

SBAFIST

1156 15th Street, N.W.
Suite 1100
Washington, DC 20005
Phone: 888-488-9477
SBAFIST@wipp.org

August 10, 2010

The Honorable Karen G. Mills
United States Small Business Administration
409 Third Street, S.W.
Washington, D.C. 20416

Re: In-sourcing's Disproportionate Impact on Small Business

Dear Administrator Mills:

This letter concerns the impact of in-sourcing Federal Government out-sourced contract work and its impact on small business. The Small Business Alliance for Fair In-sourcing Standards ("SBAFIST") was formed by Women Impacting Public Policy along with two small business advocates, Pam Mazza of PilieroMazza and Ann Sullivan of Madison Services Group to determine the impact of in-sourcing on small business and to ensure the process is implemented in a manner that is fair to small business. Other Alliance members include the Montgomery County Chamber of Commerce GovConNet Council, National Association of Small Disadvantage Business (NASDB), National Veterans Small Business Coalition (NVSBC), Native American Contractors Association (NACA), Small Business & Entrepreneurship Council (SBE Council), Women Presidents' Organization (WPO), and Women's Business Enterprise National Council (WBENC), who join this request.

SBAFIST supports federal employees performing truly inherently governmental functions. If in-sourcing other functions results in a savings to the taxpayer, then it too should be considered. However, currently there are no criteria as to what contract work is in-sourced or how the in-sourcing is to be done. The White House and Congress have directed defense and civilian agencies to add more employees to their federal payrolls in order to "rebalance" the public/private ratio of contractor to federal employees. The Office of Federal Procurement Policy is considering comments submitted on June 1st in response to its March 31st proposed policy letter entitled "Work Reserved for Performance by Federal Employees". Meanwhile, the Department of Defense is still moving ahead under separate, and different, legislation directing in-sourcing on a massive scale. Civilian agencies are recruiting top contractor employees to become federal employees.

Anecdotal evidence is that small businesses are being the hardest hit by the Federal Government's in-sourcing initiative. One reason is simply that small businesses are small: several very large businesses recently reported that, while they were unfortunately losing perhaps

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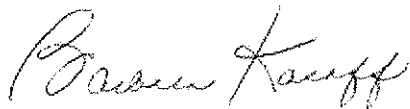
400 employees, it was out of 30,000—by comparison, 400 employees out of a small business' 600 is devastating. The anecdotal evidence also may be correct given the nature of large versus small business work. The reports from our members are that the industries being hardest hit are security, IT, logistics, administrative support and base operations—traditional small business services targeted by government agencies looking for quick in-sourcing to meet their new hiring goals.

SBAFIST believes that it is paramount to determine and document the negative economic impact and report it to the Administration and Congress before more damage is done. We need the Small Business Administration's (SBA) help in order to do so. The SBA has the expertise and the access to small business statistical data necessary to document the impact of in-sourcing on small business. Please direct the Office of Advocacy to immediately conduct a study of what work is being in-sourced and what the impact of that in-sourcing is on small business.

We are gathering the stories that we have heard regarding in-sourcing from our small business members. However, since the Federal Government is not required to publish in the FedBizOpps what it is in-sourcing, SBAFIST and the small business community cannot accurately calculate the sum total of work being in-sourced from small businesses. We need the Federal Government, specifically the SBA, to collect this data.

SBA's resources are limited so, by copying them on this letter, we are asking Senators Snowe and Landrieu to support the SBA's efforts. Please let me know how SBAFIST can help, or if you have any questions or comments.

Very truly yours,



Barbara Kasoff
President, Women Impacting Public Policy

cc: The Honorable Olympia Snowe
The Honorable Mary Landrieu
The Honorable Gary Locke
Mr. Daniel I. Gordon
Ms. Tracy Pinson