



AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO

John Gage
National President

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15/235242

June 18, 2007

The Honorable John Edwards
410 Market Street, Suite 400
Chapel Hill, North Carolina 27516

Dear Senator Edwards:

I am writing in regard to your published campaign proposal to "radically" overhaul the Department of Housing and Urban Development and in so doing, eliminate 1,500 federal jobs. This proposed reduction amounts to roughly 17 percent of HUD's total workforce, whom we represent.

There are several elements of your proposal that our HUD members have endorsed, particularly your intention to challenge the waste associated with unnecessary and politically-driven contracting out. We strongly believe that a fair accounting of the costs of contracting out this government work will result in the decision to bring that work back in-house. Thus, your proposal may result in an increase in the number of federal employees performing HUD's work, rather than a decrease.

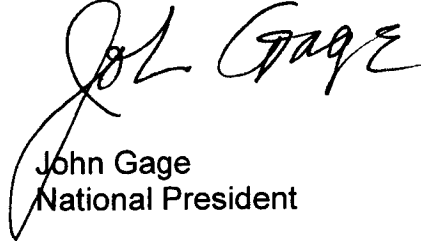
As noted in your proposal, HUD spends about \$1.2 billion contracting out a portion of its workload each year. The agency's own estimates are that these service contracts cover work that would be performed by the full time equivalent of 4,500 HUD staff. Simultaneously, HUD's entire Salary and Expenses budget also totals \$1.2 billion annually, and covers all payroll costs associated with its 8,600 federal employees. This suggests that contracting out costs HUD almost twice as much as hiring federal employees to carry out HUD's responsibilities.

Because there are so few requirements for contractors to divulge data on either the composition or the compensation of their workforces (in spite of the fact that it is reimbursed by taxpayers) no one knows how this \$1.2 billion is distributed. Yet we do know that when the same amount is spent on hiring federal employees, the people performing the government's work are paid decent salaries, provided with good retirement benefits, and given access to health insurance both during their careers and throughout retirement. They are also permitted to exercise their right to join a union and bargain collectively so that they have a voice in determining their conditions of employment. These are the kinds of jobs that should be expanded, not eliminated or replaced by jobs of unknown quality.

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I and my staff are available to discuss with you the details of your proposals regarding HUD at your convenience. AFGE's HUD members are also eager to share with you the insights they have gained by virtue of their hands-on experience administering HUD's programs over the years. I can be reached at 202-639-6455.

In solidarity,

A handwritten signature in black ink that reads "John Gage". The signature is written in a cursive style with a large, looping initial "J".

John Gage
National President