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Federal contract jobs a path to poverty for many

Almost half of all workers on government projects are employed by private businesses through federal contracts. But a new report released today from the Economic Policy Institute shows that those contract workers are more likely to make less than \$10 an hour and have fewer benefits than federal employees.

In [*Outsourcing Poverty*](#), EPI experts Kathryn Edwards and Kai Filion found 20 percent of federal contract workers did not earn enough to put a family of four over the poverty threshold (\$9.91/hour in 2006). In comparison, fewer than 8 percent of federal employees fail to meet that poverty threshold.

“Much of the savings from outsourcing federal projects to private companies doesn’t come from greater efficiency, but rather lower wages and benefits,” said co-author Kathryn Edwards.

Although the federal government does not collect data on federal contract workers, the report’s authors used data from the General Services Administration and the Bureau of Labor Statistics to calculate the number of contract workers earning below the poverty threshold and to show that contract workers are less likely to have employer-provided health coverage or pension plans.

“The federal government should follow the example set by the Small Business Administration and mandate specific wage and benefit targets when awarding federal contracts,” said Edwards.

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