

Business Coalition for Fair Competition (BCFC)

***Virginia Small Business Summit
September 24, 2010***

*Building Grassroots Support and Advocacy
for Reducing Government Competition with
Private, For-Profit, Free Enterprise Firms*



Business Coalition for Fair Competition

Our Vision

"Freedom from Government Competition"

Reduce the size and scope of government by getting government out of activities that entities in the private sector, operating in a competitive free market, are better suited to perform.

Our Mission

Coordinate like-minded advocates to advocate that government leaders eliminate government activities that compete with services best provided by others.

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□ **INSOURCING!**

- **The irony in the contrast between two stories appearing in the news on September 14 could not have been starker. While the Castro brothers announced the privatization of 500,000 government jobs in Cuba, legislation was introduced in the U.S. congress to federalize thousands of private contractor security guards at Federal office buildings.**

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- ❑ **The Federal government has 1.9 million employees (executive branch, non-uniformed military, non-Postal).**
- ❑ **Some 850,000 of those employees – are in jobs that are “commercial” in nature.**
- ❑ **Only a handful of the 850,000 current commercial positions have been studied to determine whether government employees or private sector workers can perform these activities more effectively.**

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- ❑ **Not only do Federal agencies duplicate private business, but many engage in unfair government competition with the private sector.**
- ❑ **Each time there has been a White House Conference on Small Business (1980, 1986, and 1995), one of the top issues identified by American entrepreneurs is unfair government-sponsored competition with the private sector, and the #1 procurement issue.**

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- **Representative John J. “Jimmy” Duncan, Jr. (R-TN) and Senator John Thune (R-SD) introduced the “Freedom from Government Competition Act” (FFGCA) in the 111th Congress.**
 - **H.R. 2682/S. 1167 will codify a “Yellow Pages” test.**
 - **That is a simple test that has been applied by Mayors and Governors, both Democrat and Republican, that says if you can find firms in the Yellow Pages providing products or services that the government is also providing, then the service should be subject to market competition to break up the government monopoly and prove a better value to the taxpayer.**
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- ❑ **This bill will not only make government smaller and more efficient, but it can save annually up to \$27 billion (Heritage – Utt).**
- ❑ **Federal employees enjoy better pay and benefits than their counterparts in the private sector, so if Federal compensation was at parity with the private sector, \$47 billion could be saved. (Heritage – Sherk).**
- ❑ **Average career cost each Federal employee is \$4.27 million (Americans for Tax Reform-Ellis).**

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- From responding to Hurricane Katrina to failing to address the mortgage crisis to ineptly handling the oil spill in the Gulf of Mexico, the Federal government has become too big to succeed. The reason? Government, in an effort to be all things to all people, cannot provide the basic services fundamental to its core mission. Above all, the Federal government is spread too thin, attempting to carry out activities best left to private enterprise.**
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- **On August 9, Defense Secretary Robert Gates said, “As we were reducing contractors, we weren't seeing the savings we had hoped from insourcing.” In the recent case of Rohmann Services, Inc. v. United States Department of Defense and United States Department of the Air Force, No. 10-CV-0061, before a Federal District Court, Rohmann argued, and the Air Force did not contest, that insourcing procedures, including a full cost analysis, to guarantee fairness to all parties—contractor and government—were not implemented. The Business Coalition for Fair Competition (BCFC) has provided the Obama administration 17 examples of insourcing where standards were not met.**

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- Last week, the Administration unveiled recommendations of its Task Force on Federal Contracting Opportunities for Small Businesses. It includes “evaluate the impact of in-sourcing on federal small business contractors.” This does not go far enough. The impact of insourcing on small business should be analyzed BEFORE insourcing is implemented, not after. A moratorium is needed. The Task Force recommendation is like going to the beach, but not putting your foot in the water.**

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- ❑ **BCFC and a coalition of 36 organizations (including the Fairfax County Chamber of Commerce & the Northern Virginia Technology Council) have written President Obama asking for an immediate moratorium on insourcing. There is a group of Senators working on an insourcing moratorium amendment to the Defense Authorization bill.**
- ❑ **The American Legion recently criticized Federal Insourcing policy - veteran-owned small business.**
- ❑ **With a \$14 trillion national debt, \$1.4 trillion federal budget deficit, a nationwide government pension liability of \$1 trillion and 9.6 percent national unemployment rate, insourcing is the last thing Uncle Sam can afford.**

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□ ACTION ITEMS!

Send BCFC examples of insourcing (another letter to OMB/OFPP will be sent soon)

Sign up to receive e-mail updates and alerts from BCFC via “Competition Watch” and www.governmentcompetition.org

For membership information, contact John “JB” Byrd at jbyrd@jmpa.us or 703-787-6665

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□ QUESTIONS?

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