

Coburn Amendment 3382— To require competitive awards of disaster recovery contracts.

What This Amendment Would Do: This would require the use of competition for all federal contracts awarded after the date of the enactment of this act for disaster assistance. It would also require federal agencies to review—and re-compete—no bid contracts that had been awarded prior to the enactment of this act.

With our \$16 trillion dollar national debt, we need to ensure that every dollar spent on Hurricane Sandy relief is spent efficiently.

This bill includes more than \$60 billion in new spending.

During past disasters like Hurricane Katrina, we've seen many problems with how funds are spent.

According to a conservative estimate, as much as \$11 billion in Hurricane Katrina funds were wasted or spent improperly.

According to a review of agencies' IG reports, more than 1,700 people were indicted for having stolen or used funds improperly during Hurricane Katrina.

Given the devastation that we have seen in New York and New Jersey—and our nation's grave fiscal challenges—we need to take every precaution that we can to make sure that every dollar we spend on Sandy disaster relief is used effectively to help those in need.

One important way to ensure that our funds are spent efficiently is to require that federal agencies use competitive bidding for all contracts for disaster relief.

The Federal Government awards hundreds of billions of dollars annually in contracts and grants. Time and again, we have seen federal agencies awarding contracts without holding a competitive bidding process.

In the wake of a natural disaster like Hurricane Sandy, it's common for federal agencies to award no-bid contracts based on an immediate need to buy supplies and equipment for first responders.

There are cases when using no-bid contracts may be the right thing to do, when it can help save lives.

Even then, agencies can compete and award contracts BEFORE the disaster happens to make sure they have access to needed goods and services at fair prices.

When the first response is over, however, the government needs to make sure it's getting the best value for taxpayer money on contracts used to support longer term recovery.

In 2009, the DHS Inspector General identified poor management of disaster contracts at FEMA, including that FEMA didn't comply with contracting regulations and couldn't show that contracts were competed.

They also found that contract costs increased substantially, sometimes more than doubling, and that FEMA did not take steps to either renegotiate or recomplete contracts to save money.

Following Hurricane Katrina, GAO reviewed a contract awarded by the Army Corps of Engineers awarded to an Alaska Native Corporation without competition to build temporary classrooms. Taxpayers paid \$8 million more than they could have, had the Corps negotiated better, or competed the contract.

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In 2006, President Obama and I worked together to pass legislation that would prohibit no-bid contracting in the Gulf Coast recovery.

And during the 2008 campaign, he said that “for too long, Washington politicians have wasted billions on no-bid contracts”.¹

On several occasions, he promised to end this abusive practice.

This Amendment would make sure that Sandy Relief Funds Spent on Government Contracts Go Through a Competitive Bidding Process

This amendment does two things:

First, it would prohibit agencies from entering into no-bid contracts for any money spent after this law is enacted.

Second, it would require federal agencies to review all existing contracts to determine if any no-bid contracts are currently in place.

If agencies determine that no bid contracts are in place, they must review them to determine whether cost-savings can be achieved through a competitive bidding process.

¹ Obama for America, “THE CHANGE WE NEED IN WASHINGTON,” September 17, 2008; http://obama.3cdn.net/0080cc578614b42284_2a0mvyxpz.pdf .