



Construction Industry Round Table

Regulatory News

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8/20/10 – CIRT Joins Effort Resist “In-Sourcing” by Federal Government Agencies

As a founding member of the Business Coalition for Fair Competition (BCFC), CIRT has joined a coalition of 36 national and regional business, taxpayer and free market organizations to send a letter to President Obama urging an immediate moratorium on insourcing - the conversion of work currently performed by private sector contractor firms to Federal government employee in-house work. [\[Letter is Attached\]](#)

The coalition's action comes on the heels of comments from two key policy makers. Last week, Defense Secretary Robert Gates said, "We weren't seeing the savings we had hoped from insourcing." Back in June when asked about the effect insourcing had on small and minority owned business, Senator Robert Menéndez (D-NJ), Chairman of the Democratic Senatorial Campaign Committee, said insourcing was "counter-intuitive to the President's goal of creating opportunities in the federal contracting system for diversity. We already have a much more limited universe than we should, and if [insourcing] is being pursued, then it is only going to erode what exists, so it doesn't make a lot of sense."

The BCFC letter to Obama points out that: "More than 17 months have passed since the March 4, 2009 publication of your Administration's 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. The government intrusion and competition in the private market that insourcing brings is having a detrimental effect on capital investment and job creation."

Moreover, the letter noted that insourcing is occurring without public-private comparisons or cost analysis, and that a clear and objective metric for justifying and determining cost-effectiveness of government performance of commercial activities should be developed to protect the interest of taxpayers. The coalition suggested that the Obama Administration use the moratorium period to develop a policy that returns to the 1955 standard that recognized that real economic growth and job creation is in the private sector, and emphasized that government should rely on the private sector to the maximum extent possible and not compete with its citizens.