

## **"Yellow Pages" Test Needed to Save Taxpayer Money and Promote Private Sector Business Opportunities**

**Reston, VA** - 58 years ago today, January 15, 1955, President Dwight Eisenhower promulgated a federal policy that is as relevant today as it was the day it was issued, if not more so.

[Bureau of the Budget Bulletin 55-4](#) stated, "The Federal 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."

While that document still exists, now found in Office of Management Budget (OMB) Circular A-76, the policy statement was removed by the Bush Administration in 2003. The current A-76 calls for public-private cost comparisons to determine whether federal employees or private contractors should carry out governmental activities that are commercial in nature.

"Regrettably, even that common sense proposition is now dead. Congress enacted provisions in recent appropriations bills to prohibit agencies from beginning or announcing 'a study or public-private competition regarding the conversion to contractor performance of any function performed by Federal employees pursuant to Office of Management and Budget Circular A-76 or any other administrative regulation, directive, or policy,'" said John Palatiello, President of the Business Coalition for Fair Competition (BCFC).

Last month in an effort to bridge the impasse in negotiations on the fiscal cliff and sequestration, BCFC [provided 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. As a result of the fiscal cliff aversion earlier this month, sequestration may still kick-in with across the board cuts. Palatiello continued, "If federal managers in civilian agencies and commanders in military operations cannot look at whether using private contractors is more cost effective than federal employees, or determine that a commercially available function is better left to the private sector than continuing government performance, then implementation of sequestration and the defense strategy will be chaotic, if not impossible."

More than 850,000 federal employees are engaged in commercial activities that duplicate and in some cases compete with private enterprise, including small business. Ranging from architecture to zoology and including apparel, audits, buses, construction, debt and bill collections, engineering, equipment repair and maintenance depots, film studios and theater management, food service, furniture, graphics, information technology, laboratories, landscaping, laundry and dry cleaning, office products, mapping, meeting planning, marketing research, roofing, motorcoaches, printing, public storage, road signage, surveying, tax preparation, transportation and utilities.

"A government that does virtually everything that can be found in the Yellow Pages is simply too big to succeed," Palatiello said.

Further compounding the problem is the Obama Administration's implementation of "insourcing," converting work previously carried out by contractors into agencies for performance by federal employees. Ostensibly designed to save money, then-Defense Secretary Robert Gates backed off of insourcing when such savings were not realized.

Jacques Gansler, undersecretary of defense for acquisition, technology and logistics in the Clinton Administration said it best. "The surest way to reduce and hold down procurement costs is through competition, whether among commercial providers or between commercial providers and in-house government alternatives. For the latter cases, no matter who wins, the savings have been more than 30 percent."

Or, as former New York governor Mario Cuomo once said, "It is not a government's obligation to provide services, but to see that they are provided."

"It is time renew the Eisenhower policy, lower the cost of government, create private sector jobs, and focus federal employees on activities and functions only government can perform," Palatiello concluded.