



FEDERAL CONTRACTING

One of the most critical challenges facing federal agencies is a lack of adequate resources. Agencies have been forced to reduce staffing even while their workloads increase. Without additional funding, the ability of federal agencies to accomplish their missions will be further undermined. It is essential that the government find savings and reinvest these savings in front-line federal workers who continue to provide the best value for American taxpayers.

Substantial savings can be found in federal contracting. According to the Government Accountability Office (GAO), in fiscal 2013, government spending on contracts exceeded \$460 billion. NTEU believes that many of these contracts, especially those for consulting and management services, are unnecessary, and do not provide a good value to either federal agencies or taxpayers. They take up a significant portion of federal agencies' budgets leaving insufficient resources to spend on front-line employees that actually provide the critical services on which taxpayers rely. Despite increased workloads, some federal agencies spend less on personnel as a proportion of their budgets today than they did in 2004.

The Bipartisan Budget Act lowered from \$950,000 to \$487,000 the salaries that contractors can be reimbursed from taxpayers and limited future increases in contractor reimbursement to the increase in the Employment Cost Index. However, additional savings can be found by lowering contractor salary reimbursement rates even further and by reducing the overall number of federal contractors and reinvesting these savings in front-line employees. Taxpayers should not be funding private contractor salaries that exceed the pay earned by Cabinet Secretaries. By identifying areas in which front-line employees could perform this work more effectively and efficiently, federal agencies will be even better able to provide high quality service and save taxpayer dollars.

NTEU supports legislation introduced by Rep. Tonko (H.R. 2444) and Sens. Boxer (D-CA) and Grassley (R-IA) (S. 1192) that would cap taxpayer reimbursement of contractor salaries government-wide at \$230,700, equal to the amount earned by the Vice President.

NTEU urges:

- **A comprehensive review of all federal contracts, an end to contracts that do not directly provide services to taxpayers and reinvestment of those savings in front-line employees**
- **Support for H.R. 2444 and S. 1192 lowering the cap on contractor employee salaries to \$230,700**