

Transparency in Contract Pricing Act of 2025

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The Department of Defense (DoD) often contracts out the sustainment of its equipment to help ensure military readiness. However, the Government Accountability Office, the DoD Office of Inspector General (OIG), and defense watchdogs have repeatedly found that the DoD has been overcharged for aspects of that sustainment, such as buying spare parts. DoD's lack of [accountability](#) for its contracts, the ability for contractors to overstate the [cost and hours](#) of maintaining equipment, and the lack of [information](#) DoD is provided during the process all prevent DoD from tackling price gouging in sustainment.

Last year, DoD's OIG released a [report](#) that found a sustainment contractor sold the Air Force spare parts at unreasonably high prices. The report highlighted that the Air Force paid a 7,943 percent markup for a lavatory soap dispenser. In total, the report reviewed 46 spare parts in a C-17 Globemaster sustainment contract and determined that at least 25 percent of those parts had unfair and unreasonable prices. To tackle price gouging, the OIG recommended that contract officers be notified by the contractor when spare parts prices have increased by 25 percent or more during the performance of a sustainment contract, and to have contract officers investigate the price increase to ensure it is justified.

The *Transparency in Contract Pricing Act of 2025* ensures contracting officers get the pricing information they need to combat price gouging by ensuring contractors notify the government when prices go above 25 percent. Specifically, the bill would:

1. **Require contractors to report price increases to DoD** contracting officers within 30 days of becoming aware of a covered price increase.
2. **Define a covered price increase as 25 percent above the price specified in the contract** bid that the government agreed to or the price the government paid for the item in the previous calendar year. It also defines a covered price increase as 50 percent above the price the government has already paid for an item within the past 5 years.
3. **Define a covered contract as one that was awarded sole source**, meaning there was no competitive bidding process.
4. **Require the Defense Contract Audit Agency (DCAA) to report contractors that fail to comply with the price notification requirements**, audits conducted regarding noncompliance, and details regarding the product that was not reported on the publicly accessible Federal Awardee Performance and Integrity Information System through the Award Management website.