

# BCFC Announces Top Ten Most Egregious Examples of Unfair Government Competition for 2014

*News Release*

## FOR IMMEDIATE RELEASE

Reston, VA, January 15, 2015 -[The Business Coalition for Fair Competition \(BCFC\)](#) today announced its selection of the top ten most egregious examples of unfair government-sponsored competition with private enterprise, including small business, of 2014.

"Government agencies, universities and nonprofit organizations, with the assistance of government subsidies, continue to engage in unfair competition with private, for-profit business," said BCFC President John Palatiello.

"The products and services produced by government agencies and non-profits not only hurt private enterprise generally and small business in particular, but are often substandard and pose a danger to the consumer. Flawed technology endangering our troops, city run broadband, and government grocery delivery are but a few of the ways the 'Yellow Pages Test' continues to be ignored, driving private enterprise out of business," Palatiello said.

The 'Yellow Pages Test' is a common sense guideline that simply states any government activity that can be provided by private enterprise found in the Yellow Pages should be subject to commercial market competition, rather than performance by a government monopoly.

The BCFC top ten egregious examples for 2014, selected from incidents that were reported in the new media (in no particular order) are:

- Weeks after the Postal Regulatory Commission [promoted](#) its unfair competition complaint process, and notwithstanding \$5.5 billion in 2014 losses delivering mail, the U.S. Postal Service unveiled plans to [deliver](#) groceries.
- The city of Somerset (KY) [opened](#) a municipal-owned and operated gas station in direct competition with private sector small business operators and retailers.
- The Federal Communications Commission (FCC) sought to pre-empt state and local law in order to mandate [municipal broadband](#) that competes with private sector telecommunications offerings.
- Applicable to about 8,000 career training programs at all types of institutions, the Obama Administration promulgated its 'Gainful Employment' rule that [cracks down](#) on private sector education programs, including for-profit colleges, which creates an unlevel playing field vis-à-vis government run and non-profit schools.
- Without ever putting its requirements out to a competitive bid, New York State's Department of



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Environmental Conservation entered into a [5 year, \\$1.5 million](#) contract with the U.S. Department of Agriculture (USDA) to kill wild pigs. The government's average cost to kill each feral swine, such as wild boar, was \$10,000. This is the same State of New York that hasn't learned "you don't need a weather man to know which way the wind blows" by planning to start its own [weather service](#), believing it can do a better job than the Federal government or private weather businesses.

- An audit finds a publicly-funded [\\$30 million](#) Minnesota nonprofit (TIES) is embroiled in mismanagement in its provision of information technology services to school systems.
- "Bluffing" to win its first contract, St. Mary's University (MN) [performs](#) commercially available mapping services for the National Park Service and other clients.
- Believing government can rent beach chairs and umbrellas more efficiently than a small business, the town of Bethany Beach, Delaware proposed to "insource", or have the town government take-over, a private business [beach concession](#), only to later reverse its decision and keep the small business contract.
- Believing that bicycle repair is inherent to the success of higher education, Virginia Tech University opened its own shop and hired a mechanic to [pedal](#) services to students in Blacksburg, VA in competition with local small business.
- Costing [\\$28 billion](#) and intended to find bomb-making patterns, mine intelligence, input surveillance data, build dossiers on the enemy and provide tools that help analysts determine the enemies next move, the Army produced inferior software known as Distributed Common Ground System-Army (D-sigs A) which placed troops at risk in Afghanistan. This was despite widespread knowledge that similar software technology in the private sector was more user-friendly.

"Unfair government competition with private enterprise is a pervasive and ubiquitous problem, from the White House to the local court house. Government, nonprofits and universities all too often veer from their core missions and engage in commercial activities best left to the private sector. These ten examples are just the tip of the iceberg of the thousands of "businesses" supported, operated or subsidized inside government at all levels," said Palatiello.

"It is significant that we are releasing this list today, January 15, as it is the 60th anniversary of the day the Eisenhower Administration first issued [Bureau of the Budget Bulletin 55-4](#), on January 15, 1955. "That document established policy that the 'government will not start or carry on any commercial activity to provide a service or product for its own use if such product or service can be procured from private enterprise through ordinary business channels.' Today, this is implemented in Office of Management and Budget Circular A-76, but clearly it is not

enforced."

#### About BCFC

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.

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