

Study: Contractors Paid Far More Than Feds for Comparable Work

BY SARAH CHACKO

SEPTEMBER 13, 2011

Contractors are paid almost double what federal employees earn and more than double what the private sector pays its employees for similar services, according to a Project on Government Oversight report released Tuesday.

POGO's report attempts to settle the debate on who costs less for the government — a federal employee or a contractor. [inf](#)

Decisions to do work in-house or outsource to a private contractor often involve a comparison of federal employee compensation to private-sector rates. But the government often pays contractors more than what the market dictates, the report shows.

POGO's study looked at the total compensation — that is, salary and the costs of health and retirement benefits — paid to federal, contractor and private-sector employees across 35 job classifications covering more than 550 service activities.

"POGO estimates the government pays billions more annually in taxpayer dollars to hire contractors than it would to hire federal employees to perform comparable services," the report states.

To calculate pay and benefits for contractors, POGO looked at contractor billing rates listed on General Services Administration services contracts, which include benefits costs. To calculate pay and benefits for federal employees, POGO relied on Office of Personnel Management data. To calculate private-sector pay and benefits, POGO used Bureau of Labor Statistics data.

In one comparison, POGO found that the government pays salary and benefits for contracted human resources managers at an average annual rate of \$228,488. That compares to \$111,711 the government pays for federal employees and \$100,465 private-sector companies pay their employees.

In another example, the government pays contracted employees providing information technology management services \$198,411 on average, while federal employees doing the same work earn \$124,663, and private-sector companies compensate their employees \$114,818.

Similarly, agencies pay contractors an average of \$259,106 annually for acquisition support services, whereas federal employees are paid \$113,319 and the private sector pays \$115,596.

POGO's figures do not include costs of overhead, material and supplies, and facilities' use and maintenance. POGO contends that because many of the contracted job categories they compared tend to work at federal offices, differences in overhead and facilities costs would be slight or nonexistent.

POGO recommends that Congress:

- Require the collection, reporting and oversight of life-cycle costs associated with government services performed by federal employees or contractors.

- Require greater transparency and improved pricing on GSA schedule service contracts.
- Remove caps that limit how many workers an agency can employ and decrease the allowable compensation costs for contracted senior executives.

Copyright © 2011 Gannett Government Media Corporation