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COMMITTEE ON
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COMMITTEE ON
EDUCATION AND LABOR

COMMITTEE ON
OVERSIGHT AND GOVERNMENT REFORM

Congress of the United States
House of Representatives

June 14, 2010

Mr. Daniel I. Gordon
Administrator, Office of Federal Procurement Policy
Office of Management and Budget
Executive Office of the President
1650 Pennsylvania Avenue, N.W.
Washington, D.C. 20503

As a member of the House Oversight and Government Reform Committee, I'm writing to express my support for the OMB's contracting reform guidelines. The guidelines require federal agencies to reduce contracting by seven percent by 2011, to use government employees to perform inherently governmental functions, and to perform cost comparisons prior to outsourcing.

I would like to call your attention to federally funded state and local transportation agencies that have wasted billions of federal dollars with an over-reliance on the same no-bid, sole-source and cost-plus contracting practices that are the target of OMB's federal contracting reform guidelines.

I am familiar with this problem in the California Department of Transportation (Caltrans) from my experience in the State Legislature. As Appropriations Chair in the California State Assembly and a member of the Budget Conference Committee from 2005 to 2006, I successfully led the effort to restrict outsourcing additional design work at Caltrans because it was twice as costly as performing the work with state staff. This year, Caltrans will outsource over 1,000 design positions at an average cost of \$226,000. Caltrans performs this same work in-house at an average of \$113,000 per position. To prevent the waste of federal dollars, OMB's contracting guidelines should also apply to state and local government contracts paid for in full or in part with federal funds.

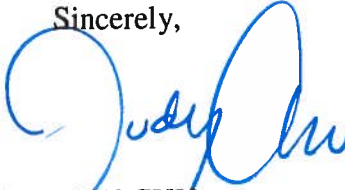
As OMB finalizes the definition of "inherently governmental work", I would also encourage you to include construction inspection, where an engineer oversees the work of a construction contractor, as an inherently governmental function. Unfortunately, in California and across the nation, departments of transportation are routinely outsourcing construction inspection to private contractors and allowing them to oversee the work of other private contractors. This is exactly the situation the President was seeking to avoid he expressed his dismay that currently "contractors actually oversee other contractors" in a March 4th, 2009 *New York Times* article.

Providing such critical oversight and safety functions to private companies increases potential waste of taxpayer funds and the risk to public safety.

On infrastructure projects, construction inspectors are the eyes, ears and voice of the public. Inspectors ensure that construction standards are met, that projects meet safety requirements and that the materials used will stand the test of time. Public employees have a unique duty and responsibility to the taxpayer. But when the construction inspection function is outsourced to a private company, there is no longer a representative of the public on a public works job site. This has led to multiple problems that threaten public safety, increase costs and delay projects.

Again, I commend OMB's common-sense contracting reform guidelines. I look forward to working with OMB to expand the guidelines to include federally funded state and local contracting and include construction inspection among those government services considered inherently governmental and not subject to outsourcing. If you have any questions or need additional information, please call my Legislative Director, Allison Rose at 202/225-5464.

Sincerely,



JUDY CHU
Member of Congress

cc: Peter Orszag, Director of Management and Budget
Jeffrey Zients, Deputy Director of Management
Lesley Field, Deputy Administrator, Office of Federal Procurement Policy