

**Chairman Peters Opening Statement As Prepared for Delivery
Full Committee Hearing: Pathways to Procurement Innovation
May 12, 2022**

Today's hearing will examine the state of federal procurement, consider ways to boost innovation in the procurement process, and address challenges that have put a tremendous strain on federal contracting.

A reliable and consistent procurement process is key to ensuring that the federal government can effectively deliver its services to all Americans.

Federal agencies depend on procurement professionals to place contracts efficiently, to ensure that government needs are being met and that taxpayer dollars are being used effectively.

But we also need a process that is innovative and nimble enough to adapt to changing needs and circumstances.

In recent years, the amount of federal dollars spent on contracts has steadily increased, driven in part by the need to acquire new technology, such as software, cloud computing, cybersecurity protections, and artificial intelligence, products, and services that we can only expect to become even more in demand moving forward.

At the same time, we face several challenges that have made the procurement process both difficult to manage, and difficult to navigate for companies hoping to do business with the federal government.

Those challenges include a shortage of procurement professionals, particularly those with expertise related to emerging technologies, along with steep barriers for new companies seeking their first federal contract, and a diminishing domestic industrial base that can support the government's needs and requirements.

Right now, procurement professionals are retiring at a higher rate than they can be replaced, which leaves few experienced staff available to train new recruits in the contracting field, and even fewer staff with the expertise and training needed to make increasingly complex technology purchases.

I was pleased to work with Ranking Member Portman on bipartisan legislation to create a training program to help federal employees responsible for purchasing and managing artificial intelligence technologies better understand their capabilities and their potential risks.

But it's clear there is more we must do to ensure that government is at the cutting-edge of new developments and that taxpayers are getting the most out of their hard-earned tax dollars.

Frequently, agencies are challenged to work at the “speed of relevance” of the technology they buy, and procurements that take years to complete cannot keep pace with the speed of technological developments. This leaves agencies with technology that is new to them but may already be obsolete for the job at hand.

The pool of federal contractors is also shrinking, particularly with regard to new and small companies.

A recent GAO study of DoD contracting found that, while DoD contracts with small businesses increased by 15%, the *number* of small businesses awarded DoD contracts decreased by almost half.

A July 2021 Bipartisan Policy Center report noted similar concerns, along with unique barriers that small businesses in particular face when trying to enter the federal contracting process.

New, small firms are a critical component of our industrial base, pioneering new innovations, strengthening the resiliency of our domestic supply chains, and creating good-paying jobs in communities across the country.

I was proud to advance bipartisan legislation through this committee that was signed into law earlier this year, called the PRICE Act, which ensures small and disadvantaged business owners are given a fair opportunity to compete for federal contracts and continue to grow their companies.

Today, I am pleased to welcome a group of experts who can help us identify more effective solutions to address these ongoing challenges, and ensure our federal government is able to better serve the American people.