

## Business Leaders Call on Obama to Stop Insourcing

By Amanda Carey

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Last week, a group of 36 national and local businesses and free-market organizations sent President Obama a letter urging a moratorium on insourcing — a practice by which private-sector jobs are contracted into the federal government — according to a press release put out by the Business Coalition for Fair Competition (BCFC).

“Every Congressionally-chartered White House Conference on Small Business has made unfair government competition with small businesses top issue,” the letter reads. “The issue of government competing with the private sector has been a serious concern for small business for decades.”

The letter goes on to say that in the year and a half since the Obama administration made insourcing a priority in the beginning of 2009, additional costs have been added to the taxpayer, growth in the private sector has been hindered significantly, unemployment has risen, and the national debt has grown.

“The government intrusion and competition in the private market that insourcing brings is having a detrimental effect on capital investment and job creation,” the letter continued.

Since taking office, President Obama has made insourcing a major piece of his agenda. A March 2009 memo, for example, directed all federal agencies to devise insourcing guidelines to be implemented by the summer. Then in July 2009, the Office of Management and Budget (OMB) directed agencies to “consider on a regular basis” how to turn jobs oftentimes performed by contractors into jobs for federal employees.

The BCFC’s letter comes on the heels of some very public statements made last week about the practice of the federal government taking over commercial jobs. In a briefing last week at the Pentagon, Defense Secretary Robert Gates admitted insourcing had not produced results.

“We weren’t seeing the savings we had hoped from insourcing,” said Gates.

Democratic Sen. Robert Menendez of New Jersey, who serves as chairman of the Democratic Senatorial Campaign Committee, also expressed concerns about insourcing in June, saying that the practice is “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,” said Menendez. “And if [insourcing] is being pursued, then it is only going to erode what exists, so it doesn’t make a lot of sense.”

In an interview with The Daily Caller, BCFC President John Palatiello said insourcing has not produced the results the Obama administration had hoped it would.

“The reason the administration is pursuing it [insourcing] is to hopefully bring efficiency to government,” Palatiello said. “Though I don’t see where insourcing achieves that.”

The answer behind Obama’s insourcing agenda may be found in a speech he made at a signing ceremony just days after taking office in January 2009.

In front of the two largest federal employee labor unions – the National Treasury Employees Union and the American Federation of Government Employees – Obama said, “We shouldn’t deprive the government of these workers who have so much experience in making government work.”

Earlier this year, the federal government’s workforce expanded to more than 2 million employees for the first time since the Clinton administration.

The BCFC letter sent to President Obama was signed by various groups like Alliance for Worker Freedom, Center for Fiscal Accountability, Fairfax County Chamber of Commerce, TechAmerica, and the U.S. Chamber of Commerce.

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