

SENATE BUDGET COMMITTEE

KENT CONRAD, CHAIRMAN

FOR IMMEDIATE RELEASE
August 12, 2008

Contact: Stu Nagurka (202) 224-7436
Steve Posner (202) 224-7925

CONRAD WARNS OF DANGEROUS OVER- RELIANCE ON OUTSOURCING IN IRAQ WAR

New CBO Report Highlights Dramatic Increase in Use of Private Multinational Contractors By Bush Administration

Washington, DC – The Congressional Budget Office (CBO) today released a report, requested by Senate Budget Committee Chairman Kent Conrad (D-ND), showing that the Bush Administration has dramatically increased the U.S. military's dependence on private multinational contractors. According to CBO, there are now more than 190,000 contractors in the Iraqi theater of operations, and almost 20 percent of funding for operations in Iraq has gone to contractors. In total, the U.S. has spent \$85 billion on contractors in Iraq through 2007.

“The Bush Administration’s move to outsource large portions of the Iraq war effort sets a dangerous precedent,” said Conrad. “The increasing use of private contractors restricts accountability and oversight; opens the door to corruption and abuse; and, in some instances, may significantly increase the cost to American taxpayers.”

CBO’s estimate of the number of contractors in Iraq – which includes 25,000 to 30,000 private security contractors – puts the current contractor-to-troop ratio at more than 1 to 1. This figure vastly exceeds levels from previous major conflicts, CBO found. The contractor-to-troop ratio is 2.5 times higher in Iraq than during the Korean War, and 5 times higher than during the Vietnam War.

“The record number of private contractors in Iraq raises a host of serious concerns,” added Conrad. “There are billions of taxpayer dollars being funneled to both American and foreign companies, often through no-bid contracts. Ongoing Pentagon audits have revealed that vast sums of this money have been misspent or improperly recorded. The American people deserve a better accounting from this Administration of who these contractors are, why they are being used instead of U.S. troops, how they are being monitored, and whether they represent a cost-effective use of American resources.”

Notably, CBO also found that more than 40 percent of all contractors in the Iraqi theater – about 81,000 people – are neither Iraqis nor Americans. These “third country nationals” fall into an ambiguous gray area, where their legal status in a war zone remains unclear and where accountability and oversight are difficult.

CBO’s report on the use of private contractors in Iraq can be found on the Senate Budget Committee website at: <http://www.budget.senate.gov/democratic/>.

###