



WHITE HOUSE FORUM ON ACCOUNTABILITY IN FEDERAL CONTRACTING

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Last month, President Obama and Vice President Biden launched the Campaign to Cut Waste and issued a new Executive Order on Delivering an Efficient, Effective, and Accountable Government.¹

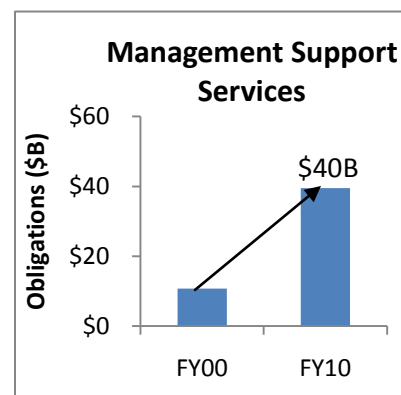
With more than one out of every six dollars of Federal government spending going to contractors, increasing accountability and saving money in contracting is critical to creating a Federal government that is efficient and effective.

During the last Administration, spending on contracting skyrocketed at an unsustainable pace while oversight staff remained flat. The result, in too many cases, was waste, fraud, and abuse. The Obama Administration is committed to cracking down on this waste and strengthening accountability, and the results are clear.

Last year, contracting decreased for the first time in 13 years. Agencies spent nearly \$80 billion less than they would have spent had contract spending continued to grow at the same rate it had under the prior Administration.

To build on this progress, we are now focusing on spending on contracts for management support services, which has grown even faster than for contracting in general. Spending on these services approximately quadrupled between Fiscal Year (FY) 2000 and FY 2010. Management support services include acquisition planning, information technology systems development, and program management.

Today, we are announcing that agencies must cut spending for management support services by 15 percent. Instead of paying \$40 billion for these services, as agencies did in FY 2010, they will reduce spending to \$34 billion a year by the end of FY 2012 – a decrease of \$6 billion.



To meet this goal, agencies will buy smarter and buy less. They will still look to contractors for a wide range of professional and technical needs, but in a more prudent, cost-effective manner. They will analyze their spending patterns and negotiate lower labor rates, pay for solutions, eliminate excess, and buy only what they can afford. They will seek out contractors with good past performance and end relationships with firms who are proven bad actors. They will also keep a watchful eye out for situations where reliance on a contractor's expertise has gone beyond what is appropriate for the agency to maintain control of its mission and operations.

Decreasing spending on management support services is just one of a number of concerted efforts the Administration is taking to reduce waste in contracting. Ongoing initiatives to achieve better results include:

¹ <http://www.whitehouse.gov/the-press-office/2011/06/13/executive-order-delivering-efficient-effective-and-accountable-government>

- *Continual expansion of strategic sourcing* to take better advantage of the government's purchasing power so that we can secure better prices and reduce the proliferation of costly duplicative contracts for the same everyday needs. Increased use of our government-wide contracts for office supplies and overnight delivery services is saving tens of millions annually and our savings from strategic sourcing will grow larger as agencies across the government pool their resources for wireless plans, print management services, and software licenses.
- *Strengthening the acquisition workforce*, including contracting officers, program managers, and contracting officer's representatives, through more and better training and development opportunities so they are better equipped to negotiate with contractors and improve acquisition outcomes. To hone these skills further, more rigorous certification requirements will soon be issued for civilian agency contracting officer representatives – the focal point for contract management and making sure we get what we're paying for.
- *Increasing purchasing from small businesses* to take greater advantage of the new technologies, innovations, and skill they bring to the federal marketplace. In FY 2010, more federal contracting dollars went to small businesses than ever before, aided by our use of better buying practices, such as low risk fixed-price contracting, and modern buying strategies, such as electronic reverse auctions, and more opportunities will open up as we unveil new small business buying tools and modernize old ones.
- *Paying closer attention to our large and complex projects*, by conducting more effective outreach with industry before a solicitation is issued to better understand how the marketplace can meet our needs and ensuring more consistent use of integrated teams of acquisition, financial, project and other specialists to effectively plan, implement and evaluate all aspects of our major acquisitions. New guidance will provide a roadmap for agencies who wish to establish specialized acquisition cadres that can concentrate on IT buys and the challenges unique to this critical class of acquisitions.
- *Increasing transparency and accountability* by improving the quantity and quality of contractor past performance assessments, dedicating staff resources to rooting out illegal behavior, and broadening access to information about the integrity of contractors so it may be more routinely considered before we award new contracts. Additionally, we increased efforts to limit contractors with serious tax delinquencies from receiving federal contracts, and for the first time we are tracking spending at the subcontractor level on USASpending to ensure unprecedented transparency.