

STATEMENT FOR THE RECORD

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at the US Environmental Protection Agency headquarters

I should like to testify at the hearing on June 11, 2001, in Washington, DC. I have worked in contract research and the federal government. In general, I believe the public is better and more economically served by having most governmental activities performed by government employees.

Core Activities

The public will hardly ever save money by the contracting out of continuing, repetitive, basic, day-to-day activities. The contractor will bill the government for overhead, burden, and profit, in addition to the direct labor cost. Contractors may even be permitted to pass along to the government the cost of advertising the availability of their services, as a cost of doing business. Depending on the contractor's overhead rate and fee, the government can easily end up paying double or triple the direct labor cost, or even more.

Rework

Even if the contractor is competent, the government is obligated to spend time and effort in oversight of the contractor's work. Contractors often hire bright young generalists who will work for cheap, when what is needed is the perspective and judgment of an experienced person. And sometimes, the contractor just makes a hash of the project, requiring the government to take it over and do it in-house, which could have been done in the first place.

Institutional Memory

One of the most devastating costs of contracting out is the attendant loss of institutional memory. "Those who do not know history are condemned to repeat it." This applies to the need for experienced judgment as well as the expenditure of time (great or small) in defining the job and the approach to the job. The people deserve prompt and responsive competence, not delays, schedule slippages, cost overruns, or sloppy performance and rework.

Thank you for your consideration.