

NYT Misses Elephant in the Room: Defense Service Contractors

BY DANA LIEBELSON

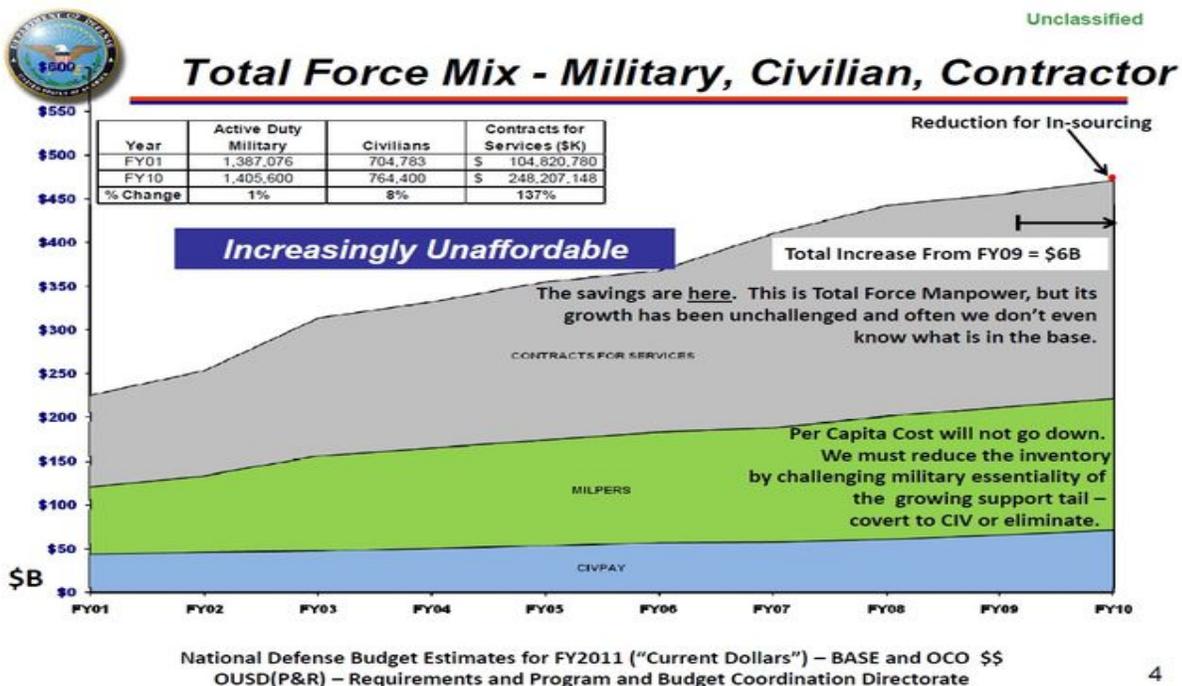
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This week, Defense Secretary Leon Panetta is poised to deliver his recommendations on at least \$450 billion in defense cuts over the next ten years, according to *The New York Times*. Although the paper outlines several important potential cuts (in a nifty multimedia chart!)-it fails to include on its list of targets something that should have a huge bull's eye: **Department of Defense (DoD) service contractors**.

According to the Pentagon's own analysis of personnel costs dated January 2011, service contractors are "increasingly unaffordable." That same analysis goes on to say that "the savings are here" and growth in spending on service contractors "has been unchallenged." The chart shows that former Defense Secretary Robert Gates' short-lived insourcing initiative only touched a tiny speck of the hundreds of billions the DoD spends each year on service contracting.

POGO found in its "Spending Less, Spending Smarter" report, that reducing spending on DoD service contractors by 15 percent would save about \$300 billion over ten years. In FY2010 alone, DoD service contractors cost taxpayers more than \$200 billion—\$50 billion more than the cost of all uniformed personnel. Also, POGO's analysis of 35 comparable job occupations fulfilled by federal employees and by government contractors found that, on average, contractors cost significantly more than federal workers.

Talk about the elephant in the room.



The New York Times article focuses on other cuts that are also important. For example, the DoD could drastically reform Tricare, a politically sensitive move. According to *The Times* multimedia options, this plan would cut between \$244 and \$295 billion.

However, if Panetta followed POGO's plan, the DoD would only have to cut \$60 billion from Tricare, which would mostly affect former service personnel between the ages of 38 and 65 with other health insurance options available.

The Times also points to the Pentagon's "aging strategic nuclear forces," the F-35 Joint Strike Fighter program and aircraft carriers and Navy air wings as possible areas of budget reductions—all POGO-approved ideas.

POGO has recommended a variety of nuclear program savings and has suggested that the B and C models of the problematic F-35 program—which POGO dubbed #JSFail in a recent investigation—be replaced. POGO has also recommended that aircraft carriers be cut from 11 to 10 and Navy Wings from 10 to 9.

For now, we can only wait for the hyperbolic Mr. Panetta to make his recommendations, which come as part of the president's annual budget submission to Congress. These recommendations won't be set in stone—Congress still has an opportunity to hash them out.

In the meantime, mentally add DoD service contractors to *The Times*' multimedia exercise list. You'll definitely win.

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