

Federal Public Works Projects." The data is presented in considerable detail, and proves without question the following conclusions which are listed on page 2 of the above booklet:

A. The average fees of private consultants are considerably lower than the figures widely publicized.

B. A common erroneous assumption is that the consulting engineer always receives a maximum fee based on a percentage of construction cost.

C. It is impractical to generalize on engineering fees as a function of construction cost for a specific project. Lump sum fees are generally more equitable to the Government and to the engineers.

D. By using private consulting engineers, the public pays for the services only when needed.

E. Private consulting engineers, motivated by a profit desire, constantly strive to minimize overhead and can adjust more quickly to changes in conditions.

It is our hope that we have presented a clear picture of the consulting engineers in private practice and their desire to be of service to the Government. Their services are highly qualified, both technically and professionally, and can be obtained more economically than similar services furnished by Government staffs. This, we believe, is certainly of great interest to the public and will further the principle of private enterprise.

Thank you for the privilege and opportunity of appearing before your committee.

Supporting data follows:

Appendix A: Statement of Consulting Engineers Council Policy Regarding Private or Public Engineering.

Appendix B: Consulting Engineers and Private Enterprise. A statement by Hueston M. Smith, president of Consulting Engineers Council 1960-61.

Appendix C: A Resolution—Consulting engineering services by private firms v. public agencies prepared and adopted by the American Institute of Consulting Engineers on May 4, 1960.

Appendix D: California Division of Highways—Representative Cost Data. Abstracted from 12th annual report, dated January 1959.

Appendix E: Some Toll Highways—from official reports of toll highway agencies.

APPENDIX A. STATEMENT OF CEC POLICY REGARDING PRIVATE OR PUBLIC ENGINEERING

CONSULTING ENGINEERS COUNCIL BELIEVES IN PRIVATE ENTERPRISE

The council believes that the question of whether public staffs or private consultant firms should design and supervise construction on public projects should be resolved by one criterion only:

WHICH APPROACH WILL BEST SERVE THE INTERESTS OF THE TAXPAYER?

One of the few impartial studies of the relative merits of public and private engineering has been made by the Commission on Organization of the Executive Branch of the Government, headed by former President Herbert Hoover. The Commission recommended that Federal design and construction agencies retain in their own organizations only the personnel required for preliminary study, preplanning, and budgeting, and the essential supervisory management and control, and that private organizations be engaged for design and supervision of construction to the maximum extent consistent with national security.

Bulletin 60-2 issued by the Director of the Bureau of the Budget contains the following:

"2. Policy: It is the general policy of the administration that the Federal Government will not start or carry on any commercial-industrial activity to provide a service or product for its own use if such product or service can be procured from private enterprise through ordinary business channels."

The council subscribes wholeheartedly to the philosophy expressed by the Hoover Commission and by the Bureau of the Budget.

It is clearly uneconomical for Government agencies to expand or reduce their engineering organizations to meet the changing demands for design and supervision of construction. Retention of personnel during slack periods results in