



AFGE Urges DoD To Shift Budget-cutting Focus to Contractors

Spending on service contractors is increasing as federal jobs are eliminated

WASHINGTON, Jan. 5, 2012 /PRNewswire-USNewswire/ -- The American Federation of Government Employees is urging the Defense Department to take a balanced approach to spending reductions that subjects private contractors to the same cost-cutting scrutiny that has already been placed upon the civilian workforce.

The Pentagon has pledged to cut \$450 billion in spending during the next decade. In addition, the department may have to cut another \$500 billion during the next decade to comply with a sequestration mandate that resulted from Congress' failure to approve a deficit reduction plan.

"We understand that the law requires sacrifices, but it is wrong for civilian workers to shoulder the entire burden," AFGE National President John Gage said. "Tens of thousands of civilian jobs are slated for elimination, despite strong evidence that having civilians perform these jobs is the most cost effective strategy. Meanwhile, the department continues to increase spending on contractors, even though they are more costly and less accountable.

There is no budgetary or strategic rationale for excluding DoD's vast contractor 'shadow workforce' from the cost-cutting measures that the military and civilian workforces are facing."

The Pentagon has arbitrarily capped the civilian workforce at 2010 levels, which means cutting tens of thousands of civilian positions. It is also pursuing cuts in military retirement pay and other employee benefits.

"The main issue this country is facing is a lack of jobs. Cutting military and civilian jobs and hacking away at their benefits hurts the economy and does nothing to spur job creation," Gage said.

Defense spending on service contractors is growing at an alarming rate. The department spent \$121 billion on service contracts in fiscal 2010, nearly twice as much as originally budgeted, according to an inventory of service contracts cited in a recent letter from Democrats on the House Appropriations Committee to the Pentagon.

The growth in contractor spending comes at the expense of federal employees and ends up costing taxpayers more.

According to a recent study by the non-partisan Project on Government Oversight, contractors charge the government almost twice as much as the annual compensation of comparable federal employees. The Government Accountability Office also has issued numerous reports highlighting the risk of using contractors for inherently governmental functions.

"Management of the civilian workforce should be based on budgets and workloads, not on arbitrary cuts, freezes, and caps. It makes no sense to prevent managers from using civilian employees simply because they are civilian employees," Gage said.

Congress endorsed such an approach in the fiscal 2012 National Defense Authorization Act, which called on the department to manage the civilian, military and contractor workforces holistically. Lawmakers also have been pressing the department to complete a full inventory of service contracts, which is the only way to accurately identify and control all contractor spending.

"A contractor inventory that is accurate, reliable, and integrated into the budget process would make it far more difficult for DoD to insist that cuts be borne disproportionately by less-costly civilian personnel," Gage said.

Gage also called on Congress to repeal the sequestration requirement, which will force the Defense Department and other federal agencies to make more than \$1 trillion in additional cuts during the next decade.

"Cutting spending will worsen, rather than improve, our nation's economy. We need more revenue, and the best way to raise it is by increasing taxes on the wealthiest Americans, not the middle-class workers who can least afford it."

The American Federation of Government Employees (AFGE) is the largest federal employee union, representing 625,000 workers in the federal government and the government of the District of Columbia.