



U.S. Department
of Transportation

**Federal Aviation
Administration**

Office of the Administrator

800 Independence Ave., S.W.
Washington, DC 20591

January 12, 2021

The Honorable Richard Shelby
Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

This letter report is provided pursuant to Senate Report 115-268, which requests the Federal Aviation Administration (FAA) to report to the House and Senate Committees on Appropriations outlining performance measures to reduce the use of sole-source contracting and provide the number and percentage of contracts awarded through the no-bid process.

With limited exceptions (e.g., directed awards to qualified entities such as socially and economically disadvantaged businesses and service-disabled veteran owned small businesses), FAA's acquisition policy requires competing all contract awards greater than \$10,000. The policy expresses a clear preference for competition. Sole source contracts are to be awarded only when they are in FAA's best interest based on a factual, reasoned, and well-documented rationale supporting the decision to use a sole source. This rationale may be based on actions necessary and important to support FAA's mission, such as emergencies, standardization, or the availability of only one viable source to timely satisfy a requirement.

FAA conducts a market analysis to support each sole-source decision. The method and extent of the analysis depend on the requirement, but in cases where sole source is used, FAA provides supporting documentation that justifies the proposed sole source strategy. Examples of documented information include results of market analyses, cost or price data, unique qualifications or performance capability, and past performance.

After the decision to contract with a sole source has been approved, a public announcement must be made for any action over \$150,000, except in emergencies. The purpose of the announcement is to inform industry about the basis for the sole source contract decision.

FAA's processes are consistent with government-wide policies applicable to other agencies. Over the years, FAA has reviewed and revised its acquisition policies to ensure it implements the best contracting policies with regard to approving sole source award decisions. This includes a recently added requirement that, prior to deciding on a sole source contract award, the requestor of a sole source action must certify that the information supporting the sole source determination is accurate and complete. For Fiscal Year (FY) 2019, FAA awarded on a sole source basis 24 percent of the contracts and 14 percent of the dollars spent for supplies and services. By comparison, the Federal government as a whole in FY 2019 awarded 36 percent of the dollars on a sole source basis. FAA awarded 18,229 contracts and modifications and spent a total of \$4,813,998,886 for supplies and services. Of that total, FAA, with appropriate justification and rationale, awarded 4,354 contracts and modifications totaling \$680,598,314 for supplies and services contracts on a sole source basis.

FAA's efforts to increase competition have also resulted in our acquisitions being more competitive than acquisitions conducted across the Federal government. Sole source percentages taken without context can be misleading. To present a more accurate description of effective competition, agencies across the Federal government are also required to identify their one-bid rates. One-bid rates are the representation of instances where an agency solicits for competition but receives only one-bid. For FY 2019, government-wide Federal Procurement Data System information shows that FAA's one-bid rate is 1.23 percent compared to a government-wide rate of 16.26 percent. This means that FAA obtains actual competition in a much greater percentage of our acquisitions than the rest of the Federal government.

FAA's acquisition reform policies have improved our ability to plan procurements, conduct market research, and limit overly restrictive requirements, leading to increased competition rates.

A similar letter has been sent to the Vice Chairman of the Senate Committee on Appropriations and the Chairwoman and Ranking Member of the House Committee on Appropriations.

Sincerely,

A handwritten signature in black ink that reads "Steve Dickson". The signature is written in a cursive, flowing style.

Steve Dickson
Administrator



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800 Independence Ave., S.W.
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January 12, 2021

The Honorable Patrick Leahy
Vice Chairman
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Senator Leahy:

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800 Independence Ave., S.W.
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January 12, 2021

The Honorable Rosa DeLauro
Chairwoman
Committee on Appropriations
House of Representatives
Washington, DC 20515

Dear Madam Chairwoman:

This letter report is provided pursuant to Senate Report 115-268, which requests the Federal Aviation Administration (FAA) to report to the House and Senate Committees on Appropriations outlining performance measures to reduce the use of sole-source contracting and provide the number and percentage of contracts awarded through the no-bid process.

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Steve Dickson
Administrator



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800 Independence Ave., S.W.
Washington, DC 20591

January 12, 2021

The Honorable Kay Granger
Ranking Member
Committee on Appropriations
House of Representatives
Washington, DC 20515

Dear Congresswoman Granger:

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