the best prices for the taxpayer. A key problem GAO identified in the MAS program was the lack of available transactional data that could be accessed by GSA to negotiate better prices for the government.

I am interested in exploring *actionable solutions* in today's hearing to address these long-standing issues. I'd like to leave here today knowing, who in the Administration is accountable for ensuring that the Government delivers on its promised acquisition savings? What policies and guidance are necessary to achieve the benefits of interagency contracting?

I look forward to hearing the witnesses perspectives on these critical issues and I thank these witnesses for being here today.