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Stocks

Short-Staffed FEMA Farms Out Procurement

By GRIFF WITTE
and ROBERT O'HARROW JR.
Washington Post Staff Writers

The Federal Emergency Management Agency, responsible for distributing billions of dollars to contractors for Hurricane Katrina relief work, is using a private con-

tractor to help with the task, company officials said.

Acquisition Solutions Inc., which employs scores of former government procurement officials, is providing technical advice, helping to draft contracts with other contractors and working as temporary support staff at FEMA to re-

place workers sent to the Gulf Coast, the officials said. Their focus is on advising the government on how to find ways to speed the process.

The Oakton-based company is one of several private firms that support the government's depleted acquisition workforce, which was

cut in half in the 1990s. It has worked with FEMA's procurement office for several years, according to founder and partner Charles "Chip" Mather, and added workers after Katrina struck. Government procurement records show that FEMA paid the company \$1.4 million in fiscal 2004.

A FEMA spokesman said yesterday that the agency is getting help on contracting from other parts of the Department of Homeland Security. He declined to answer questions about Acquisition Solutions' work for the agency.

See FEMA, D2, Col.

Contract for Contracting

FEMA, From D1

Tim Long, a company spokesman, said its consultants play an important but limited role at FEMA and other government agencies. "We do not execute contracts. We do not make decisions about contracting or negotiation or oversight," he said.

Steven L. Schooner, a government-procurement specialist at George Washington University Law School, said Acquisition Solutions has a good track record, but he lamented the government's need to use private contracting consultants in the first place.

"It's an unmitigated disaster that the United States federal government lacks the fundamental capacity to do its own contracting," he said.

Steven Kelman, who was administrator of procurement policy in the Clinton administration, said the use of such private contracting specialists makes perfect sense for an agency such as FEMA. He said it "would be an incredible waste of taxpayer money" to maintain a staff of contracting officials necessary to contend with an unusual catastrophe such as Katrina.

Acquisition Solutions maintains a Web site detailing how government procurement officers can use existing contracting vehicles — which involved earlier competition to establish a roster of potential contractors — to speed the process. The company is advising homeland security and FEMA officials to use those vehicles instead of conducting new competitions for work.

"Our advice is how to use existing flexibilities . . . and break down the red tape," said Mather, who was a contracting officer in the Air Force for two decades.

As they do so, there's a move-

ment in Congress to break down the red tape even more by loosening contracting laws — a movement that's drawing fire from government watchdogs who worry that as an unprecedented tide of money flows to contractors, the rules should be getting more strict.

A bill introduced in the House this week by Rep. Kenny Marchant (R-Tex.) and co-sponsored by Rep. Thomas M. Davis III (R-Va.) would waive rules for congressional notification of certain no-bid purchases and allow agencies to treat purchases associated with emergency relief as "commercial" even when they're not. The commercial designation eases requirements on contractors to provide the cost and pricing data the government usually requires as an oversight tool to protect against fraud, waste and abuse.

Davis said the bill is intended to speed aid to disaster victims, but some procurement law experts said it would do little to help agencies get money out the door faster and could end up exposing the government to fraud.

The lack of a paper trail, they said, would make it nearly impossible for government investigators to audit the contracts down the line.

"There are possibilities for abuse — lots of big ones," said Joshua I. Schwartz, co-director of the government procurement law program at George Washington University. "This is not a finely honed instrument or a tweak. This is Tom Davis saying all our procurement could be done under other-than-competitive procedures."

Schwartz is a member of a federal advisory panel examining procurement reform, one that Davis was instrumental in creating.

The legislation would apply only to purchases related to an officially designated national emergency or

Katrina's Economic Toll

Easier Access to 401(k) Plans

The Internal Revenue Service and Labor Department have eased administrative requirements to make it easier for hurricane victims to obtain loans from their retirement accounts or to make hardship withdrawals. Loans are tax-free if repaid within five years, and Congress has waived the withdrawal penalty.

ELECTRICITY

307,104

customers remain without power in Louisiana and Mississippi, down from a peak of 2.7 million.

TELEPHONE

305,000

BellSouth lines out of service, down from a peak of 1.75 million.

OIL AND GAS PRODUCTION

IN THE GULF

4 refineries remain off line.
-56% Oil production is down from normal levels.
-34% Natural gas production is down from normal levels.

GAS PRICES

Average per gallon for regular unleaded

	U.S.	Metro area
Yesterday	\$2.887	\$3.058
Thursday	2.915	3.094
Change	-\$0.028	-\$0.036

COMPANIES

► Beginning Tuesday, Southwest Airlines will fly two daily round trips between Louis Armstrong New Orleans International Airport and Houston's Hobby Airport.

HOTELS

► A total of 286 hotels on the Gulf Coast are closed because of damage sustained during the hurricane, according to an analysis by Lodging Econometrics.

SOURCES: AAA, Energy Department, Minerals Management Service, IRS, Southwest, Lodging Econometrics

GRAPHIC BY THE WASHINGTON POST

major disaster. But those designations are fairly common. Every year there are several dozen major disasters and national emergencies, including ones related to terrorist attacks.

Government watchdog groups said yesterday that the bill would reduce accountability and transparency when it came to any purchase that could be linked to an emergency. The Project on Government Oversight, which called the bill the "Disaster Profiteering Act," said it was especially concerned that an in-

creased number of Defense and Homeland Security department purchases would be conducted through no-bid contracts and without vital information from contractors.

Robert White, a spokesman for Davis, said the additional powers would be used only rarely, in cases where an agency's head signs off on the need for a faster process.

"This is about getting the government to move faster in times of emergency, and it's about saving lives," White said.