



August 13, 2010

The Honorable Jeffrey Zients
Acting Director
Office of Management and Budget
Eisenhower Executive Office Building
1650 Pennsylvania Avenue, NW
Washington, DC 20503

Dear Mr. Zients:

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.

Earlier this week, Department of Defense Secretary Robert Gates said, "We weren't seeing the savings we had hoped from insourcing." ("Insourcing failed, DOD's Gates says. Now what?" *Federal Computer Week*. August 10, 2010.)

Over 17 months have passed since the March 4, 2009 publication of a White House memoranda on government contracting. That memo highlighted the insourcing agenda. This shift to government performance of commercial activities not only hinders the private sector, including small and minority owned business, but places additional costs on taxpayers during a lengthened period of a steep decline in the nation's economy, a staggering national debt, and a high national rate of unemployment. This unprecedented government intrusion and competition in the private market is having a detrimental effect on capital investment and job creation.

Given Secretary Gates' recent acknowledgement that insourcing does not save money, and given the current state of the nation's economy, BCFC respectfully urges OMB to issue a revision to the insourcing agenda calling for an immediate moratorium on all insourcing efforts throughout the Federal government.

We suggest that OMB 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, which 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 metrics for justifying and determining cost-effectiveness 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", written in a cursive style.

John M. Palatiello
BCFC President

John M. Palatiello, President
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