

Comments to the docket: “Proposed New OMB Circular A-xxx”

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FROM: The Government Freight Conference (GFC)

*of the*

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The Government Freight Conference (GFC) of the American Trucking Associations (ATA) appreciates the opportunity to comment on the Office of Management and Budget (OMB) / Office of Federal Procurement Policy's (OFPP) Category Management (CM) initiative as outlined in the Federal Register.<sup>1</sup> The ATA is the premier trade association representing America's commercial motor carriers and logistical service companies with headquarter offices in Arlington, VA and Washington, DC. As a federation of approximately 75 trucking related organizations – representing all 50 states and specialized trucking industry subdivisions – ATA is the most comprehensive voice of America's remarkably diverse trucking industry. This functional and operational diversity is vital for shippers to understand to make wise freight service purchasing decisions. Accordingly, these comments will take time to explain several fundamentals of the industry.

As part of the ATA federation, the ATA Government Freight Conference (GFC) is comprised uniquely of motor carriers and freight brokers who move United States Government commercial motor freight, and as such, we have a vital stake in how such services are procured and managed by government agency shippers. We also have a vital stake in educating the government shipper in the fundamentals and complexities of the trucking business to squeeze out unnecessary costs. Our best customers are the ones who know the most about the trucking industry.

The GFC commends both the OMB and OFPP for expending such obvious and substantive efforts to drive new efficiencies in all government agencies, and to increase the Return on Investment (ROI) for each dollar with which the American taxpayer is burdened. Unequivocally, the ATA and its GFC share these goals and values with OMB and OFPP, and the agencies that shall be transformed under CM. We commit to all federal agencies that the comments we submit hereto are aimed at the heart of these shared objectives, and we seek to support and collaborate accordingly.

#### Scope of Government Freight Conference (GFC) Comments

The GFC's comments are limited in scope to include commercial, for-hire, motor -freight service, whether by asset-based motor carriers, by freight brokers, or by a logistics service company. If our understanding of CM is accurate, this would mean that our comments are focused exclusively on CM #7 (Transportation and Logistics Services), specifically and uniquely to 7.2 (Logistics Support Services) and 7.4 (Transportation of Things).<sup>2</sup> Moreover, we specifically exclude from these comments CM #7.1 (Package Delivery & Packaging) because this sector of the trucking industry has so few participants that matters relating to this trucking industry sector are typically addressed apart from the GFC's scope of consideration unless we are invited to assist.

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<sup>1</sup> Federal Register of October 7, 2016 pages 69860 - 69871

<sup>2</sup> Ibidem, p. 69867, table entitled, "Government-Wide Category Structure"

### Collaborate now, not eventually

OMB and OFPP announced CM in December 2014,<sup>3</sup> and would not have done so without substantial research, interagency meetings and discussions, and other preparatory actions prior to that announcement. The affected industries should have been brought into the loop across the categories prior to this date, but certainly not later as is now the case. Industry is half of the total CM equation and therefore, collaboration with industry cannot begin too early.

Organizational and group behavioral sciences have well documented that the farther a process proceeds along a timeline, the more its participants' decisions drive the eventual outcome. Moreover, vital considerations relating to the purpose of the collaboration that are introduced in later stages are more likely to be rejected if they do not easily support the current thesis. The longer a deliberative process continues and the more resources that are expended, the greater the buyin decision-makers have in the current work product. In summary, whether an initiative is originated by government or by industry, it is vital to have all stakeholders present at the starting point. Each industry by category should have been at the CM development table to provide inputs from the beginning.

While some industry categories may have been invited to the discussion table by this point, OFPP has not yet availed itself of the freight industry's best expertise. We believe that the best way to do this would be to,

1. Provide permanent seats for each trucking category, and modal sector within the Category Team component requiring industry's best advice and experience for,
  - a. Less than truckload (LTL) freight service;
  - b. Truckload (TL) freight service;
  - c. Tank truck service;
  - d. High security freight services;
  - e. Specialized (high, wide & heavy) freight services; and
  - f. Freight brokerage.
  
2. Solicit industry experts to make presentations to appropriate Category Team components.

### US Trucking Industry is Extremely Competitive and Profit Margins are Tight

Carrier competition is the shipper's best friend. That is good news for all shippers, whether commercial or government. Thousands of trucking companies compete to move all freight, and the efficient shippers are the most sought-after customers, and they get the best rates.

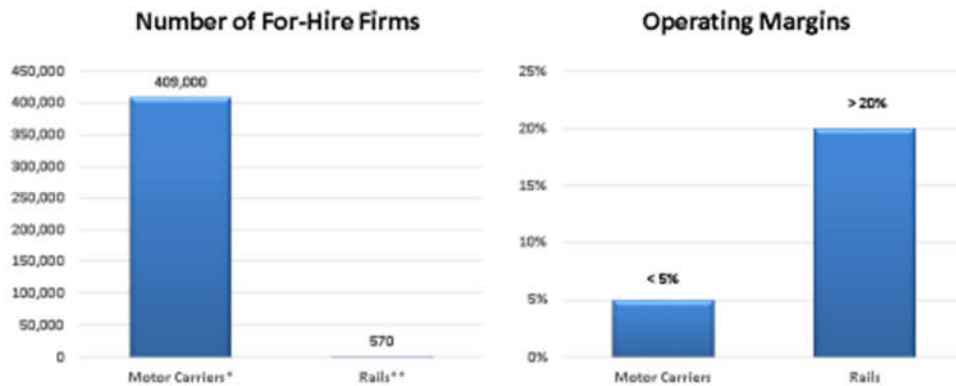
Table 1 explains that motor carrier operating margins (also known as operating profit margins) were less than 5% in 2015. During the economic downturn in 2008, the median operating margin was only ½ of one percent (½ %); and the 2008 range ran from about

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<sup>3</sup> Ibidem, p. 69860

(negative) -1.5% up to around 2.5%. Because of these extremely tight profit margins, shippers know they are enjoying highly competitive market rates for service and they can focus more on quality of service.

## Trucking is Ultra Competitive, Leading to Thin Margins



\*There are over 500,000 private fleets as well, some which are beginning to do some for-hire (back hauls).  
 \*\*There are 7 Class I railroads and the remaining are short-lines.

Sources: FMCSA, AAR, ATA



**Table 1.** In 2015, motor carrier profit margin was less than 5% because of extreme industry competition.

### Dynamic Pricing

These tight profit margins also point to the need for *dynamic pricing* to assure that carriers may offer their best available rate. Shippers cannot get the best rates if they lock the carrier into long-term pricing limitations or caps because the component costs of providing service are dynamic.

Carriers' shipping patterns are constantly shifting. As they lose some customers and gain new ones, this changes their routing patterns, and where backhauls are occurring. A *backhaul* is the term we use to indicate the need for a new shipment after a delivery is made and the truck is empty. Motor carriers lose money when their trucks roll down the road empty. So they are always looking for the nearest new load that pays enough to be profitable, or in some cases, to lose less money en route to the next profitable load. The government needs to understand these patterns and backhauls to avail themselves of better rates. If a carrier is competing in a tender-based environment (GFC recommended procurement method) they can log onto the CM IT platform, and add a new lane of traffic to their freight service offerings. Such offering would represent a great savings to government where a carrier's customer pattern and routes develops a new backhaul opportunity.

# Operational Costs of Trucking

## Average Carrier Costs per Mile

Motor Carrier Costs	2009	2010	2011	2012	2013	2014	2015
<b>Vehicle-based</b>							
Fuel Costs	\$0.405	\$0.486	\$0.590	\$0.641	\$0.645	\$0.583	\$0.403
Truck/Trailer Lease or Purchase	\$0.257	\$0.184	\$0.189	\$0.174	\$0.163	\$0.215	\$0.230
Payments							
Repair & Maintenance	\$0.123	\$0.124	\$0.152	\$0.138	\$0.148	\$0.158	\$0.156
Truck Insurance Premiums	\$0.054	\$0.059	\$0.067	\$0.063	\$0.064	\$0.071	\$0.092
Permits and Licenses	\$0.029	\$0.040	\$0.038	\$0.022	\$0.026	\$0.019	\$0.019
Tires	\$0.029	\$0.035	\$0.042	\$0.044	\$0.041	\$0.044	\$0.043
Tolls	\$0.024	\$0.012	\$0.017	\$0.019	\$0.019	\$0.023	\$0.020
<b>Driver-based</b>							
Driver Wages	\$0.403	\$0.446	\$0.460	\$0.417	\$0.440	\$0.462	\$0.499
Driver Benefits	\$0.128	\$0.162	\$0.151	\$0.116	\$0.129	\$0.129	\$0.131
<b>TOTAL</b>	<b>\$1.451</b>	<b>\$1.548</b>	<b>\$1.706</b>	<b>\$1.633</b>	<b>\$1.676</b>	<b>\$1.703</b>	<b>\$1.593</b>

Moves America Forward

**Table 2.** Fuel and labor are the trucking industry’s top two expenses. Fuel prices are characterized by substantial oil price fluctuations. As noted in the table above, the price of fuel dropped by 37.5% from 2013 to 2015. Diesel prices can have similar spikes during energy pricing cycles. This requires dynamic and flexible pricing so shippers can get lowest market rate from carriers. Long- term rate caps cause higher rates from contractors so they can protect against unpredictable spikes in fuel prices. Dynamic pricing protects both the shipper and carrier.

Another benefit to government from dynamic pricing is to assure that long-term pricing commitments are not padded to accommodate uncertainty that is unnecessarily brought into play when shippers insist on price caps for any period longer than 30-90 days. Labor and diesel are the top price components for trucking, but fuel is the most volatile. Even most fuel surcharge mechanisms do not fully offset the price delta above a baseline applicable to a given contract. A tractor (power unit pulling a commercial trailing vehicle) that cost approximately \$80,000 in 2005 now may cost up to \$130,000 today, due to new EPA regulations, sustainability accommodations, and inflation. When cost components for carriers (see Table 2) increase, any rate cap commitment beyond 90 days must be accounted for in the immediate term rate. Even if the aggregated costs are at a low dip in the cost/pricing cycle, the rate offered must remain sufficiently higher to protect against losses if costs escalate high enough during the term of the rate commitment.

Government should want to do business with the carriers today who will still be in business five years from now. Risky business managers who offer rates too low to absorb unpredictable cost hikes during the life of a rate commitment are not likely to be in business when the economic cycles turn down. The most responsible carriers will either exit government freight and not be available for service, or set prices higher to reasonably absorb unpredictable cost hikes.

Dynamic pricing enables carriers to offer their absolute best and most competitive rates right now. Just like airlines who may have a flight with only a few seats filled, will offer bargain rates to passengers for that flight, motor carriers do the same thing. But they can only do this with pricing that is dynamic such as with airlines. And the trucking industry is every bit as competitive as any other mode with thousands of carriers competing for every pound of freight throughout the country. Whereas FARs, SCA and long-term rate caps block government from dynamic pricing, tender freight methods deliver bargain rates to shippers. CM will only succeed to the extent that it adopts tenders and dynamic pricing.

#### America's Trucking Industry is Extremely Diverse

There are approximately 378,293 commercial motor carriers in the United States.

Approximately 97% of trucking companies operate 20 or fewer trucks. It's useful to understand that one person with a truck, and commercial authority to operate that is granted by the U.S. Department of Transportation (USDOT) constitutes a motor carrier. By contrast, a company who hires thousands of drivers and has thousands of trucks is only one motor carrier as well.

A motor carrier may decide to own and operate their trucks by hiring drivers. Other trucking companies who also have motor carrier operating authority from USDOT may have a very different business model by owning zero trucks. But they still have carrier authority. Such a company may have a large variety of contracts with independent owners/operators (IOOs) who own trucks and provide truck freight capacity to the carrier. Thus, an IOO is one person (or often a married couple) who graduate from truck driving school, buy a Class 8 commercial motor vehicle (a tractor or "power unit") and apply to USDOT for authority to operate for hire. Such an IOO can find their own shipper customers, work for a freight broker who finds shipper customers for them, or lease their capacity to a motor carrier who does all the work to find shipper customers, manage the freight documentation processes for the IOO, and then pays the IOO for picking up and delivering the freight per the bill of lading (BoL, which is the contract of carriage issued by the shipper).

It is most common that asset based companies (ones who own or lease trucks and terminal operations) also hire some degree of IOOs to provide flex capacity to accommodate fluctuations in the economy, other spikes in shipping demands, and to accommodate specialized services for their customers who have infrequent need of such service.

Carrier business models also vary in other characteristics such as region of operation, which may include one state, a few contiguous states, all CONUS, include Mexico and/or Canada, or have global reach. Regional carriers may have interline agreements with other regional carriers so they can do an interchange (handoff of the trailer to another carrier by mutual contracted agreement) to expand the reach of their service area, thus meeting the requirements of their shipper customer. Multimodal shipments are merely an extension of the interline concept to avail the shipper of modal efficiencies and extended reach of service to any destination. This includes motor, rail, water or air carriers. Any carrier of any mode may offer a shipper a freight delivery service where the mode is of no consequence to the shipper who relies on the carrier of origin to meet their requirements at a competitive market rate.

The trucking industry is not afraid of competition; we are battletested in one of America's most fiercely competitive markets. We also recognize that all modes have unique value to shippers, including government agencies. That is why we encourage mode neutrality, i.e. that in general, the shipper should be blind regarding mode, and look only at performance of the requirements for the freight movement, and leave modal selections and other factors to the greatest logistical industry the world has ever known. Too often, shippers unintentionally impose limits on carrier operations that reduce efficiencies and they wind up paying more than needed to achieve their needs.

#### An Educated Buyer is the Trucking Industry's Favorite Customer

It has been our collective experience over decades that shippers who understand the trucking industry, appreciate all its diversity, and use that knowledge to reduce the work needed to accommodate the shipper, constitute the best shipper customers. Those are the shippers who are in the strongest position to negotiate the lowest rates for a given service. The GFC strongly urges a focus on reducing unnecessary burdens on carriers to assure the shared goal of reduced burden on taxpayers. Following are some examples.

For the past 20 years, the Department of Defense (DoD) has made logistically efficient access to the approximately 700 installations in the Continental United States (CONUS) extremely difficult and unpredictable. It can take up to three hours to get through secure gate processes. This is particularly costly and logistically challenging because drivers only have up to 11 hours per day they can drive a truck under USDOT regulations. Spending up to 3 hours waiting to get into a shipper's facility is unacceptable and wasteful of limited resources.

Let us note up front, that while the problem of reasonable facility access time is currently in the process of being resolved through effective collaboration with industry, it still serves as a prime example of how collaboration can maintain industry's high standards for freight velocity, a vital factor for military readiness and reduced agency spend. Currently, the Office of the Secretary of Defense for Transportation Policy, in conjunction with the Office of the Secretary of Defense for Intelligence Policy (the lead DoD component for secure facility access) has achieved a more standardized level of installation access technologies and gate processes that we believe will make a tremendous positive difference to reduce costly wait times by drivers and equipment arriving at military installations. This includes implementation of the Electronic Physical Access Control Systems (ePACS) and the Identity Management Engine for Security and Analysis (IMESA) – which in conjunction with the Transportation Workers' Identification Credential (TWIC) for drivers – should be able to meet DoD security requirements at the agency level, as well as at the installation level for each commanders' specific security requirements for their facility.

### Federal Acquisition Regulations (FARs) and Service Contract Act (SCA)

In general, the FAR and SCA are inappropriate and very costly procurement methodologies for procuring commercial motor-carrier freight service. The trucking industry offers several reasons for finding this government-unique method of procurement to be bad public policy. We will only mention them briefly in these remarks, in the hope that they will not automatically be applicable to all truck freight, and that the tender-based methods that dominates the trucking industry be adopted.

#### The basic Truckload Model

FARs and SCA originated into public policy to assure fair competition among industry participants, and reasonable compensation to personnel performing the work by contractors. An original exemption from FARs was based on an industry demonstrating to government that there was sufficient competition in a certain industry to assure that government was not paying exorbitant rates for products or services. The trucking industry is extremely competitive. Many companies go out of business every year, and competition leans out inefficiencies that become the shippers' savings to get their products to market – or in the case of government – achieve their agency mission. Labor in the trucking industry is well above minimum wage, and with experienced, safe truck drivers being in high demand, their wages are even higher. Neither FARs nor SCA are required to achieve the public objectives sought by FARs or SCA. Therefore, it is inappropriate to burden trucking companies with the massive encumbrances that the FARs and the SCA impose on them, while providing absolutely zero benefit to government agencies, the public, or especially the taxpayers. AT \$20 trillion dollars in debt, the U.S. Government cannot afford such profound wastes.

#### FAR Assumptions not applicable to Truck Freight Service

The FARs and SCA generally assume that a commercial entity conducting business with the government is essentially located in one (or a few) physical location/s. When it comes to the trucking industry, this assumption results in the errant further assumptions that wage determinations under SCA are relatively static and fixed factors in calculating employee and subcontractor compensation and associated recordkeeping. But by stark contrast, the trucking industry – by the very nature of its service – originates from every conceivable shipping point across the United States (US) and beyond. As the DoD seeks to move freight service into FAR contracts, the attending wage determinations apply to every single shipment and pickup, triggering the need for a wage determination to determine what that driver will be paid. This means that truck drivers – who may roam throughout the US for pickups and deliveries at millions of locations – generates a nightmare of administrative burden for every trucking company doing business under a FAR contract.

This aspect of FAR contracting alone has driven many of America's best motor carriers away from government service to focus on their commercial customers, where absolutely none of them impose any similar burdens unless compelled to do so by flow-down requirements under a FAR contract. When such motor carriers learn that a shipper has FAR-based freight, they reject it rather than spend vast sums to become compliant with the FAR requirements. This means fewer



of America's best freight movers compete to drive down federal agency freight, a fact that is at odds with CM objectives, and military readiness.

### With FARs, the Simplest Trucking Model is Too Complex

When considering the remarkably wide range of business models and operational types in the trucking industry, the complexity of complying with the FARs becomes even more mindboggling. A motor carrier hiring all its drivers and owning its own trucks is the simplest model, but still too complex to reasonably accommodate FARs and SCA. In this model, driver holidays, vacation and medical and other benefits are *relatively* easy to track, and truck maintenance, fuel and other costs to operate (figures required by SCA) are moot. But this model of trucking business represents a small portion of the capacity generated by the entire industry.

Most companies use independent owner/operators (IOOs, previously discussed) or at least a portion of IOOs to assure the company's capacity matches immediate or mid-term freight volume demands. When serving a commercial shipper, the carrier and the IOO merely agree on a single price for moving the freight (called the "linehaul" rate). Also, the IOO customarily gets the fuel surcharge paid by the shipper, and that's that. Very simple. But for a FAR freight movement, it becomes an accounting quagmire. The bulk of the industry uses some degree of IOO capacity. So when moving FAR contracted freight, the question becomes, "How do we account for the myriad categories of compensation **for every shipment picked up**, and for every location all across the United States?"<sup>4</sup> That's a great question. And the answer turns out to be that the carrier must decide whether to charge dramatically higher rates to recover the dramatically higher burden of accounting and recordkeeping, or just not haul federal freight. Neither answer serves the American taxpayer. And this is the simplest model!

### In less-than-truckload operations (LTL)

LTL freight means picking up an amount of freight that does not fill the truck (it's less than a full truckload). The most efficient and cost-effective way to move LTL freight is to operate freight terminals in a hub and spoke operation. It helps to think of how airline passenger travel works. A passenger boards an aircraft in Baltimore, flies to Chicago and transfers to an aircraft headed to Seattle. From Seattle, the traveler rents a car and drives to Bremerton, WA. The traveler was carried by three different conveyances, and that involved two transfers between conveyances. Similarly, the hub and spoke operations of LTL freight works in much the same way:

#### Example of LTL freight shipment from Baltimore, MD to Bremerton, WA.

1. A shipper in a Baltimore suburb calls an LTL trucking Company to order service.
2. The LTL carrier arrives that afternoon or the next day and picks up the freight.
3. That same truck makes multiple additional pickups in its portion of the Baltimore suburb, then delivers them to the LTL hub in Baltimore. The truck had freight from four shippers in its trailer when it delivered all of them to the Baltimore hub.

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<sup>4</sup> For some DoD contracts, the Department of Labor has agreed to group all shipping points into nine (9) regions, and the wage determinations would apply to the entire region. This is still dramatically burdensome compared to far more efficient commercial shippers and industry best practices.

4. Each of the four shipments were loaded into *linehaul* trailers headed to four different hubs closer to their final destinations.
5. The Baltimore shipment destined to Bremerton, WA was loaded into a full (linehaul) trailer headed to the Chicago hub.
6. In Chicago, the Bremerton-bound shipment was transferred to a trailer headed to Seattle, WA, i.e. the Seattle hub.
7. At the Seattle hub, the Bremerton shipment was transferred to the trailer making deliveries in the Bremerton area.

In this example, at least four drivers moved the freight. The first driver made the pickup in Baltimore, so the Baltimore wage determination for that shipment applies to the first driver. What wage must be paid to drivers 2, 3 and 4? What wage determination applies to the forklift driver at each of the three hubs? The forklift drivers “touched” the freight for about one minute, maybe less. How much do you pay that driver? A DoL wage determination rate for one minute? An hour? Or a portion of an hour? Do we hire an accountant to ride with the freight, take the names of every truck driver, every forklift operator, collect their company ID numbers and Social Security numbers so we can do the paperwork to assure everyone who touches the freight is paid the FAR prescribed amount or more? In the billing department, do we need wage determinations for a clerk who may do one FAR invoice in a day? Five invoices? And what if one of the linehaul movements (between Chicago and Seattle) was done by an IOO? Now the accountant must interview that IOO to determine their fuel surcharge, holiday and sick pay level of compensation, and even then, based on what geographical origin? Baltimore or Chicago?

The metaphor of an accountant sitting on an LTL shipment while in transit to achieve FAR recordkeeping requirements makes an important point; collecting this information must be done manually or become automated. And neither is likely to happen because both methods would be unique to government shippers and ROI would be woefully insufficient to recover the cost of compliance. Government freight in most LTL companies is typically less than one half of one percent ( $< \frac{1}{2} \%$ ) of the company's total revenue stream. But to comply with the FARs and SCA for even one solitary shipment requires that 100% of the company's recordkeeping methods, business processes, computers, programming, billing practices, cost accounting, and equipment allocation make costly accommodations to track the cost of the one shipment wending its way from Baltimore to Bremerton, touching several employees along the way. For  $\frac{1}{2}\%$  of the revenue stream, it is difficult to imagine that any LTL company would decide to carry the government's LTL freight moving under FAR and SCA contracts. If only one such LTL company were to agree to move FAR freight, costs to taxpayers would be much higher due to FARs and SCA but even higher again because of no competition from another LTL company.

### Tender Freight Procurement is the Industry Standard

The GFC urges the CM Team #7 to adopt tender freight procurement methods that incorporate dynamic pricing. Combined with a smart carrier performance tracking system, dynamic pricing, these industry best practices would offer the taxpayer maximum quality and savings for freight services.

### What are Tenders and Lanes of Traffic?

First, one must understand *lane of traffic*. A ***lane of traffic*** includes a specific type of service between an origin point and a destination point. That's it. But because there are thousands of origin and destination paired points, multiplied by hundreds of types of services, there are many thousands of lanes of traffic. But all this is transparent to the shipper as it should be. All the shipper needs to know is the required delivery date, freight characteristics, and few other details, and enter that onto a motor carrier's web-based ordering site. Keeping it very simple.

In the vast majority of cases, the shipper should have no concern about the mode of conveyance, i.e. whether by truck, barge, rail or air. All they need to know is that their requirements (pickup, delivery and competitive rate) meets their expectations. In the preceding example of an LTL shipment from Baltimore, MD to Bremerton, WA, the shipment may have travelled in an intermodal container or truck trailer on a rail flatcar during some segment of the movement. Our point is that the shipper need not be concerned, just glad to know a reliable carrier moved their freight at a competitive market rate, using other industry partners to drive efficiencies.

This leads to another important point: Industry is the primary driver of efficiencies, not government, because competition thrives in the commercial sector. While government inefficiencies may linger, inefficient businesses die and are dismantled under the economic law of creative destruction. We would caution that the most productive focus of for CM for trucking freight is to procure efficient industry services without allowing the government procurement methodologies (FARs and SCA) to inject costly, unproductive burdens on the service providers.

### Concern About a Single Procurement Entity; Redundancy is Prudent

Given legitimate government concerns regarding cyber security and consolidating one function as vital as the ability to move freight into one locus, we would urge OMB, OFPP and GSA's OGP to consider how to maintain backup capability to move freight should the primary CM lose function through a natural disaster or enemy action. Such backup may be as simple as every agency being provided a list of every approved carrier (all modes), their contact names, emails, web site, and phone numbers. It is our belief that while consolidation may have some efficiencies, it also increases exposure to catastrophic loss of function if it goes down.

### CM Should Require all Procurements for Products to Line-Item Delivery Charges

The GFC commends OMB, OFPP and OGP for its efforts to perform better government spending data and analytics. To achieve this, it is our view that government will never know how much it spends on freight unless it requires all procurement contracts to line-item the cost of product deliveries and add that to the federal total of shipping costs.

## Envisioning the Optimum Freight Service Platform for Motor Freight Under CM

The ideal and most cost effective procurement methodologies and platform would adopt the following characteristics. Each characteristic generates efficiencies on its own, and again when leveraged with other characteristics.

1. Do not strangle industry efficiencies and cost effectiveness with FARs and SCA.
2. Employ best industry expertise by making industry experts a part of the Category Management Team/s.
3. Establish a single platform designed after consulting with and observing in person the nation's top 20 carriers' ordering platforms.
4. Adopt tender based procurement methodology on a modern IT platform resembling how America's best freight managers procure and manage freight.
  - a. The IT platform must accommodate the different types of trucking, whether truckload (TL), less than truckload (LTL), specialized, or requiring security service.
  - b. Allow an agency to ship in the CM IT platform by entering basic service requirements without regard to mode of carrier (mode neutrality).
5. Provide for a carrier qualification program that vets all carriers to meet standards supporting quality government service.
  - a. Keep the barriers to entry to a bare minimum so small businesses can comply and compete.
  - b. Small businesses suffer most under FARs and SCA. Meeting OMB's CM's small business objectives will be impossible if FARs and SCA are mandated. They simply do not have economies of scale.
  - c. In conjunction with industry, establish carrier performance criteria that scores carriers performance and is visible to all government shippers. Such a system must have a means for a carrier to appeal and correct an inaccurate negative entry.
  - d. Challenge whether carriers with consistently substandard service should remain under consideration for future service. This is the only way to assure fair and healthy competition.
6. Adopt dynamic pricing. Allow approved carriers listed on the CM 7.4 IT platform to change their rates at any time to make the lowest cost and quality service available to government shippers.

The present comment period only provided 30 days for analysis and comment on an extremely ambitious and worthy undertaking by OMB. Accordingly, the GFC reserves the opportunity to further comment on, amend, our augment recommendations that we believe advance CM objectives. We stand ready to support the worthy objectives outlined in the Notice and thank OMB for the opportunity to date. For more information or to facilitate adoption of industry best practices, please contact the GFC at: (703) 838-1997 or at [bwanamak@trucking.org](mailto:bwanamak@trucking.org)

Sincerely,

*Bill Wanamaker*

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