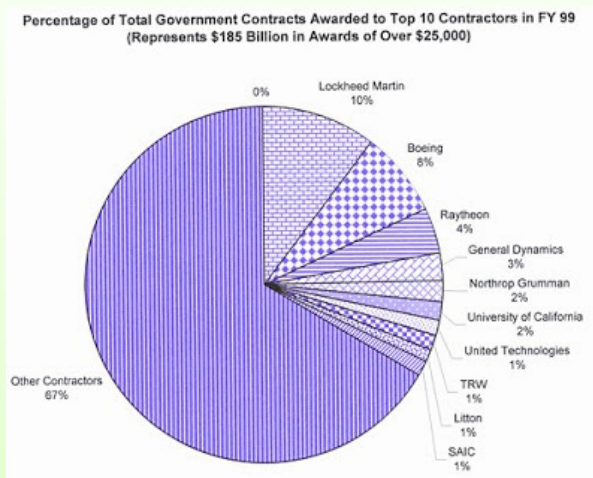


Monday, February 05, 2007

## U.S. contractors becoming a fourth branch of government



WASHINGTON: In June, short of people to process cases of incompetence and fraud by federal contractors, officials at the General Services Administration responded with what has become the government's reflexive answer to almost every problem.

They hired another contractor.

It did not matter that the company they chose, CACI International, had itself recently avoided a suspension from federal contracting; or that the work, delving into investigative files on other contractors, appeared to pose a conflict of interest; or that each person supplied by the company would cost taxpayers \$104 an hour. Six CACI workers soon joined hundreds of other private-sector workers at the G.S.A., the government's management agency.

Without a public debate or formal policy decision, contractors have become a virtual fourth branch of government. On the rise for decades, spending on federal contracts has soared during the Bush administration, to about \$400 billion last year from \$207 billion in 2000, fueled by the war in Iraq, domestic security and Hurricane Katrina, but also by a philosophy that encourages outsourcing almost everything government does.

Contractors still build ships and satellites, but they also collect income taxes and work up agency budgets, fly pilotless spy aircraft and take the minutes at policy meetings on the war. They sit next to federal employees at nearly every agency; far more people work under contracts than are directly employed by the government. Even the government's online database for tracking contracts, the Federal Procurement Data System, has been outsourced (and is famously difficult to use).

The contracting explosion raises questions about propriety, cost and accountability that have long troubled watchdog groups and are coming under scrutiny from the Democratic majority in Congress. While flagrant cases of fraud and waste make headlines, concerns go beyond outright wrongdoing. Among them:

Competition, intended to produce savings, appears to have sharply eroded. An analysis by The New York Times shows that fewer than half of all "contract actions" — new contracts and payments against existing contracts — are now subject to full and open competition. Just 48 percent were competitive in 2005, down from 79 percent in 2001.

The most secret and politically delicate government jobs, like intelligence collection and budget preparation, are increasingly contracted out, despite regulations forbidding the outsourcing of "inherently governmental" work. Scott Amey, general counsel at the Project on Government Oversight, a watchdog group, said allowing CACI workers to review other contractors captured in microcosm "a government that's run by corporations."

Agencies are crippled in their ability to seek low prices, supervise contractors and intervene when work goes off course because the number of government workers overseeing contracts has remained level as spending has shot up. One federal contractor explained candidly in a conference call with industry analysts last May that

"one of the side benefits of the contracting officers being so overwhelmed" was that existing contracts were extended rather than put up for new competitive bidding.

The most successful contractors are not necessarily those doing the best work, but those who have mastered the special skill of selling to Uncle Sam. The top 20 service contractors have spent nearly \$300 million since 2000 on lobbying and have donated \$23 million to political campaigns. "We've created huge behemoths that are doing 90 or 95 percent of their business with the government," said Peter W. Singer, who wrote a book on military outsourcing. "They're not really companies, they're quasi agencies." Indeed, the biggest federal contractor, Lockheed Martin, which has spent \$53 million on lobbying and \$6 million on donations since 2000, gets more federal money each year than the Departments of Justice or Energy.

[More here](#)

Posted by [Stewart Rhodes](#) at 4:14 PM



Labels: [politics](#)

[Newer Post](#)

[Home](#)

[Older Post](#)

[Subscribe to: Post Comments \(Atom\)](#)