



Statement for the
Committee on Oversight and Government Reform
U.S. House of Representatives
October 21, 2015

Secure Credentials Issued by the Government Publishing Office

The Business Coalition for Fair Competition ([BCFC](#)) is a coalition of private sector firms, large and small, trade associations, think tanks, organizations, and individuals who support the competitive free enterprise system and seek relief from unfair government sponsored competition with private business.

BCFC is deeply concerned that some Federal agencies operate activities in direct and unfair competition with for-profit, tax-paying private businesses. The Government Publishing Office (GPO) is one such example of an agency that has become so entrepreneurial that it is aggressively attempting to expand its current product and services offering and thereby removing opportunities for private sector firms to perform commercially available goods and services.

Whether in action or by words, the GPO has made it a point to openly run the agency like a business. In 2013, GPO Director Davita Vance-Cooks [said](#) public information is a “product,” citizens are “consumers,” and fellow agencies are “clients.”

In its [2014-2018 strategic plan](#), the GPO identified its Secure Credentials "business line" as a revenue generator for the GPO to offset the agency's overhead expenses on the core functions GPO was created to perform. Plans call for creating "New Smart Card Products" to sell to Federal agencies – such as secure immigration documents or government-issued ID cards.

According to its [website](#), GPO operates on a revolving fund basis, like a business. Only 16% of GPO's funding comes from direct appropriations to cover the cost of Congressional work and the depository library program and supporting distribution programs. All other revenues to GPO are reimbursements from agencies for work performed or sales of publications to the public. In other words, 84% of the GPO's operating budget comes not from funds Appropriated by Congress, but on the profits gained from selling publications to Federal agencies or to the public. Increasingly, this includes manufacturing and selling secure credentials that would otherwise be manufactured and sold by the private sector. GPO can charge any price it wants, because ultimately the one paying the tab is the US Taxpayer. And all of that money is funneled back into the revolving fund of the GPO to buy more equipment and services to compete with the private sector.

Another area the GPO had embarked upon is website design. In April 2015, the GPO made strides in its campaign to be regarded as more than the federal government's printing shop. The office handled the [redesign](#) of the Commerce Department's new Commerce.gov. GPO's web designer worked with the Commerce Department's chief information officer's team in a government-to-government service solution that "streamlined the web design process." In the GPO [news release](#) touting the its capability, GPO Director Davita Vance-Cooks reminded agencies that "web site design is one of GPO's many services available to Federal agency customers." "Whether it is designing a Web site, developing an app, or converting an eBook, GPO has many Government-to-Government service solutions. GPO is here to meet the information needs of Congress, Federal agencies, and the public." The GPO has been clear that it wants to overhaul its image into a modern, digital agency – beyond its new name.

GPO's continued production of identity credentials and growing encroachment within the secure credential market for the US Government is a waste of taxpayer dollars as it duplicates commercially available goods and services already found in the private sector by taxpaying for-profit companies. Federal agencies, such as GPO, enjoy significant advantages over for-profit companies. Such agencies often have the ability to secure non-competitive, sole source contracts with government agencies. Agencies pay no taxes. Overhead – buildings, electricity, even equipment, is already paid for and is provided for “free”. The advantages agencies bring to the market make it virtually impossible for private sector firms to compete.

This problem and other such examples of unfair government competition with the private sector has become so pervasive that unfair government-sponsored competition has been a top issue at every White House Conference on Small Business.

In 1980, the first White House Conference on Small Business made unfair competition one of its highest-ranked issues. It said, "The Federal Government shall be required by statute to contract out to small business those supplies and services that the private sector can provide. The government should not compete with the private sector by accomplishing these efforts with its own or non-profit personnel and facilities."

In 1986, the second White House Conference made this one of its top three issues. It said, "Government at all levels has failed to protect small business from damaging levels of unfair competition. At the federal, state and local levels, therefore, laws, regulations and policies should ... prohibit direct, government created competition in which government organizations perform commercial services ... New laws at all levels, particularly at the federal level, should require strict government reliance on the private sector for performance of commercial-type functions. When cost comparisons are necessary to accomplish conversion to private sector performance, laws must include provisions for fair and equal cost comparisons. Funds controlled by a government entity must not be used to establish or conduct a commercial activity on U.S. property."

And the 1995 White House Conference again made this a priority issue when its plank read, "Congress should enact legislation that would prohibit government agencies and tax-exempt and anti-trust exempt organizations from engaging in commercial activities in direct competition with small businesses." That was among the top 15 vote getters at the 1995 Conference and was number one among all the procurement-related issues in the final balloting.

The Federal government can lower costs and increase revenue by applying the "Yellow Pages' Test", a simple test that says if an activity is available from a private sector company found in the Yellow Pages, that activity should not be a responsibility of a government agency and, instead, should actually be performed by a tax-paying private sector firm.

In December 2012, BCFC attempted to bridge the impasse in negotiations on the fiscal cliff and sequestration by providing President Obama and Congressional leaders [budget savings of \\$795 billion](#) by simply utilizing tax-paying private sector firms for commercially available goods and services currently performed by a government or tax-subsidized entity. The federal government can achieve \$795 billion in savings simply by getting out of activities that duplicate or compete with the private sector, which subsidize unfair competition with private, for-profit companies, or by privatizing activities for which there are current or potential private sector providers.

BCFC believes that private enterprise constitutes the strength of the United States economic system and competitive private enterprises remain the most productive, efficient, and effective sources of goods and services.

Unfair government competition with the private sector, and small business, is a public policy issue deserving of immediate attention and reform. This hearing will provide an important forum for the private sector to discuss the broader aspects of this issue. We commend your efforts to further explore private sector complaints in this area and advance the debate. The private sector seeks a competitive environment in which all participants play by the same rules.

Business Coalition for Fair Competition (BCFC)
1856 Old Reston Avenue, Suite 205, Reston, VA 20190, (703) 787-6665
www.governmentcompetition.org