

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

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10 a.m. – Rayburn 2154
Congressman Gerald E. Connolly (VA-11)

Committee on Oversight and Government Reform:
"Secure Credentials Issued by the Government Publishing Office"

Mr. Chairman, I welcome the opportunity to more closely examine the government's procurement and production of secure identification cards. Today, most people take for granted the necessity of carrying around some form of official credential, whether it's a passport, driver's license, employer-issued ID, or, if you're a Member of Congress, your voting card. Thanks to technological advances in recent years, some of these cards now digitally store our personal information, which makes the integrity of the cards themselves and those involved in the manufacturing process to create them critically important.

It also strikes me as a prime opportunity for the public sector, which increasingly relies on these "smart cards," to partner with industry, which is continually advancing the sophistication of the security as well as the applications for this technology through innovation and research. I would suggest the Government Publishing Office (GPO), which is statutorily tasked with serving the printing needs for all three branches of the federal government, has been successful in fostering such a partnership with industry on developing the modern U.S. Passport, which it produces for the Department of State using paper and electronic components competitively procured from private-sector vendors.

Based on that success and growing interest from federal agencies for secure credentials, GPO requested and was granted authority by the Joint Committee on Printing, comprised of Members of Congress, to begin producing secure cards, beginning with the credentials for the Trusted Traveler Programs for U.S. Customs and Border Protection under the Department of Homeland Security. More recently, GPO took over production of the Border Crossing Card for the State Department, at the agency's request. One of the companies represented today, MorphoTrust, at one time printed the cards, but the State Department determined GPO could produce them with a more reliable read-rate at a lower cost. While the production of the physical cards transitioned to GPO, I understand Morpho remains the lead contractor for imprinting the personalized information on each card.

Mr. Chairman, I must say I was puzzled to read the prepared statements from today's industry witnesses in preparing for this hearing. For example, Ms. Carroll, who represents HID

Global, an international company that prints the U.S. government-issued Green Card and passports for 25 other countries, as well as our Member voting cards and secure IDs for congressional staff, says industry is “threatened” by GPO’s expanded role in producing smart cards. Further, Mr. Albers, of MorphoTrust, the U.S. subsidiary of a multi-national company which partners with GPO on producing U.S. passports and prints the drivers licenses for 42 of the 50 states, suggests GPO’s actions represent an “existential crisis” for industry and its partnership with the federal government.

The last time I checked, Congress provides GPO with a budget for “printing and binding” of roughly \$80 million. While it does engage in printing and manufacturing of secure cards – separate from the passport – it is on a limited basis, utilizing just 27 employees. Production of secure cards accounts for 4% of GPO’s revenue, or roughly \$30 million, representing a mere fraction of the multi-billion dollar global secure card market. GPO does not actively compete with industry through the agency procurement process, responding only to direct agency requests.

I understand industry representatives may be concerned that such intra-government arrangements hinder competition, but I would note that GPO often turns to industry to competitively procure products to meet its needs. Further, I would suggest that we ought to be more agnostic about whether this work is best performed by the government or private sector and instead consider which can meet agency needs for a quality product with the best cost. When I was Chairman of the Board of Supervisors in Fairfax County, we explored opportunities to outsource several government functions. I can recall having our auditor look into potential savings of outsourcing vehicle fleet maintenance. I thought the private sector would be able to offer a better solution, yet to my surprise the government employees cost less than the alternative and produced better quality work. In the case of these smart cards, the few agencies that have turned to GPO have in fact reported savings, as GPO is only allowed to recoup its costs and does not make any profit. Those agencies also may cancel their agreement with GPO at any time without penalty if they find an industry partner that can produce a more reliable card more cheaply.

In addition, I would note this finding from the Government Accountability Office, which notes GPO “does not have the capacity to meet the entirety of the federal government demand for secure credentials, either through direct production in its facilities, or by contracting outside entities to fulfill a requisition.” So even if GPO wanted to expand its secure card business, as our witnesses suggest is the case, it could not. Let me go back to what I said at the outset: This should be a textbook opportunity for government to better collaborate with industry. We wouldn’t have this capability if not for the ingenuity of industry, which has responded to both public and private sector demands for technologically-advanced secure ID cards. At the federal level, GPO, as the printer of the U.S. passport since 1926, has a role to play in this discussion, albeit a small one, as do the other federal agencies that rely on industry to be a partner in providing these essential services.