



May 24, 2011

The Honorable Nan Hayworth
U.S. House of Representatives
Washington D.C. 20515

Dear Representative Hayworth:

The Business Coalition for Fair Competition (BCFC), a national coalition of businesses, associations, taxpayer organizations and think tanks that are committed to reducing all forms of unfair government created, sponsored and provided competition with the private sector, strongly supports your amendment, #202, to H.R. 1540, the 2012 National Defense Authorization Act (NDAA).

Your amendment will impose a “sense of the Congress” moratorium on the “insourcing” of commercial activities - the conversion of work currently performed by private sector contractor firms to performance by Federal government employees.

Insourcing is stealing private sector jobs and creating more expensive government jobs. As you may know, Secretary of Defense Robert Gates conceded in August of 2010 that insourcing is **NOT** producing anticipated savings. Instead, insourcing is hurting small business, minority firms and veteran owned firms.

We believe Congress should be taking steps to encourage the creation of more private sector jobs, not growing government. Your amendment will prevent government competition with the private sector and help implement the “Yellow Pages’ Test” – if a product or service can be found from a private business in the Yellow Pages, the government should **NOT** be doing it.

The Obama Administration has not issued standards for insourcing. It has no methodology for demonstrating cost savings. There is no transparency with regard to rights or appeal procedures for small business. In the landmark court case on this matter, the Air Force reinstated a contract planned for insourcing when it could **NOT** document that it had conducted any analysis to demonstrate cost savings.

The Administration claims insourcing only affects “inherently governmental functions”. That is not the case. We have seen examples of contracts for mapping, food service, fire-fighting, audio-visual services and other obviously commercial activities being insourced. Moreover, your amendment does **NOT** affect inherently governmental activities; it only prevents insourcing of commercial activities.

Congress and the Administration should develop and implement a workable policy and prevent expensive and illogical decisions in the interim. Your moratorium amendment provides a period of time to do that.

BCFC believes the free enterprise system is the most productive and efficient provider of goods and services and strongly supports the federal government utilizing the private sector for commercially available products and services to the maximum extent possible. Your amendment will help support that goal. Should there be a recorded vote on your amendment, BCFC will score it on its 2011 Congressional vote rating.

We commend you for your leadership and urge the House to support your amendment.

Sincerely,

A handwritten signature in black ink, appearing to read "John M. Palatiello". The signature is fluid and cursive, with the first name "John" being particularly prominent.

John M. Palatiello, President