

ECONOMY IN GOVERNMENT PROCUREMENT AND PROPERTY MANAGEMENT

Introduction

Defense procurement has reached the level of \$45 billion. It is the single largest item in the Federal budget. It dwarfs all other programs of the Government, including space, atomic energy, and all grant-in-aid programs combined. And the Congress has shown no lack of generosity toward the Department of Defense to enable it to carry out its various missions, especially procurement. An examination of the total Defense budget will quickly bear this out. There are approximately 40,000 civilian DOD professional procurement officials plus an additional 1,500 military personnel assigned to procurement matters.

Considering the funds and facilities that the Congress has made available to the DOD, there would seem to be no reason why defense procurement cannot be managed efficiently and economically. Unfortunately, this is not the case. This subcommittee has expressed its concern on numerous occasions over deficiencies in the management of Federal procurement programs. The evidence we have received in the most recent round of hearings documents a case of loose and flagrantly negligent management practices in the Defense procurement program.

The DOD apparently refuses to reverse the long-term trend away from competitive bidding and toward noncompetitive negotiated contracts, while only timidly, at best, implementing the Truth in Negotiations Act passed 5 years ago. Its practice of furnishing property to contractors at Government expense without proper scrutiny amounts to a multibillion-dollar-back-door subsidy program never intended by the Congress.

These practices, and many others inimical to the public interest, are documented in the hearings and highlighted in this report. The subcommittee's recommendations are the minimum corrective steps that urgently need to be taken.*

*NOTE.—Representative Martha W. Griffiths states: "While I concur heartily in the recommendations contained in this Report, I am convinced that even the maximum possible utilization of competitive bidding will not cure Defense procurement shortcomings. The deficiencies in Defense procurement and in Government purchasing, generally, will not be cured until the Government recruits, trains, and keeps procurement officers of the superior caliber and integrity that are needed. As long as procurement officers can be overruled, fired, or hired away from the Government we shall continue to have the difficulties that this subcommittee has so often, and so rightly, attacked. The answer, obviously, is better recruitment, better training, better support in terms of authority, and rewards sufficient to induce procurement personnel to remain on the public payroll on a permanent basis. Rules of procedure, such as competitive bidding, are essential. But equally essential is the attainment of a procurement service manned by first-class personnel."