

**GENERAL SERVICES ADMINISTRATION
ACQUISITION OVERSIGHT AND REFORM**

JOINT HEARING
BEFORE THE
SUBCOMMITTEE ON
GOVERNMENT OPERATIONS
AND THE
SUBCOMMITTEE ON
INFORMATION TECHNOLOGY
OF THE
COMMITTEE ON OVERSIGHT
AND GOVERNMENT REFORM
HOUSE OF REPRESENTATIVES
ONE HUNDRED FIFTEENTH CONGRESS
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GENERAL SERVICES ADMINISTRATION ACQUISITION OVERSIGHT AND REFORM

Wednesday, July 12, 2017

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON GOVERNMENT OPERATIONS, JOINT
WITH THE SUBCOMMITTEE ON INFORMATION TECHNOLOGY
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
Washington, D.C.

The subcommittees met, pursuant to call, at 2:04 p.m., in Room 2154, Rayburn House Office Building, Hon. Mark Meadows [chairman of the Subcommittee on Government Operations] presiding.

Present from Subcommittee on Government Operations: Representatives Meadows, Hice, Jordan, Massie, Blum, Connolly, Maloney, and Lawrence.

Present from Subcommittee on Information Technology: Representatives Hurd, Connolly, Kelly, Lynch, and Krishnamoorthi.

Also Present: Gowdy

Mr. MEADOWS. The Subcommittee on Government Operations and the Subcommittee on Information Technology will come to order. And without objection, the chair is authorized to declare a recess at any time.

Welcome. I'm pleased to hold this hearing to hear from the acquisition and technology leaders at the General Service Administration, also called GSA. And in June, GSA announced a realignment of the Technology Transformation Service within the Federal Acquisition Service that I'd like to really understand a little bit better.

I'd also like to continue up on our conversation that started in March of this year in the hearing on the Federal Acquisition System challenges and reforms. Annually, FAS is responsible for over \$50 billion in goods and services bought by the Federal Government, while the TTS focuses primarily on the technology modernization.

So in May of 2016, GSA established the TTS as a stand-alone service to consolidate technology-related functions and to assist other agencies with technology transformation.

And just over a year later, GSA has realigned TTS so that it is no longer a stand-alone service, and the director of the TTS now reports to a FAS commissioner. And so I'd like to hear more about that from GSA and about the thinking behind that realignment.

Second, I'd like to continue the conversation we started in March about the Federal acquisition challenges that make it difficult for the government to buy goods and services at the best price and in

a timely manner. The ever-increasing complexity of the system and associated compliance costs have a lot to do with these challenges.

The Federal Acquisition Regulation, or FAR, as it's sometimes referred to, has over 2,000 pages, and each agency has associated supplements to FAR. Like GSA, which has the general service acquisition regulations, we understand that these complex compliance issues make it very problematic.

And so I'm looking forward to hear how we overcome those compliance costs. But let me just highlight one area, because there's some indication that the compliance costs alone cost over \$4 billion annually.

Now, the cost of this complexability—or complexity is actually passed through in terms of higher costs for the customer. In fact, GSA's own IG found that 75 percent of the top selling products on the GSA IT schedule actually could be bought 13 percent lower on the open market than the lowest price on the schedule.

Now, you would think if we're buying in bulk and buying in volume that we would get the best prices, and yet, that's not what it shows. The big \$473 billion fiscal year 2016 contracting spending question is, what do we do about these challenges? How do we fix it?

So in January, the administration issued an executive order on reducing regulation and controlling regulatory cost, which presents an opportunity to reduce some of this complexity in Federal acquisitions. And in May, I dropped a bill that would actually codify this executive order, which I invite all of my colleagues to join.

Clearly, this is an issue that both Congress and the administration is focused on. Since GSA is a member of the rulemaking body for the FAR council, and as a leader of several large acquisition programs, they should seize the opportunity.

Finally, a word about a specific acquisition reform proposal. Our committee has been working with Chairman Thornberry on the online marketplace proposal in the National Defense Authorization Act. And we heard from one of the witnesses in the March hearing that suggested that we needed to go bold in acquisition reform.

This proposal actually would meet that requirement. And under this proposal, GSA would be directed to establish a program to buy commercial products by contracting with several online marketplace providers. These marketplaces would provide a rapid point-and-click transaction dynamic, pricing, and delivery of goods under a standard commercial term and condition.

So in order to inform a continued consideration for this proposal, I'd be interested in hearing what the GSA thinks on this particular proposal given their significant role in potentially implementing it.

I'd like to thank each of you for being here today, for the witnesses, and I look forward to hearing your testimony.

And with that, I'll recognize my good friend and the ranking member from—the gentleman from Virginia, Mr. Connolly.

Mr. CONNOLLY. Thank you so much, Mr. Chairman. And thanks for calling today's hearing on the General Service Administration recent reorganizations.

GSA's Federal Acquisition Service plays an important role in Federal procurement policy, procuring government-wide solutions

to products such as telecommunications, goods and services, and technology.

In past administrations, both Republican and Democratic, the Federal Acquisition Service has been led by career civil servants to ensure that political considerations were not involved in the Federal acquisition process.

It's important the taxpayers know that when the Federal Government spends money on things from office supplies to information technology, the contract is negotiated on a nonpartisan basis in the best interest—hopefully—of the taxpayer.

GSA also plays an important role in implementing the Federal risk and authorization management program, which standardizes the way the government is to conduct security authorization for cloud products and services.

Over the past year and a half, after numerous concerns expressed by this committee and by the private sector, I convened a FedRAMP stakeholders meeting to discuss FedRAMP's shortcomings, including costly and delayed certifications.

Fortunately, those efforts along with the work of the program management office, have actually resulted in significant progress over the last year and a half. FedRAMP Ready, FedRAMP Connect, and FedRAMP Accelerated are helping to streamline and speed up the certification process.

That process had been allowed to stretch out to as much as 2 years and multimillions of dollars in expenditures for applicants. That was not the intent of FedRAMP. We've made progress so that that's now down, for most applicants, to 4 months.

Although, I met with one this week that is on its third year and counting. So we still have progress to make, but I do applaud GSA for finally taking this issue seriously and making progress.

GSA recently announced a reorganization effort that included changing the commissioner of the Federal Acquisition Service from a career position to a political appointment for the first time. GSA told committee staff in a bipartisan briefing this change came from the White House itself.

This would raise concerns in any administration. But for me, it's downright frightening in this administration. President Trump has the ability to fire the FAS commissioner at the same time that he has pending business with GSA, existing contracts with other agencies, and continues to receive income from other Federal—Federal investments with his business partners.

This is a recipe for abuse of power and certainly conflict of interest, especially under a President who has no qualms about firing lead law enforcement officers investigating his own campaign and senior White House officials.

I want to be clear, Mr. Thomas, and not just because you're my constituent, I'm in no way questioning your personal integrity. This is not about you personally. It's about ensuring that you and any commissioner who follows is protected from the political process.

The GSA reorganization also consolidated the Technology Transformation Service into the Federal Acquisition Service. GSA told committee staff that the rationale for this change was to make it easier to find GSA's 18F program using the acquisition service fund.

It was precisely GSA's use of that revolving fund, however, that the Office of Special Council just notified President Trump resulting in, quote, "gross mismanagement." OSC's notification followed disclosures from former commissioner of FAS Tom Sharpe to GSA's inspector general and OSC regarding mismanagement and violations of law relating to the funding of 18F.

However, moving TTS into the Federal Acquisition Service does very little to address the management challenges facing the Technology Transformation Service and 18F that have been identified by the GSA Office of Inspector General. These issues range from disregarding GSA IT security policies for operating and obtaining information technology to 18F's mounting financial losses.

Acting special counsel Adam Miles wrote, in a July 5, 2017, letter to President Trump, and I quote, "Without additional details on improved management controls, the realignment does not address Mr. Sharpe's broader, substantiated concerns about mismanagement and his related questions about whether the taxpayers are receiving a solid benefit from this program."

Unfortunately, my confidence in GSA has eroded further. A series of actions have called the Agency's judgment and independence into question. GSA has resisted oversight and stonewalled members of this committee and other committees in Congress, and I'm disappointed that GSA has still not responded to inquiries from members of this committee regarding its position of President Trump's lease of the Old Post Office building.

Prior to President Trump taking office, GSA expressed concern about whether his ownership interest would violate a clause in the lease that prohibits an elected official explicitly from holding an interest in the lease. GSA urged the President to fully divest his financial interest in the Old Post Office lease at that time.

After the election, GSA made a complete volte-face, about face, and decided that the President was not in violation of the lease and provided no rationale for the decision. I think a lot of us, certainly on this side of the aisle, are disappointed that GSA refused to take appropriate actions to protect against conflicts of interest to protect the President as well as the public interest.

Additionally, just yesterday, GSA decided—God knoweth why—to pull the plug on a 10-year effort to consolidate the FBI headquarters into a new location. This decision is a devastating blow to the hardworking men and women of the FBI itself who fight every day to keep this country safe.

As reported by the GAO and numerous press accounts, the FBI headquarters is in disrepair and the building literally crumbling around its employees. This is not only devastating for the FBI, but it causes GSA's credibility to suffer with the private sector, with whom it's been working this last decade.

A number of private sector entities, as well as local jurisdictions, put millions of dollars into the redevelopment and planning in response to the bidding process from GSA. GSA canceled that project yesterday. It did not notify the private partners with which it was working and barely gave us notice up here.

This failed procurement harms GSA's credibility and, I think, is going to cast a cloud over the willingness of serious private sector

entities to want to partner with GSA in any kind of complicated turnkey operation such as that involving the FBI headquarters.

Finally, political leadership of GSA has used the Agency as a political weapon before, and we don't want to revisit that. And it's important that we don't go down that road again in this administration.

It was not even 10 years ago that former GSA administrator Lurita Doan was forced to resign. During her tenure, Ms. Doan sought to use GSA to help Republican lawmakers win reelection and approved a \$20,000 no-bid procurement order to a firm run by a friend, who had served as her public relations consultant in the private sector.

These are the misdeeds that can occur when those at GSA seek to curry political favor instead of working in the best interest of the taxpayer. Trying to shield GSA from that political influence is the first step.

With that, I yield back.

Mr. MEADOWS. I thank the gentleman.

And before I recognize the chairman of the Subcommittee on Information Technology, I would like to just recognize the congressional liaison team that's here. We thank you for being here. But specifically, our good friend and colleague, Mr. Post, welcome back. I would be remiss. And if you haven't prepped him in the right way, you're going to hear from me.

But I recognize the chairman of the IT Subcommittee, the gentleman from Texas, Mr. Hurd.

Mr. HURD. Thank you, Mr. Chairman. It's good to be here once again in partnership with the Government Operations Subcommittee and Chairman Meadows and Ranking Member Connolly. This is our third joint hearing together in this Congress, and I look forward to many more.

Back in March, we held a joint subcommittee hearing to review challenges in Federal acquisition of IT. What we heard was alarming. For example, the number of first-time Federal vendors had fallen to a 10-year low, down from 24 percent in 2007 to 13 percent in 2016.

The Federal Government is supposed to buy commercial, but with 34 different definitions of a commercial item in Federal regulation and 138 potentially applicable clauses for such transactions, it's hardly a situation conducive to commercial viability.

One of our witnesses at the March hearing, Dee Lee, chaired the section 809 panel, urged Congress to go bold. Another witness stated that the time was ripe to change the way the Federal Government acquired IT.

I look forward to hearing today how the reorganization of TTS will help GSA fulfill its mission. I'm also interested in hearing an update on how the FedRAMP program—and ways that we can help streamline this cumbersome but important process.

Lastly, I want to applaud Chairman Thornberry's efforts to streamline acquisition within the Department of Defense and across the Federal Government. In an era when the click of a button can deliver nearly every imaginable consumer good, there's no reason why the U.S. Government should be jumping through expensive hoops to buy a pack of pencils.

This is not an easy issue to reform. We have great challenges in front of us. But we also have an opportunity to significantly streamline our Nation's outdated acquisition process.

Thank you, all, for being here, and I look forward to hearing from our witnesses today.

Mr. Chairman, I yield back.

Mr. MEADOWS. I thank the chairman.

The chair now recognizes the gentlewoman, who is truly a definition—when you look up that in the dictionary, it should have your picture. And so the gentleman recognizes Ms. Kelly for her opening statement.

Ms. KELLY. Thank you so much. My chair doesn't say that about me.

Mr. HURD. I was thinking it.

Ms. KELLY. Chairman Meadows and Hurd and my colleague, Ranking Member Connolly, thank you for calling today's hearing. And thank you to our witnesses for being here today.

There has been a series of major changes within the GSA. These changes deserve greater attention from Congress, and I'm glad that we have this opportunity to learn more about these decisions that directly impact GSA's ability to complete its mission.

In May 2016, GSA launched the Technology Transformation Service, or TTS, which combined the Office of Citizens' Services and Innovative Technologies, the Presidential Innovation Fellows, and 18F to create a one-stop shop to build, buy, and share technology solutions. This consolidation makes sense but does raise some important questions, and I look forward to hearing your answers.

Last month, GSA announced that TTS would be housed within the Federal Acquisition Service or FAS. I look forward to better understanding the details of this merger and how it will affect the work of FAS and TTS. This reorganizing was also accompanied by an announcement that the head of FAS would become a political appointee.

For more than a decade, the FAS commissioner has been a career GSA employee which carries real benefits. I have some serious concerns about politicization—excuse me. I'm not feeling well—of FAS commissioner position, especially given the recent decision to expand FAS responsibilities to include TTS.

With more and more at stake in this critical office, we need an FAS commissioner who can rise above the political volatility of our current moment and remain completely and totally independent. Furthermore, I'm concerned about the utter lack of transparency from GSA in this new administration.

In December, following the 2016 presidential election, members of the Oversight Committee sent a request pursuant to the seven-member rule to GSA. For those unfamiliar with the seven-member rule, it requires an executive branch agency to provide any requested information by any seven members of the Oversight Committee.

GSA provided the documents responsive to the requests within 2 weeks, and we thank you. This year, members of the Oversight Committee sent GSA another request pursuant to the seven member rule. To date, GSA has not responded to either request.

This cannot be the status quo. GSA plays a critical role in our government, and the American people deserve answers and transparency, especially when those Americans are members of this committee.

In the coming months and years, our committee will be working with GSA to continue improving and streamlining IT acquisition efforts, reform FedRAMP, and implement the MGTA. We need a GSA that is responsive, transparent, and most important, accountable to Congress.

I look forward to hearing from the witnesses today. Thank you, and I yield back the balance of my time.

Mr. MEADOWS. I thank you.

We'll hold the record open for 5 legislative days for any member who would like to submit a written statement.

We'll now recognize our panel of witnesses. They have just called votes, and so what we're going to do is we're going to do our best to get both of you to do your opening testimony where you can get that out of the way and then we'll take a recess for the question and answer portion.

I'm pleased to welcome Mr. Alan Thomas, commissioner of the Federal Acquisition Service for the GSA; and Mr. Rob Cook, deputy commissioner and director of Technology Transformation Services at GSA. We welcome you, both.

Pursuant to committee rules, all witnesses will be sworn in before they testify, so if you'll please rise and raise your right hand.

Do you solemnly swear or affirm that the testimony you're about to give will be the truth, the whole truth, and nothing but the truth?

All right. Thank you. Please be seated. And let the record reflect that all witnesses answered in the affirmative.

Again, in order to allow time for questions and answers and hopefully to get us back through this, if you'll limit your oral testimony to 5 minutes, but we will provide your entire written statement in the record.

So, Mr. Thomas, you're now recognized.

WITNESS STATEMENTS

STATEMENT OF ALAN THOMAS

Mr. THOMAS. Thank you, Mr. Chairman.

Good afternoon, Chairman Meadows and Chairman Hurd, Ranking Members Connolly and Kelly and members of the Government Operations and Information Technology Subcommittees. Thank you for the opportunity to come before you today and discuss the U.S. General Services Administration's Federal Acquisition Service.

I'm honored to be here today for the first time as commissioner of the Federal Acquisition Service, or FAS, as we call it, as today marks my 12th day on the job. Considering my new tenure at the helm of FAS, I will start by giving you a brief overview of who I am and the perspective I will bring to the role of commissioner.

I come to GSA as an outsider but with a perspective informed through multiple interactions with the Agency through different roles throughout my career. For example, I've led a technology

startup in accessing the Federal marketplace using IT schedule 70 and built a \$7 million business line using that access.

I've participated as a consultant in the merging of the Federal supply service and the Federal technology service. I've served as a Federal employee and used the GSA managed multiple award schedule contract to acquire professional services in support of an R&D program in my portfolio.

Finally, I've managed a rapidly growing business unit for one of the most successful alliance small business prime contract holders. These roles have shown me GSA from the viewpoint of a startup company and established small business and that of a Federal employee.

As commissioner, I aim to keep all these perspectives in mind, as GSA's impact on Federal acquisition is wide and deep. My philosophy and approach for combining the mission and resources of TTS and FAS is to, first, listen intently, starting with the internal GSA team and our customers, then widening to encompass our industry partners and external stakeholders.

I want to ensure that we are providing the best possible products and services to our customers and delivering value for the American taxpayer. Observing FAS from my vantage point as an outsider will provide valuable insight into how we achieve our goals.

When meeting with programs, I've been asking three simple questions: What's most important to keep? What's most important to change? And what are the obstacles to change?

Second, I'm going to utilize key members of the existing team, including my colleague and partner Rob Cook, the Technology Transformation Services deputy commissioner, whom you'll be hearing from shortly, and the rest of our senior team at GSA to better understand the organization's culture. The only expectation I bring is that our culture is compatible with my core values of honesty, courage, and graciousness.

Third, I'm going to strive to be a leader without presumption, who's transparent in my interactions with staff, customers, industry, and stakeholders. I've played or coached team sports all my life, and I know the only way we're going to accomplish ambitious goals is if we all understand and play our roles, trust each other to find common ground, and build an organization with shared purpose.

President Truman said it best when he stated, "It's amazing what you can accomplish when you don't care who gets the credit." So as I delve deeper into my role in FAS over the next few months, my focus is going to be on execution and performance. I'm confident that we'll build a high-performing team that executes on our objectives and delivers results to the American people.

Before I close, I want to tell you that in my short time at GSA, I'm excited about what I see and I'm optimistic about what we can accomplish because we have great people. I look forward to working in partnership with this committee to execute an ambitious government reform agenda laid out by the administration and implement innovative legislation, such as the Modernizing Government Technology Act, the value-based procurement bill, and the National Defense Authorization Act.

There is still a lot more work that needs to be done, but I'm confident that together we're going to make a lasting impact delivering value for the American taxpayer. Thank you for the opportunity to come here today, and I look forward to answering your questions about how best to encourage innovation and reform.

[Prepared statement of Mr. Thomas follows:]

**Statement of Alan Thomas
Commissioner of the Federal Acquisition Service
Before the Subcommittees on Government
Operations and Information Technology of the
Committee on Oversight and Government Reform
Wednesday, July 12, 2017
2154 Rayburn House Office Building**

**U.S. General Services Administration
Acquisition Oversight and Reform Hearing**

Introduction:

Good afternoon, Chairman Meadows and Chairman Hurd, ranking members Connolly and Kelly, and members of the Government Operations and Information Technology subcommittees. Thank you for the opportunity to come before you today to discuss the U.S. General Services Administration's (GSA) Federal Acquisition Service (FAS). I am honored to be here today for the first time as the Commissioner of the Federal Acquisition Service, as today marks my twelfth day on the job. Considering my new tenure at the helm of FAS, I will start by giving you a brief overview of who I am and the perspective I bring to the role of Commissioner.

I come to GSA as an outsider, but with a perspective informed through multiple interactions with the agency from different roles throughout my career. For example, I have led a technology startup in accessing the government marketplace for the first time through IT Schedule 70 and built a \$7 million business line using that access. Additionally, I have participated as a consultant in the merging of the Federal Supply Service and the Federal Technology Service. I have also served as a Federal employee and used a GSA-managed Multiple Award Schedule contract called Mission Oriented Business Integrated Services (MOBIS) to acquire professional services in support of an R&D program in my portfolio. Finally, I have managed a rapidly growing business unit for one of the most successful Government-Wide Acquisition Contract (GWAC) Alliant Small Business prime contract holders.

Leadership approach:

These roles have shown me GSA from the viewpoint of a startup company, an established small business, and that of a Federal employee. As Commissioner, I aim to keep all these perspectives in mind, as GSA's impact is wide and deep.

My philosophy and approach for combining the mission and resources of TTS and FAS is to first, listen intently, starting with the internal GSA team and our customers, then

widening to encompass our industry partners and external stakeholders. I want to ensure that we are providing the best possible products and services to our partners in government and delivering value for American taxpayers.

Observing our organization's ecosystem from my vantage point as an outsider will provide valuable insight into how we achieve our goals. When meeting with program offices, I'm going to be asking three questions: what is most important to keep, what do you most look forward to changing, and what will make that change difficult? The only expectation I bring is that our culture is compatible with my core values of honesty, courage, and graciousness.

Second, I'll utilize key members of our existing team, including Rob Cook, the Technology Transformation Services Deputy Commissioner—whom you will be hearing from shortly this afternoon—and the rest of the FAS team to better understand our organization's culture.

Third, I'm going to be a leader without presumption who is transparent in my interactions with staff, customers, industry, and stakeholders. I've played or coached team sports all my life. The only way we will accomplish ambitious goals is if we all understand and play our roles, trust each other to find common ground, and build an organization with shared purpose. President Truman said it best when he stated, "It is amazing what you can accomplish if you do not care who gets the credit."

So as I delve deeper into FAS over the next few months, my focus will be on execution and performance. I'm confident that we will build a high-performing team that executes our objectives and delivers results for the American people.

FAS Overview:

Just as the Public Buildings Service is the government's landlord, FAS is the government's premier provider of acquisition and technology transformation solutions. FAS provides these solutions to partner agencies throughout the entire acquisition cycle and reflects a commitment to delivering service, innovation, and value through efficient operations, market expertise, and proactive partnerships with both customer agencies and private sector vendors. FAS provides Federal agencies over 11 million different products and services, and delivers over \$55 billion worth annually.

FAS' portfolios have a shared mission of promoting smarter buying, the efficient use of technology, and reduced administrative costs across the Government. With that goal in mind, FAS has introduced category management principles and has also launched the Common Acquisition Platform (CAP) to improve its level of service through innovative

tools that enhance agency acquisitions. FAS is also investing in the development of the Acquisition Gateway, a platform and set of digital services to bring information, data, and category management knowledge to the Government acquisition workforce. These initiatives are aligned with the FAS and the Government-wide implementation of category management principles and are designed to save the Government money through reduced contract duplication, improved engagement with industry, and the incorporation of strategic sourcing principles into the category acquisitions.

FAS Programs:

Overall, FAS programs are focused on four key areas:

1) Establish acquisition vehicles for goods and services

The Office of General Supplies and Services (GSS) provides agencies with general products such as furniture, office supplies, and hardware products. GSS centralizes acquisitions on behalf of the Government to strategically procure goods and services at reduced costs, while ensuring regulatory compliance for partner agency procurements. The Office of Information Technology Category (ITC) provides agencies with information technology (IT) and telecommunications products and services. ITC provides access to IT services, hardware, software, telecommunications, and IT security services through multiple channels, including the Network Services Program, IT Schedule 70, and Government-wide Acquisition Contracts (GWACs). Establishing and maintaining these acquisition vehicles is aligned with the FAS and the Government-wide implementation of category management principles and is designed to save the Government money through reduced contract duplication, improved engagement with industry, and the incorporation of strategic sourcing principles into the category acquisitions.

2) Provide support for agency operations

FAS's Professional Services & Human Capital Categories provides Federal agencies with professional and human capital services contract solutions, including payment solutions through the GSA SmartPay® program. Our Travel, Transportation, and Logistics Categories provides partner agencies with a broad scope of services, which includes travel, transportation, and relocation services; motor vehicle acquisition; and motor vehicle fleet leasing services.

3) Assist in agency procurements

The Office of Assisted Acquisition Services (AAS) helps agencies in making informed procurement decisions and serves as a center of acquisition excellence for the Federal community. The Office of Systems Management standardizes, integrates, and streamlines the Federal awarding process through electronic

means, while increasing transparency and ensuring compliance with all applicable Federal acquisition regulations. The portfolio also repurposes existing FAS IT systems and develops new systems in support of Government-wide acquisition shared services. The newly developed systems provide Federal agencies with access to acquisition support data (e.g., prices paid) that allows for informed purchases.

4) Transform Government Efficiency and Service Delivery Through Better Use of Technology

The Technology Transformation Services (TTS) team helps agencies build, buy, and share technology through Government-wide platforms, promotes the use of modern development practices that are agile and user-centered, and assists government buyers in the acquisition of technology.

Finally, providing acquisition tools to help agencies buy smarter and establishing procurement vehicles to leverage the government's buying power are not enough. To truly minimize the administrative costs associated with acquisitions, we need to examine the procurement process and how we can improve that structure. GSA has a number of projects underway, such as the Making It Easier Initiative, to reduce the complexity of doing business with the government and we look forward to working with the committee on proposed solutions, such as the e-commerce platform aimed at streamlining the procurement processes to speed delivery of products and services to agencies.

Conclusion:

You will hear shortly from Rob Cook, who will talk about the newest member of the FAS family, the Technology Transformation Services team, but before I close, I want to tell you that in my short time at FAS, I am excited at what I am seeing and optimistic about what FAS can accomplish. I look forward to building upon the existing foundation and working in partnership with this committee to execute an ambitious government reform agenda laid out by the administration. There is still a lot more work that needs to be done, but I'm confident that together, we are going to make a lasting impact by delivering value for American taxpayers.

Thank you for the opportunity to come here today and I look forward to answering your questions.

Mr. MEADOWS. Thank you, Mr. Thomas. You actually get an A for your opening statement on 12 days. Anybody who comes in under 5 minutes certainly gets an A from everybody up here on our committee. The second part is a Truman quote, it's my favorite quote of all time, so you get an A plus.

Mr. THOMAS. Shorter is better, Mr. Chairman.

Mr. MEADOWS. Yeah, amen.

Mr. Cook, you've got a high bar to accomplish here. You're recognized.

STATEMENT OF ROB COOK

Mr. COOK. I'm nervous.

Thank you, Chairman Meadows, Chairman Hurd, Ranking Members Connolly and Kelly. I really appreciate the opportunity to come here and talk to you about technology. I like doing that.

And everyone here is familiar with the problems that are facing Federal IT: You know, we have too many legacy systems; systems are insecure. They're expensive to maintain; and our technology projects are frequently over budget, behind schedule, and don't really deliver even at that on what they promised.

So there seems to be a broad agreement on the problem. The question is what do we do about it. Fortunately, there have been also been a number of government successes in technology recently, and we now know what works inside government to approach this.

And it's a combination of three factors: It's getting the right talent; it's the partners; and process. So let me talk about each of those. First on talent, we'll never solve the problem unless we've got great, top tech talent inside government.

We've learned that some great people in technology will come to government as career Feds, but a lot more have private sector careers. And they don't necessarily want a lifetime career in government, but they're happy to come serve for a tour of duty. This gives us a bigger pool of applicants, and it gives a constant refresh of talent from the front lines because technology is constantly changing.

And let me note that having tech talent inside the government does not change the fact that most of the work is going to be done in the private sector. What this does is to give government the savvy it needs to be a good partner with the private sector, so to plan well, to make the decisions, to manage projects, to be a better buyer.

So the second factor, after talent, is partners. The talent that's been missing is a key ingredient but it's just an ingredient. We cannot move the needle in government without people and partners inside government who know government well, and that includes in the agencies, in GSA, in OMB.

And the third is the process. This old, so-called waterfall approach was to plan everything out in advance, but technology has just gotten too complex for that, and that process just doesn't work anymore.

What's needed instead is an iterative planning approach, so you build a bit, get feedback from people who are actually going to use it, and course correct, and build a bit more. The center of the proc-

ess has to be the user, and you have to be agile so you can change in response to their feedback.

So we know this combination of talent, partners, and process works. An example is the implementation of the DATA Act. 18F partnered with Treasury and we took an iterative user-centric agile approach.

Vendors did most of the work, but we were clear about what we needed them to build, we managed the process well, and we were good partners. The result was a successful project that was delivered on time and under budget. That, I hear, is not the norm in government, but it should be.

So government technology has its challenges, but we know how to address them. The chance to help in this cause is the reason people come to TTS. It's why I came here last fall after a long career in the private sector.

It won't be easy, but this is a moment in time when we can actually do it. And there's several reasons that I say that, and I'm hopeful: First, there are these recent successes that we have that show us how to do it; second, for TTS, our recent merger with the Federal Acquisition Service gives us flexibilities and structural support we need to do the part that we're intended to play; third, FITARA has given CIOs authority and encouraged this incremental development practices; and fourth, the Modernizing Government Technology Act provides vital financial support, and it addresses the single-year funding limitation, which has been such a barrier to fixing the IT problem. This act is a strong and practical indication that we're serious about this.

And, finally, the strong bipartisan support we've seen for this endeavor is crucial. I found it very moving and encouraging. It reinforces the fact that this work is just plain good for the country.

This country of ours has largely led the technology revolution that's changing almost every aspect of our economy and society. This government of ours should not be lagging behind. It should be leading the way in using technology to provide better service, more efficiency, and more transparency for taxpayers.

So we, at TTS, are excited by the opportunity before us and grateful to be part of the effort, and we're looking forward to working with agencies, with industry, and with Congress in this undertaking. Thank you.

[Prepared statement of Mr. Cook follows:]

Statement of Rob Cook
Deputy Commissioner and Director of Technology Transformation Services
Before the Subcommittees on Government Operations and Information
Technology of the
Committee on Oversight and Government Reform
Wednesday, July 12, 2017, at 2:00 p.m.
2154 Rayburn House Office Building
Hearing Title:
U.S. General Services Administration-Acquisition Oversight and Reform

Introduction

Good afternoon, Chairmen Meadows and Hurd, ranking members Connolly and Kelly, and members of the committees. Thank you for the opportunity to come before you to discuss the U.S. General Services Administration's Technology Transformation Services or TTS, a component of the Federal Acquisition Service. I am honored to be here sitting next to Alan Thomas, the new Commissioner of FAS.

Background

Members of this Committee are very familiar with the problems that plague Federal IT. This fiscal year, the Federal Government will spend almost \$85 billion dollars on IT projects. However, too much of this money is spent on maintaining legacy systems and networks. Even more is spent on projects that are over budget or behind schedule.

There are many root causes to these problems. Too many systems have been designed for stakeholders instead of users. Funding streams are not well aligned to the IT refresh cycle and generally don't provide enough flexibility. Furthermore, we see minimal adoption of agile development practices across the Federal landscape and a significant reluctance to implement modular procurement practices.

However, the path to a successful IT future is possible and within our grasp. Such a transformation, though, will require changes to both culture and policy. It will require hard work and sustained attention from many people, including high-level executives, program managers, and also Congress.

By improving how we buy and employ IT, by shifting away from legacy systems, and by continuing the push towards transparency and open data, I am confident that we can significantly improve Federal IT and, ultimately, how agencies serve the American people.

GSA has a significant role to play in these efforts. Historically, GSA has played a central role in supporting and assisting Federal agencies. As Alan pointed out in his testimony, one of the primary ways in which GSA has served the broader Federal IT community is by helping agencies buy and build technology and related services. We help by assisting agencies in accessing and purchasing from technology companies, informing and building out agency technology services, and building new government-wide platforms and products at scale.

Technology Transformation Services

In addition to the traditional work that GSA performs through the Federal Acquisition Service, the agency has recognized that there is a need across the Federal community for services that will help agencies think differently about how they are buying and managing information technology. TTS was created to meet this need.

The mission of TTS is simple—to improve the public's experience with the government by helping agencies build, buy, and share technology that allows them to better serve the public.

To accomplish this, TTS applies modern methodologies and technologies in helping agencies make their services more accessible, efficient, and effective. TTS also creates government-wide products that exemplify these values. We employ modern software design, product development, and outcome measurement as we build and share technology applications and platforms with Federal agencies, all with the goal of improving the public's experience with government.

TTS is currently made up of four main offices.

18F

First, the 18F program was created to help improve how agencies interact with their customers and the American public and to also improve how agencies buy and manage information technology. Built in the spirit of America's top tech startups, 18F consults with agencies to help them rapidly deploy technology tools to create great services for the public. 18F hires via a "tour of duty" model and brings in talented people for short stints in the Federal Government. 18F staff are hired for two-year terms, with the ability to extend for a second two-year term.

18F seeks to provide Federal agencies with user-centric customer solutions that address a client's unique challenges. For example, 18F helped Treasury implement the DATA Act, which provides data on how the Federal Government spends money through an easy-to-use, searchable web tool. To accomplish this work, 18F assisted Treasury with agile development, public engagement, procurement strategy, and training. Treasury credits 18F's approach as a key success factor in the implementation of the DATA Act. 18F also created the U.S. Web Design Standards to guarantee readability and accessibility of government websites while saving duplicative design and development costs. The Web Design Standards are currently used by hundreds of government websites registering millions of page views every month. In addition, 18F develops high-demand products and platforms to scale and institutionalize across government. For example, 18F is currently offering a cloud platform, through a pilot program, to agencies that need such services.

Office of Products and Programs

TTS also operates the Office of Products and Programs (OPP), which helps deliver information and services to the public. OPP's origins began in GSA's Office of Citizen Services and Innovative Technologies (OCSIT). For decades, GSA has been a leader in connecting citizens with government information through traditional media such as publications and call centers or websites such as USA.gov or gobiernoUSA.gov. Prior to the creation of TTS, these programs were run out of OCSIT. Now OPP continues to deliver key government information to the public by working closely with Federal agencies and developing innovative products and services to the public.

For example, OPP operates data.gov, which is the Federal Government's portal for agency data sets. They also encourage agency use of challenge.gov, the official hub for technology challenge competitions that ask the public's help in improving information delivery. In addition, the Federal Risk and Authorization Management Program or FedRAMP was created in 2012 to help standardize and improve security for cloud products and services that help provide information to the public. OPP has five primary portfolio areas, which include Secure Cloud, Public Experience, Data Services, Innovation Portfolio, and Smarter IT Delivery.

Presidential Innovation Fellows

Next we have the Presidential Innovation Fellows program, or PIF program. The Presidential Innovation Fellows program brings the principles, values, and practices of the innovation economy into government. This highly competitive program pairs talented, diverse technologists and innovators with top civil servants and change

leaders to tackle some of government's biggest challenges. These teams address complex issues that involve people, processes, products, and policy to identify and implement solutions that achieve lasting impact.

Presidential Innovation Fellows serve for 12 months, during which they work on one or several initiatives. Fellows operate with wide latitude to allow for individual initiative in working with agencies to tackle difficult problems. They also spend a portion of their time co-working and collaborating with other Fellows. Throughout the program, Fellows receive support from partners and change agents in the White House and across various Federal agencies.

Office of Acquisitions

Finally, the Office of Acquisitions exists to help make government a better buyer of technology. The Office seeks to improve the acquisition process for TTS product leads, agency customers, and industry partners. They ensure that informed buyers are confident they are purchasing the right products and services to meet their need, and they make the acquisition process easier and more accessible. The Office seeks to design and promote acquisition approaches that are aligned with current technology-industry development practices to ensure government technology purchases have a high degree of success and meet the needs of agencies and the people they serve.

The Acquisition Office's projects include partnering with GSA's Federal Acquisition Service to create the Agile Blanket Purchase Agreement (BPA), in which vendors qualify for Schedule 70 by submitting actual code, or proof of expertise, rather than large amounts of documentation. The Agile BPA helps to attract vendors who excel in user-centered design and agile software development. In addition, the Acquisition Office helped HHS and California achieve significant savings by redesigning the procurement of California's new federally funded Child Welfare System. TTS's continued engagement led to California launching its own agile vendor pool. Through these and other efforts, the Office of Acquisition is helping agencies implement modular procurement practices and be better buyers of technology.

Conclusion: What the Future Holds

The rapid transformation of information technology and how Americans interact with private-sector companies and financial institutions has radically changed the online experience for the public.

The sea change in the digital marketplace has left Americans expecting more from their government. Meanwhile government agencies are experiencing outdated technology and lengthy IT projects that don't deliver as intended. This results in frustrating and lengthy paperwork exercises to engage with Federal agencies that are not acceptable to the general public.

Federal agencies must continue to adapt to the modern, digital world in ways that are easy and secure for the American people. We are at a crossroads—opportunities abound to better use technology to help agencies perform their missions and serve the public, and so do challenges and outside threats. The next decade will bring increasingly complex challenges, and TTS, with our ability to implement cross-government solutions, is uniquely positioned to help agencies address them.

The Committee's Modernizing Government Technology Act is a positive step to help agencies make this transition and overcome funding challenges. Providing agencies with more flexibility through individual working capital funds and a centralized Technology Modernization Fund (TMF) will help them better align agency funding to the IT refresh cycle. In particular, the centralized nature of the TMF will strengthen the ability of the Federal Government to strategically prioritize investments across government as well as inside agencies.

I speak for everyone in TTS when I tell you that we are excited to help agencies make this transition and to work with this Committee to make that happen.

Thank you for your time. I look forward to your questions.

Mr. MEADOWS. Thank you, Mr. Cook.

And we will go ahead, at this point, just from a planning standpoint, we're going to declare a recess but no more than 15 minutes before we probably call back in. So you can go wherever you want to go for 15 minutes.

So the subcommittee stands in recess subject to the call of the chair.

[Recess.]

Mr. MEADOWS. All right. The subcommittees will come back to order. Thank you for your graciousness, for your time. Obviously, 15 minutes in Congress is a lot longer than 15 minutes. My apologies.

And I am going to go ahead and recognize myself for a series of questions, and then, as we get into this and some of the others come back—typically, when this happens, we lose a whole lot of energy. So my apologies. Do not take that as less than a—of a priority, just more as a conflict of schedules. We have 20 half meetings a day, and so hopefully this is a full hearing as we go forward.

So, Mr. Thomas, let me come to you. We have got an issue when it comes to this whole procurement side of things. And what I mentioned in my opening comments was the fact that I can go on Amazon and buy things cheaper than you can buy as a government contractor. How do we fix that?

So just pure and simple, I know give 12 days in—give me 12 days of wisdom and years of experience, if you could. How do we fix that, and are you all committed to getting it fixed where the American taxpayer quits reading about the purchase of \$500 hammers.

Mr. THOMAS. So let me first start off by saying, yes, I'm committed to fixing it. I mean, it's one of the reasons, when I was asked to serve, that I decided to come back, right, to streamline and simplify the procurement process.

I mean, I think—you know, I think you raise a valid issue, that that definitely needs to be addressed. We're—we are pretty excited about the Thornberry bill and the ability of the commercial marketplaces and GSA's role to sort of sponsor and broker those and help those make—help make those work within the construct of the Federal procurement system. We think that's a real step in the right direction.

And, you know, from our standpoint, I think we're supportive. We've enjoyed working with the committee on that—with the Congress on that particular bill and helping—you know, helping you all shape that legislation. So, you know, I think that—that's a step in the right direction.

There are other things we're doing to try and make it simpler for vendors to get on schedule. So there's the making-it-easier initiative we have within GSA which aims to cut the amount of time and effort it takes, particularly for small and innovative businesses, to get on the schedules, the information technology schedule. We've seen some success there in terms of reducing the amount of time and effort that it does take.

So we are committed to it. We are taking steps. It's definitely a priority for me. And as you said, 12 days in, I'm listening, learning

about what we're doing and then also trying to come up with thoughtful recommendations for how to get better.

Mr. MEADOWS. So let me be a little bit more blunt.

Mr. THOMAS. Sure.

Mr. MEADOWS. All right. So you've got all kinds of pages, over 2,000 pages, across agencies on what they need to do. Most of that is not read. It's essentially a big dust collector that is out there, that gets referred to if it says that we need to keep things the way they've always been. They refer to that 2,000 page document that most of them have never read.

So how do we change the culture? Because there—I found that there's not a whole lot of risk takers out there. And the minute that you do it—and I'm one that believes that we should be taking some risk and knowing that we will make mistakes, that if we do this, there will be times when we've made a purchase that is not appropriate.

At the same time, under what the GSA IG found, every purchase is a problem, because if we're there, we certainly can do better than the status quo. So how do we—and maybe this is a question for both of you. How do we create a—truly a condition where they're willing to take some risk and willing to get 2,000 pages down to 50 pages and not use it as their leverage to not change?

Mr. THOMAS. Sure. So maybe I'll start, Rob, and then if you want to jump in. So I think a couple areas to help address your question. So one would be—in terms of encouraging people to take risk, there's a, kind of, leadership aspect to it, and then there's a, you know, statutory-regulatory reform aspect to it.

So from a leadership standpoint, I think, from the top of the procurement organization, we've got to, as you said, encourage people to go out, think about taking risk, and not necessarily punish them when they make a mistake. If you're—if you're drilling for oil, it's okay to drill a few dry holes. Right? We're not necessarily going to fire you for that as long as you're doing your best and making an effort to comply with the rules.

I think from a statutory and regulatory standpoint, you know, there's an effort underway. The Section 809 panel actually had a chance to talk with Dee Lee, who is leading that panel. And I know she's testified before this committee—

Mr. MEADOWS. Right.

Mr. THOMAS. —a couple of times about some of the initiatives that they are planning to undertake there and some of their interim findings. And I—you know, I told her I'm really excited about what they're doing. Obviously it applies to DOD, but I think there's a great chance to take some of that and apply what they're doing to the civilian side of procurement as well. So I think there's opportunity there. So leadership and also, then, real concrete statutory and regulatory reform.

Mr. MEADOWS. All right. Mr. Cook.

Mr. COOK. Yes, I think you're right about the—you're right about the risk of risk culture. That's a big factor. I think technology can help a lot in this. Technology's changed so many aspects of our economy. People are shopping online. Why isn't that possible in the Federal Government? It is an area that's really ripe for change, and technology can be a big part of that—of that change.

Mr. MEADOWS. All right. Thank you both.

The chair recognizes the gentleman from Massachusetts, Mr. Lynch.

Mr. LYNCH. Thank you, Mr. Chairman. And I want to thank the witnesses.

Let's follow up -up on the chairman's question. So he's talking about his ability to go on Amazon. And they will—if he's looking for a certain item, they will list 10, 20, 30 vendors, and they'll all have different prices. Some with shipping; some with not. But you've got an open marketplace there and creates competition and drives prices down, as Mr. Cook was saying.

So I have a terrible problem in my area, in Eastern Massachusetts, in my district, where we got some big government construction projects going on, and I've got some good-sized companies, very, very skilled. These are not mom-and-pop outfits. These are 5-, 600 employees. And those contractors cannot bid on the work that's going on in their area.

There's a secret handshake thing going on with the DOD. We cannot figure out how the hell the—excuse me—how to get into that bidding process and open it up to competition. It is just shot down. It's a good ol' boy network. And, look, I've been a Member of Congress for a while. And we can't seem to penetrate that whole—you know, that whole operation.

You got retired generals that are sort of worked in there. And I know we're not getting the best price. We're not getting the best price. They're—you know, they're driving it up because there's no competition. So let's go back to the chairman's initial question. How do we wire a system that, on the straight procurement basis, we can use that competition that Amazon uses to just put the prices out there, say, "This is what we need. Give us your best price"? It would seem to be a fairly simple proposal. And it's working, you know, famously in private industry. Why can't we do that?

Mr. THOMAS. So Congressman Lynch, thanks for your question. I think we can. It's a short answer. I mean, I share some of your concern and frustration. As I mentioned, it's—you know, it's one of the things I'd like to focus on in my service at GSA. I think the bill—the NDAA bill goes some ways towards addressing that. There are, as you know, some specific regulatory and policy concerns that the Federal Government has that those of us who just buy as private citizens through Amazon don't necessarily have to take into account.

So we want to make sure that those are accounted for in the appropriate way. But I do think introducing commercial marketplaces like that into the government buying process should yield some savings and some speed and offer some simplification.

Mr. LYNCH. When are we going to see that happen? Do we need to legislate that, or do you have the ability to do that already?

Mr. THOMAS. Well, we're supportive of the legislation that's before the Congress now, and we're hopeful that it will pass. And we—you know, as I said earlier, we'd like to try and fully implement it. We think there—we think there are benefits there. So, yes, legislation would be helpful.

Mr. LYNCH. All right. Mr. Cook, you got anything on this?

Mr. COOK. Yes, you're right. The hurdles are—make—make the Federal marketplace less competitive. It disadvantages small businesses. As you were saying 5-

or 600 people, which is small, I guess. But it disadvantages companies of that size and smaller. And it makes things more expensive, because—for the Federal Government because there are fewer bidders.

So we are working on the technology side to try to use the power of technology to open things up by doing things like making it possible to have people buy things online in the same way they do at home. That's the goal, and so that's what we're working toward. That's the way it should be.

Mr. LYNCH. Yeah. I see. You know—so Raytheon is a big player in the defense industry, and I see them. They have these small bidder conferences where they're inviting all these small and mid-sized companies in to bid on parts of their contract. So, you know, if they can do it, I mean, we should be able to do the exact same thing.

Mr. COOK. We should.

Mr. LYNCH. Yeah. All right. I yield back.

Thank you, Mr. Chairman Cook.

Mr. MEADOWS. I thank the gentleman. So let me do a follow up with that, because the gentleman and I agree on this.

So here's what I would ask is—and I think you're referring to the language that's in the NDAA that you're hopeful that it gets signed into law. Is that correct, Mr. Thomas?

Mr. THOMAS. Section 801, yes.

Mr. MEADOWS. Okay. So if, indeed, that gets signed into law, that's one good area. But here's what I would ask you give this committee in the next 30 days is a list of both legislative and administrative things that could be done to accomplish what Mr. Lynch and I both agree needs to be done.

And if you can report back to this committee with a list of suggestions on where the—you could have an administrative fix and where you could have a legislative fix to accomplish that task.

Is that fine with the gentleman?

Mr. LYNCH. That's perfect. Thank you, Mr. Chairman.

Mr. MEADOWS. All right. All right.

The chair recognizes recollection the gentlewoman from Michigan.

Mrs. LAWRENCE. Thank you, Mr. Chairman. I want to thank the witnesses for being here today to discuss reforms—welcome—happening at GSA. Earlier this year, I repeatedly petitioned the former chairman Chaffetz to address the, some people will say conflict of interest, or some will say the appearance, or some will say the concern, of our President's, Trump, organization lease with GSA.

During our organization meeting, I offered up an amendment that requires the committee to investigate what I feel is a blatant conflict of interest regarding the Trump Hotel. It is our committee's responsibility to conduct oversight of the Federal Government. Hence, my concern about a political appointment.

While my amendment was defeated at that time, I hope the committee's new leadership will reexamine these concerns. This is not a Democrat or Republican issue. The purpose of oversight com-

mittee, as I understand and took my oath to serve here in Congress, is that we, as a government, ensure that there are tax dollars that are being used in our relationships and lease and all of those acquisition and allocation of funds for purchases are done without any disrespect of the taxpayer who is—has an expectation of government.

And even though the Trump—our President has moved his interests to a trust, placing his sons in charge is still deeply concerning.

While the GSA has cleared the President of any contract violation, it's not hard to imagine how any future dispute could quickly go off the rails if there's any issue with the lease. Hence, a political appointment. So where is the—not where. I would say my concern, deep concern, is that you coming in—and I hear the turn—looking at this as upstart or a new company. And although the vision and experience that you've had when you look at a company that's coming in and starting and how you can use innovation and all the things that you're bringing, which we so need in government. I appreciate it.

My question to you: How does GSA plan on approaching future negotiations with the children of the President of the United States, and how do we take this beyond this current administration? Where is the future for anyone coming into the presidential office when it comes to leases with our government properties where it says no elected official shall enter into a lease.

And giving that this clause is standard practice to include on all leases, how can GSA do—what can you do to enforce compliance with this contract?

Thank you.

Mr. THOMAS. Thanks for your question, Congresswoman Lawrence. As you know, I'm the commissioner of the Federal Acquisition Service. There's a sister service within GSA, if you will, the Public Building Service, that has an acting commissioner right now. So the question of leases and how we handle leases is really outside of my purview. I'm happy to take the question back to my colleagues and follow up -up with them with a written response to you, if that's okay.

Mrs. LAWRENCE. So if it's outside, who has respond—who does that person report to?

Mr. THOMAS. The commissioner of the Public Building Service and myself, and commissioner and the Acquisition Service—Federal Acquisition Service, we both report to the administrator. In this case, it's an active administrator, Mr. Tim Horne.

Mrs. LAWRENCE. Thank you.

Mr. THOMAS. You're your welcome.

Mr. MEADOWS. Does the gentlewoman yield back?

Mrs. LAWRENCE. I yield back, sir.

Mr. MEADOWS. All right. The chair recognizes the gentlewoman from Illinois.

Ms. KELLY. Thank you, Mr. Chair.

Mr. Thomas, I want to address GSA's lack of cooperation with Congress. The Trump administration released an opinion issued by the Office of Legal Counsel on May 1st, 2017, arguing that agencies and departments could ignore requests for documents and other in-

formation from members of Congress other than Republican committee chairmen.

On June 7, 2017, Senator Chuck Grassley wrote a letter—wrote a scathing letter to President Trump urging him to reject the OLC opinion. He said, and I quote, “every Member of Congress is a constitutional officer duly elected to represent and cast votes in the interest of their constituents.” Do you both agree with Senator Grassley?

Mr. THOMAS. Congresswoman Kelly, we certainly take the committee and the Congress’s oversight role seriously. I believe it’s an essential part of the system. The agency evaluates every oversight request on an individual basis, and I’m happy to take that concern back and get it addressed for you.

Ms. KELLY. Thank you. Mr. Cook.

Mr. COOK. This is just way outside my area of expertise, and so I’ll just leave it to—

Ms. KELLY. Okay.

Mr. COOK. —with what Alan.

Ms. KELLY. Every Member of Congress has a constitutional responsibility to conduct oversight of the Executive branch in order to inform our legislative actions. Since President Trump took office, however, GSA has adopted a new policy. This morning, GSA administrator Tim Horne testified before the House Committee on Transportation and Infrastructure that GSA will only respond to oversight inquiries from committee chairs.

Have either of you received any guidance, written or oral, on how you should respond to requests for information from Members of Congress and their staff? And who communicated this policy? And how was it communicated?

Mr. COOK. I have not.

Mr. THOMAS. I have not either.

Ms. KELLY. Okay. The new policy appears to directly contradict the existing GSA policy on communications with Congress. On February 20th, 2015, then-GSA administrator Dan Tangherlini issued an order to GSA employees setting a policy for responding to inquiries from Congress. That order applies the same procedures for responding to all Members of Congress and their staff regardless of political party.

Has Administrator Horne issued a new order to overturn that 2015 order? Are any of you aware of that?

Mr. COOK. I don’t know one way or the other.

Mr. THOMAS. Yeah, I’m area aware. Again, I’ve only been there 12 days. So, I mean—

Ms. KELLY. Right.

Mr. THOMAS. But I’m not aware of it.

Ms. KELLY. Okay. In the absence of a new order, that 2015 order is still in effect. So if you or anyone in your offices instructing GSA employees to follow a different policy for responding to Congress, you are telling them to violate a standing GSA order.

The Whistleblower Protection Act requires that every executive branch policy on communications with Congress include language explicitly noting that the policy does not affect any employee’s legal right to communicate with Congress.

Has GSA included the language required by the Whistleblower Protection Act in communications to agency staff about the new policy on responding to Congress?

Mr. THOMAS. Congresswoman Kelly, I don't know. I'm happy—I'm happy to come back to you with an answer on that, but I don't know. I'm sorry.

Mr. COOK. Same here.

Ms. KELLY. Okay. Will you commit today to respond to requests, like you said you would, from Members of Congress regardless of whether they are Republicans or Democrats or whether they are in the majority or the minority of Congress?

Mr. COOK. One thing that we are in the Technology Transformation Service is very nonpartisan. We don't care where that request comes from.

Ms. KELLY. I appreciate that.

In order to adequately address the significant issues that currently face GSA, it's going to require cooperation and a willingness to be held accountable in order for you to restore faith in the agency. And as you—I can see, just from sitting here, that all of us can work very well together, the two chairs and the two ranking members, to try to get things done in this space. So we appreciate all the cooperation we can get.

Thank you. I yield back.

Mr. JORDAN. [Presiding]. I thank the gentlelady for her questioning and for yielding back.

And we want to thank our witnesses and the support staff who are here today for you taking the time and filling us in.

And with that, we are adjourned.

[Whereupon, at 4:35 p.m., the subcommittees were adjourned.]

APPENDIX

MATERIAL SUBMITTED FOR THE HEARING RECORD

Response to Congressman Meadows from Alan Thomas

In-hearing inquiry regarding legislative and administrative solutions: Provide a list of legislative and administrative ideas to fix stymied competition and encourage better pricing.

The U.S. General Services Administration (GSA) is committed to streamlining and simplifying the acquisition processes, including modernizing the underlying acquisition systems and examining ways to decrease burden on the acquisition community to enhance competition and enable cost-savings in the Federal acquisition system. To this end, GSA is focusing on two initiatives:

GSA is reviewing internal legacy systems used to manage acquisitions that support missions across Government, in order to modernize business processes and technology that enable acquisition processes.

GSA is examining opportunities to simplify and streamline access to the Federal marketplace, including consolidating the existing 24 Federal Supply Schedule (FSS) solicitations in the Schedules program.

These efforts will:

- Reduce burden and cost to contractors seeking to do business with the Federal Government;
- Simplify the marketplace for Federal acquisition professionals by reducing duplication of contract vehicles and solutions;
- Ensure Federal customers have access to superior solutions and contractors at fair and reasonable prices that meet their value proposition;
- Ease the ordering-process burden on the Federal acquisition workforce;
- Reduce overall program costs to GSA in managing the FSS program; and
- Employ innovative technologies, such as Artificial Intelligence, in the FSS program to create efficiencies.

GSA Proposed Legislative Ideas: GSA supports the following legislative proposals to:

- **Create an exception for Cost and Price Analysis in establishing Civilian Indefinite-Delivery-Indefinite-Quantity (IDIQ) Contracts** - This proposal would create parity with the Department of Defense's (DoD) authority by creating an exception to the requirement to evaluate price on civilian IDIQs, including GSA FSS contracts for services, priced at an hourly rate. This proposal presents an opportunity to streamline the procurement process and reduce the administrative cost to award Civilian IDIQ contracts and FSS services contracts. The proposed change would reduce the cost for vendors accessing the Federal marketplace through programs such as the FSS and would allow industry to redirect bid and proposal funds to concentrate instead on competing for order awards.
- **Remove Best Interest Determination to Use Interagency Contracts** - This proposal would eliminate the requirement for a Contracting Officer to make a best interest determination to place

a FSS order valued at over \$550,000 or place an order against a Government-wide contract vehicle regardless of the dollar value. Currently, this statutory requirement encourages agencies to write duplicative contract vehicles, which creates barriers to contractor access to the Federal marketplace, and forces industry to incur unnecessary bid and proposal costs to gain access to the marketplace rather than using their scarce bid and proposal budget toward competing for order awards.

- **Raise Micro-purchase Threshold** - Raising the micro-purchase threshold Government-wide from \$3,500 to \$10,000 would create parity between Defense and Civilian agencies. This proposal would allow agencies to reduce the administrative cost of purchasing goods and services by expanding utilization of streamlined procedures enabled through the purchase card program. Under micro-purchase procedures, especially through the use of the purchase card, a Government purchaser is able to buy from any commercial vendor, thereby vastly increasing the number of vendors from which the Government can purchase goods and services.
- **Standardize Task and Delivery Order Protest Dollar Threshold** - This proposal would standardize the task and delivery order protest threshold Government-wide to \$25 million and would create parity for Civilian agencies with DoD's current task and delivery order threshold of \$25 million. When procurement processes differ between the Defense and Civilian agencies, increased costs are incurred by contractors because multiple acquisition methods and systems must be maintained to conduct business with the Federal Government.
- **Extend Direct Hire Authority to Federal Acquisition Positions** - This provision extends the direct hire authority where there is a shortage of acquisition employees. When the Government has a shortage of acquisition professionals, processes slow creating an environment where the Government is a less attractive business partner to industry, thereby decreasing competition and creating a distorted marketplace where the Government misses out on opportunities to buy from innovative companies.
- **Eliminate Certain Statutory Reporting Requirements:** Below are a series of reporting requirements that serve as a disincentive for industry to compete for Federal work and which GSA would like to see eliminated:
 - **Executive Compensation Reporting** - This proposal would reduce burdens on Federal contractors reporting executive compensation costs.
 - **Removal of Recovered Material Certification Requirements** - This proposal would eliminate the requirement that Federal contractors certify to recovered materials.
 - **Amendments Related to Service Contract Inventory** - This provision would reduce burdens to agencies and contractors by raising the reporting threshold to contracts with a value greater than \$3 million.

GSA Administrative Ideas: GSA is working on a series of administrative initiatives, through regulatory changes or improvements to the acquisition programs GSA manages, in order to decrease burden, streamline acquisition processes, and enhance competition in the Federal marketplace. These efforts include:

- **Evaluation of Existing Acquisition Regulations and Internal Policies** - In accordance with Executive Order 13777, "Enforcing the Regulatory Reform Agenda," GSA is seeking input on acquisition, property management and disposal regulations, policies, standards, business practices, and guidance issued by GSA that may be appropriate for regulatory reform. GSA issued a *Federal Register* Notice inviting public comment on May 30, 2017 with comments due July 30, 2017. Based upon public comments received, GSA will develop a regulatory reform plan that will contain regulatory and internal policy changes to enhance competition in the Federal marketplace.
- **General Services Administration Acquisition Regulation (GSAR) Case 2016-G506 Order Level Materials** - GSA is progressing toward issuing a Final Rule to provide for the ability to acquire incidental materials at the order level under the Federal Supply Schedule (FSS) program. The inability to acquire materials at the order level has served as a barrier to greater use of the FSS program. This effort will enhance competition for orders under the FSS program and reduce the need for agencies to write duplicative contracts.
- **GSAR Case 2015-G512 Unenforceable Commercial Supplier Agreement Terms** - GSA is progressing toward issuing a Final Rule that eliminates the need for contracting officers and industry to negotiate terms and conditions in commercial supplier agreements that conflict with Federal law. This case would streamline the process of awarding GSA contracts that contain these agreements and make it easier for industry to do business with GSA.
- **Making it Easier (MIE) to do business with the Federal Government through the FSS Program. Below are some of the foundation steps GSA has already taken in the MIE effort:**
 - GSA has enhanced competition in the Federal IT marketplace through initiatives such as the 'Startup Springboard' which focuses on making the latest innovative technologies available to Federal agencies faster by enabling emerging technology companies to gain streamlined access to IT Schedule 70, the Government's largest IT contract vehicle.
 - GSA has promoted competition in the IT market by ensuring our Government customer agencies have quicker access to emerging technologies and innovative suppliers by decreasing the processing times for prospective vendors to obtain an IT Schedule 70 contract through the Fast Lane Program. Contract modifications are processed in less than 48 hours, and new offers are awarded in as quickly as 45 days.
 - In order to increase operational efficiency and to make vendors' services more easily available to Federal buyers, GSA consolidated eight professional-services Schedules (contracts) into a single Professional Services Schedule.
- **Reducing "Vendor Lock In" on IT Procurements** - The Office of Technology Transformation Services, the Office of Information Technology Category, and the Office of Assisted Acquisition Services in the Federal Acquisition Service all continue to play a key role in modernizing Government technology by moving agencies away from the traditional waterfall IT procurement approach to utilizing cloud and open source based solutions. Under a traditional waterfall approach, agencies are often locked into a particular proprietary technology for years while cloud and open source based solutions allow for periodic competition of new technology and allow agencies to benefit from new entrants to the marketplace.

- **Enhancing Competition through Use of Acquisition Data Analytics** - GSA has been a pioneer in utilizing data analytics to enhance competition in the acquisitions GSA conducts. For the past three years, GSA has utilized a competition dashboard to target re-compete of acquisitions which only received one proposal. Since 2014, when this effort started, GSA's procurement events that have just one vendor competing have dropped 2.2% based upon Fiscal Year 2016 results. This is significant given that GSA obligates approximately \$9 billion annually through the acquisitions this agency conducts. The Federal Acquisition Service is standing up an analytics as a service (AaaS) offering to help other agencies benefit from acquisition analytics to promote competition and other important goals in agency acquisition programs.
- **Preference in Utilizing Existing Government-wide Acquisition Vehicles** - In the Office of Management and Budget (OMB) Memorandum M-17-22, "Comprehensive Plan for Reforming the Federal Government and Reducing the Federal Civilian Workforce," the Administration outlined policy preference to leverage existing Government-wide acquisition contracting solutions such as Federal Supply Schedules, Government-wide Acquisition Contracts, and Multi-agency contracts rather than create new Indefinite Delivery Indefinite Quantity contracts. The Federal Acquisition Service partners with OMB in this policy and continues working with customer agencies to take advantage of existing acquisition vehicles.

Questions for The Honorable Alan Thomas
 Commissioner
 General Services Administration, Federal Acquisition Service

Questions for the Record from Chairman Mark Meadows Subcommittee on Government Operations
House Committee on Oversight and Government Reform

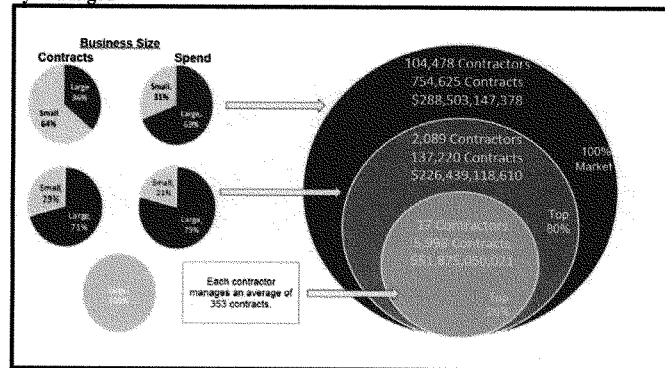
July 12, 2017, Hearing: "General Services Administration -Acquisition Oversight and Reform"

1. What do you see as GSA's best opportunity to streamline federal acquisition?

As part of the Agency Reform Plan that was recently sent to the Office of Management and Budget, GSA is exploring ways to streamline and reduce duplication in the GSA Schedules program and offer agencies expertise, improved supplier relationship management and modernized tools and purchasing platforms. Although it may ultimately require a multi-year process, streamlining and consolidating Schedules could offer significant end-to-end benefits to federal agencies, industry, and the taxpayer.

As illustrated below, there is a tremendous opportunity to significantly reduce contract duplication across government, which will result in substantial savings to agencies, industry and ultimately the American taxpayer.

FY 2016 10 Government-wide Spend Categories - Industrial Base by Spend and Contracts Currently Managed



2. How does GSA ensure the federal acquisition process reflects commercial best practices including reasonable pricing in acquisition vehicles, such as GSA schedule contracting?

The Multiple Award Schedules process for awarding a contract follows the Federal Acquisition Regulations (FAR) for “best value”. The factors considered in the process of identifying the best value for commercial products includes: warranty, delivery, price, and volume. MAS CO’s are required to stay current with their education and certification of their warrants and training includes updates and best practices as experienced across the program and made to regulation. It is the goal of FAS to provide GSA Contracting Officers and customer agencies with the latest and most accurate pricing intelligence to ensure procurements are made in the best interest of the Federal Government.

3. How many Federal Acquisition Regulation (FAR) and General Services Acquisition Regulation (GSAR) clauses apply for the acquisition of commercial goods and services? Please provide a list with title and cite for the clause.

While the actual number varies depending on requirements, up to 120 FAR and 70 GSAR clauses and provisions could apply to the acquisition of commercial items. Attached is a spreadsheet with FAR and GSAR Clauses/Provisions applicable to the acquisition of commercial items on the Multiple Award Schedule (MAS) (see attached document: FINAL MAS FAR and GSAR Clauses/Provisions Applicable to the Acq. of Commercial Items (tab 1) and FAR and GSAR- MAS clauses and provisions (tab 2)).

4. How will you use GSA's membership on the FAR Council to assess the current FAR and reduce the regulatory/compliance costs for federal contractors?

In accordance with Executive Order 13777, GSA’s regulatory reform task force is in the process of reviewing the regulations issued by GSA, including the GSA Acquisition Regulations, to identify opportunities to streamline acquisition and eliminate compliance costs for federal contractors. GSA solicited public comment through the Federal Register on May 30, 2017 for acquisition regulations reform ideas. As a member of the FAR Council, GSA will share the regulatory reform ideas with the other members of the FAR Council.

5. Currently, what services/tools does FAS provide to other agencies to assist with IT modernization and acquisition?

GSA provides a number of direct services, platforms and tools which assist Federal agencies in modernizing their IT and acquiring IT products and services.

For example, the Federal Acquisition Service (FAS) manages several large government-wide IT acquisition contracts through which agencies purchase more than \$20 billion in IT products and services each year. IT Schedule 70 features more than 4700 highly qualified vendors, including Original Equipment Manufacturers (OEMs) and Value-added Resellers (VARs). Alliant, Alliant Small Business, VETS and 8(a) STARS are IT services government-wide acquisition contracts (GWACs) providing pools of highly qualified vendors, including small businesses. Additionally, GSA recently awarded the Enterprise Infrastructure Solutions (EIS) contract to replace the expiring Network contract, ushering in the next generation of telecommunications and related products and services and providing these services to agencies at significant savings.

Also, the Technology Transformation Services (TTS/18F), built in the spirit of tech startups, acts as a consultancy for government, enabling agencies to rapidly deploy tools and services to create services for the public. Along with inter-governmental consultant services, TTS’ Office of Products and Programs (OPP), provides platforms and products agencies can utilize to more rapidly deploy IT capabilities into their enterprise. One example is Cloud.gov, a product built and maintained by TTS that provides mature

cloud hosting services to agencies.

Additionally, GSA's Office of Governmentwide Policy (OGP) works directly with the Office of Management and Budget (OMB) on the Data Center Optimization Initiative (DCOI). The DCOI directly supports the Federal Information Technology Acquisition Reform Act (FITARA) of 2014 and provides agencies with support as they modernize and optimize their Data Centers.

These are just a few examples of the robust portfolio of IT services that GSA can bring to bear to assist agencies in modernizing their IT portfolio.

6. On July 6, 2017, GSA settled a whistleblower case brought by former Commissioner of the Federal Acquisition Service (FAS). The following questions relate to this case.

- a. In Acting Administrator Tim Horne's response to the Office of Special Counsel concerning allegations raised by a whistleblower that were later substantiated, Horne noted that he instructed GSA's Senior Procurement Executive to review the existing delegations of procurement authority to TTS and determine whether any should be rescinded based on the reorganization.

- i. What is the current status?

As a part of the "Joining Forces" efforts GSA has examined multiple facets of integrating TTS into FAS, including a working group examining TTS acquisition activities. This working group is focused on the development, implementation and maturation of TTS acquisition internal controls through FY18 and beyond. GSA is taking a risk-based approach to procurement delegations under the direction of the Senior Procurement Executive which limits the number and type of procurement actions TTS can perform. FAS intends to leverage best practices as well as use enterprise-wide procurement processes, controls and systems in procurement as a baseline while allowing TTS to mature their procurement practices.

- ii. Have any delegations been rescinded? If so, which ones?

No delegations have been rescinded, however GSA reissued a new delegation to TTS in accordance with the plan outlined above on October, 18, 2017.

- b. The Inspector General investigation examined possible violation of the Anti-Deficiency Act that, ultimately, was determined an Economy Act violation. The IG reviewed allegations that I8F improperly managed Interagency Agreements by backdating agreements in violation of the Economy Act and found 101 of 18Fs 202 project agreements predated the execution of the an Interagency Agreement.

- i. How can such a large volume of agreements inappropriately be backdated?

I8F began work on several engagements prior to signatures being executed due to lapses in internal controls and the desire to deliver services to agencies who needed work done quickly. This issue was

resolved through enhancing internal controls for teams beginning work for agencies. For example, 18F no longer begins work in advance of agreement signatures as a matter of both policy and practice per the controls mentioned in the response to question ii below.

- ii. What controls has GSA implemented to catch this type of systemic failure in the future?

GSA has documented and implemented a series of financial and management internal controls around the acceptance of Inter-Agency Agreements preventing the backdating of agreements. Below are a few of the specific internal controls now employed:

1. The Office of the Chief Financial Officer (OCFO) is now inserted into the agreement acceptance process. The last signature in the acceptance process of the agreement is made by the GSA OCFO. Additionally, a review and validation of the period of performance is done at that time.
2. System controls have been added to ensure all projects are linked to an appropriate funding source and billable work occurs only during the specified period of performance.
3. Monthly reconciliation processes have been instituted to ensure charges are properly allocated within the agreement period of performance, and that funds are available for billing/accrual purposes.

- c. Have you personally reviewed the Inspector General's Investigative report on the recent GSA whistleblower reprisal case, specifically as it relates to TTS funding issues? Are you aware of any Anti-deficiency Act violations?

Yes, I have reviewed the report. No, I am not aware of Anti-deficiency Act violations.

- d. Acting Special Counsel Adam Miles stated in his July 5, 2017 letter to the President and Congress that the reorganization of TTS may address concerns raised by the whistleblower case, but that "without additional details on improved management controls, the realignment does not address [the whistleblower's] substantiated concerns about mismanagement."

- i. What is FAS' specific plan for improving internal controls to ensure TTS has accurate revenue projections? What are the financial controls in place?

The Inspector General's evaluation of 18F's business operations was conducted from December 2015 through September 2016. Since then, TTS (18F's parent organization) has developed a corrective action plan in response to the IG report issued in October 2016 that addressed a number of financial and operating controls. They issued TTS-wide policy documents outlining these controls and communicated the changes to all employees.

GSA has implemented significant changes in the management approach for 18F to improve the operations of individual business units and TTS as a whole. In addition, TTS has implemented all the IG recommendations. We implemented all seven recommendations from "Evaluation of 18F."¹ In addition, we implemented all six recommendations from "Evaluation of 18F's Information Technology Security Compliance,"² including additional internal controls around hiring, revenue reconciliation and risk mitigation.

The program is monitoring the pipeline of actual and potential work orders to ensure that expenses are managed and workforce is utilized. Additional resources are only added if there is assurance of future work and capacity needs. Orders, pipeline, utilization and expenses are all closely monitored on a weekly and monthly basis. This process is a basis for the current plan to achieve full cost recovery.

As part of responding to the IG recommendations, TTS established new technical and procedural controls, including those related to when to begin billable project work and identifying funding sources at the beginning of engagements. TTS Policy for GSA Information FITARA Review requires GSA-CIO review and approval for all internal TTS contracts or agreements, as well as review and approval for external TTS contracts or agreements that leverage GSA IT platforms, security or infrastructure and conforms to GSA Policy 2101.1 CIO GSA Enterprise Information Technology Management (ITM) Policy. GSA has also developed extensive documentation of the TTS revenue generation, accrual, and reconciliation processes.

- ii. What is FAS' specific plan for improving internal controls to ensure TTS has sufficient and not inflated staffing levels?

Please see response directly above to 6(d)(i).

¹ JE17-001, Evaluation of 18F, issued 10/24/16.

² JE17-002, Evaluation of 18F's Information Technology Security Compliance, issued 2/21/17.

Question for The Honorable Alan Thomas
Commissioner
General Services Administration, Federal Acquisition Service

**Questions for the Record from Rep. Gerald E. Connolly, Ranking Member Subcommittee on
Government Operations
House Committee on Oversight and Government Reform**

July 12, 2017, Hearing: "General Services Administration - Acquisition Oversight and Reform"

1. Are there currently any existing or pending government contracts between the government and the Trump Organization?

There are no active acquisition contracts with any entity associated with the Trump Organization above the micro-purchase threshold reported to Federal Procurement Data System (FPDS) in accordance with Federal Acquisition Regulation (FAR) Subpart 4.6 Contract Reporting.

2. Has the General Services Administration (GSA) taken any steps to protect against a conflict of interest that could arise from government contracts with businesses owned by the President of the United States, his family members, or his business partners? If so, please describe those steps.

GSA's responsibility is to ensure that the government receives the best value for the taxpayer and to ensure that all procurements adhere to the FAR and other relevant rules, regulations and statutes, including those that address conflict of interest.

3. Could the Acquisition Services Fund be used to purchase goods or services from a business in which President Trump has financial interests?

Every procurement action undertaken by GSA must be in compliance with the FAR and other relevant rules, regulations and statutes.

4. Has GSA delisted Kaspersky Labs from its approved vendor's list for information technology services and digital photographic equipment? Does this prevent agencies from using Kaspersky Labs' products or will they still be able to purchase these products through other means?

Kaspersky Lab (KL) was neither a Multiple Award Schedule (MAS) vendor, nor a contract holder, with the U.S. General Services Administration (GSA); therefore, there was never any contract or other agreement with KL for GSA to terminate. As you know, GSA recently became aware that KL products were available on the product lists of three MAS vendors -- A&T Marketing Inc., Federal Merchants Corp., and Bahfed Corp.; however, KL products were not included as part of A&T Marketing's 2015 or Federal Merchants' 2012 Schedule 70 contract awards, or Bahfed's 2013 Schedule 67 contract award. Again, the KL products were not added via required contract modification requests, but rather were improperly added via the Schedule Input Program (SIP), a proprietary software provided by GSA, that allows contractors to update commercial catalogs electronically on GSA Advantage!®.

On July 11, 2017, GSA directed all three vendors to remove KL products from their product lists, which all three vendors subsequently did. GSA is complying with the Binding Operational Directive, issued by the U.S. Department of Homeland Security on September 13, 2017, in regards to KL products.

5. If Kaspersky Labs has been delisted, will agencies that already use Kaspersky software be able to continue to use that software following GSA's action?

Currently, agencies' use of Kaspersky products is governed by DHS BOD 17-01, which has directed agencies to identify their use of Kaspersky products within 90 days and then begin to remove identified products from agencies systems.

6. If Kaspersky Labs has been delisted, is GSA continuing further actions against Kaspersky Labs?

GSA did not have a contractual relationship with Kaspersky Lab and no further action is planned by GSA.

7. Section 4 of Executive Order 13-360 in 2004 directed GSA to establish a Government Wide Acquisition Contract (GWAC) at the agency. The purpose was to help Federal agencies meet their 3% goal of contracting with Service Disabled Veteran Owned Small businesses. This became known as the Veterans Technology Services (VETS) GWAC, or the VETS GWAC. On February 2, 2007, the VETS GWAC was awarded to forty-three (43) SDVOSBs and administered by the GSA Heartland Region 6 in Kansas City, MO with a base period of five years, expiring on February 1, 2012. On February 2, 2012, the first and only five-year option period was then awarded to qualified contract holders i.e. those initial contract holders that 1.) produced adequate revenue and 2.) had not grown revenue to exceed the \$27.5 million NAICS Code 541512 threshold. This contract expired with the end of the option period on February 1, 2017. On April 21, 2016, the GSA issued a solicitation for a replacement to the VETS GWAC contract, with a short name of VETS2 GWAC. Bids were submitted on June 18, 2016 and as of today, there have been no contracts awarded to replace the original contracts.

When does GSA intend to execute the replacement contract? Why has the replacement contract been so delayed? What is the timeline for an expected award of the replacement contract? Since the option period ended February 1, 2017 and the replacement contract has not been put into place, does that mean that all FY2017 opportunities have been are lost? If so, what is the dollar figure for lost SDVOSB opportunities since GSA did not have a replacement contract in place between June 2016 and February 2017 and what is the dollar figure for lost opportunities in FY2018?

GSA regrets not awarding VETS 2 contracts before the VETS GWAC expired. However, by taking the time to obtain industry and customer input, GSA believes that it has developed an improved VETS GWAC that will provide increased access to SDVOSBs. GSA understands the importance of the VETS 2 GWAC to the Service-Disabled Veteran-Owned Small Business (SDVOSB) community and is expediting its evaluation of proposals. The Solicitation was issued on April 21, 2016 and closed on June 20, 2016. GSA received over 175 proposals to review and evaluate.

On August 22, 2017 GSA published the required pre-award notice for small business programs in FedBizOpps, announcing that evaluations were complete and listing the apparent successful offerors. On October 26, 2017, GSA announced the award of the VETS 2 contracts to 70 SDVOSB firms.

Lost business volume for the next fiscal year is projected to be very low as there are several alternative contract vehicles available including GSA Schedule 70, NASA SEWP and VA's T4 Next Generation

(T4NG) contract. In addition, agencies can conduct set aside acquisitions using Alliant Small Business and STARS 2 and GSA offers assistance to agencies in using alternative solutions. Obligated dollars through IT Schedule 70 to SDVOSBs over the previous fiscal years is \$687.7M in FY 15, \$740.3M in FY 16 and \$795.3M in FY 17.

8. FedRAMP has made significant progress over the past year and a half. Cloud service providers are more prepared to go through the Authorization to Operate (ATO) process and the ATO process timeline has been reduced from 18-24 months down to an average of four months. What steps does GSA plan to take to continue to improve the FedRAMP program? How does stakeholder engagement fit into GSA's plans to improve FedRAMP?

First, GSA will continue to ensure that all JAB authorization decisions occur in less than 6 months so that no authorization effort will take longer than 6 months. This commitment to timeline was a direct output of the FedRAMP Accelerated initiative that began in FY 16.

Second, GSA released a FedRAMP Tailored Baseline requirements for Low Impact Software as a Service. The requirements for this baseline are reduced from 126 down to 36 and has a reduced set of documentation requirements as well. It's expected that authorizations under this process could happen in as quickly as 4-6 weeks. The Tailored Baseline requirements are designed for low risk cloud solutions that many digital service teams and agencies either currently use or have a need to use - tools that focus on collaboration, project management, and open source development and public engagement.

Similar to the redesign efforts that FedRAMP undertook to reduce the authorization timelines via FedRAMP Accelerated and FedRAMP Tailored, FedRAMP is doing the same thing for the ongoing efforts associated with Continuous Monitoring once systems get authorized. Although much attention is given to the initial assessment, the Continuous Monitoring by FedRAMP of Cloud Service Providers is significant, with monthly reviews of vulnerabilities and yearly assessments, as well as reviewing changes to systems after authorization. FedRAMP just finished the research phase of this effort by working with a broad range of vendors and agencies to understand capabilities and needs. The design and implementation phase is just getting underway and is expected to be completed by the end of FY 18. FedRAMP believes that this effort can help reduce the level of effort for government and vendors by anywhere from 25%-50%.

GSA is also looking at ways to automate portions of FedRAMP - from process and business flow, to creating machine-readable formats for all of the templates and so that agencies can use whatever tools they have in place currently to help them automate the authorization process. This includes partnering with industry tool vendors on how to best promote interoperability, with over 40 respondents to a recent request for information.

The voice of the customer and stakeholder engagement is at the heart of all of the major initiatives that FedRAMP undertakes. FedRAMP completes post authorization surveys with every vendor, and has regular check-ins with vendors on how FedRAMP can improve. GSA also releases an annual survey where, in the most recent version, 82% of respondents had a favorable rating of the program, and all major changes to the policy or requirements go through two rounds of public comment before being finalized to ensure we hear from all stakeholders on the impact and feasibility of any changes.

9. What is GSA doing to help agencies improve their FITARA Scorecard performance on data

center consolidation?

GSA's Data Center Optimization Initiative Program Management Office (PMO) serves as a resource to help agencies implement DCOI optimization plans by facilitating participation in interagency data center shared services; sharing best practices and information about tools for improving data center efficiency; and supporting agencies reporting on progress toward FITARA goals. The Data Center PMO mission and goals reflect its role in carrying out DCOI policy by establishing a customer-centric approach to empowering agencies to meet optimization and efficiency goals. The Data Center PMO's mission is to define, design, implement, and monitor a set of government-wide IT infrastructure solutions which leverage data center community input.

10. How is GSA currently evaluating any supply chain concerns, including foreign ownership and influence, or foreign investment, in contractors seeking to get onto federal government contract vehicles?

GSA has implemented numerous supply chain risk management strategies and GSA continues to further explore additional opportunities, particularly through interagency groups and partnerships with other agencies. Some specific examples of GSA efforts include:

- Contractors are required to make representations and certifications through FAR Clause 52.212-3 when completing the award process on GSA contract vehicles. Through this clause contractors represent whether they are a foreign entity, whether they are an inverted domestic corporation, the place of manufacturer, compliance with Trade Agreements Act and Buy American Act as applicable. GSA Contracting Officers rely on these representations and certifications in making responsibility determinations prior to award of contract.
- During contract administration, GSA engages in a number of supply chain risk management activities such as utilizing data analytics to identify product authenticity and utilizes Industrial Operational Analysts to review contractor compliance with requirements such as providing Trade Agreement Act compliant products through the Multiple Award Schedules (MAS) program. When GSA Contracting Officers are informed through data, Industrial Operations Analysts or other sources on potential non-compliance they take appropriate contract action to address compliance with contractual requirements.

Question for The Honorable Alan Thomas
Commissioner
General Services Administration, Federal Acquisition Service

Questions for the Record from Rep. Stephen F. Lynch Subcommittee on Government Operations
House Committee on Oversight and Government Reform

July 12, 2017, Hearing: "General Services Administration - Acquisition Oversight and Reform"

1. A provision of the National Defense Authorization Act for fiscal year 2018 would require the Administrator of GSA to establish a program for the procurement of commercial goods through online marketplaces.

One section of the online marketplace provision states that the award of a contract to the marketplace provider or providers -the entities establishing the online purchasing sites - "may be made without the use of full and open competition."

Full and open competition, with certain limited exemptions, has been the gold standard in federal procurement since passage of the Competition in Contracting Act in 1984.

Competition helps to ensure that the government receives the best value for the American taxpayer.

- a. If this provision were to become law, would GSA use full and open competition to award the online marketplace provider contracts? If not, how would you ensure that taxpayers receive the best value?

Competition is a guiding principle in our procurement system as stated in the Federal Acquisition Regulation. GSA intends to use competition in the selection of platform providers, unless an enumerated statutory exception to competition is justified. Based on its current understanding of the market, GSA believes competition it is the ideal avenue to achieve best value for the Government and the taxpayer and does not envision a specific scenario where an exception would be invoked.

2. The federal government has invested considerable resources into existing online ordering programs, like the Federal Supply Schedules and Defense Department's FedMall. The online marketplace provision established by the NDAA would seem to be in direct competition with those existing programs. Please answer the following :

- a. What impact do you think the provision would have on the existing programs?

GSA is looking at opportunities to streamline access to the federal market for vendors and simplify procurement for agencies, mirroring how taxpayers purchase in the commercial world. As a part of this implementation, GSA would implement a commercial platform in a considered and phased roll-out.

GSA intends to implement the enacted provision (section 846 of the FY 18 NDAA), in concert with ongoing initiatives, to ensure the best use of taxpayer dollars and efficient technology tools.

- b. The NDAA proposal would allow for decentralized purchasing. How would this align with current federal purchasing programs like Strategic Sourcing and Category Management?

The Section 846 language aligns well with the fundamental principles of strategic sourcing and category management. In particular, section 846 anticipates that platforms which are part of the program would capture data on the purchases to provide visibility into those purchases and allow agencies to evaluate and compare results (e.g., pricing, small business participation, other considerations) from different acquisition strategies, including decentralized purchasing vs. coordinated purchases through category management. This discretion is reinforced by section 846(b), which makes clear that use of the authority is discretionary and not intended to displace other authorities (which would include buying strategies) whose use would be more appropriate. and Section 846(c)(2)(C), which requires GSA and OMB to conduct an assessment of the products or product categories that are suitable for purchase on the commercial e-commerce portals as part of the phase II report that is due to Congress in March 2019.

- c. How does GSA propose to reconcile the NDAA's proposed language, which would prohibit modification of the online marketplace's terms and conditions, with the existing unique government requirements for purchasing?

GSA is meeting with key stakeholders regarding the implementation of NDAA section 846 including vendors of e-commerce platforms, industry providers to the federal government, customer agencies as well as the oversight community to determine the best way forward. The first listening session was held on January 9, 2018. GSA is now reconciling comments from that feedback session. In particular, GSA recognizes that there are some differences between online marketplace terms and conditions and existing government requirements. Through ongoing active agency and industry outreach, GSA will gain a deep understanding of government agency requirements and of portal providers' terms and conditions. This knowledge will help inform the phase II report, due to Congress in March 2019.

Questions for The Honorable Rob Cook

Deputy Commissioner (Director, Technology Transformation Services)
Federal Acquisition Service

**Questions for the Record from Chairman Will Hurd Subcommittee
on Information Technology
House Committee on Oversight and Government Reform**

July 12, 2017, Hearing: "General Services Administration -Acquisition
Oversight and Reform"

1. In August 2016, a GAO report (GAO-16-602) made two recommendations to GSA related to 18F. Has 18F implemented GAO's recommendations?

TTS has developed outcome oriented program goals and associated performance measures for 18F to include cost recovery metrics. The FAS Commissioner, the Chief Financial Officer and the TTS Director review 18F performance measures and cost recovery on a regular basis.

- a. If not, when do you expect to implement these recommendations? N/A

2. What percentage of 18F employees have been hired via Schedule A authority?

Currently, 89% of 18F staff were hired via the Schedule A Authority.

3. Do you see 18F continuing to grow in size or staying where it is now?

18F began FY 2017 with a staff of 169, and has decreased in size during the year, finishing FY 2017 with a staff of 123. During FY 2018, we are planning steady staffing of approximately 150. 18F has adjusted its management approach to ensure that staff size correlates to demand and is working closely with the GSA CFO to ensure that growth does not outpace business volume.

- a. Will the percentage of Schedule A positions increase, decrease, or stay the same?

We continue to seek the best mix of Schedule A and competitively hired permanent employees to attain the strongest mix of technical skills to continue helping the federal government modernize its information technology.

4. When do you project 18F will achieve full cost recoverability?

In response to the corrective action plan issued as a result of the Inspector General reports, TTS is moving as quickly as possible in the direction of full cost recovery and expects to

achieve full cost recovery in fiscal year 2019. For instance, in conjunction with FAS leadership, 18F is making operational adjustments, such as increasing staff utilization rates, to achieve cost recovery.

5. Are there controls in place to measure and ensure that the work 18F is performing is targeted to recover its costs?

Yes. 18F takes cost recovery seriously. We have made operational improvements and developed controls to manage financial success. 18F analyzes its cost recovery and sales pipeline weekly. TTS, 18F's home organization, works closely with the CFO's office to reconcile billing monthly and conducts monthly financial reviews with the CFO and TTS leadership.

6. The Federal Risk and Authorization Management Program (FedRAMP) is a GSA led government-wide program to certify the cybersecurity of cloud products and services. This Committee would like to ensure that administrative hurdles to widespread adoption of cloud solutions are minimal and security of such solutions is sufficient. Certain stakeholders and media reports have indicated that the GSA's FedRAMP process takes too long and is too costly.¹

- a. What is the average time it takes a cloud services provider to clear the FedRAMP process?

The FedRAMP Program Management Office at GSA has worked over the last 18 months to drastically reduce the time it takes to achieve an authorization through the Joint Authorization Board. Through that work the timing was reduced by 75% to approximately 12-16 weeks for an Authority to Operate (ATO) decision, down from an average of 18 months.

- b. Typically, what are the causes of delays in obtaining FedRAMP certification?

The typical causes for a delay center around the vendor not having all the correct technical security controls fully implemented, in particular: multi-factor authentication, Federal Information Processing Standard (FIPS) and NIST validated encryption, and configuration management and vulnerability management (e.g. resolving vulnerabilities in a timely manner). Industry reports that FIPS assessments, which are mandated by law (e.g., not FedRAMP program) can often take upwards of 16-24 months.

To help clarify these expectations, FedRAMP released a rapid FedRAMP Readiness process for vendors to work with industry auditors and third party assessors to ensure that they have all of the key technical pieces in place before beginning a FedRAMP assessment. To date, over 30 vendors have actively participated in this readiness process as they build out their service to ensure they have the key technical pieces in place to achieve a FedRAMP authorization.

- c. How much does it cost for a cloud service provider to go through the FEDRAMP process? Please provide the high and low range of such costs and any information indicating how these costs have changed over time.

One company (Coalfire Federal) recently completed research³ around the costs associated with obtaining a FedRAMP authorization and found them to be between \$350,000 and \$865,000 depending on a cloud provider's readiness, overall complexity, and pre-assessment activities. Clearly, large vendors providing government-wide platforms can require more investment, but we're continuing to drive this cost down by redesigning processes and leveraging the potential for automation.

The Coalfire study found that the costs associated with achieving a FedRAMP authorization was comparable to other compliance regimes such as Service Organization Control (SOC) II, Payment Card Industry Data Security Standard (PCI DSS), and International Standards Organization (ISO) 270001.

- d. How many agencies currently use FEDRAMP certified products and services?

There are over 120 agencies working with FedRAMP - this includes agencies in all three branches of government - Executive, Judicial, and Legislative

- e. How can the FEDRAMP process be improved?

We're continually looking for ways to improve the process, and some of our most recent work has been partnering with industry to identify ways to streamline the continuous monitoring aspect of FedRAMP. Most people consider the upfront assessment, and don't realize that we conduct monthly reviews with each provider to ensure they maintain high levels of security standards, such as patching high-security vulnerabilities within 30 days. This means that the government makes a long-term commitment in promoting the security of critical internet-based companies, often benefiting commercial institutions that leverage these same providers. As a small organization, we continue to re-evaluate how we allocate costs and work with our industry partners to streamline the security review and oversight processes.

Additionally, GSA released a FedRAMP Tailored Baseline requirements for Low Impact Software as a Service. The requirements for this baseline are reduced from 126 down to 36 and has a reduced set of documentation requirements as well. It's expected that authorizations under this process could happen in as quickly as 4-6 weeks. The Tailored Baseline requirements are designed for low risk cloud solutions that many digital service teams and agencies either currently use or have a need to use - tools that focus on

³ <https://www.coalfire.com/The-Coalfire-Blog/May-2017/Meeting-FedRAMP-Standards-Report>

collaboration, project management, and open source development and public engagement.

f. Are there potential improvements that may be realized through legislation?

We believe that improvements to the security processes that secure and safeguard our Federal infrastructure are strongly tied to IT modernization activities. We appreciate the committee's oversight of this subject, and we believe continued dialogue around the topic is critical. For FedRAMP specifically, it's largely a voluntary requirement for agencies, and a recent study by Deltek- plus positive media impressions⁴ showed that vendors continue to recognize the value of FedRAMP certification and the improvements to the program. Continued legislative attention on IT modernization and security, in partnership with other key Federal stakeholders, can help the program increase value over time.

7. On May 17, 2017, the House passed the Modernizing Government Technology Act (H.R. 2227). This legislation is designed to incentivize federal agencies and CIOs to transition from legacy systems to modern, more secure systems, including cloud solutions. The bill also assigns a significant role to GSA related to the centralized Technology Modernization Fund.

a. What expertise will GSA bring to fulfill the MGT Act objective of modernizing federal government IT?

GSA will bring a range of expertise and resources to help achieve the goals of the Act. For example, within the Federal Acquisition Service, TTS has in-house technical and product experts, who can help ensure that investments through the Technology Modernization Fund are focused on delivery. Within FAS more broadly, GSA has significant procurement expertise to help ensure that agencies receive the best-in-class from industry and service providers. Finally, as a centralized shared-service provider within the federal government, GSA is uniquely positioned to offer shared services and platforms to enable agencies to reduce the number of duplicative legacy systems.

b. What work is GSA and specifically TTS currently doing to modernize federal IT government-wide? Please provide a sampling of such projects and cost savings realized.

TTS has a number of mature offerings within the Office of Products and Programs (OPP), such as FedRAMP, api.data.gov, the Digital Analytics Program, and the USAGov Contact Center, that collectively save an estimated \$100 million annually. Additionally, 18F has saved agencies millions of dollars through its consulting work and its main production product offering, cloud.gov. For example, the Federal Election Commission has reported that

⁴ Positive press samples: <https://goo.gl/s29U4D>, <https://goo.gl/DkvQit>, <https://goo.gl/wp6HmC>

it will be able to reinvest \$1.2 million annually by using cloud.gov. Finally, through authorities granted by the Intergovernmental Cooperation Act, the TTS Office of Acquisition has helped multiple federal and state agencies modernize legacy systems, with substantial cost avoidance and savings, and faster delivery cycles.

8. The Committee is concerned that the Government may be developing products that compete with the private sector, and waste government resources when a commercial alternative is available.

- a. For example, why did 18F build cloud.gov?

Current infrastructure and platform solutions available to government do not have built-in compliance and security measures that address federal guidelines. As 18F was building IT solutions for agencies, we did not have a way to quickly access infrastructure without building costly and time consuming custom solutions on top of it. We saw a deep need for modern infrastructure that would reduce the time to delivery, especially reducing the effort associated with developing solutions within government regulations and security considerations.

- b. Does cloud.gov compete with private sector providers?

- c. When cloud.gov first launched, GSA's intent was to assist federal agencies in delivering citizen-facing services in a faster, more user-centered way. As GSA has worked with its industry partners and customers to better understand cloud hosting needs, the cloud.gov model has matured and evolved to better recognize the changes and advancements made by the private sector in this space. It remains GSA's intent that, to the greatest extent possible, cloud.gov should not compete with private sector providers when solutions that adequately address government-specific needs are available. To help ensure this, it is GSA's plan moving forward to use cloud.gov as a way to deploy prototypes and create appropriate templates and standards for open source federal hosting, similar to a sandbox. GSA will work closely with its customers, when ready for full production, to source and procure the appropriate cloud hosting environment from among commercially available options. What procedures are in place to ensure GSA is selecting commercially available IT solutions (Buy vs Make) in compliance with the Clinger Cohen Act, FITARA and OMB A130 reporting?

GSA firmly believes that government should build solutions only when a private sector solution is unable to meet government demands. In carrying out that principle, GSA ensures all IT acquisitions are in compliance with federal policies, regulations and statutes. There are controls in place at GSA to ensure IT acquisitions follow long-established acquisition procedures. All IT purchases for systems operated by GSA are reviewed and approved by the GSA CIO as required by FITARA and OMB policy. The cloud.gov platform, in particular, is underpinned by a variety of products and services purchased from the commercial marketplace. For instance, TTS currently purchases AWS infrastructure from a Service-Disabled Veteran-Owned Small Business (SDVOSB) reseller and the platform uses many other private sector Software-as-a-Service tools, such as PagerDuty.

9. In your testimony, you mentioned 18F's role in assisting Treasury with implementing the DATA Act, but didn't mention 18F's role helping OMB implement the DATA Act's procurement pilot for recipient reporting.

- a. Please describe 18F's past/current role in the procurement pilot?

The 18F team focused on prototyping potential solutions for reducing contractor burden and evaluating their viability through user research and testing. The learnings generated by prototyping were presented to GSA's Office of Governmentwide Policy to inform the development of a production model that may be piloted.

- b. Who was primarily responsible for implementing the procurement pilot?

The Office of Management and Budget's Office of Federal Procurement Policy (OFPP) was responsible for the strategic direction and management of the pilot with GSA managing the design, development, and delivery of the technology solution.

- c. When was GSA first approached to work with OMB on the pilot?

18F was first approached in March 2015.

- d. How many contractors participate in the pilot?

One contractor, NuAxis, built the pilot system.

- e. The procurement pilot focuses on Davis-Bacon reporting (on payment of prevailing wages. How was Davis-Bacon reporting selected? Why made this decision?

The initial reporting requirement for the tool is the method by which contractors certify their proper payment of prevailing wages as required by the Department of Labor's regulations implementing the Davis-Bacon Act (See 29 CFR 3.3, 5.5(a)(3)). The recently released OMB report on the pilot outlines in detail how OMB selected these areas. The idea was to prototype a tool to simplify the reporting process to enable contractors to remain in compliance with these regulations while reducing reporting burden.

10. The Committee understands 18F may have done projects for state governments. The Committee is concerned that this effort and associated resources could be better spent addressing IT challenges within the federal government.

- a. Please describe the work 18F may be doing for state governments, by project, cost and dates.

18F is working with state governments via the authority provided in the Intergovernmental Cooperation Act (IGCA). Like many federal agencies, state and local governments face enormous IT challenges and every year receive billions of dollars in federal grant funds to modernize and improve their IT systems.

When work is linked to federal projects/funding, the 18F Acquisition team collaborates with both federal and state/local partners to help states responsibly spend federal grant money by providing acquisition and technical consulting for improving state IT systems. Active projects are:

- **State of California**
 - Medicare and Medicaid enrollment and eligibility (not to exceed \$350,000 through 6/30/2018)
 - Child welfare systems (not to exceed \$575,000.00 through 6/30/2018)
- **State of Alaska:**
 - Medicare and Medicaid enrollment and eligibility (not to exceed \$1,770,000 through 6/30/2018)
 - Child welfare systems (not to exceed \$300,000 through 6/30/18)
- **State of Vermont**
 - Medicare and Medicaid enrollment and eligibility (not to exceed \$1,000,000 through 6/30/2018)

- b. Does 18F plan to continue work for state and/or local governments?

When linked to federal projects/funding, 18F will work with state and local governments in order to help states responsibly spend federal grant money dedicated to IT modernization. We will only undertake those projects on a fully-reimbursable basis and in compliance with all applicable statutes and regulations.