



ANGELA B. STYLES  
202.626.1573  
astyles@milchev.com

February 18, 2004

Letters to the Editor  
The Washington Post  
1150 15th Street, N.W.  
Washington, DC 20071

The article on the front page of Monday's business section, promoting the concept of "share-in-savings" contracting, lacks credibility because the primary source is a registered lobbyist for "share-in-savings" contracting. The article not only fails to reveal this fact, it bolsters this person's objectivity.

The same lobbyist loudly heralded the benefits of "share-in-savings" contracting during my tenure at the Office of Management and Budget. I asked for evidence to document that the concept netted savings for the taxpayer at any level of state, local or federal government. In spite of repeated requests and significant research, my office never found or received evidence of actual savings achieved through this type of contracting.

Before you or the reading public rely on the article's cited instance of savings at the Department of Education, I suggest that you read the audit report on referenced contract written by the Department's Inspector General in November 2002. The audit report also should raise questions about your assertion that "[i]f an agency does not save any money, it does not pay." In November 2002, the Department of Education had obligated \$244 million to the contract. Whether money is saved or not, the contractor will be paid. The real question is the contractor's level of profit. If savings are demonstrated, the profit margins are higher because larger "savings" are achieved.

With a myriad of contracting tools available to provide incentives to federal contractors, I found it hard to support a contracting concept that could leave billions of taxpayer dollars on the table. Even with skillful drafting by government managers, "share-in-savings" contracts are usually a losing proposition for the taxpayer. I could not have stated it better than the final quote from Theresa Shaw at the Department of Education about a different contract: "We're saving a billion dollars and we don't have to share it with anybody." I think Ms. Shaw's approach is the one the taxpayers expect and deserve.

Sincerely,

Angela B. Styles  
Former Administrator for Federal  
Procurement Policy 2001 - 2003  
Office of Management and Budget