

Key Federal Procurement Policy Reaches 65th Anniversary

News Release

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OMB Circular A-76 Moratorium Repeal,
"Yellow Pages" Test
Needed to Save Taxpayer Money and
Promote Private Sector Business Opportunities

NEWS RELEASE

For Release Wednesday, January 15, 2020

Fairfax, VA, January 15, 2020 - Given the recent FY 2020 Appropriations action taken by Congress and enacted into law by President Trump, the Business Coalition for Fair Competition ([BCFC](#)) today highlighted the 65th anniversary of the Eisenhower Administration-issued [Bureau of the Budget Bulletin 55-4](#) first issued on this day, January 15, in 1955.

"Bureau of the Budget Bulletin 55-4, succeeded by Office of Management and Budget Circular A-76, established Federal 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,'" said BCFC President John Palatiello.

[OMB Circular A-76](#) is clearly not enforced in the Federal government. Congress has effectively halted competitive sourcing, private sector utilization or performance of commercial activities policies through appropriations bill riders. The recently enacted omnibus appropriations bills for fiscal year 2020 contained numerous reinforcing prohibitions on OMB Circular A-76 since 2009.

"With over one million Federal employees engaged in commercial activities, Federal agencies not only duplicate private sector business, but many engage in unfair government competition with the private sector," Palatiello continued.

Palatiello noted the recent Congressional introduction of the Freedom From Government Competition Act, [H.R. 5329](#), by [Representative Greg Steube](#) (R-FL) and [S. 2990](#), by [Senator John Thune](#) (R-SD). This long-overdue legislation would establish a balanced and reasonable statutory process for the review of commercial activities in the Federal government. This bill does not mandate privatization. However, it does establish a process for agency review of in-house commercial activities.

Noting the benefits to government efficiency and the expertise of the private sector in providing goods and



10340 Democracy Lane,
Suite 300

Fairfax, VA 22030

www.governmentcompetiton.org



services, Palatiello commended this key Federal legislation authorizing the Federal Government to employ the "Yellow Pages Test" - a simple and effective process that says if you can find firms in the Yellow Pages of the phone book providing products or services that the government is also providing, then the government service should be subject to market competition to break up the government monopoly and provide a better value to the taxpayer. That is a test that has been successfully applied by Mayors and Governors, both Democrat and Republican, across the Nation.

"Unfortunately, the Federal government does not have such a process in place today for two reasons. First, Congress has failed for more than 80 years to enact legislation to codify such a process since the need was identified by a special Congressional committee in 1932. Additionally, Congress has imposed very unfortunate moratoria on the relevant administrative process, found in Office of Management and Budget (OMB) Circular A-76, which has guided this matter since 1955," Palatiello said.

Federal employees are engaged in activities ranging from architecture to zoology and include scores of other activities including apparel, audits, buses, building codes, construction, debt and bill collections, campgrounds and concessions, engineering, equipment repair and maintenance depots, film studios and theater management, FOIA software, food service and security, furniture, graphics, hearing aid and medical supply distribution, information technology and data centers, insurance, laboratories and laboratory accreditation, landscaping, laundry and dry cleaning, office products, pest management and wildlife control, manufacturing, mapping, meeting planning, marketing research, motorcoaches, printing and chart production, public storage, recycling and waste management, road signage, roofing, security technologies and products, simulation technology and services, surveying, tax preparation, transportation, travel planning, and utilities, and doing other tasks that have little to do with governing. The government is the nation's largest banker, insurer, homeowner, landlord, utility provider, and bus, transit, and passenger train operator.

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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For media inquiries or to interview
Mr. Palatiello (pal-a-tee-el-lo), please contact:

John "JB" Byrd
BCFC Vice President

703-787-6665

Business Coalition for Fair Competition (BCFC)
10340 Democracy Lane, Suite 300
Fairfax, VA 22030
www.governmentcompetition.org
703-787-6665