

# Reason Foundation

<http://reason.org>

<http://reason.org/blog/show/defense-cuts-mask-build-up-in-futur>

## Out of Control Policy Blog

### Defense Cuts Mask Build Up in Future Government Spending

[Samuel Staley](#)

August 11, 2010, 8:35am

The U.S. Department of Defense [announced \\$700 million in cuts this week](#), including the closing down of a major command in Norfolk, Virginia. Closing the command will save \$240 million.

But, these cuts may be masking a fundamental change in defense department personnel strategy that will both expand the size of government and obligate the government to higher spending in the future. The devil is in the details.

The Joint Forces Command--the Norfolk-based command slated to be closed--currently employs 2,800 military and civilian positions. These are jobs covered by U.S. Civil Service requirements, including health benefits, pay grades, and retirement. The command also is supported by 3,000 private contractors. These are private-sector employees that generally don't have the same level of benefits or are not protected by civil service rules. This ratio is not unique: A lot of work is currently provided by private-sector employees. And the Obama Administration doesn't like it.

What better way to mask an increase in government employment than to cloak it under the veil of budget cuts?

The Obama Administration has made clear [it wants to bring contractor jobs "in-house"](#) to become part of the civil service. Indeed, Defense Secretary Robert M. Gates budget calls for a 10 percent per year *reduction* in private-sector contracting. [According to the New York Times](#):

"Mr. Gates also called for a 10 percent annual reduction in spending on contractors who provide support services to the military, including money for intelligence-related contracts, and he placed a freeze on the number of workers in the office of the secretary of defense, other Pentagon supervisory agencies and the headquarters of the military's combat commands."

Unlike the Joint Forces Command, these contractor jobs are not going away. They will be re-allocated to career civil servants in the federal government (with all the perks and benefits). [As Chris Edwards at the Cato Institute has pointed out](#), federal workers get paid more than private workers overall. And, according to a recent analysis by [USA Today](#) (March 8, 2010),

"Overall, federal workers earned an average salary of \$67,691 in 2008 for occupations that exist both in government and the private sector, according to [Bureau of Labor Statistics](#) data. The average pay for the same mix of jobs in the private sector was \$60,046 in 2008, the most recent data available."

These data exclude benefits like health care and vacation pay discrepancies. Among the jobs that pay better on average in the federal government compared to the private sector according to the *USA Today* analysis are: Accountants, computer systems analysts, economists, procurement clerks, chemists, statisticians, surveyors, nurses and paralegals.

I personally know contractors at Wright Patterson Air Force Base in Dayton, Ohio whose contracts have not been renewed but are now training their career civil service replacements. In these cases, the new federal employees have no substantive background or experience in the job they are being trained for.

So, while real defense cuts are welcome if they improve efficiency and effectiveness, a likely result of the current round is fulfilling the long-term goal of the Obama Administration of building up federal employment and, ultimately, the size of government.

---

Samuel Staley is Director of Urban Growth and Land Use Policy