

Cutting Contractor Use and Taxpayer Savings or CUTS Act

- Between 2002 and 2014, the Department of Defense (DOD) spent more than \$2 trillion on service contractors, companies who provide services such as strategic consulting and logistics management.
- The decade-long trend of outsourcing work has created a shadow government of service contractors that are largely dependent on the taxpayers as their sole source of revenue.
- Studies show that service contractors can cost taxpayers up to twice what it costs for service members to perform the work.
- Of the 1,409,964 people who hold a Top Secret security clearance in the United States, nearly 500,000 are service contractors.
- Approximately 30 percent of the Intelligence Community workforce is made up of service contractors, employees of companies whose primary goal is to make a profit and have never sworn an oath to defend and protect the United States.
- In 2013, DOD spent nearly \$180 billion on service contractors, making it the largest buyer of services in the federal government.
- Since 2002, Congress has repeatedly passed legislation to improve DOD's management of service contractors; however, in 2013 the Government Accountability Office found that while DOD has taken steps to address such legislative requirements, there are no metrics in place to determine the effects of those actions.

The CUTS Act calls for significant changes in the strategic management of service contractors with increased oversight and accountability. It will reduce the debt and strengthen national security:

- Require DOD to reduce spending on service contractors to pre-Iraq war levels (adjusted for inflation) over the next decade, resulting in less spending by hundreds of billions of dollars.
- Require the DOD Inspector General (IG) to complete an analysis of service contractors globally with an emphasis on identifying redundancies and distinguishing areas of growth since 2002. It further requires the DOD IG to report those findings annually to Congress and make the report public.
- Require the Defense Contract Audit Agency to identify service contractors in its analysis.
- Require DOD to reduce spending on service contractors by requiring consistent data and metrics that (1) identify baseline data on service acquisition (2) develop goals to improve service acquisitions (3) establish metrics to assess progress in meeting these goals.
- Require the Office of the Director of National Intelligence to provide Congress a comprehensive classified annual report on the federal procurement of service contractors by the 17 elements of the U.S. Intelligence Community including CIA, NSA and DIA.
- Place a salary cap on service contractors by not allowing them to earn more than the Commander-in-Chief.
- Enforce spending limits by fencing appropriations for service contractors if a one-third reduction isn't met within three years of enactment.