

STATEMENT OF CHAIRMAN DANIEL K. AKAKA

Intelligence Community Contractors: Are We Striking the Right Balance?

Hearing

Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia, Senate Committee on Homeland Security and Governmental Affairs

Aloha and thank you for being here. Today, the Subcommittee will examine the Intelligence Community's (IC) reliance on contractors and whether the IC has rebalanced its workforce in the decade since the September 11, 2001, attacks.

After the attacks, intelligence agencies had to rapidly surge their workforces and turned to private contractors to fill gaps. While I understand the initial need to rely on the contractors, I am concerned that ten years later, the IC remains too heavily dependent on contractors. According to an investigation by the Washington Post, close to 30 percent of the current IC workforce are contractors.

Although contractors undoubtedly have contributed greatly to keeping this country safe over the last decade, our overreliance on contractors raises a number of concerns. Federal workforce challenges contribute to the heavy reliance on contractors. The IC has gaps in language, technical, and certain other skills. IC contracting firms often pay more, increasing the challenge of recruiting and retaining federal employees instead of contracting for the work. Despite these challenges, the Office of the Director of National Intelligence (ODNI), which oversees the 16 elements of the IC, last published an IC Strategic Human Capital Plan in 2006.

The IC must invest in the strategic planning and training needed to address its long-term workforce needs, and Congress must make sure the IC has the tools required to recruit and retain the best. Additionally, I am concerned that contractors are improperly performing inherently governmental functions that are reserved for federal employees. The IC must exercise sufficient oversight to make sure those tasks are completed by a federal worker.

The acquisition workforce is critical for proper contractor oversight and management, but there are significant shortfalls government-wide, including within the IC. We must ensure that the IC acquisition workforce has the staff and training needed to promote the efficient, effective, and appropriate use of contractors.

Given the current budget pressures, I am also concerned about the high cost of IC contractors. Several estimates show that contract employees cost significantly more than federal employees in the IC. A recent study by the Project on Government Oversight on government-wide contracting found that federal employees were less expensive than contractors in 33 out of 35 occupational categories. In the decade since September 11, 2001, intelligence contracting firms have reaped huge profits paid for by the American taxpayer.

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Finally, the movement between government and contracting firms raises the risk that decisions made within the IC could be influenced by conflicts of interest. Former Central Intelligence Agency (CIA) Director Michael Hayden instituted a cooling off period at the CIA, but there is no IC-wide approach. I would like to hear from our witnesses how conflicts can be prevented.

As part of its effort to rebalance the workforce, the administration announced plans to insource core governmental functions that should be reserved for federal employees. I hope to learn today whether these efforts have been effective and what additional steps are needed. I look forward to the testimony and to a productive discussion with the witnesses.

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