

ROI ANALYSIS: IN-HOUSE VS. STAFFING AGENCY HIRING

A Federal Contractor's Guide to Smart Hiring Decisions

Prepared by CCS Global Tech | Cleared Talent & Veteran Staffing Division



Executive Summary

Federal prime and subcontractors face a critical decision: build an internal recruiting team or partner with a specialized staffing agency? With the federal government committing \$755 billion in contracts in FY 2024, the pressure to staff up quickly with qualified, cleared talent has never been higher.

This analysis breaks down the real costs of each approach using current industry data, helping you make informed decisions that protect your bottom line while meeting demanding contract timelines.

Key Finding: While in-house recruiting appears less expensive on paper, hidden costs often push total expenses 40-60% higher than initial estimates. For federal contractors hiring fewer than 20 cleared professionals annually, partnering with a specialized staffing agency typically delivers better ROI.





THE TRUE COST BREAKDOWN

In-House Hiring: What You're Really Paying

Direct Costs Per Hire

- **Recruiter Salary & Benefits:** \$60,000-\$80,000/year for talent acquisition specialist
- **Job Advertising:** \$500-\$2,000 per position across multiple platforms
- **Background Checks:** \$100-\$500 per candidate
- **ATS & HR Software:** \$3,000-\$15,000/year depending on company size
- **Average Cost Per Hire:** \$4,700 (industry baseline, up to \$10,000+ for specialized cleared roles)

Hidden Costs Often Overlooked

- **Security Clearance Processing Time:** 100 days (Secret) to 170 days (Top Secret)
- **Productivity Loss During Vacancy:** \$8,000-\$15,000/month for unfilled critical positions
- **Management Time:** 15-20 hours per hire for review, interviews, and coordination
- **Bad Hire Costs:** 30-50% of annual salary if the candidate doesn't work out
- **Administrative Overhead:** FSO time for clearance processing, compliance, documentation



Hidden Costs Often Overlooked

- Position Salary: \$120,000/year
- In-House Direct Recruiting Cost: \$6,500
- Clearance Processing Wait: 170 days (Top Secret)
- Lost Productivity During Vacancy: \$35,000
- Management Time (20 hours at \$150/hr): \$3,000
- Total First-Year Cost: \$164,500

Staffing Agency Partnership: The Complete Picture Fee Structure

- **Permanent Placement:** 15-25% of first-year salary (one-time fee)
- **Contract Staffing:** 25-45% markup on hourly rate
- **Executive Search:** 25-30% of first-year salary with guarantee period

What's Included

- Pre-screened, qualified candidates from existing cleared talent pool
- Reduced time-to-fill (often 30-60 days vs. 90-120+ days in-house)
- Compliance and background verification
- Guarantee periods (typically 90 days for direct hires)
- No replacement fees if candidate doesn't work out during guarantee
- Zero administrative burden on your team

Real Cost Example: Same Cleared Cybersecurity Engineer

- Position Salary: \$120,000/year
- Agency Placement Fee (20%): \$24,000
- Time-to-Fill: 45 days (candidate already cleared)
- Lost Productivity During Vacancy: \$15,000
- Management Time (5 hours at \$150/hr): \$750
- Total First-Year Cost: \$159,750

Net Savings: \$4,750 vs. In-House | Plus: 125 days faster to full productivity



FEDERAL CONTRACT SCENARIO WORKSHEETS

Scenario 1: DoD Prime Contractor – Rapid Contract Award Response

Situation

You've just won a \$5M DoD contract requiring 8 cleared professionals with start date in 90 days.

Position	Salary	Clearance Level	Qty
Senior Systems Engineer	\$135,000	TS/SCI	2
Software Developer	\$110,000	Secret	3
Program Manager	\$145,000	TS/SCI	1
Business Analyst	\$95,000	Secret	2



In-House Hiring Approach

- **Timeline:** Need to post, source, screen, interview, and wait for clearances
- Average time-to-hire with clearance processing: 150-200 days
- **Result:** Contract start delayed, potential penalty clauses triggered
- Lost revenue during delay: \$520,000+ (based on 3-month delay)
- Estimated total cost: \$45,000 (recruiting) + \$520,000 (delay) = **\$565,000**

Staffing Agency Approach

- **Timeline:** Access to pre-cleared talent pool, average placement 45-60 days
- All positions filled by contract start date
- Placement fees at 20% average: **\$158,000**
- **Net Savings: \$407,000** plus avoided contract penalties and maintained client relationship

Scenario 2: Subcontractor – Unpredictable Hiring Needs

Situation: Mid-size subcontractor with fluctuating staffing needs based on contract wins. Hiring 12-15 positions annually across multiple contracts.

In-House Recruiter ROI Analysis

Annual Costs:

- 1 Full-Time Recruiter: \$75,000
- Benefits (30%): \$22,500
- HR Software/Tools: \$8,000
- Job Boards & Advertising: \$12,000
- **Total Annual Investment: \$117,500**



Cost Per Hire: $\$117,500 \div 15 = \$7,833$ per placement

Reality Check:

- Does NOT include management time reviewing candidates
- Does NOT include vacancy costs during long clearance waits
- Does NOT account for bad hires (no guarantee period)
- Recruiter may lack specialized cleared market knowledge

Staffing Agency Approach

Annual Investment:

- 15 placements at average \$100,000 salary
- 20% placement fee: \$300,000

What You Get:

- Zero fixed overhead
- Pre-cleared candidates (faster fills)
- 90-day guarantee periods on all hires
- Market intelligence and salary benchmarking
- Scalability (hire 8 one year, 22 the next – no problem)
- Risk transfer for bad hires

Break-Even Analysis: For companies hiring fewer than 15-20 cleared professionals annually, agency partnerships typically offer better ROI when factoring in speed, quality, and risk mitigation.

Scenario 3: Intelligence Community Contractor – Specialized Clearances

Situation: IC contractor needs 5 positions requiring TS/SCI with polygraph.

Challenge: Only 3-5% of security clearance holders have polygraph clearances. Finding them is like finding needles in a haystack.

In-House Approach

- **Realistic Timeline:** 6-12 months to find and clear candidates
- Cost per poly cleared hire: \$15,000-\$25,000
- Risk of contract delays: HIGH
- Opportunity cost: Potentially losing future contract renewals due to staffing failures

Specialized Agency Approach

- **Timeline:** 60-90 days (accessing existing poly-cleared network)
- Placement fee: 25% due to specialization = \$31,250 per \$125,000 role
- **Total for 5 positions:** \$156,250
- Contract delivered on time, relationship strengthened, future work secured

Value Beyond Cost: Access to a network you couldn't build yourself in any reasonable timeframe.





ROI CALCULATOR WORKSHEET

Use this worksheet to calculate your specific situation:

Your Annual Hiring Needs

Step 1: Estimate Annual Hires

- Number of cleared positions filled annually: _____
- Average position salary: \$_____
- Average clearance level required: [] Secret [] TS [] TS/SCI



Step 2: In-House Cost Calculation

Cost Item	Your Amount
Recruiter salary + benefits (30%)	\$_
HR software/ATS	\$_
Job board subscriptions	\$_
Background check services	\$_
Fixed Annual Overhead	\$_
÷ Number of annual hires	÷
Cost per hire (overhead only)	= \$_
+ Average recruiting cost per hire	\$4,700
+ Vacancy costs (avg 120 days)	+ \$_
Total Cost Per Hire	= \$_

Step 3: Agency Partnership Calculation

Cost Item	Your Amount
Average position salary	\$_
× Agency fee percentage	× 20%
Agency cost per hire	= \$_
+ Vacancy costs (avg 45 days)	+ \$_
Total Cost Per Hire	= \$_

Step 4: Compare & Decide

Factor	In-House	Agency	Winner
Cost per hire	\$_	\$_	
Time to fill	_days	_days	
Quality guarantee	No	90 days	Agency
Scalability	Limited	High	Agency
Fixed overhead	Yes	No	Agency





KEY DECISION FACTORS

When In-House Makes Sense

- Hiring 25+ cleared positions annually
- Long-term, stable hiring needs
- Internal expertise in cleared recruiting
- Established clearance sponsorship capabilities
- Strong employer brand in cleared community

When Staffing Agencies Deliver Better ROI

- Hiring fewer than 20 positions annually
- Urgent, time-sensitive hiring needs
- Specialized or hard-to-find clearances (TS/SCI, Poly)
- Limited internal recruiting resources
- Variable or unpredictable hiring needs
- New to federal contracting space
- Need to minimize risk of bad hires

Real Numbers That Matter

Industry Benchmarks (2024-2026 Data):

- Federal contractor minimum wage (2026): \$17.75/hour
- Average cost per hire (all industries): \$4,700
- Average cost per cleared hire: \$8,000-\$15,000
- Security clearance processing times:
 - Secret: 100 days
 - Top Secret: 170 days
- Staffing agency placement fees: 15-25% (permanent)
- Agency contract markup: 25-45% (temporary/contract)
- Bad hire cost: 30-50% of annual salary
- Average turnover in cleared workforce: 12-15% annually

Federal Contracting Market:

- FY 2024 federal contract spending: \$755 billion
- Over 4.2 million security clearance holders
- Supply/demand imbalance favors candidates
- Cleared candidate time-to-hire 60% longer than non-cleared



The Bottom Line

Smart federal contractors focus on **speed, quality, and risk management** not just upfront costs.

Every day a critical position stays empty costs you money. Every bad hire derails projects. Every missed contract start date damages client relationships.

Questions to Ask Yourself:

1. Can we afford a 6-month gap waiting for clearances to process?
2. Do we have the network to source poly-cleared cybersecurity experts?
3. What happens to our overhead when hiring slows down?
4. Can we guarantee the quality of our hires like an agency does?
5. Is recruiting really our core competency, or should we focus on delivering exceptional work?

The right hiring strategy isn't about choosing the cheapest option – it's about choosing the approach that delivers cleared talent when you need it, at a total cost that makes business sense.





Next Steps

Ready to optimize your cleared hiring strategy?

CCS Global Tech specializes in connecting federal prime and subcontractors with cleared talent and veterans who are ready to contribute from day one.

We understand the urgency of federal contracting, the complexity of clearance requirements, and the importance of finding candidates who not only have the credentials but also fit your team culture.

Let's Talk About Your Specific Needs

- Review your current hiring costs and identify hidden expenses
- Analyze your typical time-to-fill for cleared positions
- Discuss flexible engagement models that match your hiring patterns
- Explore our cleared talent network and veteran candidate pipeline

Contact CCS Global Tech Today

When you need cleared talent fast and can't afford mistakes, partner with specialists who understand your world.

This analysis uses verified industry data from the U.S. Department of Labor, Society for Human Resource Management (SHRM), Bureau of Labor Statistics, and federal contracting industry reports. All scenarios are based on real market conditions as of 2024-2026.

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