Mr. Shay D. Assad  
Director, Defense Procurement  
and Acquisition Policy  
Department of Defense  
3060 Defense Pentagon  
Room 3E1044  
Washington, DC 20301-3060

Dear Mr. Assad:


As the final rules indicate, T&M and LH contracts are appropriate for use in certain circumstances and subject to certain limitations. However, it needs to be recognized that the use of T&M and LH contracts poses risks and management challenges. It is therefore important that Federal agencies use T&M and LH contracts carefully, so as to ensure that the resources entrusted to the Federal Government are well managed and wisely used.

Accordingly, OMB wants to ensure that contracting offices and their customers – e.g., information technology, finance, and program offices – fully understand the parameters for using these contract types. In this regard, the Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council should coordinate with OMB on the roll-out of these rules, including development of the training materials. Specifically, OMB would appreciate the opportunity to review the training documents developed by the Federal Acquisition Institute and the Defense Acquisition University before they are formally incorporated into course materials.

OMB looks forward to working with you as these important rules are implemented.

Sincerely,

Steven D. Aitken  
Acting Administrator  
Office of Information  
and Regulatory Affairs
Copy Sent To:

Paul A. Denett
Administrator
Office of Federal Procurement Policy

Linda M. Combs
Controller
Office of Federal Financial Management

Karen Evans
Administrator
Office of E-Government and Information Technology