



December 10, 2012

The President
The White House
Washington, DC 20500

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, DC 20510

The Honorable John Boehner
Speaker
United States House of Representatives
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader
United States House of Representatives
Washington, DC 20515

Dear Mr. President, Mr. Speaker, Messrs. and Madam Leader:

As remedies to avoid the “Fiscal Cliff” and “Sequestration” are negotiated, the Business Coalition for Fair Competition (BCFC) is pleased to provide the following list of savings that could be achieved by eliminating government duplication of and competition with the private sector. This list provides suggestions for divestiture, asset sales, contracting out, privatization, vouchers, etc. Wherever Congress and the Administration can get the government out of a line of business and instead rely on performance by a competitive free market system, or eliminate tax subsidies, BCFC recommends the President and Congress do so.

✓ **Federal budget savings worth \$795 billion can be achieved by utilizing the private sector**

The federal government can achieve \$795 billion in savings simply by getting out of activities that duplicate or compete with the private sector, which subsidize unfair competition with private, for-profit companies, or by privatizing activities for which there are current or potential private sector providers. This includes:

- 1) Sell Federal lands and other assets, expedite oil and gas production on federal lands and in federal offshore areas, return the National Forest System to profitability by increasing timber sales, and increase coal leasing on federal lands- **\$300 Billion**
Source: <http://cei.org/news-releases/cei-and-freedom-action-propose-300-billion-new-revenues-break-super-committee-impasse>
- 2) Privatize the William D. Ford Federal Direct Student Loan Program - **\$116 Billion**
Source: www2.ed.gov/about/overview/budget/budget11/summary/edlite-section3d.html#ffl
- 3) Privatize federal power marketing administrations (PMAs) - **\$62 Billion**
Source: www.cbo.gov/doc.cfm?index=243&type=0&sequence=1

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- 4) Pay federal employees at parity with the private sector - **\$47 Billion**
Source: www.heritage.org/research/reports/2010/07/comparing-pay-in-the-federal-government-and-the-private-sector
- 5) Return unspent TARP money - **\$44 Billion** (as of September 30, 2012)
Source: (\$467 Billion obligated, of which at least \$417 Billion has been spent, leaving \$44 Billion unspent www.sig tarp.gov/Pages/home.aspx)
- 6) Enforce UBIT on commercial activities revenue of nonprofits - **\$36 Billion**
Source: <http://ir.lawnet.fordham.edu/cgi/viewcontent.cgi?article=4082&context=flr>
- 7) Auction government-owned wireless spectrum - **\$36 Billion**
Source: <http://allthingsd.com/20110215/proposed-spectrum-auction-could-net-36-billion-study-finds/>
- 8) Privatize Fannie Mae & Freddie Mac - **\$30 Billion**
Source: www.sbecouncil.org/uploads/CAP%20Spending%20Cuts%20Oct%202010.pdf
- 9) Apply the Yellow Pages test to 850,000 commercial positions in the Federal workforce - **\$27 Billion**
Source: <http://blog.heritage.org/?p=45788>
- 10) End Energy Subsidies - **\$20 Billion**
Source: www.sbecouncil.org/uploads/CAP%20Spending%20Cuts%20Oct%202010.pdf
- 11) End Federal subsidies and other mandatory support for agriculture – **\$15 Billion**
Source: www.americanprogress.org/issues/2010/09/pdf/athousandcuts.pdf
- 12) Sell the remaining government owned shares (500,000) of GM (\$25/share) - **\$12.5 Billion**
Source: (www.businessweek.com/articles/2012-11-15/getting-the-government-out-of-general-motors & www.google.com/finance?client=ob&q=NYSE:GM)
- 13) Eliminate Federal Transit subsidies - **\$10 Billion**
Source: www.downsizinggovernment.org/transportation/urban-transit
- 14) Eliminate Federal subsidies for High Speed Rail and Amtrak - **\$9.6 Billion**
Source: (High Speed Rail \$8 Billion - www.csmonitor.com/USA/Politics/2010/0128/Obama-s-high-speed-rail-plan-Which-states-get-the-money Amtrak \$1.6 Billion <http://transportation-reports.blogspot.com/2010/02/amtrak-budget-and-reauthorization.html>)
- 15) Remove the Pentagon from running grocery stores - **\$9.1 Billion**
Source: www.coburn.senate.gov/public//index.cfm?a=Files.Serve&File_id=00783b5a-f0fe-4f80-90d6-019695e52d2d
- 16) Privatize the Postal Service - **\$7 Billion**
Source: (The USPS receives a small annual appropriation from Congress of about \$100 million as compensation for the revenue it forgoes in providing, at congressional mandate, free mailing privileges for the blind and absentee-ballot mailing for overseas military personnel. The USPS receives a small annual appropriation from Congress of about \$100 million as compensation for the revenue it forgoes in providing, at congressional mandate, free mailing privileges for the blind and absentee-ballot mailing for overseas military personnel. The USPS receives a small annual appropriation from Congress of about \$100 million as compensation for the revenue it forgoes in providing, at congressional mandate, free mailing privileges for

the blind and absentee-ballot mailing for overseas military personnel.

http://www.downsizinggovernment.org/usps#_edn1 The USPS loss for 2012 is \$15.9 billion, for which the USG will ultimately be liable. http://about.usps.com/news/national-releases/2012/pr12_131.htm)

- 17) Eliminate the Community Development Block Program - **\$6 Billion**

Source: www.heritage.org/Research/Reports/2010/10/How-to-Cut-343-Billion-from-the-Federal-Budget

- 18) End the tax expenditure exemption of Credit Union income - **\$1 Billion**

Source: www.americanprogress.org/issues/2010/09/pdf/athousandcuts.pdf

- 19) Privatize the Tennessee Valley Authority - **\$1 Billion**

Source: www.cato.org/pubs/handbook/hb105-27.html

- 20) Privatize the National Weather Service - **\$1 Billion**

Source: http://governmentcompetition.org/uploads/Fire_the_National_Weatherman-Iain_Murray-CEI.pdf

- 21) End the Tax Expenditure the special nonprofit Blue Cross/Blue Shield organizations over for-profit firms deduction - **\$700 Million**

Source: www.americanprogress.org/issues/2010/09/pdf/athousandcuts.pdf

- 22) Terminate the Economic Development Administration - **\$523 Million**

Source: www.heritage.org/Research/Reports/2010/10/How-to-Cut-343-Billion-from-the-Federal-Budget

- 23) Terminate the tax break certain nonprofit hospital facilities have over for-profit firms - **\$500 Million**

Source: (The Joint Committee on Taxation, Estimates Of Federal Tax Expenditures For Fiscal Years 2010-2014, December 21, 2010 - JCS-3-10)

- 24) Eliminate business subsidies from the National Institute of Standards and Technology - **\$500 Million**

Source: www.heritage.org/Research/Reports/2010/10/How-to-Cut-343-Billion-from-the-Federal-Budget

- 25) Eliminate NeighborWorks America (formerly the Neighborhood Reinvestment Corporation) - **\$480 Million**

Source: www.heritage.org/Research/Reports/2010/10/How-to-Cut-343-Billion-from-the-Federal-Budget

- 26) Eliminate the Hollings Manufacturing Extension Partnership and the Baldrige National Quality Program - **\$455 Million**

Source: www.cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf

- 27) Eliminate public funding for the Corporation for Public Broadcasting - **\$430 Million**

Source:

<http://lamborn.house.gov/index.cfm?sectionid=150&parentid=22§iontree=21,22,150&itemid=679>

- 28) Eliminate the Legal Services Corporation - **\$398 Million**

Source: www.heritage.org/Research/Reports/2010/10/How-to-Cut-343-Billion-from-the-Federal-Budget

- 29) Eliminate the International Trade Administration's trade promotion activities - **\$267 Million**

Source: www.cbo.gov/ftpdocs/102xx/doc10294/08-06-BudgetOptions.pdf

- 30) End the tax expenditure tax exemption of certain insurance companies owned by tax-exempt organizations - **\$200 Million**

Source: www.americanprogress.org/issues/2010/09/pdf/athousandcuts.pdf

31) Eliminate the National Health Service Corps - **\$150 Million**

Source: www.heritage.org/Research/Reports/2010/10/How-to-Cut-343-Billion-from-the-Federal-Budget

32) Eliminate the Appalachian Regional Commission - **\$73 Million**

Source: www.heritage.org/Research/Reports/2010/10/How-to-Cut-343-Billion-from-the-Federal-Budget

33) Reform the U.S. Army Corps of Engineers (USACE) Laboratory Validation Program - **\$1.3 Million**

Source: [http://governmentcompetition.org/uploads/A2LA_--USACE Validation Program Hurts Small Laboratories 11-30-12 .pdf](http://governmentcompetition.org/uploads/A2LA_--USACE_Validation_Program_Hurts_Small_Laboratories_11-30-12_.pdf)

TOTAL - \$795 Billion

We also commend to your attention the numerous recommendations of the Reagan Administration's 1988 Privatization Commission ([http://governmentcompetition.org/uploads/Reagan Privatization Report 1988.pdf](http://governmentcompetition.org/uploads/Reagan_Privatization_Report_1988.pdf)) that have not been implemented.

Conclusion

The advantage of using various forms of privatization to avoid the fiscal cliff is three-fold -- (1) tax rates do not need to be raised, thus preventing a strain on economic growth, (2) services would still be available to the populace, the only difference being the user, rather than the general public, will pay to use the service, and prices will be determined by the market, not the artificial whim of government, and (3) the deficit can be reduced while preserving the safety net of critical programs for the neediest Americans.

We recommend your negotiations incorporate these suggestions. By relying on the competitive free market, you will help return to the Federal policy, beginning 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.

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. For more information, please contact BCFC's John Byrd at 703-787-6665.

Sincerely,



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