



Making Government Work for Families

The federal government's role as employer and
contractor in improving family-friendly policies

Ann O'Leary July 2009

Introduction and summary

Today an increasing amount of the government's work is not performed directly by the federal workforce, but rather by a hidden workforce of employees working for government contractors. From 2000 to 2008, the federal government more than doubled its investment in contracted goods and services to \$526 billion.¹ This investment represents over 3 percent of the total size of the U.S. economy, approximately equal to the economic output of the state of New Jersey.²

This stunning growth in federal contracting is due in large part to a gradual shift in the amount and type of work that is being contracted out by the federal government. Twenty-five years ago, the majority of the funds spent on federal contracting went to the production of supplies and equipment for the government—everything from fighter jets to ammunition and body armor. Today, by contrast, the federal government spends approximately 60 percent of its federal contracting investment on the purchase of services³—ranging from information technology support to food services to human resource management to security for federal buildings.⁴

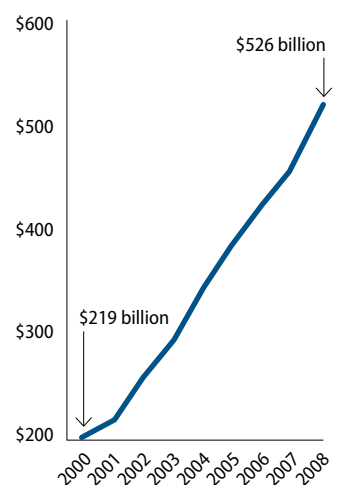
Indeed, the overall growth in federal service contracting has steadily increased at a compound rate of slightly more than 6 percent each year for the past decade.⁵ The Department of Defense increased its spending on services by a remarkable 66 percent from fiscal years 1999 to 2003.⁶ It now spends more on services than goods and spends more than any other agency on service contractors.

Historically, the federal government has provided a standard for employment benefits and equity in employment, and government contracting has often been used as a powerful tool to improve employment benefits and equity in the private sector.⁷ Specifically, Presidential Executive Order 11246—signed by President Lyndon B. Johnson in 1965, which built on similar presidential orders going back to 1941—prohibits discrimination and insists on affirmative action to assure representation of women and underrepresented minorities in the federal contracting workforce. And decades-old laws such as the Davis-Bacon Act, Walsh-Healy Public Contracts Act, and the McNamara-O'Hara Service Contracts Act all require that federal contractors pay prevailing wages and benefits.

The reach of these laws is dramatic. The protection against discrimination extends to all employees working for federal contractors receiving more than \$10,000 in federal contracts in one year. It reaches nearly a quarter of the entire private-sector workforce in

Dramatic increase in investment in federal contracting

Billions of dollars



Source: Graphic available on USASpending.gov; Federal Procurement Data System (FPDS)

the United States.⁸ The requirement for prevailing wages and benefits applies only to those workers directly supported by the federal government, but the numbers are still quite dramatic and have an outsized influence on purely private-sector wages and benefits.

Unfortunately, these laws do not adequately address the needs of today's workers. Workers face greater family responsibilities than ever before. Most workers are in families where both adults work or in single-headed households. Workers also are older than ever before, and many need to take time off to care for themselves or an elderly spouse or partner, or desire greater flexibility to enjoy life as they get older. Problem is, most jobs today don't include flexible, family-friendly policies to match the needs of today's workers.

This report documents how existing laws that protect against inequitable pay and set prevailing wages and benefits in the federal contractor workforce have failed to fully assist workers contracted by the federal government in meeting the dual demands of work and family responsibilities. The report then recommends how to fully enforce existing laws, and encourages the government to consider new ways of rewarding contractors offering family-friendly benefits at least as good as those offered by the federal government to its own workers.

How important is this to American workers? It's huge. Scholars, the media, and watchdog groups have focused attention on the problems associated with the dramatic rise in contracting, including the lack of public accountability and transparency and the question of whether certain services are inherently governmental and therefore must be performed by government employees.⁹ But less attention has been paid to the inefficiencies and inequities associated with the lack of enforcement and gaps in the laws requiring equitable pay and a standard level of benefits for federal contract employees.¹⁰

What's more, there has been limited examination of whether federal contractors should be required or incentivized to provide work-family benefits.¹¹ Should the single mom who works in a cafeteria for a major federal agency be able to take a day off from work without losing pay or risking her job when her child is sick or when she needs to accompany her mother to the doctor? What about the older man who still comes in at night to clean federal offices because he can't afford to retire—should he get more flexibility to work part-time or adjust his work schedule? How about the married parent of a newborn who is working at a desk job processing reimbursement forms for the federal government, shouldn't that parent get the protection of paid family leave just after the baby is born?

President Barack Obama has committed to undertake a comprehensive review of federal contracting as well as to explore ways the federal government can better address challenges faced by women.¹² These efforts should be linked. They should include a review of how the federal government can increase its enforcement and oversight of federal contractors with regard to workplace policies supporting caregivers, a disproportionate number of whom are women.

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