



**United States Senate**  
**Committee on Homeland Security and Governmental Affairs**  
Chairman Joseph I. Lieberman, ID-Conn.

**“Federal Acquisition: Ways To Strengthen Competition And Accountability”**  
**Statement of**  
**Chairman Joe Lieberman, ID-Conn.**  
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Today’s hearing focuses on one of the most important parts of our Committee’s oversight jurisdiction – and that is the acquisition of goods and services by the federal government.

The fact is this: The U.S. government is the largest buyer of goods and services in the world by far. Let me give you some of the numbers: between 2000 and 2006, spending on government contracts has grown from almost \$219 billion to \$415 billion. That is an astounding 89 percent increase in the past six years.

The numbers are stunning, disturbing, and demand our attention. Government spending on contracts has exploded, while the trained workforce that oversees them has shrunk. This has already caused widely publicized – and I might add infuriating – examples of waste, and the problem will only worsen in the years ahead if we don’t act together to better protect the expenditure of tax dollars for federal contracting.

Yet, the number of federal acquisition specialists who help write and oversee these contracts has remained pretty much constant over that same period of time and that follows a significant downsizing of the acquisition workforce in the 1990s. The numbers are particularly striking at the Department of Defense, where the workforce has declined by nearly 50 percent since the mid 1990s. Government-wide, the workforce is about to shrink even further if nothing is done, because roughly half the current workforce is eligible to retire within the next four years.

It is imperative we attract fresh new talent into this difficult and demanding public service profession because this work is crucial to the effective and efficient use of taxpayers’ dollars.

A successful system for buying goods and services is more than just selecting the right vendor and signing a contract. Successful purchasing requires careful planning and negotiation in the federal government and the private sector before the contract is signed, followed by rigorous oversight through the life of the contract. It requires that government agencies have the competence to know what they need and understand how to work with the private sector to meet those objectives. And it requires government officials whose only allegiance is clearly to the taxpayer, and not in any way to contractors who might become their future employers.

If you dig into the causes of some of the most dramatic examples of wasteful spending we have seen in the recent years, you can see a sad story of the system breaking down with consequences for the tax payer. For example:

- TSA’s contract for recruiting airline screeners grew from an original estimate of \$104 million to a final settlement with the contractor of \$741 million. Auditors identified nearly \$300 million in questionable costs submitted by the contractor. And TSA itself helped drive up costs by changing the scope of the contract after it was signed, without sufficient regard to what those changes would cost.
- The FBI’s Trilogy project – very well-known, painfully known – to upgrade the FBI’s IT systems grew from \$380 million to \$537 million, due in part to poorly designed contract requirements, unrealistic scheduling, and weak oversight. GAO also identified over \$10 million in questionable costs submitted by the contractor. As we know in 2004, the FBI scaled back the project and determined that key elements were not feasible as originally planned.
- The U.S. Coast Guard turned too much of its decision making for the Deepwater Project over to its contractors, with disastrous results. The costs for the first two National Security Cutters alone are expected to

increase by more than \$300 million, and that doesn't include the additional hundreds of millions of dollars required for structural redesigns to those two ships and future cutters.

Insufficient competition in awarding government contracts is another unacceptable trend. Since 2000, the dollar value of contracts awarded without full and open competition has more than tripled, from \$67.5 billion to almost \$207 billion.

Recently, the Office of Federal Procurement Policy reviewed awards at major contracting agencies and found that 36 percent of the money spent on contracts last year was awarded without full and open competition.

The Department of Defense, which is by far the largest spender on contracts, averaged about 37 percent awarded without full and open competition, NASA 50 percent and DHS 51 percent.

The federal government is also increasingly using contracts to provide an array of services to agencies. This can provide the government with increased flexibility to meet urgent or unforeseen needs and access to expertise that might not be resident within the government agency. But it also raises questions as to whether our federal government has retained sufficient in-house capacity to effectively manage and oversee contracts and whether it is ensuring that contractors do not perform inherently governmental functions.

Expanding the role of contractors providing services has created separate management challenges. There is an irony that now, contractors are hired to oversee other contractors and assist agencies with the process of awarding contracts.

We have even heard recently of examples of contractors writing federal regulations.

In the 1990's, Congress enacted a series of reforms to federal procurement law to streamline the government's purchasing and to encourage the purchase of goods and services readily available in the marketplace. While these reforms have given the government greater flexibility as a purchaser, the level of inefficiency and waste is still unacceptable, and for that reason I am pleased to join with Senator Collins who has taken the lead in drafting legislation to address some of these problems – the Accountability in Government Contracting Act of 2007, or S. 680.

The key is to increase competition and strengthen a lot that ails federal contracting procedure while systematically improving the federal acquisition workforce.

Over the past two years, this Committee has held numerous hearings that have addressed challenges in rebuilding the Gulf Coast, executing reconstruction projects in Iraq and Afghanistan, and acquiring services to protect the nation from acts of terror or facilitate recovery from natural disaster. All of these efforts have been unfortunately marred by wasteful, and occasionally fraudulent, contracting practices.

Contractors are essential to the functioning of our government. No one expects the government to produce its own computers, build its own fighter planes or perform services that are better provided by the private sector.

But with billions of dollars of the taxpayers' money at stake, both the government and contractors have a responsibility to do a better job than they are now to see that the taxpayers are getting their money's worth.

Thank you all for coming Senator Collins?