

**Statement of Senator Tom Coburn, Chairman**  
**Subcommittee on Federal Financial Management, Government Information, and**  
**International Security**  
**U.S. Senate Committee on Homeland Security and Governmental Affairs**  
**Hearing on**  
**GSA II – The Procurement Process From Start to Finish**  
**September 29, 2005**

Americans have given us their credit card. They are on the hook for the bill and the ever-accumulating interest. Already, that bill is so big that they can't pay it off, but their children and grandchildren will. Congress has a moral obligation to take this trust seriously, and shop for the best price. We shouldn't throw everything into our shopping cart without even comparing price. When they ask to see the receipt, they shouldn't get an answer that is so complex that we can hardly hold a coherent hearing on the subject in plain English. The demands Americans are making aren't complicated. They want to know what we bought on their dime, how much it cost, and if we did everything we could to haggle for the best deal. It's their grandkids' future on the line, and they deserve to have these questions answered.

The budget of the United States government now stands at \$2.6 trillion dollars. That means the federal government spends an average of over \$7 billion every day. Federal government spending has skyrocketed at a rate unseen since the 1960s. Because the government is not spending within its means, the Treasury is forced to borrow hundreds of billions of dollars each year to pay for it. Our grandchildren will have to pick up the tab when the bill comes due.

One important way we can reduce the burden on the American taxpayer, and help spare our grandchildren a lower standard of living, is to make sure that the goods and services the federal government purchases are bought at the best possible price. And quite frankly, there's no excuse for anything else. The purchasing power of the federal government in the market is massive – our spending on goods and services exceeds the Gross Domestic Product of all but three countries.

The GSA was established to harness that incredible purchasing power by providing some central oversight and coordination of procurement. As government grows, it becomes all the more important for agencies' procurement efforts to be tracked, coordinated in order to build efficiencies and purchase in bulk whenever possible.

We know that product prices on the GSA catalogue are "ceilings" rather than the best price. GSA negotiates a "ceiling price" from which agencies may further negotiate. One goal of this hearing is to find out whether agencies are actually negotiating down from these ceiling prices.

We'll be looking at the incentive structures created by GSA's operations, especially its fee-based system. Does this system create the right incentives for contracting officers to get the taxpayers the best deal?

Perhaps most important of all for intelligent procurement planning and implementation is good information. We simply must know what we're buying, for what purpose, in what quantity, and at what price. If we don't, then we can't possibly develop strategies to get better prices, set spending priorities based on what we're actually spending, avoid inefficiencies and duplication, and appropriately steward the taxpayers' financial trust. We will be looking today at the systems we have for tracking procurement and if they are adequate to the task. I'll be particularly interested in transparency of the process – do we have access to the right

information, and accountability – is someone responsible for what gets bought, and if it gets bought at the best price?

Finally, Federal procurement has come a long way since GSA was first established. There are ton of different ways that agencies can make purchases. They don't have to use GSA at all. They can use different types of vehicles at GSA. They can use government competitors of GSA, sometimes referred to as mini-GSAs. They can use private sector procurement products. GSA is now performing a minority of all government procurement. Our hearing will examine GSA's evolving mission and its relevance to the procurement process.