



Marion C. Blakey
President and Chief Executive Officer

October 14, 2014

The Honorable Anne E. Rung
Administrator, Office of Federal Procurement Policy
725 17th Street NW
Washington, DC 20503

Mr. Richard T. Ginman
Director, Defense Procurement and Acquisition Policy
3060 Defense Pentagon
Washington, DC 20301-3060

Re: Report on Benchmark Alternatives

Dear Administrator Rung and Director Ginman,

I am writing in response to your Federal Register notice, soliciting public comment on alternatives to the benchmark contained in section 702 of the Bipartisan Budget Act of 2013. This letter presents the views of the member companies of the Aerospace Industries Association (AIA).

AIA members remain concerned about the cap on allowable contractor compensation costs put in place by section 702 of the Bipartisan Budget Act of 2013. Connecting total reimbursable compensation costs for contractor employees to an arbitrary figure such as the base salary of the Vice President of the United States or any other elected official serves no rational purpose and is a fundamentally flawed way to determine reasonableness.

"Reasonable" contractor compensation costs should be determined in reference to market standards for both the public and private sectors. After all, AIA member companies in the public sector are competing with companies in the private sector to attract and retain top talent. AIA member companies must be able to pay market rates in order to maintain this exceptional workforce, one responsible for our nation's continuing technological edge on the battlefield.

Moreover, government acquisition professionals—DCMA, DCAA and individual contracting officers—should be applying these market standards to determine "reasonable" compensation costs. The interests of the taxpayer are well represented by these professionals who already review contractor business systems, approve invoices and audit submitted costs on a regular basis. Congress and the Administration should respect the authority exercised by these professionals rather than limit their authority with an arbitrary cap.

If you have any questions, please contact me or Mr. Cord Sterling, AIA's Vice President for Legislative Policy. We look forward to continue working with you on this issue.

Best regards,

A handwritten signature in blue ink that reads 'Marion C. Blakey'. The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Marion C. Blakey

Aerospace Industries Association of America, Inc.

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