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U.S. House of Representatives

Washington, DC 20515-6035

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ERIN C. CONATON, STAFF DIRECTOR

March 26, 2009

The Honorable Peter Orszag
Director
Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Dear Director Orszag:

Since the Eisenhower Administration, it has been the policy of the government that it should not compete with its citizens. That policy is outlined in the Office of Management and Budget Circular A-76, which governs all public-private competitions to potentially outsource work to the private sector. Originally, the A-76 process was intended to be used as a tool to determine the most competitive and efficient source for performing "commercial" work – either in the public or private sector. However, it became almost a mandate in recent years for pushing more and more work into the private sector, even work that is closely associated with inherently governmental functions, in order to meet arbitrary competition goals.

The House Armed Services Committee has taken several steps to mitigate the undue burdens on the Department of Defense. In response to a congressional mandate, the Department of Defense Inspector General reviewed the military services' A-76 programs. In its interim report (April 22, 2008) the DOD Inspector General noted that:

- *The Army is undergoing many efforts that impact competitive sourcing planning, such as Base Realignment and closure, growing the Army, and the war.*
- *The Air Force feels "pressure in the budget to conduct" privatization studies.*

These findings were reaffirmed in the final report of December 15, 2008.

Furthermore, The Fiscal Year 2009 Omnibus Appropriations Act includes a one year government-wide moratorium (section 737) on beginning or announcing any A-76 studies.

However, we are concerned that the competitive sourcing policies set in place in the 2001 President's Management Agenda are continuing to be fully implemented at the Department of Defense by the same official who advocated so strongly for such policies during the Bush Administration.

Director Orszag
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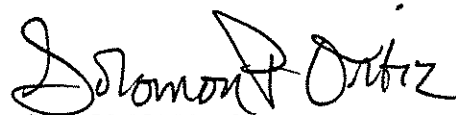
In light of the President's memo (dated March 4, 2009), as well as concerns raised by the military services, we urge you to undertake a comprehensive review of the Department's A-76 program – and put the mark of this Administration on a sound competitive sourcing policy for the government as a whole.

We request a prompt response to this letter.

Sincerely,



IKE SKELTON
Chairman
House Armed Services Committee



SOLOMON P. ORTIZ
Chairman
Readiness Subcommittee