

Federal Workers, Regulations to Increase

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WASHINGTON -- President Barack Obama's inaugural budget sets the stage for an expansion of the federal work force and for hundreds of new rules that would widen Washington's involvement in the workings of private business.

If enacted by Congress, the budget initiatives will mark a clear end to the deregulatory philosophy of the Bush administration, signaling profound change for the nation's biggest businesses.

Mr. Obama envisions broad-based government hiring in the budget, from bomb detectors to food-safety inspectors. Some defense companies face a decline in Pentagon business, as the budget proposes to replace outside contractors with 33,600 civil servants by 2015. Other U.S. agencies would get authority to hire hundreds of additional workers, many in regulatory-enforcement jobs.

The budget also calls for tougher regulation of the food-processing and transportation industries, and beefed-up enforcement of workplace-safety and other labor practices.

The Food and Drug Administration would get an additional \$300 million in the fiscal year beginning Oct. 1, the largest increase in the agency's history. The White House proposes increased manufacturer user fees to pay for food-plant inspections and to speed the review of applications for generic drugs and biologics, drugs derived from living organisms that are the industry's fastest-growing segment.

The budget request calls for the FDA to get \$2.35 billion for fiscal 2010, compared with \$2.06 billion in the previous fiscal year. Including user fees -- which must still be authorized by Congress -- the budget request totals \$3.04 billion, compared with \$2.7 billion in the prior year.

In response to a series of food-safety crises, the budget provides for more inspectors in the Agriculture Department. Increased funding will pay for inspectors and enforcement of tougher standards governing the safety, labeling and packaging of meat, poultry and egg products.

Mr. Obama is asking for \$13.3 billion of discretionary spending to run the Labor Department, up 3% from fiscal 2009. The \$400 million increase would boost enforcement of workplace-safety and wage rules, and pay for more staffers to ensure that businesses comply with equal-employment rules for federal contractors.

Labor Secretary Hilda Solis said Thursday that the budget is "ambitious" in its effort to restore worker protections and improve employment opportunities. It calls for increasing the department's full-time staff by nearly 1,000, including hundreds of investigators who will handle complaints and check on businesses to ensure they are complying with federal rules.

The Occupational Safety and Health Administration would get 15% more funding for enforcement under the president's proposal, while money for enforcing wage standards would increase 18%. Mr. Obama proposes to cut spending for the labor-management standards program, which investigates union-embezzlement charges. The Labor agency that enforces equal-employment standards for federal contractors would get a budget increase of 33% to do so in 2010.

The Internal Revenue Service would get an additional \$400 million to beef up efforts to collect taxes, and close what the administration says is a \$300 billion gap between what the U.S. is owed and what it actually receives.

The budget provides nearly \$1 billion for an overhaul of the nation's air-traffic control system. It also includes money to hire 107 new air-traffic controllers and 36 aviation-safety staffers. At the Department of Homeland Security, the budget includes \$260 million for "potentially adding thousands more state and local-level intelligence analysts," the proposal says, and 109 bomb-detection officers.

In a major overhaul with long-term consequences for the defense industry, the administration aims to start replacing government contractors with federal civil servants. The goal is to reset the number of contract workers to levels not seen since the beginning of the Bush administration.

From administrative tasks to war planning, the Pentagon is supplied by contractors, including defense titan [Lockheed Martin](#) Corp. and firms such as [SAIC](#) Inc. and Booz Allen Hamilton.

The White House is requesting \$19.2 billion for Defense Department contractor services in 2010, a reduction of \$900 million from 2009, mostly by cutting outside contracts. The budget envisions hiring the 33,600 new civilian workers by 2015, while saving 40% in overall spending each year.

In 2001, about 26% of support services were provided by contractors. Currently, it's about 39%, Robert Hale, the Pentagon's chief financial officer and comptroller, said in an interview.

"This is the pendulum swinging back," he said.