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## Pentagon Sees Big Savings in Replacing Contractors with Federal Employees

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The Defense Department estimates it will save an average of \$44,000 a year for every contractor it replaces with full-time federal personnel to perform critical defense jobs, according to the House-Senate conference report on the fiscal 2010 defense appropriation bill.

The measure, which passed Congress on Saturday, contains \$5 billion to hire replacements for contractors currently performing what have been termed "inherently government functions" both at home and abroad. Those functions include a wide range of activities, from supervising other contractors who provide guard services at forward operating bases, to providing oversight of aid projects overseas.

The Bush administration widely expanded the use of contractors following the invasion of Iraq. At the time, officials argued that the Pentagon and other agencies had to staff up quickly; the war was seen as a limited operation that would end quickly, without the need to either increase the size of the military or the ranks of civilian employees.

The aim was also to save money, but last year Congress reported that contract employees were each costing the government an average of \$250,000 annually, an amount far in excess of what federal employees or military personnel were paid.

A recent Congressional Research Service study acknowledged that contractors played an important role in Iraq, but also indicated that they make up more than half of the Pentagon's personnel in Afghanistan. With the number of U.S. troops expected to increase by 30,000 in Afghanistan in the coming months, CRS estimated that the number of contractors there will also increase -- by up to 56,000.

Although the fiscal 2010 defense appropriation bill provides \$5 billion to allow defense personnel, rather than contractors, to perform critical department functions, there was no estimate available Wednesday on how many new defense employees will be hired with that money.

The bill includes a number of other important provisions:

It provides \$288 million for the Pentagon's inspector general to hire additional investigators for oversight of acquisition and contracting. Congress added about \$16 million to the administration request to enable the hiring of additional investigators.

It also reduces contracted advisory and assistance services by \$51 million, and includes general provisions to stop further conversions by the Department of Defense from government functions to contractors.