



September 7, 2010

Daniel Gordon, Administrator
Office of Federal Procurement Policy
New Executive Office Building, Room 9013
724 17th Street, NW
Washington, DC 20503

RE: Insourcing Examples

Dear Mr. Gordon:

The Business Coalition for Fair Competition (BCFC) is 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. 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.

Thank you for the opportunity to provide the following examples of insourcing for OFPP examination. During our phone conversation on August 16, 2010, you explained that Federal agencies should only insource in three instances:

1. The activity is so inherently governmental in nature that it should not have been contracted out in the first place;
2. The activity is so critical in nature that the agency has no in-house capability to adequately award, manage and oversee the contract; or
3. A detailed cost analysis has been performed and the agency can unequivocally quantify the savings that would be achieved.

You also indicated that if BCFC is aware of any instances where insourcing has occurred where none of these conditions exist, then BCFC should bring those examples to your attention for investigation of the agency's action.

Since our phone discussion last month, BCFC has been collecting examples of insourcing from various businesses and organizations impacted by Federal insourcing. BCFC respectfully submits the following examples for your review and action:

1) Agency: Air Force

Contract Number: FA8623-05-C-6350

Scope of Work: Operations and Maintenance, Guard Services, Airfield Operations, Fire Fighting (Structural and Aircraft Rescue), Engineering, Aircraft Fueling, Maintenance, IT, Grounds and Janitorial, Vehicle Maintenance at Plant 42, Palmdale, California.

Insourcing Rationale: Cost savings.

2) Agency: Air Force

Contract Number: FA4890-10-C-0006

Scope of Work: Meteorology Services (weather forecasting, weather observation, maintenance and support services) at 11 Army Bases Nationwide.

Reason Stated for Insourcing: Cost savings.

3) Agency: Air Force

Contract Number: FA3002-04-C-0005

Scope of Work: Pilot Training at Pensacola Naval Air Station, Florida.

Insourcing Rationale: Cost savings.

4) Agency: Army

Contract Number: NAFIB9-08-C-0023

Scope of Work: Library Administrative Support at Fort Polk, Louisiana.

Insourcing Rationale: Cost savings.

5) Agency: Army

Contract Number: W911SE-07-G-0001-0001

Scope of Work: Helpdesk, Engineering Network, System Security, Mail Administration Support at Ft. McPherson, Georgia.

Insourcing Rationale: Cost savings.

6) Agency: Army

Contract Number: W911SE-08-C-0023

Scope of Work: Program Management for the Command's Antiterrorism/Force Protection Program at Ft. McPherson, Georgia.

Insourcing Rationale: Cost savings.

7) Agency: Army

Contract Number: W911SE-07-D-0035-0002

Scope of Work: All Personnel, Supplies, Administration, and Management to Operate the G3 Force Management Division (FMD) Mission at AERCENT Headquarters, Fort McPherson, Georgia and Kuwait.

Insourcing Rational: Cost savings.

8) Agency: Army

Contract Number: W911SE-07-D-0024-0002

Scope of Work: Military Vehicle Condition Evaluations at Ft. McPherson, Georgia.

Insourcing Rational: None.

9) Agency: Army

Contract Number: W912SU-08-P-0037

Scope of Work: Provide Civilian Instructors to Teach Advanced Individual Training (AIT) and Transition Students for Military Occupational specialty (MOS) 14E Patriot Operator Maintainer Training and Teach the Warrant Officer Basic Course (WOBC) to Warrant Officers Who Are Attending the 140E Patriot Technician Course at Fort Eustis, Virginia.

Insourcing Rationale: None.

10) Agency: Army

Contract Number: W81K00-09-P-0314

Scope of Work: Non-personal Services to Provide Outpatient Clinical Coding, Physician Documentation Training, and Auditing of Written and Computerized Medical Records at Raymond W. Bliss Army Health Center (RWBAHC) and Its Clinics Located within the Health Center and at Primary Health Care Sites on the Fort Huachuca Installation at Fort Sam Houston, Texas.

Insourcing Rationale: None.

11) Agency: Army

Contract Number: W911SO-09-P-ORI-01

Scope of Work: Providing U.S. Army Students the Specialty Skills and Technical Ability to Perform the Duties of a Motor Vehicle Operator (otherwise known as Motor Transporter) of Light and Medium Tactical Wheeled Vehicles under Varying Field Conditions and Convoy Operations at Fort Leonard Wood, Missouri.

Insourcing Rationale: None.

12) Agency: Army

Contract Number: W911KF-08-C-0008

Scope of Work: Production Supply Support including Material Handling, Fuel Distribution, Tire Repair, and Disassembly and Assembly Support at Anniston Army Depot, Alabama.

Insourcing Rationale: None.

13) Agency: Army

Contract Number: W911KF-06-C-0001

Scope of Work: Production Cleaning including Steam Cleaning, Vehicle Cleaning, and Container Cleaning at Anniston Army Depot, Alabama.

Insourcing Rationale: None.

14) Agency: Army

Contract Number: W81K00-07-P-0950

Scope of Work: Perform Medical Support Assistant Services, (also known as a Medical Clerk) at the Medical Treatment Facility (MTF), Raymond W. Bliss Army Health Center (RWBAHC), Fort Huachuca, Arizona.

Insourcing Rationale: None.

15) Agency: Army

Contract Number: W81K00-06-P-0731

Scope of Work: Provide the Services of a Clinical Psychiatric Nurse to the Institute of Surgical Research Burn Center at Brooke Army Medical Center, Fort Sam Houston, Texas.

Insourcing Rationale: None.

16) Agency: Air Force

Contract Number: FA9301-09-R-0007, Order 0001

Scope of Work: Photography and AV Services at Edwards Air Force Base, California.

Insourcing Rationale: Cost savings.

17) Agency: Air Force

Contract Number: FA663308D0002

Scope of Work: Base Network Control Center at Minneapolis-St. Paul Air Reserve Station, Minnesota.

Insourcing Rationale: Cost savings.

Thank you again for reaching out to BCFC and providing us the opportunity to compile and submit these insourcing examples for your review and study.

We look forward to receiving your analysis for each of these submitted examples to include OFPP's assessment for each example, and where appropriate, a reversal of insourcing efforts to be implemented for such examples provided which does not fit any of the three criteria discussed over our phone conversation last month.

In accordance with our correspondence last month to President Obama (August 19) and Acting OMB Director Zients (August 13), we request the Administration issue an immediate moratorium on insourcing. We suggest that the Administration use the moratorium period to develop a policy, similar to that which was Federal policy, in 1955, that recognizes that real economic growth and job creation is in the private sector, and emphasizes that government should not compete with its citizens, but should rely on the private sector to the maximum extent possible. Finally, a clear and objective metric for justifying and determining cost-effectiveness of government performance of commercial activities should be developed to protect the interest of taxpayers.

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 the most prominent.

John M. Palatiello, President
Business Coalition for Fair Competition (BCFC)