



815 SIXTEENTH STREET, N.W.
WASHINGTON, D.C. 20006

RICHARD L. TRUMKA
PRESIDENT

ELIZABETH H. SHULER
SECRETARY-TREASURER

ARLENE HOLT BAKER
EXECUTIVE VICE-PRESIDENT

LEGISLATIVE ALERT!

(202) 637-5057

October 17, 2011

The Honorable Jo Ann Emerson
Chairwoman, House Committee on Appropriations
Subcommittee on Financial Services
B-300 Rayburn House Office Building
Washington, DC 20515

The Honorable Richard Durbin
Chairman, Senate Committee on Appropriations
Subcommittee on Financial Services
S-128 Capitol Building
Washington, DC 20510

Dear Chairwoman Emerson and Chairman Durbin:

On behalf of the AFL-CIO, I am writing to urge you to support the inclusion of five important sourcing reforms in the FY 2012 Financial Services appropriations bill when conferees convene on this important issue.

1. Retain the prohibition against the use of the OMB Circular A-76 privatization process. The A-76 process is badly flawed and in need of significant reform. Among the most conspicuous problems that have been identified by the Government Accountability Office (GAO) and the Department of Defense Inspector General are an inability to track costs and savings, a failure to take into account significant costs of carrying out A-76 studies (which often exceed the guesstimated savings), and an arbitrary calculation of in-house overhead rates that can put in-house workforces at a significant competitive disadvantage.
2. Improve Contract Inventories (Senate Section 741). This section should be included in the final bill because it would improve the inventory for service contracts for non-DoD agencies that was enacted in the FY 2010 funding measure and ensure that agencies that are actually outsourcing are also at least considering insourcing as required.
3. Require Guidance to Implement Prohibitions against Direct Conversions (Senate Section 742). This section should be included in the final bill because it would ensure that agencies actually follow the various laws prohibiting the use of direct conversions by requiring OMB to issue implementation guidance. In order to promote taxpayer interests, agencies are forbidden from converting a function last

performed by federal employees to contractor performance without first conducting a formal cost comparison process.

4. Require Management of Civil Servants by Budgets and Workloads (Senate Section 744). This section should be included in the final bill because it would require non-DoD agencies to manage their in-house workforces by budgets and workloads—if agencies have work to do and funding to pay for that work to be done, then decisions about whether to have such work performed by civil servants should be based on the usual criteria of the law, cost, policy, and risk.

Unfortunately, all too often these decisions are dictated by arbitrary constraints placed on the size of in-house workforces—i.e., caps, cuts, and freezes—which either prevent agencies from performing their missions or force them to rely on contractors, even when they cost more or the work is inappropriate for privatization.

5. Cap Compensation for Highly Compensated Contractor Executives. Rather than take billions of dollars more from the working and middle class American who make up the federal civil service, Congress should cap taxpayer-reimbursed compensation for all upper class contractor employees at \$200,000, which is a long overdue reduction from the current level of almost \$700,000. According to a former senior government auditor, this modest measure would save taxpayers \$50 billion over ten years.

We urge your consideration of these important issues.

Sincerely,



William Samuel, Director
DEPARTMENT OF GOVERNMENT AFFAIRS