



## Senator Knocks Government Spending on Contractors

By Amber Corrin

Mar 30, 2012

The federal government's use of contractor support services is costing taxpayers dearly as agencies have lost sight of spending and contracting has "gone wild," according to Sen. Claire McCaskill (D-Mo.), who led a March 29 hearing to investigate the issue.

At the Homeland Security and Governmental Affairs contracting and oversight subcommittee meeting, McCaskill, subcommittee chairwoman, and ranking member Rob Portman (R-Ohio), quizzed officials from the Homeland Security Department, the Office for Personnel Management and the Army on plans for insourcing, use of and spending on contractor services and metrics for measuring savings. The panel members also discussed future budgeting concerns related to the growing costs of contractor services.

McCaskill in particular singled out the Defense Department, which last year released an insourcing report to Congress stating that the department was unable to provide requested data and was unable to "completely or accurately assess the specific impact insourcing has had on private sector firms or their employees" due to a lack of data, according to a letter McCaskill sent to Army Secretary John McHugh.

"As someone who's had a 50-yard-line seat watching contracting...I know that anyone who says we can't find savings at the Defense Department doesn't understand," she said at the hearing. "If they say we can't save a dime and that we need to continue to grow the budget, they don't understand that contracting has gone wild."

Jay Aronowitz, Army deputy assistant secretary for force management, manpower and resources, acknowledged that the Army has failed to properly plan for spending on contract services.

"We don't have service contract spending very well integrated into our budget," Aronowitz said, admitting that costs have increased in recent years after a previous downward trend.

Still, there has been some progress -- last year at DHS, some 3,500 contractor positions were insourced for savings to the tune of \$28 million, according to Debra Tomchek, DHS executive director of the Balanced Workforce Program Management Office.

Nonetheless, according to the Project on Government Oversight, which submitted a report to the Senate panel based on its own study, contractors are paid an average of 1.83 times more than federal employees in total compensation, and more than twice the full compensation paid in the private sector for comparable services.

“Our findings were shocking – 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 noted. “Given that one-quarter of all discretionary spending now goes to service contractors, a reassessment of the total federal work force, with a focus on contractor billing rates, could save taxpayers billions of dollars annually.”

But Professional Services Council President and CEO Stan Soloway cautioned that the government must carefully determine what work should be insourced – and what is still better left to be performed by the private sector.

“While we recognize that there are clear limits to the scope of work that is appropriate for the private sector to perform for the government, it is also true that the innovation, skills, agility, and competitive spirit of the private sector are the engine that drives our economy,” Soloway said in a released statement. “Any decision to perform work inside the government that is appropriate for the private sector to do must be accompanied by real analytical rigor. To do otherwise is contrary to both the government's and taxpayers' interests and the broader health of our economy.”



© 1996-2011 1105 Media, Inc. All Rights Reserved.