

STATEMENT OF
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BEFORE THE
COMMITTEE ON HOMELAND SECURITY
AND GOVERNMENTAL AFFAIRS
SUBCOMMITTEE ON FEDERAL FINANCIAL
MANAGEMENT, GOVERNMENT INFORMATION, AND
INTERNATIONAL SECURITY
UNITED STATES SENATE
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Good afternoon, Chairman Coburn and distinguished members of the Committee. Thank you for inviting me here before you today to discuss the procurement process at the U.S. General Services Administration (GSA).

Mr. Chairman, as you are aware, GSA's Mission is to assist Federal agencies in better serving the public by offering, at best value, superior workplaces and expert solutions, acquisition services and management policies. GSA has a critically important mission as part of this Nation's Government, and we take our responsibility very seriously.

GSA provides and contracts for billions of dollars worth of products, services and real estate for Federal agencies. GSA focuses on the acquisition process, allowing agencies to concentrate on their core missions. GSA's procurement experts identify potential vendors, award contracts and help ensure the Federal contracting requirements are met. GSA connects the public sector with industry experts and simplifies the contracting process to save agencies time and money. Other Federal agencies rely upon GSA to be efficient, effective and creative in applying our expertise in property management and procurement. GSA's efforts facilitate the acquisition of the workspace, equipment, technology, furniture, supplies, vehicles and professional services our customers need to fulfill their missions of service to the American people.

Mr. Chairman, GSA's role in the Federal procurement arena includes: helping Federal agencies acquire space, products, and services by contracting with Federal and commercial sources; simplifying Federal procurement for other Federal agencies; and negotiating large multi-user contracts and leveraging the volume of the Federal market to get the best prices for the taxpayers. GSA offers businesses the opportunity to sell billions of dollars worth of products and services to Federal agencies through its contract vehicles. Finally, GSA also has a vital role in developing and overseeing Federal property management and procurement policies, government wide.

Mr. Chairman, GSA operates mostly under a fee for service model. We provide Federal agencies with contracting expertise and solutions using resources they do not necessarily have in-house – allowing them to direct their resources to meet the mission of their Agency. Times for GSA have changed, however. We are no longer a mandatory source for Federal agencies' requirements, so we must provide them with the best value for the goods and services they need .

We undertake many steps to ensure we are getting the best value for the taxpayer. GSA has updated the Multiple Award Schedule (MAS) ordering procedures in the Federal Acquisition Regulation (FAR) to increase competition, brought market forces into the buying process by making pricing data publicly available, issued a policy letter asking our buying activities to increase their competitive acquisitions by 10%, and continued to encourage Contracting Officers and schedule buyers to ask for a discount from the listed price. Lastly, to ensure the quality of its

most significant acquisition actions, the Federal Supply Service (FSS) has conducted 57 Pre-Negotiation Clearance (PNC) Panels in the past year, covering \$2 billion in contracts. The goal of PNC Panels is to ensure that the contract negotiator has identified negotiation objectives and is fully prepared for the negotiations.

Mr. Chairman you have expressed interest in how we use audits in getting the best value for our customers and taxpayers. FSS's Contract Management Center oversees post award reviews of vendors, reviewing more than 20 aspects of the procurement, including pricing. GSA conducts interviews of each customer service center to ensure they are receiving best value as part of the procurement management review process. We provide training on using the GSA Federal Supply Schedules to our agency customers. Finally, GSA authorized \$4 million for the GSA Inspector General to conduct pre-award audits in FY 2005.

GSA Schedules and other contracting vehicles offer everything from basic support functions to highly specialized professional services to government agencies. GSA also disposes of surplus Federal property, such as real estate and vehicles to a wide range of non-Federal users, including to the public.

Examples of the products and services that GSA provides for Federal agency customers includes:

- Space in government-owned and leased buildings;
- Facilities management services, such as utilities, security, space alterations, and tenant relocation;
- A wide range of technology and other products and services directly from commercial providers;
- Long distance telecommunications services, airfare services, charge cards, shipping services and similar highly discounted consumer services;
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- IT acquisition and consulting services;
- Vehicles and fleet services; and
- Surplus government property.

GSA offers customers many ways to purchase what they need. As I mentioned previously, GSA simplifies Federal procurement by negotiating large multi-user contracts and using the volume of the Federal market to leverage lower prices. Federal agencies place orders against these contracts in many ways—through GSA customer representatives or catalogs, by phone or fax, charge cards, electronic requisitioning, in-person auctions, over the Internet, or by contacting suppliers directly.

In the future, as the requirements of the American people and the needs of Federal agencies continue to increase, GSA's ability to interact, communicate and contract with companies that do business with the Federal government must become even stronger. In the fast-paced marketplace of the 21st century, electronic technology is critical to conducting business. GSA is keeping pace through its e-Gov initiatives. GSA's redesigned website provides a new feature—direct access to many interactive capabilities that facilitate doing business with GSA or finding specialized information available from GSA. GSA offers e-Tools to help other agencies manage their GSA procurement transactions, to place orders, and to learn about business opportunities. The e-Tools allow GSA to better serve Federal customers by bringing the most up to date information to customers to allow them to do business in an efficient and cost-effective way.

Taking advantage of technology, GSA has placed many of our new contracts on-line, listing the key terms and conditions of the contracts, making them accessible to more businesses, quicker, easier and cheaper. We've also seen an increase in the use of e-Buy by 40 thousand more orders than last year, streamlining the procurement process and lowering the need for staff interaction.

Through the use of e-Tools, customers can find information about the many leading-edge products and services GSA offers and, in many cases, do business with GSA. The number and transactional capabilities of e-Tools available on gsa.gov are expected to expand in coming months.

The most popular e-Tools can be found on-line at gsa.gov and include:

- Federal Forms
- GSA Advantage!
- GSA Auctions[®]
- GSA Global Supply
- IT Solutions Shop (ITSS)
- Per Diem Rates
- Rent on the Web
- Schedules e-Library
- e-Buy
- eOffer/eMod

The President's Management Agenda calls on Federal agencies to meet twin goals of reducing government spending and improving performance. With these outcomes in mind, GSA announced in Spring 2005, the agency's intention to restructure some of its primary functions.

Organizations like GSA that desire to achieve high performance and continuous improvement should periodically review their operations and their organizational structures in order to identify and implement improvements where possible. The most significant outcome of this reorganization is a new GSA Service—the Federal Acquisition Service (FAS)—that has emerged from the consolidation of GSA’s Federal Technology Service (FTS) and FSS. Many factors led to this change, including some directly relevant to the Subcommittee's interest in GSA procurement processes. Shifting customer needs, an evolution in how agencies acquire technology products and services, efforts to reduce overlapping services, and a greater emphasis on GSA’s role in Federal procurement were all important factors prompting this organizational change.

This initiative to reorganize and consolidate FTS and FSS is designed to strengthen GSA’s capability to meet increasing Federal agency requirements for excellence in the acquisition of information technology, telecommunications, and other products and services; will make it easier for Federal agencies and industry contractors to use GSA acquisition processes; and will enhance GSA’s efficiency of by consolidating activities that are now performed separately in both FTS and FSS.

The FAS organization has five program areas:

- Customer Accounts and Research— which enables GSA to better understand customer requirements and become a strategic partner in helping agencies meet their acquisition needs.

- Acquisition Management— which ensures that GSA’s activities are fully compliant with Federal laws, regulations and policies, and that operating practices are consistent across business lines and regions.
- Integrated Technology Services— which groups together the GSA units that acquire information technology, telecommunications and related professional services.
- General Supplies and Services— which groups together the GSA units that acquire a broad range of commercial products and closely-related services, as well as some specialized logistics-based activities.
- Travel, Motor Vehicles and Card Services— which groups together business lines which share commonalities that provide opportunities for synergy and scale.

Benefits from the establishment of FAS include a deeper understanding by GSA of customer requirements; stronger management of the agency’s acquisition processes and programs; and greater integration of GSA business lines to provide multiple channels for customers to acquire the products, services, and solutions they need. The intended outcome is a GSA organization that is capable of delivering excellent acquisition services efficiently and effectively and providing value to Federal customers and the American taxpayer.

Recognizing the need to provide direct, face-to-face customer service, the FAS organization will include six zones within the 11 GSA regions. Under this arrangement, GSA associates will provide customers in a particular geographic area with services such as IT-assisted acquisition, fleet service representatives and supply services. FAS staff conducting local customer delivery will report to the Assistant Regional Administrators in the six FAS zones.

GSA's push to ensure taxpayer dollars buy more and go farther requires rethinking old ways of doing business and creating new models that will better serve the Federal community in the 21st Century. That's precisely the idea behind the merger of the Federal Technology Service and the Federal Supply Service. To realize the full benefits of merging the two services into FAS, it is critical that the two revolving funds that currently finance the different services be merged into one new fund, the Acquisition Services Fund. This single fund would support Federal agencies' acquisitions of all personal property and services, including IT and telecommunications products and services. Many GSA customers are now buying "total business solutions" that require a mixture of IT and non-IT products and services. It would be much more cumbersome for both GSA and its customer agencies to have to account for the IT and non-IT components of these procurements under the two current revolving funds than under the single fund we are seeking. Finally, merging the two funds is an essential prerequisite to realizing the full administrative efficiencies and improved oversight and accountability that FAS will make possible.

Establishing a single "Acquisition Services Fund" will enable GSA to provide integrated acquisition services, and standardize and centralize financial management. This will result in better cost and capital planning, increased financial management oversight, and consistent fee setting. These changes are intended to generate operating efficiencies and reduced transactional costs.

Partnering with other Federal agencies, we have helped NASA launch rockets; we have helped the Department of Agriculture provide food for the hungry; we have helped HUD house the

homeless; we have helped the Department of Education attack illiteracy and improve science and math scores; we have helped the Department of Labor, the Small Business Administration and the Department of Commerce provide jobs, careers and a prosperous economy; together we have helped the Department of Defense defend our Nation and preserve freedom and democracy around the world. We don't merely procure and deliver products and services. We help agencies achieve their missions of service to the American people.

We know that today, and in the future, Federal agencies are requiring and will require more and more procurement expertise and more and differing products and services. At the same time, our customer agencies are demanding faster responsiveness and turnaround times, and they are demanding more cost-effective solutions. They are relying upon GSA to take the actions necessary to make these things happen. They turn to GSA because we have the workforce and expertise available to meet these needs.

I am confident we can continue to meet these needs.

Thank you Mr. Chairman for holding this hearing today, I look forward to answering your questions.