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OPERATIONAL CONTRACT SUPPORT: LEARNING FROM THE PAST AND PREPARING FOR THE FUTURE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

SECOND SESSION

HEARING HELD
SEPTEMBER 12, 2012

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OPERATIONAL CONTRACT SUPPORT: LEARNING FROM THE PAST AND PREPARING FOR THE FUTURE

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
Washington, DC, Wednesday, September 12, 2012.

The committee met, pursuant to call, at 10:05 a.m. in room 2118, Rayburn House Office Building, Hon. Howard P. "Buck" McKeon (chairman of the committee) presiding.

OPENING STATEMENT OF HON. HOWARD P. "BUCK" MCKEON, A REPRESENTATIVE FROM CALIFORNIA, CHAIRMAN, COMMITTEE ON ARMED SERVICES

The CHAIRMAN. The committee will come to order.

This morning we are reminded once more what a dangerous world we live in and the risks many Americans take to serve our country abroad. My thoughts and prayers, together with those of members of the committee, are with the families, loved ones of those that we have lost in Libya.

We meet today to receive testimony on operational contracts support—that is, the services that our military buys to directly sustain operations like those in Afghanistan.

According to a recent study by the Center for Strategic and International Studies, the Department of Defense spends, on average, nearly one third of its entire budget contracting for services. And while this committee and others in Congress have taken aggressive actions to reform the Government's acquisition processes, most of our time and effort has been focused on major defense acquisition programs, such as the Joint Strike Fighter and the Littoral Combat Ship. Perhaps this is because they are tangible and there is a more formal process used to procure hardware. Regardless, we don't spend nearly as much time addressing issues regarding the way the DOD [Department of Defense] contracts for services such as engineering, maintenance, logistics, and base support.

Contracting for services cannot be taken lightly. Here is a fact, and one that I expect our witnesses will not challenge: The U.S. military cannot today fulfill its responsibilities to our national security without a significant contribution by many hardworking folks that are not in the direct employment of the U.S. Government.

That fact extends to war zones, too. Most of us are familiar with the term "contingency contracting," which has been used over the last several years to refer to contracts in Iraq and Afghanistan. The term likely conjures up memories of money wasted on $600 toilet seats, funding that fuels corruption, and the loss of hearts and minds any time armed security guards kill or injure civilians.

But the goal of today's hearing is not to reexamine these or other incidents. There has already been extensive work to document these deficiencies and to capture lessons learned. The goal is to learn from the past and charter a way forward, because I think we can all agree that we will continue to be reliant on contractors for future operations.

As such, the topic before us today is complex, but it is also important. We learned a lot of hard lessons on this issue in Iraq and Afghanistan. We were ill-prepared for the level of contracting that was required to support these missions, and, as a result, outcomes suffered. In some cases, those consequences were grave, and brave Americans lost their lives as a result.

The question before us is how we can improve operational contract support outcomes, from saving lives to reducing waste and graft, to delivering a unity of effort consistent with our military commanders' intent. This will require leadership and an emphasis on the importance of operational contract support.

Excellence must be demanded in each of the requirements generation, contract award, and contract management phases. A prerequisite for excellence is planning and training like we fight. There are many recommendations that have been advanced to meet these goals, and I look forward to exploring those recommendations in greater detail today.

I am certain that our witnesses' testimony will help us and the Department of Defense as we continue the mission in Afghanistan and prepare for the challenges that may come here at home and around the globe.

Mr. Smith.

[The prepared statement of Mr. McKeon can be found in the Appendix on page 41.]

STATEMENT OF HON. ADAM SMITH, A REPRESENTATIVE FROM WASHINGTON, RANKING MEMBER, COMMITTEE ON ARMED SERVICES

Mr. SMITH. Thank you, Mr. Chairman.

And I share your remarks on the events in Libya and also in Egypt. Our thoughts and prayers certainly go out to the people who lost their lives and their families. It is a tragic incident and reminds us, again, of how unstable the world is and can be.

I thank you for holding this hearing. As well, I thank our witnesses. I look forward to the testimony and the question-and-answer period.

Logistics and contracting out are critical, critical parts of our military and national security operation that don't typically get the attention that they obviously deserve. With all of the human resources and all of the material resources that we have, getting them all in the right place at the right time and making sure they are properly coordinated is an enormous and very important task and something that I believe our military does better than any military in the world.

And part of the reason why we are as successful as we are, a piece of that, of course, is contracting out those services, figuring out what can be done in-house and what needs to be contracted out—also not an easy process. And, of course, there are our legisla-

tive and parochial battles that get in the way of making it an easy process, as well.

And so I think it is important that we examine that issue and try to figure out how to maximize our effectiveness at contracting out and pulling together those logistical challenges.

I also believe that, given the wars in Iraq and Afghanistan, we have an excellent opportunity right now for a lessons-learned approach, go back and look and see what we did, what worked, what didn't work. A lot of it had to happen fairly quickly, so I certainly understand that decisions had to be made quickly. But now that we have had some time to think about it and look at it, I think this is a great opportunity to learn from that and make improvements where we can.

With that, I yield back. And I thank the chairman again for holding this very important hearing.

[The prepared statement of Mr. Smith can be found in the Appendix on page 43.]

The CHAIRMAN. Thank you.

This will be a unique hearing.

We have today the Honorable Alan F. Estevez; Brigadier General Craig C. Crenshaw, Vice Director, J–4, Joint Staff; Mr. Moshe Schwartz, Specialist in Defense Acquisition, Congressional Research Service; and Mr. Tim DiNapoli, Acting Director for Acquisitions and Sourcing, U.S. Government Accountability Office.

So we have a good cross-section here of people that I think will be very helpful to us in going through this process, and we thank you for being here.

And we will turn first to Mr. Estevez.

STATEMENT OF HON. ALAN F. ESTEVEZ, ASSISTANT SECRETARY OF DEFENSE FOR LOGISTICS AND MATERIEL READINESS

Secretary ESTEVEZ. Thank you, Chairman McKeon, Ranking Member Smith, distinguished Members of the committee. Good morning. I appreciate the opportunity to appear before you today to talk about the improvements we have made with respect to the management and oversight of operational contract support and our plan to sustain these efforts into the future.

Before I do so, I do want to thank this committee for its strong support of our men and women in uniform and for a civilian workforce across the Department of Defense.

Operational contract support, or OCS, entails the planning for and managing the reality of contractors on the battlefield. As Brigadier General Crenshaw and I detailed in our joint written statement, which I believe was submitted for the record, the Department has made significant improvements across the board in a range of OCS areas over the last 6 years. In fact, during my several visits to Afghanistan over the last number of years, I have witnessed the ongoing implementation of our OCS improvements that we have made based on the lessons we have learned over the last 10 years.

Congressional focus on this important area has been very helpful in both maintaining visibility and contributing to our ability to institutionalize OCS. We also appreciate the efforts of a variety of ex-

ternal boards and commissions, including the Gansler Commission, the Commission on Wartime Contracting, the GAO [Government Accountability Office], and Congressional Research Service. We appreciate their expertise, effort, and, as appropriate, their willingness to partner with us as we implement our recommendations.

The Office of the Secretary of Defense and the Joint Staff together have embarked on an aggressive agenda to improve planning for and managing contracts and contractors on the battlefield. Our strong commitment to continuous progress in this area is demonstrated by the accomplishments the Department has made, from organizational changes such as the standup of the Joint Contingency Acquisition Support Office and the embedding of OCS planners at our combatant commands, to development and updates to policy and doctrine, from increased visibility and accountability of contractors on the battlefield today, to improvements in training and education in both the acquisition and nonacquisition workforce responsible for contingency contracts management.

The lessons we have learned from recent operations are being incorporated and applied to OCS across all echelons of the Department, including the military services and the combatant commands. We are already seeing a cultural shift in the way we plan and prepare for future contingency operations.

As an example, within the first day after the earthquake, tsunami, and nuclear reactor failure in Japan, Pacific Command established the Air Force as the lead Service for contracting. This meant that all forces deploying to Japan had a clear understanding of the contracting authority and would not be competing against each other for scarce resources—a critical lesson that we learned from our experiences in Central Command. Notably, the first operations order issued by Pacific Command in response to this disaster was the operations order establishing this contract and command relationship.

To sustain these advances, we need to maintain our focus, secure and solidify our gains, and continue the momentum we have in implementing OCS capability. To lose such capability now would be truly wasteful, and we are strongly committed to ensure that this does not happen.

I believe that our testimony will reassure you that DOD has worked hard to improve our oversight and management in this very critical area and that we have every intention of maintaining these efforts into the future. We will continue to mature as we apply additional lessons learned from Afghanistan and other operations worldwide.

We are grateful for the committee's continued interest and support in ensuring that operational contract support remains a priority. I will be happy to answer any questions that you may have.

Thank you.

[The joint prepared statement of Secretary Estevez and General Crenshaw can be found in the Appendix on page 44.]

The CHAIRMAN. Thank you.

General.

STATEMENT OF BGEN CRAIG C. CRENSHAW, USMC, VICE DIRECTOR, J–4, JOINT STAFF

General CRENSHAW. Chairman McKeon, Ranking Member Smith, and distinguished members of the committee, I am pleased to appear before you today to testify on the Department of Defense's progress in enhancing our ability to plan and execute operational contract support contingency operations.

I support the Joint Staff Director for Logistics, who is the principal advisor to the Chairman of the Joint Chiefs on the entire spectrum of logistics, to include strategic and operational planning and doctrines related to operational contract support, or OCS. My staff and I have worked closely with the Office of the Secretary of Defense, the Services, the defense agencies to refine the policies, doctrines, tools, and processes needed to effectively plan for and execute OCS.

I am pleased to report the Department has made significant progress to improve the operational planning needed to effectively use contract support as part of DOD's total force. I am confident that our ongoing efforts will ensure that we meet the warfighters' current and future needs while judicially managing DOD resources and balancing risk.

As Mr. Estevez and I note in our written statement, we acknowledge our past weaknesses; however, our offices are in lockstep on a course to institutionalize OCS as an essential warfighting capability for the current and future joint force.

Due to the ascending of contracting as an integral part of military operations, the Joint Staff has led a variety of efforts to strengthen this critical capability area to ensure that when we go to war in the future, we are better prepared to execute effectively and efficiently and, most importantly, to provide the best possible support to the warfighter at a reasonable cost.

We are absolutely committed to this course, originally set by Admiral Mullen and affirmed by General Dempsey, to ensure we get this right as quickly as possible.

Institutionalizing operational contract support is a major effort that is well under way and represents a major culture shift in how we plan for and execute military operations. We began this deliberate effort in 2007 and have significantly improved the strategic guidance, operation imperatives, and policy implications required. The Joint Staff is committed to having all the necessary guidance, doctrines, policies, processes, and resources in place within the next year.

Much has been done to improve operation contract support, and our work will continue. The underlining theme for future planning and supporting of processes involves closer links of contracts and contractors to operational effect in order to more rapidly and decisively achieve the Joint Force commander's intent. We increase our focus on planning and process that not only delivers supplies and services to the warfighter in a responsible, cost-effective manner, but leverages the economic benefits of DOD spending to achieve national strategic and operational objectives.

In closing, I would like to emphasize a few critical points with respect to the Department's increased use of contractor support.

First, I am convinced of the advanced military advantages this capability brings when planned and used appropriately. Our military contract capability enables us to maintain a scaleable, responsive, and cost-effective All-Volunteer Force while maintaining combat capabilities. In the past decade, we have recognized that contracting delivers important support to our troops while advancing operational objectives, such as those in a counterinsurgency strategy or stability operations.

Our contracting professionals, logisticians, and commanders in the field are performing superbly in a dangerous environment while challenged with complex supporting policies and processes.

The bottom line is that operational contract support is an integral and important part of our military capability, and our efforts are squarely focused on how to best accomplish the mission. I know we share this objective with Mr. Estevez and the entire OSD [Office of Secretary of Defense] staff.

Finally, sir, let me sincerely thank you for all you have done on this committee for our marines, our sailors, our soldiers and airmen to ensure they are well-equipped. And thank you for the support you provide to them as well as their families.

Our goals and ideas are the same. We are on the same sheet of music. What we want is a deliberate process that provides oversight of our operational contract support. We have made great strides to that end, and we are not there yet, but we are prepared to go further.

Again, thank you for this opportunity to appear before you. I look forward to answering your questions.

[The joint prepared statement of General Crenshaw and Secretary Estevez can be found in the Appendix on page 44.]

The CHAIRMAN. Thank you.

Mr. Schwartz.

STATEMENT OF MOSHE SCHWARTZ, SPECIALIST IN DEFENSE ACQUISITION, CONGRESSIONAL RESEARCH SERVICE

Mr. SCHWARTZ. Good morning, Chairman McKeon, Ranking Member Smith, distinguished members of the committee. Thank you for the opportunity to discuss operational contract support.

For more than 10 years, the United States has been waging wars in Iraq and Afghanistan. Contractors have played a pivotal role in these operations, making up more than half of the Department of Defense's workforce in Iraq and Afghanistan.

As DOD has acknowledged, the military was unprepared for the extent to which contractors were used in these conflicts. Contracting was often done on an ad hoc basis without putting in place sufficient oversight systems, leading to instances of poor performance, billions of dollars of waste, and failure to achieve mission goals.

Contractors will likely continue to play a central role in large-scale military operations. To meet the challenges of future operations, DOD must be prepared to effectively award and manage contracts at a moment's notice, anywhere in the world, in unknown environments, and on a scale that may exceed the total contracting budget of any other Federal agency.

DOD has made substantial progress in improving how it conducts operational contract support. However, despite this great progress, after 10 years of war DOD still faces significant challenges in effectively utilizing and managing contractors to support current and future overseas operations.

A number of analysts have argued that one reason DOD has done a poor job in planning for and managing contractors is that contracting is not sufficiently valued within the culture of the military. According to these analysts, contract management is a mission-essential task, and DOD must change the way it thinks about contracting, transforming it from an afterthought to a core competency.

Three common recommendations aim to elevate the role of contracting within the culture of DOD.

First, senior leadership must focus on articulating the importance of contract support. Without active and sustained support from senior leadership, the culture is unlikely to change. When management establishes priorities, articulates a vision, and aligns incentives and organizational structures to match these priorities, the foundation will be set for real change.

Second, the professional military education curriculum must incorporate courses on operational contract support throughout its various efforts. One key to changing the culture and improving contracting is better education. Increased education for nonacquisition personnel is critical to changing how the military approaches contracting both before and during overseas operations.

Third, training exercises must incorporate contractors playing the role that they would play on the battlefield. A number of analysts have called for incorporating contractors and contractor scenarios into appropriate military exercises to better prepare military planners and operational commanders for future operations. Given the extent to which contractors may be relied upon in future operations, conducting exercises without contractors could be akin to training without half of the force present.

While changing the culture may be an important step, many analysts argue that it is only part of the battle. Effective and efficient operational contract support will not occur until an infrastructure is built to facilitate good contracting decisions.

Three common fundamental systemic weaknesses of contractor support are frequently cited.

First, poor planning. In Iraq and Afghanistan, there was no comprehensive plan for how and to what extent to use contractors. Failure to include contractors in planning and strategy puts DOD at risk of being unable to get the capabilities it needs when it needs them and at an acceptable cost.

Second, lack of reliable data. Without reliable data, there may not be an appropriate basis for measuring or assessing the effectiveness of contracting efforts, making policy decisions, or providing transparency into Government operations. A lack of reliable data could leave analysts and decisionmakers to draw incorrect or misleading conclusions. In Afghanistan, DOD did not have accurate data or sufficiently tracked data upon which to make strategic contracting decisions.

Third, lack of a sufficiently large and capable workforce to plan for, manage, and oversee contractors. There were simply not enough resources or personnel in theater to conduct adequate contractor oversight in Iraq and Afghanistan, leading to instances of poor contract performance. DOD has documented how a lack of oversight has resulted in contracts not being performed to required specifications and to the theft of tens of millions of dollars' worth of equipment, repair parts, and supplies.

Mr. Chairman, distinguished members of the committee, if contractors continue to be a critical part of the total force, DOD must be able to effectively incorporate contractors and contract management into operations.

This concludes my testimony. Thank you again for the opportunity to appear before you to discuss these issues. I will be pleased to respond to any questions you may have.

[The prepared statement of Mr. Schwartz can be found in the Appendix on page 58.]

The CHAIRMAN. Thank you.

Mr. DiNapoli.

STATEMENT OF TIMOTHY J. DINAPOLI, ACTING DIRECTOR FOR ACQUISITIONS AND SOURCING, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Mr. DINAPOLI. Chairman McKeon, Ranking Member Smith, members of the committee, good morning. I am pleased to be here today to discuss how the Department of Defense can improve its use of contractors in future contingencies.

For more than 15 years, GAO has made recommendations intended to improve the way the Department plans for, manages, and oversees contractors in deployed locations. Given the longstanding, recurring nature of these challenges, in June 2010 we called for a cultural change, one that emphasized an awareness of contractor support throughout the Department. Consistent with this message, in January 2011 the Secretary of Defense identified the need to institutionalize changes to bring about such a change.

In my statement today, I will highlight three areas in which sustained DOD leadership is needed to improve operational contract support. These areas include better planning at the strategic and operational level, enhancing the workforce capacity, and providing the tools needed to better account for contracts and contractors. My statement is based on GAO's broad body of work involving operational contract support and DOD contract management issues.

First, future contingencies are inherently uncertain, but, with better planning, DOD can reduce the risk associated with those uncertainties.

At the strategic level, DOD has or is in the process of developing new policies and guidance. It also has established a Functional Capabilities Integration Board, which is currently drafting an action plan to close gaps in operational contract support capabilities.

At the operational level, previous efforts to translate those strategic requirements into operational plans have been mixed. In 2010, we found that many of the contract support plans, those that were approved and those that were in draft, still needed improvement. To increase awareness of operational contract support con-

siderations, we recommended in 2006 and again in 2012 that DOD include these issues in the professional military education provided to military commanders and senior leaders.

Turning to the workforce more generally, having the right people with the right skills in the right numbers can make the difference between success and failure. As such, DOD has identified rebuilding the acquisition workforce as a strategic priority. In that regard, the Department has used the Defense Acquisition Workforce Development Fund and taken other actions to increase the size of the workforce from about 118,000 in fiscal year 2009 to about 136,000 as of last December.

As part of these efforts, DOD is rebuilding the capacities of the Defense Contract Management Agency and the Defense Contract Audit Agency. However, gaps remain in DOD's overall strategic workforce planning efforts.

DOD has also identified the important role that nonacquisition personnel play in the acquisition process, especially those that serve as contracting officers' representatives. DOD's longstanding challenge in this regard is to be able to identify and train these individuals in a timely fashion.

Lastly, DOD needs to be able to better account for contracts and contractor personnel. At the start of operations in Iraq and Afghanistan, DOD found itself unable to do a number of key things. First, it really was not able to identify the number of contractors, where they were, and what activities they were performing. Second, they didn't have the capability to maintain effective control over its contracting activities. Third, it lacked a process by which it could determine whether contractors or contractor personnel pose a potential risk to U.S. interests. As issues arose, DOD needed to develop the policies, processes, and tools to do so. Having these in place before the next contingency is essential.

In conclusion, DOD knows it needs to learn from its experiences gained over the past 10 years. DOD's actions to date are positive, but DOD's challenge will be to sustain these over the long term, as bringing about cultural change is neither easy and is no means quick. As the DOD draws down its efforts in Afghanistan, DOD's challenge is to ensure that those lessons that were learned in Iraq and Afghanistan are not forgotten.

Mr. Chairman and members of the committee, this completes my statement. I will be happy to answer any questions that you may have.

[The prepared statement of Mr. DiNapoli can be found in the Appendix on page 76.]

The CHAIRMAN. Thank you.

Your complete statements of each of you will be included in the record, without objection.

I would like to ask all of you if you have looked at the effects of sequestration, what it will do to the contracting and to your areas of responsibility.

Mr. DINAPOLI. Mr. Chairman, we have not done that. You know, the Administration has not submitted its sequestration report, as far as I know, as of last night or so. So we really aren't in a position to comment upon that.

Secretary ESTEVEZ. Mr. Congressman, obviously, sequestration is bad from the viewpoint of the Department of Defense, and we hope that we will get relief from that in a balanced manner.

Most of the contracting that we are talking about—all of the contracting we are talking about is in the O&M [Operations and Maintenance] accounts, mostly in OCO, Overseas Contingency Operations, fund. We will sustain the things we need to do for the warfight, which means there will be risk-taking back here in those accounts. But we hope to alleviate that by having sequestration negated, if you would.

Mr. SCHWARTZ. Mr. Chairman, the sequestration applies to all defense budgetary resources, including not only DOD's base budget but, of course, also OCO funding and unobligated balances for prior years. Under budget law, it is my understanding that a sequester levies the same percentage decrease to each program, project, and activity. There is no distinction for OCO versus other defense resources.

The precise percentage cut under sequester, of course, will not be known until the fiscal year 2013 appropriations level in effect as of January is enacted.

Some DOD spokesmen have suggested that they could protect war funding by making larger cuts in base budget funding. This would apply to those accounts and programs, projects, and activities which fund both base budget and war funding. DOD may have some flexibility regarding contracts if they are within the same program, project, and activity.

General CRENSHAW. Sir, the Joint Staff and General Dempsey have stated previously that when you look at sequestration, that it is a budget for the Joint Force and that it should not be thought of as separate Service budgets, but be comprehensive and carefully devise a set of choices. And when those choices are made, you produce a different type of balance.

We can't say precisely what the result of sequestration will be, but there are some potentials of certainly some of our weapons system programs—new weapons system programs may be in jeopardy. But to the extent that we have looked at and understand what sequestration is, the total impact, at this point, we cannot precisely state, sir.

The CHAIRMAN. Thank you.

Mr. Estevez and General Crenshaw, in your written testimony you mention that the training and education efforts are aimed at a range of audiences, from commanders to acquisition professionals to subject-matter experts performing oversight. However, you make no mention of predeployment training or exercises.

We often hear the mantra that we train like we fight. With acknowledgment that the future force will be heavily reliant on contractor support on the battlefield, what efforts are you taking to incorporate contractors in predeployment training and exercises?

General CRENSHAW. Sir, we recognize that, as was stated earlier, that you need to train the way you fight. We have instituted training within our various exercises to really include training as we conduct our OPLAN [Operations Plan] exercise, as well. We have addressed the Annex W [Operational Contract Support Annex], which talks to contract, contracts planning, contract support.

So this is an opportunity, for one, to get it from a strategic level of focus and then implement it during the exercises. The exercises create scenarios where our contractor planners can really exercise and go through the process of what does it take. It is built off of different types of scenarios based on the particular OPLAN.

We are not there yet, but I think the idea that we are now having a discussion and really have put some things on paper. And to the extent of being able to exercise it the last couple of years, we are headed in a positive direction.

Secretary ESTEVEZ. I would add, Congressman, that, you know, in the current fight, as the units rotate in, we ensure that there is adequate training for contracting officer representatives. And for units that have more responsibility related to contract support, such as the Expeditionary Support Command that is currently deployed, had extensive training, including from the OSD level, related to operational contract support on the battlefield. So that is for today.

As General Crenshaw said, we do have much work to do to ensure that that gets developed into criteria for the future for whatever battle we may be going to. So today we are doing it, but it is not imbedded for the long term, and that is where we have to go.

The CHAIRMAN. Thank you.

Mr. Schwartz, Mr. DiNapoli, do you believe that the DOD training efforts are sufficient to prepare the operational force for how contractors will be used in future operations?

Mr. SCHWARTZ. Apparently, I am going first on that one.

I think that DOD has acknowledged that they have a long way to go in this area. Acknowledging, again, that they have also made substantial progress on that, I think there has not been much disagreement that there is more that can be done. So I think, that, we can look forward to.

Mr. DINAPOLI. You know, I think this is an opportunity to look for increasing training at all levels of one's professional development. When you think about using contractors, we use contractors not only to support operational forces in the field, but we use contractors in the Pentagon and we use contractors on bases. And so, to look for opportunities to increase the training and awareness of individuals at the very beginning of their career and throughout on the roles and responsibilities that one has to oversee and manage contractors and the important role that contractors play and what things we should be doing and should not be doing will be essential.

Because you should, as you go toward deployment, we should be well aware of those roles and responsibilities so that we are not receiving training the last 2 weeks before going to deployment for the first time. It should be part of that culture, that we are using that training all throughout their development to be better situated to address contractors once they are deployed.

The CHAIRMAN. I was meeting with a combatant commander yesterday, and I was talking to him about the effects of sequestration. And his concern was that, in trying to find out the $487 billion cuts and then the $500 billion, $600 billion on top of that, what will happen to training? Because there is concern that that is an easy

way to find savings, because it is hard to measure how much training we need going forward.

I know, as I visited bases, the National Training Center, when we went on our trip and were up at Lewis-McChord and other visits I have made to other bases, they are really focusing heavily on training the troops that are on the way to Afghanistan for IEDs [Improvised Explosive Device]. That is our biggest—seems to be our biggest problem. And they are really doing a good job. But if we have to pull back that training to meet other demands elsewhere, this means lives.

And so that is something I have a big concern about, as did this combatant commander yesterday.

Mr. Smith.

Mr. SMITH. Thank you, Mr. Chairman.

Along the same lines, sequestration—I know with sequestration there are going to be some reductions in expectations in terms of where the money is at in defense. If you look at what we were projected to spend, I guess, 2 years ago, 18 months ago now, and what we are actually going to spend, it is quite a bit less.

So imagine opportunities here, when you are looking at your operational contract support. If you were told, okay, you have to make this leaner and efficient tomorrow because, you know, there is just not going to be as much money as there was, what opportunities do you see with the contracting community and, for that matter, with existing personnel to say, here is how we should do this better, here is how we can get more out of the money we are spending and get the best positive result? Give me just a couple of examples of how you look at it and see that we are just not using our personnel as efficiently and as effectively as we could.

And part of the problem here is, for an extended 7-, 8-year period of time, we had, you know, a fair amount of money. And certainly we are all familiar with the problems of too few resources. There are also problems with having too much. It comes at you too fast; there is not the same discipline that comes with that.

So as we move into a scarce resource area, whether you have thought specifically about sequestration or not, I am sure have thought about how do you get by on less and get more efficient. What are the opportunities in the contracting area, do you think, to help deal with that resource challenge?

And I am sorry, I don't know who—whoever wants to dive in first.

Secretary ESTEVEZ. I will start, Congressman Smith.

I think we need to take this in the broader area rather than specifically on operational contract support, but with the contracting in general. And, you know, 2 years ago, Dr. Carter kicked off "Better Buying Power" when he was the Under Secretary for AT&L—acquisition, technology, and logistics. And Frank Kendall has continued forward on that program, and is moving to strengthen it further.

When you look at the contracting we are talking about, mostly services-type contracting, which is, as I believe I said, about a third of our spend, $200 billion a year in services contracting, there are lots of things that we are doing under Better Buying Power to address that from the macro scale.

First, we have to ensure competition in our contracting, and there are lots of ways to do that. One is ensuring that we are not just going on the sole source, and putting in the processes to drive that competition——

Mr. SMITH. Can I ask you about that? Sorry. I mean, competition is good, but I think one of the things with the contracting that has become a bit problematic is, as you take multiple bids—in fact, we are dealing with this in a couple different programs—you know, do we down-select to three? Do we down-select to two?

It is not always the case that more competition is better. At a certain point, you are drowning in process. And you compete, you pick a winner, the person who doesn't win challenges it, and we are 6, 7 years out and, you know, taking forever to make a decision.

And I know it is a tough balance. But you raise that issue; you are in that world. How do we strike that balance?

Secretary ESTEVEZ. Especially when you are trying to do it rapidly in a wartime scenario.

Mr. SMITH. Right.

Secretary ESTEVEZ. I think, again, we need to separate the acquisition of things, equipment, where we tend to go toward those type of down-select opportunities——

Mr. SMITH. A lengthy process.

Secretary ESTEVEZ [continuing]. Versus services, where it depends on what you are looking for, but there could be lots of people that could do that.

Mr. SMITH. Okay.

Secretary ESTEVEZ. The other thing you do there is you put contracts on the shelf—Wildcat, for example—but you have competition within that, which is the lesson we learned, frankly, so that there are opportunities to drive that. And then you can down-select pretty rapidly, depending on the task order you are looking for.

The other thing, you know, a highlight is of course we asked each of the Services—and they have implemented this—to put a senior executive in the Service at the Deputy Assistant Secretary level to manage services and to oversee services contracting, again, to put emphasis on the process.

You know, we run people through Defense Acquisition University, and we step them up as they become program managers to buy things; we didn't necessarily have the same process for buying services. So by putting that kind of level of oversight into the Services and watching and putting peer reviews in management that you spend in the services area, we are able to draw better use of the dollars in that area.

And that rolls down to contracting out on the battlefield. Contracting on the battlefield is, frankly, just a subset of what we do in the general services contracting area.

Mr. SMITH. Okay.

Anybody else want to take a stab at that?

Mr. Schwartz.

Mr. SCHWARTZ. Sure. I will highlight three things that I think could substantially help the efficiency.

The first one is reliable data upon which to make decisions. I think it was the Guard, just 2 days ago, came out with a report saying DOD is requesting funding for fuel for the Afghan Air Force,

but that there was not sufficient data to understand how much fuel they needed and where the fuel facilities even were that were being used.

Better data could help you judge how effectively you are executing those contracts and decide to go forward, to double down, or maybe cut back because it is not being effective. So I think data could help substantially.

And then there are two other things I would like to highlight. One of them is upfront planning. There have been examples reported by GAO and some of these special inspector generals and the IGs on dining facilities that were built as troops were being relocated to another forward operating base, or two schools that were being built across the road from each other. That is a planning consequence. And better planning up front can save a lot of money and efficiency and effectiveness further down the line.

And the third one I would point out is in-field, consistent oversight as projects are being done. There have been instances, again, of projects that weren't built up to specs and, as a result, roads were crumbling or bridges weren't able to last more than a few months because of a lack of good oversight as things were being built. That prevents having to rebuild as well as the reputation of the effectiveness of how we are executing our mission.

Mr. SMITH. Okay. Thank you.

Mr. DINAPOLI. Just to add on to the conversation, DOD has had——

Mr. SMITH. Can you pull the microphone over? When it gets over there, it is kind of hard to hear you. Go ahead.

Mr. DINAPOLI. GAO has had DOD contract management on a high-risk list since 1992 and in part because of services acquisition.

Over the last decade or so, as DOD has increased its use of services, what we have called for is more strategic planning for services, such that we would know what we are spending and who we are spending it from, and using that data to try to understand what our spending patterns are and how we might leverage the Government's buying power. I think we will be putting out a report in the near future that looks at the Government-wide strategic sourcing efforts and how we could do better in strategic sourcing.

The other thing is a more tactical level, so when you talk about contractors or individual contracts, we do need to have the big three of, you know, better defining requirements, using the right contracting approach, and providing effective management oversight. In each area, DOD has made efforts to try to do that, but we still find lapses in the individual elements.

With regard to competition, we do think competition does, in using market forces, does drive down prices, but you have to have effective competition. And so when we are looking, over the past year or so—and we have looked at various aspects of competition—in the efforts that DOD has made to increase competition, I mean, they only receive one bid, for example.

And there is that fine line between going too far on the competition side but not getting enough. So you can have competitive effects in a number of different ways. So if we can continue to look for opportunities to increase competition as appropriate, I think that will help drive down prices on the individual contract actions.

Mr. SMITH. Okay.

Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. Thank you.

Mr. Bartlett.

Mr. BARTLETT. Thank you very much.

Do our operational contract support activities include those projects that we pursue in concert with the Department of State?

Secretary ESTEVEZ. Let me address that, Congressman Bartlett.

State has their own contracting actions, but we are partnering with State on a number of initiatives, including how we track contractors on the battlefield. We are both using the SPOT program to do that. As we did the transitioning in Iraq, we continued to provide them with contract support in a number of areas where they didn't yet have the capability to do that.

So there is a number of areas where we are absolutely partnering with State.

Mr. BARTLETT. I understand that on many of these reconstruction projects that we work in concert with the State Department. Are those always their contracts? Are they sometimes our contracts?

Secretary ESTEVEZ. That depends on the nature of the contract. I mean, if we are expending DOD CERP [Commander's Emergency Response Program] dollars for it, then we are going to be doing the contracting. If it is a USAID [United States Agency for International Development] project, then they are going to be doing the contracting on it.

Mr. BARTLETT. So then there are three types of contracting we do there: those that the State Department is involved in, the operational contract support, and contingency contracting.

In the clips I read each day, there have been a number of articles about huge amounts of missing money, money just plain stolen from contracts, projects that are not completed and just abandoned, excessive cost, exorbitant cost on these contracts.

Can you tell me in which of these three categories of contracts most of this occurs?

Secretary ESTEVEZ. I am not prepared to discuss U.S. Department of State or USAID contracts. I can say for Department of Defense contracts, that we are actively managing so that that does not happen. And I would expect that they are also, likewise, but I really can't address how they would go about that.

Mr. BARTLETT. So all the reports that I have seen of these contract problems, none of those are in either one of our categories of contracts?

Secretary ESTEVEZ. You know, Congressman, I hesitate to go backward in time. Obviously, in the early parts of the last decade, as we embarked on the war in Iraq and Afghanistan, we were not prepared to manage the contracts and contractors the way that we should have been, and that is a fact. But the processes that we have put in place over the last 5 years or so should preclude that.

Now, there is, you know, obviously, bad people out there that commit fraud. I think we have been pretty good in capturing that, but I always hesitate to say that every loophole has been closed. We actively work to stop that, however.

Mr. BARTLETT. Would you say that more of the problems that we had occurred in the OCS activities or in the contingency contracting activities?

Secretary ESTEVEZ. OCS activities oversee contingency contracting activities, so it is one and the same.

Mr. BARTLETT. So more of them would have occurred in the OCS?

Secretary ESTEVEZ. Well, OCS is the process by which we oversee contingency contracting. So, for us, it is one and the same.

Mr. BARTLETT. In the brief that we had for the hearing, we were told there were two basic types of contracting: the operational contract support and contingency contracting. Contingency contracting was mainly that contracting in direct support of the warfighter; that the operational contract support was, I guess, largely, what, getting supplies and stuff to the—we were misinformed in our brief?

Secretary ESTEVEZ. I can't address that. But I can say that contingency contracting is the contracting we do to support our warfighters deployed on the battlefield. Operational contract support is the process that we put in place to oversee how we do that.

Mr. BARTLETT. Oh, okay. Okay.

Well, what about the—okay, do you include in that the contracts to get the materials to our people? Is that direct support of the contractors, or is that another contracting category?

Secretary ESTEVEZ. Depends on what the question, frankly, is—everything in our large enterprise. If we are buying things in direct support of our combat activities, such as fuel or food on the battlefield, we would rope that into the operational contract support environment, even though those purchases are being done back here.

Mr. BARTLETT. Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. Thank you.

Ms. Davis.

Mrs. DAVIS. Thank you, Mr. Chairman.

And thank you all for being here.

Now, as you have gone through a number of these areas, I think some of it falls into a category that we might call common sense. I mean, obviously, you need to plan, you need to have data, you need to have oversight. And yet I guess to someone just, you know, listening in on that, they would say, "Well, yeah." I mean, what gets in the way of those good practices?

And I wonder if you could talk a little bit more about the different kinds of contracting then and where that becomes a greater problem. Because if it is related to the warfighter and contingency operations, I would think in many cases that is a difficulty, as I think you have expressed, of planning. You don't necessarily know what your situation is going to be until you are in the middle of it. And on the other hand, if you are talking about operational, it would seem to me that there is enough standardization in that that you shouldn't have to go back to the drawing board every time.

So, you know, can you help—what gets in the way of those different areas, that we are not able to, I guess, accomplish what we really want to do?

Mr. SCHWARTZ. I think there are a number of issues that you raise, and it is an excellent question.

One of the challenges that has occurred in Afghanistan is that there is a frequent rotation among personnel, uniformed personnel, as well as contractors, as well as civilian personnel. And so often someone who gets to theater who has never engaged in the counterinsurgency operation, which Afghanistan had, the policy now being pursued there, it takes them a learning curve, and they say, "Oh, I get it, I see what is going on, and now I am 3 months from going home." And then someone else comes in who may not have had that learning curve.

That definitely has an impact on the ability for continuity in some of these commonsense issues. For example, contracting in wartime is fundamentally different than contracting in peacetime. So someone who has done contracting for years and years here to build a road is thinking cost, schedule, performance. When they get to Afghanistan, in the beginning they are thinking, perhaps, cost, schedule, and performance—and wait, stealing the goods. We can't take them to court. What effect is this having on the local village? And when they start getting up to speed, as I mentioned, they start rotating back. That is one problem.

Mrs. DAVIS. Uh-huh.

Mr. SCHWARTZ. A second problem is sometimes you have personnel who, because of the rotational policy, don't have the experience in that area. When I was in Afghanistan last summer, a former helo pilot was working on contracting strategy. He had never done that before. Incredibly talented individual, but it took him also some time to get up to speed.

So I think that is one factor that makes a difference. I think the other factor sometimes is just simply exposure to the magnitude of what one might be dealing with. For example——

Mrs. DAVIS. I guess, so where—are there, then—because you talked about, there are gaps in data and in that collection process. How do you mitigate these issues, which are—again, they are obvious. There is a certain level of uncertainty that you can't necessarily plan for. What is the best way of getting around that, if that is the issue?

The other thing that I just wanted to see if you had some thoughts on, do we have a sense—I mean, what does the cost of unpreparedness and the lack of planning have? Has anybody tried to quantify that? And particularly to the extent that we obviously need to do better planning, and there is a cost to that as well. So where is that balance, and what do we think that is? I mean, is that 10 percent of the budget? Is that 3 percent of the budget?

So the first one, how do you get around those issues that you have mentioned that are obviously difficult to plan for?

Mr. SCHWARTZ. Let me address just the data. Would you like me to respond to that one?

Mrs. DAVIS. Yeah.

Mr. SCHWARTZ. So I think there are a couple of strategies that have been suggested that could assist. One is, what has happened often in Afghanistan is you have somebody collecting data but they don't know how to get it into the system because, for example, the CIDNE [Combined Information Data Network Exchange] system, the system that is being used in Afghanistan, they are not familiar with, or the user interface hasn't been done in a way that someone

who isn't experienced in programming is necessarily capable of using it effectively.

In that area, training and education can make a substantial difference, as well as better transition from one rotation to another because sometimes the person that is gathering the data has the book on the shelf and the next person didn't know it was there.

Mrs. DAVIS. Uh-huh.

Mr. SCHWARTZ. So that is one example.

The second example is making it important. Sometimes the contracting officers just don't realize, because they have many priorities and have many other responsibilities, the impact of the data.

And I will give one example. When fuel is being delivered, to what extent are they measuring the fuel that is being delivered? That is how you are going to see how much is being stolen. Now, in one truck, that may not be as relevant, but systemically through the battlefield, fuel not being delivered and being siphoned off starts having substantial impact.

Mrs. DAVIS. Thank you.

And can you just indicate to me with a hand, do you have a sense of what the costs of this unpreparedness have been? Anybody have a sense of that?

Mr. DINAPOLI. No, I don't think there is a number associated

But I would like to go back and kind of build on the discussion that Moshe was talking about. When you look, especially now in Afghanistan as we are drawing down and having our forces think about consolidating our bases, this is time that we should learn from our lessons in Iraq.

About this 27-month-period out, we were really unprepared in Iraq to think about what our requirements were. And so we tasked the contracting folks in Iraq to come up with those requirements, and that was the wrong thing to do. What we needed to do was to ask our warfighters, our base commanders, what are the services that we need, who are the contractors that are performing it, and obtain the data and information needed so that we can figure out what our next drawdown plan is, so we can figure out what to do.

That is what we need to do in Afghanistan.

Mrs. DAVIS. Thank you.

The CHAIRMAN. Thank you.

Mr. Wittman.

Mr. WITTMAN. Thank you, Mr. Chairman.

Gentlemen, thank you so much for joining us today, and thank you for your service to our Nation.

We have heard some themes here about how dynamic the environment is out there, whether it is drawdown in Afghanistan, whether it is looking at pending sequestration. I think it is a very interesting and challenging time for this Nation.

That being said, General Crenshaw, I want to drill down a little bit more concerning where we are in Afghanistan, as we are in that downsizing in Afghanistan and we are looking at how we currently oversee contractors in Afghanistan, how DOD oversees contractors.

As the drawdown happens, how will that oversight continue? Will there be enough personnel in theater to make sure that oversight continues? And how might oversight change through this transition?

General CRENSHAW. Sir, during this drawdown here, we are looking at, certainly, the lessons learned from the Iraq transition. And that has been extremely, extremely helpful. U.S. 4–A has already begun planning the drawdown of their forces, and really to include the contractors and their equipment.

One other thing that is being done is that they have established an operation contract support drawdown sale. And, again, this takes into account all the lessons learned from Iraq. They have asked for a transition working group, where they show how the same type of process where DOD and DOS [Department of State] did a transition in Iraq—they asked for a working group that is really going to address those elements, as well.

And so I guess, really, the bottom line is that we are looking at the lessons learned from Iraq, a lot of good lessons learned. And we have established processes that are going to allow us, hopefully, certainly not to have the same type of issues as before.

Secretary ESTEVEZ. Congressman, if I could just jump in on that?

Mr. WITTMAN. Please.

Secretary ESTEVEZ. As General Crenshaw just said, we are deploying a one-star flag officer, who is currently the Director of International Operations for DCMA [Defense Contract Management Agency], who has extensive experience in this, to oversee that drawdown sale, separate from the one-star that is there to lead our contracting efforts, just for focusing on that very thing. Again, lesson learned from Iraq on how we do that.

Mr. WITTMAN. Thank you.

Secretary Estevez, let me expand a little bit further and get you to give us your perspective on where the challenges will be for both DOD and the contractors as we transition out of Afghanistan, as our strategy moves toward the Asia-Pacific.

And also looking in that environment, what do you see the contracting environment being like over the next, let's say, 10-year period as we look at, obviously, challenging economic times, with budgets being austere, and looking at making some difficult decisions about resources in the area of national defense?

If you can kind of give me your perspective both in that transition and then, looking down the road, what do you think that environment will be.

Secretary ESTEVEZ. In Afghanistan for the transition, in the near term there is going to remain a robust contractor workforce on the battlefield even as the force draws down. They will be doing those base life supports and, you know, operating some of our high-end devices like the aerostats that we have that provide persistent surveillance.

It doesn't matter whether we have 10 U.S. soldiers or 68,000 U.S. soldiers, we need those type of devices, and contractors are in place to operate them. And then, as we start closing bases, those people will deploy. So that will ramp down over the next 2 years, but it will stay pretty high-level for the foreseeable future.

I'll go back to the question that Congressman Smith asked, how do we get the maximum out of our dollars that we spend, and as we close down Afghanistan and move out to the Pacific, we need to retain those types of capabilities. When we go into a deployed

environment, we need to ensure that we are bringing forward those lessons that we have learned.

You know, if you asked me where we are on operational contract support, I would say, you know, 5 years ago we had a gaping wound, self-inflicted as it may be. We staunched the bleeding, we sutured it up, the scar tissue is healing, but what we haven't done is embedded it in the DNA and in the muscle memory. That is what we are striving to do, and that is what we must succeed in doing in order to have a swing to the Pacific, or anywhere else in the world for that matter. And I think we are on the course to do that.

Mr. WITTMAN. Very good.

Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. Thank you.

Mr. Barber.

Mr. BARBER. Thank you, Mr. Chairman.

And thank you to our witnesses for being here today.

I want to commend the Department for what is obviously an incredible effort to change contracting policy, evaluation, and effectiveness.

But there was a lot said this morning about cultural change that is needed. Particularly, Mr. Schwartz and Mr. DiNapoli, you have spoken to that. It is a very vague term, I guess. You could apply it to any system, any bureaucracy.

Could you provide us with some indicators of what cultural change needs to be and how we might evaluate it?

I agree with your premise that we need to have data in order to make good decisions. We also need to have smart people making use of that data.

So could you explain, what are the barriers, specifically, as you understand them, to cultural change? And how do we measure movement toward cultural change that will make ourselves more effective and efficient in this area?

Mr. DINAPOLI. That is an excellent question.

When you think about cultural changes, it is a big concept. And how do you bring about cultural change? You know, the work that we have done in past says it is a long-term process of 5 years or more. Probably in this area, with regard to contracting, it is going to be longer than that.

With regard to operational contracting, one of the barriers is that folks in the field don't really appreciate contracting as that enabling capability. And so you do need to get them to have a better appreciation of the role that contractors play in support of their mission. And so that does come back to the education and training part that we have so that individuals will even recognize that.

So when you think about it from, as you talked, at the operational level, DOD is setting policy that is trying to set that vision at the Department level, and now it needs to be translated down. You go to the operational command or the operational planning would be the next step, then down to the military department, and then down to individual units and individuals.

So I think it is a long-term process. I think the measures of effectiveness still need to be developed, and the Department has an action plan. We would like to see how those measures are better de-

veloped in that plan so they can gauge for themselves how much progress they have made, where they need to go, where the emphasis needs to be.

Secretary ESTEVEZ. If I could jump in there, Congressman?

Mr. BARBER. Well, I just want to commend you on your medical analogy. I liked it. And perhaps that will speak to how we can make some cultural change, as well.

Secretary ESTEVEZ. And it is, frankly.

Now, as Mr. DiNapoli said, it needs to be recognized as an enabling capability, just like logistics is an enabling capability to winning a warfight. So the warfighter needs people behind them.

Contracting is commanders' business. It is not just for the contracting officer. And that needs to be embedded. So today in Afghanistan, General Allen puts out guidance related to management of contracts and contracting because it is part of his effort to win that fight in Afghanistan.

That needs to go into our military education process and our civilian education process related to military, in fact. And that is what we are working to do, is embed that in courseware so, as today junior officers go through their paces as they grow into senior officers, that becomes part of their process: "When I deploy, I am going to have contractors with me. Contractors can help me win the fight or they can impede me. I need to manage them to help me win the fight."

And once that thought process becomes second nature, the fact that Dr. Carter or General Dempsey is saying that today, which they are, you know, "They are transitory, I am transitory," where you need to have that into the workforce, into the military force for the future.

Mr. BARBER. Thank you.

Mr. SCHWARTZ. And if I may add, of course it is difficult to measure culture, but there are some, perhaps, flags that one can look for to see how progress is being made.

One is when contracting officer representatives are being tagged by senior officers, are they the people that are very well-respected in the unit or not? In the Gansler report the Army commissioned a few years ago, one of the concerns was that it is the people who aren't well-respected who are being appointed as the contracting officer representatives.

Another one is, to what extent is everybody talking about the role of contractors as part of the total force? To what extent is it in the QDR [Quadrennial Defense Review]? To what extent is it in doctrine? To what extent is it in the discussion?

And the last would be—and this is clearly not a measure that is easy, but the anecdote I heard which I found very useful was in Iraq, when people first got there, the general question was, where are our guys, where are the bad guys, and what land do I control, what is my mission? Today, more people are asking, where are our guys, where are the bad guys, what is my mission, and where are our contractors?

Sometimes just asking that question and having that in the consciousness is the example of how culture has changed. And to the extent that culture has changed as a result of the 10 years of experience, 12 years of experience we had, perhaps one of the largest

challenges for the Department of Defense is maintaining and encouraging further culture change so we don't lose the experience and the changes and the progress that we have made so far.

Mr. BARBER. Thank you.

Mr. Chairman, I yield back.

The CHAIRMAN. Thank you.

Mr. Coffman.

Mr. COFFMAN. Thank you, Mr. Chairman.

I think my first question would be, how many contractors—or is anybody aware of how many contractors we have in Iraq today?

Secretary ESTEVEZ. Iraq, today, end-of-third-quarter number is about 7,300 DOD contractors.

Mr. COFFMAN. Seventy-three hundred. And what kind of missions are they performing at this time?

Secretary ESTEVEZ. They are still doing some base support, delivery of food and fuel, some private security, you know, some security missions.

Mr. COFFMAN. Okay. And then how many contractors do we have in Afghanistan today?

Secretary ESTEVEZ. Afghanistan is about 114,000 contractors. And there is a whole range of missions that they are doing, including base support, linguistics, operating the things that I was talking about earlier—aerostats, persistent-surveillance-type devices—performing maintenance, a whole schema of activities.

Mr. COFFMAN. So if I understand it, I think we are drawing down now to about 80,000 U.S. military personnel. Is that the number?

Secretary ESTEVEZ. Sixty-eight thousand.

Mr. COFFMAN. Oh, 68,000 U.S. military personnel? And we have 114,000 contractors?

Secretary ESTEVEZ. Yes.

Mr. COFFMAN. And then, so as we draw down, then, through 2014, could you tell me, do we have any idea what that will look like at the end of 2014 yet?

Secretary ESTEVEZ. At the end of 2014, it depends on what force is left there, you know, working with the Afghans and whatever the training mission evolves to be at that time. We don't know what that number is. If it is zero, you know, our contractor number will be pretty small, you know, working with State Department.

Mr. COFFMAN. So how would you break up the contractors between DOD and State Department?

Secretary ESTEVEZ. I don't have the State Department numbers. I have DOD numbers.

Mr. COFFMAN. Okay. Does anybody have, is anyone aware of the State Department numbers?

Mr. SCHWARTZ. I don't have the State Department numbers, but I think I could add a little bit of clarity to the current contractors now.

Mr. COFFMAN. Sure.

Mr. SCHWARTZ. Approximately, there are about 28,000 private security contractors currently being used by the Department of Defense in Afghanistan.

Mr. COFFMAN. Okay.

Mr. SCHWARTZ. With the migration to APPF [Afghan Public Protection Force], that number, assuming that that migration takes place, should be go down substantially.

Of the rest, of the other 75 percent of the DOD contractors being used in Afghanistan, based on the experience in Iraq and the other data that has been put out, the majority of those are definitely doing base support.

So, to the extent that a drawdown also draws down base support requirements, there should be a substantial withdrawal of contractors for that, as well.

Mr. COFFMAN. Okay.

The security situation—I know President Karzai has complained about contract security and wanted, I think, that relationship terminated, to some extent, and provided government security. Can anybody give me some visibility or some clarity on that, on where we are right now? What did the President want, Karzai want?

Secretary ESTEVEZ. The President wanted a transition from companies hiring their own private securities from other companies, which could lead to small armies, if you would, to an Afghan national security force, APPF, as Mr. Schwartz alluded to.

That program is in process. It is being done initially for what we call mobile security—think convoys—support, which is mostly private companies delivering goods for us with security against that, not our own conveys. We protect our own convoys. And we have another year to go before it transitions for base support. And, again, the Afghans have been flexible as that capability evolves.

Mr. COFFMAN. Okay.

Mr. Chairman, I yield back.

The CHAIRMAN. Thank you.

Ms. Speier.

Ms. SPEIER. Thank you, Mr. Chairman.

Thank you all for your participation today.

My colleague just made a very important point, which is that we have almost twice as many contractors in Afghanistan as we have service members there. And that has historically been our experience in Iraq, as well, when we were still fully engaged there, if I recall correctly, certainly more contractors than we have service members.

So it becomes very clear that in any engagement that we are in moving forward, it appears that Defense has ceded that contractors will be a large part of our engagement anywhere, in fact, much more so than our military presence. Would you agree with that generally?

Secretary ESTEVEZ. In Iraq and Afghanistan, generally we are about 1.1 contractor to 1 military, so it is almost a 1-to-1. We are a little higher than that now because of the drawdown. But I absolutely agree with your premise, that we are going to be out there with contractors.

Ms. SPEIER. So, knowing that and knowing that the Wartime Contracting Commission has already said that we have failed in managing these contracts and the cost has been estimated to be $60 billion, we have to get our act together, correct?

With that mind, it is my understanding that—and this is to you, Mr. Estevez—it seems like the rotation for our acquisition profes-

sionals are too short for them to have a good sense of the operational environment and really to take ownership of the programs that they are overseeing.

To what extent is the Department considering extending the length of these rotations?

Secretary ESTEVEZ. I think we need, you know, to separate rotations of program managers that are overseeing the buying of stuff from rotations of contractor oversight and contracting management into theater.

The general officers and their staffs that we are putting into theater now go on a year rotation. As we bring back our dwell time, it might be a 9-month rotation. But they are there for, just like the combat forces, for a period of time. And they have sustaining staff underneath them. So we have the capability there today to oversee it.

You know, your point on the Commission on Wartime Contracting, agreed. Yeah, we are not where we needed to be, looking into the past. But we believe we are today on the right timeline in Afghanistan. And, again, it is sustaining that into the future that we need to look to.

Ms. SPEIER. So when we send our soldiers to war, we teach them how to use a gun. We send our officers and staff, and yet, do we train them in terms of acquisition management? Is there any requirement that service members have that kind of training? I mean, we are talking about huge sums of money.

Secretary ESTEVEZ. So, the corps of contracting officers are absolutely trained, and the military acquisition professionals are absolutely trained in those arts. And we are increasing the cadre of that able to do that.

When you go further down, contracting officer representatives, that is going to be someone from a combat unit. And we are training them today, as they deploy, on how to oversee those contracts as part of their standard training. And that has been emphasized at the senior level in the Army and the Marine Corps, who are the preponderance of forces.

Ms. SPEIER. Mr. Schwartz, how do we measure whether or not the Department is doing a better job in terms of managing the contractors moving forward? How do we deal with an evaluation of whether or not we have reduced the $60 billion in tax dollars that have been wasted through improper contracting? What would you recommend that we be looking at?

Mr. SCHWARTZ. One example might be, in 2010, DOD set up Task Force 2010. The goal of Task Force 2010 was to assist in contracting as well as to start looking at who we are contracting with in Afghanistan. As a result of Task Force 2010, tens of millions of dollars of goods have been recovered that were stolen, items are being tracked better, there is more sharing of information of how to do things, and there has been a substantial increase in the companies and individuals who have been suspended and debarred. That was established in 2010.

One measure would be how quickly next time. Or in exercises or in planning documents or in education, there is discussion on getting that done day one, you know, or the second day that you are on the ground. How long it takes to start setting up a Shafafiyat,

for example, that was looking into corruption issues, to a degree, in contracting or a spotlight on—and the ACOD [Armed Contractor Oversight Division], which was overlooking the use of private security contractors.

A second way to look at this would also be the extent to which contracting issues—and I don't mean actually just writing the contract—the whole value chain of figuring out what contractors are going to be doing, how they are going to be doing it, and how you manage that. In addition to the extent that they are in educational courses and in addition to the extent to which they are in the military exercises would also be the extent to which coordination is being done with other agencies when there are joint operations.

And I will give you an anecdote. When I was in Iraq about 5——

The CHAIRMAN. The gentlelady's time has expired.

Mr. SCHWARTZ. My apologies.

Ms. SPEIER. Mr. Chairman, may I just ask that he prepare a document with his answer and provide it to you and to me?

The CHAIRMAN. If the gentleman could please give the answer for the record?

Mr. SCHWARTZ. Of course.

[The information referred to can be found in the Appendix on page 97.]

The CHAIRMAN. Mr. Scott.

Mr. SCOTT. Thank you, Mr. Chairman.

And I have a couple of comments that deal—or questions, I should say—that deal primarily with the equipment that will be coming back from Afghanistan and Iraq. We were in Kuwait a few months ago, and obviously there is a tremendous amount of equipment there that will be shipped back to the U.S.

And I guess my question has to do with our capacity on base and what will happen with the equipment when it comes back, as far as getting that equipment back in working order and determining whether it should be scrapped or repaired.

Secretary ESTEVEZ. We have a process to do that. Obviously, if it is there and it is in need for forces or, you know, backup for damaged/destroyed equipment, it is going to remain there until such time as it is ready to redeploy.

As units redeploy, we are bringing back their equipment. We are removing excess equipment from Afghanistan today as we speak, and they are tracking that on a regular basis.

Mr. SCOTT. Sure.

Secretary ESTEVEZ. And if it is needed for future forces, it will go in through depot and be repaired and then go back to the forces. If it is not and we know it is not today, our tendency will be to destroy it or leave it in Afghanistan or donate it to someone in Afghanistan.

Mr. SCOTT. Well, one——

Secretary ESTEVEZ. If it—if I could——

Mr. SCOTT. Sure.

Secretary ESTEVEZ. And there is a mix of things that we are not quite sure, and we will bring those things back and park them and figure out what the future forward construct might look like.

Mr. SCOTT. Sure. Okay.

The reason I ask is I am from Georgia. We have several depots there, and we have the Savannah port, as well. And, obviously, a lot of that equipment will be coming into Georgia. And I will give you a number and we can talk further about this at your convenience, about a suggestion that I have that maybe the Department hasn't looked at yet. But I will move on to another subject matter for now.

One of the things that sticks in my mind with a recent trip to Afghanistan is a young soldier who spoke to me. She was an air traffic control officer, and she spoke to me about what the contractor that sat literally next to her in the chair was paid versus her pay. And it was simple things like access to Internet anytime the contractor wanted it, when our soldiers didn't have some of those same conveniences.

And my question gets back to, what are you hearing from our soldiers that are out there, like that young air traffic control officer who is having to sit next to a contractor that may be getting paid two or three times what the soldier is and that contractor having, if you will, more of the things that we enjoy in America than some of our soldiers do?

General CRENSHAW. Sir, in regards to that question, as we have the opportunity to talk to our soldiers, our marines, you know, our service members, it becomes the motivation factor, in terms of what are our soldiers—what are they there for, what is their motivation for being in uniform. And, certainly, there are some differences in terms of what a contractor has access to.

Our service members, I think, are very proud of what they are doing, and they recognize the important role that they play. And I think, at the end of the day, they do recognize that they are at a higher calling and that they really enjoy what they do and, at this point, are willing to accept and recognize that they are service members. And when they have the opportunity to be back in the States and have those things, they will enjoy having them then. But I think, at the end of the day, good soldiers doing good work for our military, for our country.

Mr. SCOTT. Sure. And the person wasn't whining, by any stretch of the imagination. They were proud to be there, proud of their service to the country, as well. It was a constituent of mine. It wasn't so much the pay as it was, you know, if Internet access can be provided so that the contractors can talk to their families whenever they want to, you know, isn't that something that could be done for us, as well?

So my time is almost expired, but thank you for that answer, and just something to keep in mind as we go forward.

I yield back.

The CHAIRMAN. Thank you.

Mr. West.

Mr. WEST. Thank you, Mr. Chairman and Ranking Member.

And I want to talk, you know, basically from my own experiences because I may be one of the few people here that spent 22 years in uniform and 2½ years as a contractor in Afghanistan.

What I saw that works is the relationship where there is a unity of command and a unity of effort. You know, when I was there as

a battalion commander and I had the contractors, they were in my unit, and they were responsive and responsible for me.

And when I went back over to Afghanistan, I was part of an Active Duty unit's staff, and I reported to them, and there was not that enmity that my colleague just talked about because we lived, slept, and worked and ate side-by-side with them. We were not allowed to have weapons, but yet we were going out on patrols with them just the same. And I think that that helped to gain a lot of respect from the men and women in uniform.

So I guess my lesson learned, if I can share, is that we have to make sure that there is no separations in effort between what the contractors are doing and what the uniformed service members are doing. And if we can make sure that we continue to have that close relationship—my contractors trained with me at NTC [National Training Center] before we deployed over to Iraq in 2003. So I will recommend that that is a great way to help, as we move forward.

Now, the question that I have is, in 2003 we had a really tough time as far as understanding what were the things that were needed on the ground. And we had initiatives that were started, like the rapid force, the fielding initiative.

What have we learned as far as that Rapid Fielding Initiative now? And how can we make sure that we have better streamlined processes and procedures to be able to get the requirements from the guys down there at the tactical level up as soon as possible to the CORs [Contracting Officer's Representative] and get them the type of equipment that is needed?

Secretary ESTEVEZ. If I could, let me take that, Congressman.

And I won't even say it is getting into the CORs. It is getting it back up the chain to the right person who can buy what it is that they need.

We have honed the JUONS [Joint Urgent Operational Needs Statement] process, the process by which those rapid emerging requirements come up. About 2½ years ago, Dr. Carter, when he was the Under Secretary, was asked by Secretary Gates, at the time, to lead an effort to manage those JUONS as they come in, which seem to be programming requests, to meet those things that have come through.

And it is all focused on getting those things rapidly what we know we can buy and put out on the battlefield within the year, in general. That is how all those persistent surveillance devices have gone out there, new devices like handheld scanners for IEDs on the ground, ballistic underwear, all sorts of great things.

Dr. Carter chairs that group now, even as the deputy, every 3, 4 weeks—he was doing it biweekly—on the video with General Allen's staff in Afghanistan, talking about what they need; what is in the pipe; how can we expedite that; putting our contracting effort, whether it is on the ground in Afghanistan or back here, in order to buy soldiers, sailors, airmen, and marines what they need today in a rapid fashion.

Mr. WEST. Anyone else?

The other thing I think we have heard a lot of questions about, the waste of funds. How have we improved our reconciliation process to make sure that we are not wasting funds and we have a

good accountability of the American taxpayer dollar in these combat zones?

Mr. DiNapoli. We did a report last year that looked at the closeout process, the DOD contracts in Iraq and Afghanistan. And we found that there still remains a huge number of contracts that need to be closed out, in part because of poor contracting, poor recordkeeping, poor contract administration.

So the numbers are fairly significant in both our cost-type and fixed-price-type contracts. I think for the cost-type contracts, the Defense Contract Audit Agency, with increased staffing, has just announced a new initiative to take a look at some risk-based approaches to kind of reduce the backlog of incurred costs in contract closeout activities. We are currently viewing that activity and hope to issue a report later in December.

But I think the Department has a long way to go to having the systems in place that would allow them to do a timely fashion closeout. The key for Afghanistan, which is an issue that is still emerging, is to make sure right from the beginning that we have good contract administration and good oversight of those contracts so the reconciliation process is not challenging. It should be fairly simple if we pay attention during the course of the contract.

Mr. West. Okay.

Secretary Estevez. I would agree with Mr. DiNapoli on that. It is part of the overall OCS construct, putting good contracting in to place, putting oversight—you know, we have DCMA deployed in force out on the battlefield today; that was not true in the past—and then keeping that process through contract closeout, which will take years in this case.

Mr. West. Thank you, Mr. Chairman.

I yield back.

The Chairman. Thank you.

Mr. Platts.

Mr. Platts. Thank you, Mr. Chairman.

I thank all the witnesses for being here. And I apologize—I was coming from another hearing—if I am repetitive.

I want to focus on the issue of Afghanistan, specifically. And my most recent trip, back in June, was my 10th visit there. And each time I have come back, one of my biggest concerns is just corruption in Afghanistan, within the Afghanistan Government and then with, you know, vendors that we are dealing with, non-U.S. vendors.

And I know there is an initiative with the vetting of non-U.S. vendors. Specifically, I guess, two questions. My understanding is that we are not vetting vendors that are under $100,000, and we are not vetting subcontract vendors even if they are over $100,000.

And, Mr. Secretary, am I correct in my understanding? And, if so, why aren't we, especially when it is also my understanding that a large majority of our non-U.S. vendors fall into this category of under $100,000?

Secretary Estevez. I am sorry, I don't know the limits on what we are doing. I do know we are looking at, from a corruption standpoint, under Task Force 2010 is looking at a plethora of contracts, including the subcontracts that are underneath the contracts and who those people are and what they are doing.

In fact, this Congress gave us, in the last NDAA [National Defense Authorization Act], authority to do that at the subcontract level. They are identifying bad people, and we are knocking them out. And that was another authority that you gave us last year.

Mr. PLATTS. And I know there is more focus on it. And I don't know if it is a manpower issue, that we are still not vetting all, and then also not coordinating between DOD, Department of State, USAID in the vetting process. Are you familiar with that lack of coordination?

Secretary ESTEVEZ. State has its own contracting, USAID has its own contracting. In the areas where we overlap, there is good, strong coordination. So I can't address their processes outside of where they work with us.

On the larger vetting question and what the numbers are, if you don't mind, I will get you a response for the record on that.

Mr. PLATTS. Yeah, if you could. And also for the record, what, if any, coordination is occurring? Because we are in the same theater and maybe State, maybe DOD, USAID, but if we vet somebody and say "bad apple, related to organized crime, insurgents," you know, we want to make sure we are sharing that with our colleagues, which it is my understanding we are not doing very well right now.

Secretary ESTEVEZ. If someone gets, you know, to the point of suspension and debarment, that goes for the Federal Government-wide, so that is clean.

So, again, I will get you a full response in this area.

[The information referred to can be found in the Appendix on page 97.]

Mr. PLATTS. And a final question is, it is my understanding that the Secretary of Defense and the Secretary of State have recommended the formation of an illegal activities initiative for Afghanistan with Justice, similar to what we have done in North Korea.

Are any of you familiar with that issue and that recommendation?

No?

Mr. DINAPOLI. Congressman, I am not familiar with that recommendation, but I do want to go back to your point about vetting.

I think the issues you identified were spot-on. And we did a report, I believe last year, that looked at the vendor vetting process, and we did identify weaknesses in both DOD, State, and USAID's process for the vetting process.

So trying to—for DOD, absolutely, they weren't vetting contractors under $100,000, weren't vetting subcontractors. They were vetting contractors already on board, as opposed to vetting contractors that were prospective. So it was kind of after-the-fact vetting.

So those issues, I think, they are still in the process of addressing. I don't believe that they have they fully reconciled those. And interagency coordination remains a problem.

Mr. PLATTS. Did your study identify, was it a manpower issue, that they just didn't have the resources to do a full vetting of all of those contractors, or were there other factors?

Mr. DINAPOLI. It was a combination of factors. One is at the guidance level. I mean, there is guidance that suggested that we should do certain things, but it needed to be more clearly spelled

out. And we made a recommendation to do that, and I think DOD did act upon that.

But I think there are limitations in the resources available, both at the contracting officer level, at the shop that does the vetting down in Tampa. So I think there were resource constraints. And the number and volume of contracting actions that are supposed to be vetted through that shop greatly exceed, I think, what their expectation was.

So I think there were a number of combinations.

Mr. PLATTS. Yes?

Mr. SCHWARTZ. If I may add, one of the primary obstacles was personnel. And there was a path to substantially increase the number of people who were doing the vetting, particularly in a reach-back back to CENTCOM [U.S. Central Command] in Tampa. That was one issue that they were working to address.

At the same time, they were setting up a vendor vetting cell through ISAF [International Security Assistance Force], through the NATO [North Atlantic Treaty Organization] allied forces, as well, to complement each other and to coordinate.

And, third, there were instances, based on a high-risk analysis, where they were vetting subcontractors. And the example I would throw out is private security contractors for the Afghan national trucking contract because of the high-profile and the critical nature of that. So they did attempt to do some sort of triage with subcontractors when they felt the risk justified it.

Mr. PLATTS. Okay.

Again, thank each of you for your testimony here today, and, General Crenshaw, especially your lengthy service to our Nation in uniform. We are a blessed Nation because of heroes such as yourself who are serving us.

Thank you.

The CHAIRMAN. Thank you.

Mr. Conaway.

Mr. CONAWAY. Thank you, Mr. Chairman.

And gentlemen, thanks.

General Crenshaw, can we dig down a little deeper in the training aspect? You and Mr. Estevez both said that we train on a commander level when he or she takes command.

How are they trained with respect to what their responsibility will be for contractors in their area? I mean, is it a systemic training that all folks go through as a part of staff training moving up to command? Or is it specifically just a handoff training from one commander to the next? What are we doing with commanders?

General CRENSHAW. Yes, sir. The training at this point is very deliberate, sir. The training is for, at this point, got it for commanders, we got it for the field-grade level, and we have it for the actual planners. And what we utilize is the Defense Acquisition University to conduct part of the training, particularly the core training. The Army Logistics University, as well, conducts training.

So you have a series of venues or institutions, if you will, that will actually conduct the training for the various levels, to include, at the junior-officer level, at National Defense University, CAPSTONE offers an opportunity for the senior leaders to have training.

Mr. CONAWAY. So there are formal courses. When someone is being selected to command a company or an area that is going to be directly supported by contractors, is that person, do they check to make sure that they have actually gone through those courses to see that we have the training in place? Is the personnel system adequate to make sure that folks have the training before they get into the theater?

General CRENSHAW. Yes, sir. The process is to identify those forces and commanders who are going in theater, that they are properly trained with the appropriate courses at the various level where they are.

Mr. CONAWAY. Okay.

Mr. Estevez, you mentioned you have the number of contractors in Afghanistan right now. Do those include the food service guys that are serving meals as well as guys picking up trash and that kind of stuff?

Secretary ESTEVEZ. Absolutely.

Mr. CONAWAY. The number gets inflated. We think that all 117,000 of them are high-end positions. Can you give us some sense of nationalities for that contractor group and how many of them would be considered, you know, care and maintenance and feeding of the team that is, well, not—doesn't take a lot of education to serve food at the DFAC [dining facility]——

Secretary ESTEVEZ. I can give you some general——

Mr. CONAWAY. Okay.

Secretary ESTEVEZ. Of the about 114,000 in Afghanistan today, about 48,000 of those are Afghan nationals.

Mr. CONAWAY. Okay.

Secretary ESTEVEZ. Again, so that is helpful to us to bringing Afghan prosperity.

Mr. CONAWAY. Right.

Secretary ESTEVEZ. About 30,000 U.S. citizens, and the remainder are third-country nationals from wherever around the world.

About 36,000 of those folks, or 32 percent, are doing what we call LOGCAP [Logistics Civil Augmentation Program], logistics capability support. So those are base support guys—picking up trash, maintaining the road on Bagram or Kandahar, leatherneck, serving food, those type of activities.

Mr. CONAWAY. Right. Okay.

Secretary ESTEVEZ. Another 7,000 are Corps of Engineers. So, again, general engineering stuff, and that could be doing both projects for the Afghans or projects for us.

Eighteen percent are theater support. So, again, general support-type roles, and that could be delivering food, delivering fuel. So they are not on our post, necessarily, but they are counted against our numbers because they are contractors using the——

Mr. CONAWAY. Okay.

Secretary ESTEVEZ. And then we have 43 percent in the "other" category. And that could range from high-end people doing high-end maintenance, logistics——

Mr. CONAWAY. So it looks like 60 percent of those are just the normal things that you really don't want people in uniform doing.

Secretary ESTEVEZ. That is correct.

Mr. CONAWAY. And we could. Back when I served, a million years ago, we had KP duty. It was fun. And my favorite spot was pots and pans. You are over there by yourself; nobody messes with you. But we don't need guys in uniform doing pots and pans.

And so 60 percent of that team is just—well, when we leave, we don't bring those guys with us. And there are no long-term commitments to that group either, right?

Secretary ESTEVEZ. They go back to whatever they were doing before.

Mr. CONAWAY. Okay.

Thank you, Mr. Chairman. I yield back.

The CHAIRMAN. Thank you.

Mr. Palazzo.

Mr. PALAZZO. Thank you, Mr. Chairman.

And I thank our witnesses for your testimony.

This question is primarily for General Crenshaw and Mr. Estevez. And I am hoping you are familiar with this report and the bill that was introduced in the Congress.

But what are your thoughts about the feasibility of standing up an independent United States Office for Contingency Operations with dual reporting to DOD and State, as some have suggested? And what are the benefits and drawbacks of this approach?

And although we will start with Mr. Estevez, I would like to hear from CRS [Congressional Research Service] and others, as well.

Secretary ESTEVEZ. We don't believe that that is the right thing to do. We believe that, you know, while we have been at war for the last 10 years and we expect to have some level of instability in the world, as demonstrated yesterday, putting a contingency office that may or may not have something to do out on the side is not the way to have a continued trained workforce.

Contracting in this area is a subset of contracting in general. There are some specifics related to it, you know, speed and oversight that is required, and we should be drawing from our workforce in order to do that and holding people accountable and put in the proper oversight.

And that applies to both the Department of Defense and—again, I can't speak to State, but I believe that they view things the same way.

General CRENSHAW. Sir, if I just may add, certainly I concur with Secretary Estevez. The idea, though, in terms of spirit, I think we are addressing the spirit of a lot of the language and recommendations as we currently reorganize and focus on the new OCS concept. To the extent of having this different office, sir, again, I think we, in the spirit of the language, we are actually doing that now.

Mr. PALAZZO. Mr. Schwartz.

Mr. SCHWARTZ. So there definitely are varying opinions on that. One, of course, is, would it be integrated with DOD? They are opposed to that.

One of the arguments for that, clearly, is to focus the issue. So I would suggest, number one, to the extent that there is another alternative, another way to do that that DOD suggests or the State Department suggests, which would be the more efficient way to accomplish what the ultimate end goal is, which is more efficient overseas contract support, OCS?

The second is—and I think very often, particularly in this case, the devil would be in the details, which is it may be a good idea, it may not be a good idea, but how would it actually functionally work? And not only how would it functionally work, but between operations, what would that office look like? What influence would it have? Is it something permanent? Is it something that ramps up?

And that may substantially impact the extent to which it may or may not be the best idea to go forward. And those are some of the questions I would ask.

Mr. DINAPOLI. Just to build on that, I think there are a number of options out there that have been proposed, and even each one has some pros and cons to those. I think to determine the lines of responsibility and kind of the roles and the mission in between contingencies, as well as how do you coordinate among the accountable organizations as a whole, is important.

In Iraq and Afghanistan, we do have a coordination body that GAO participates in, so we do try to maximize our resources to provide oversight.

And so, as we look to the future, I think ensuring accountability for our activities is essential. An inspector general, whether it be permanent, whether it be a coordinating body—I think options do exist. GAO, of course, is still available to provide assistance to the Congress as appropriate.

So there are different ways of looking at it. It goes back to clearly defining roles and responsibilities in the mission.

Mr. PALAZZO. Thank you for those responses.

I hope you all can address this. As you all know, we have been dealing with a serious unemployment issue over the past few years here in the United States. And I personally know many people who have gone overseas to work as Government contractors, many because they couldn't get solid employment right here in the U.S.

Now, as we continue to draw down from our overseas contingency operation, many of these individuals are being let go or their contracts are expiring without extension. Does anyone have any estimates on how many Government contractors, which I guess are named expats, may be out of work by the end of our operations in Afghanistan?

Secretary ESTEVEZ. Again, I can't say how their companies that they are employed with will use them. Today, between Iraq and Afghanistan, we have 40,000 U.S. citizens employed.

Mr. PALAZZO. Okay. And I appreciate that.

And I would like just to point out something real quick with the balance of my time, is that, as these contracts aren't extended, you know, many of the Americans, U.S. expats that work overseas are receiving a foreign-earned-income exclusion. But you have to be over there 330 full days out of a 12-month period. And I am afraid that, because of the Government's drawdowns, that these U.S. citizens are going to be forced to come back and incur tens of thousands of dollars in tax penalties. And I wish there was a way this committee and perhaps this Congress can address that so they are not hit with an unfair tax liability.

Thank you, and I yield back.

The CHAIRMAN. Thank you.

Mr. Johnson.

Mr. JOHNSON. Thank you.

Thank you, gentlemen, for being here today.

General Crenshaw, I would like to ask you whether—well, I would like to ask you—it is clearly much more difficult to conduct oversight in a combat zone than in an area that is at peace. How would you advise reforming combat zone oversight to prevent waste, fraud, and abuse?

General CRENSHAW. Sir, this is something that we have taken on and really have addressed it very heavily. You know, we have learned from our past, and we spoke to that piece. And we have instituted, through doctrine, through training, through education, a process that allows us to better provide oversight during combat.

Combat is different, and we understand that. And so our approach is different. We are more engaged, and we have different types of boards that allow us to do much more vetting of contractors and vendors.

I think, again, we have gone a long way in really addressing some of the lessons learned from our previous performance in Iraq.

Mr. JOHNSON. Other than vetting, have there been any other controls put in place to protect against waste, fraud, and abuse in a combat setting?

General CRENSHAW. Sir, we have a number of boards, fusion sales boards, that look at the vendors. And also we have our—our Corps is better trained to go out and look onsite to see what type of service is being performed, is it a service we asked for, requested for, is that type of service being done, and to what level is it being done. And so we do have some mechanism in place just to provide the better oversight.

And, really, when you get down to the actual, in some cases, the site where the work is being done, you just need someone there to make sure it is happening and it is being reported properly.

Mr. JOHNSON. Well, now, General, as our forces and personnel are being reduced in Afghanistan, how prepared are we to manage the contractors who are left behind? How prepared are we to manage them?

General CRENSHAW. Sir, one of the things that the—what is being done now in Afghanistan is that U.S. 4–A has already started to plan the drawdown of contractors and contractor equipment. And so, again, this is another deliberate process.

The forces in theater, they established different types of working groups that allow them to take note of all the lessons learned from Iraq. We have embedded personnel with Department of State, to a degree that Department of State may at some point inherit some of the contracting management.

And so, again, all of the steps that are currently being taken are really a direct reflection of the lessons learned from the Iraq drawdown.

Mr. JOHNSON. All right. Thank you.

Mr. Estevez, a recent report found that many contractors employed in Iraq and Afghanistan are foreigners who—well, many of the contractors hire foreigners to perform the work that they have been contracted to do. And many times, or on noted occasions, there have been foreigners who have been tricked into working for American contractors and subcontractors who abuse them with im-

punity and subject them to grueling hours, meager wages, and confinement, along with deadly working conditions.

Can you tell us what steps are being taken to address this important issue?

Secretary ESTEVEZ. First, we have zero tolerance for trafficking in persons. And what we have is, first, there are contract laws that prohibit that, and there are severe penalties for doing that.

We have auditors and Defense Contract Management Agency out there on the ground assessing contracts and the life of the contractors that are engaged there. We have regular brochures that are handed out to people that are operating that show who they can report to. If you travel around Afghanistan, you will see posters and the like explaining the rights of the people who are employed.

But it is really on-the-ground oversight that provides the direct feedback. And then we would prosecute anyone that we found violating that.

Mr. JOHNSON. Thank you.

The CHAIRMAN. That concludes our questions for the panel. We thank you very much for being here, and thank you for your service.

And that will end this hearing. Thank you very much. This hearing is adjourned.

[Whereupon, at 11:50 a.m., the committee was adjourned.]

A P P E N D I X

SEPTEMBER 12, 2012

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

SEPTEMBER 12, 2012

Statement of Hon. Howard P. "Buck" McKeon

Chairman, House Committee on Armed Services

Hearing on

Operational Contract Support: Learning from the Past and Preparing for the Future

September 12, 2012

This morning we were reminded once more of what a dangerous world we live in, and the risk many Americans take to serve our country abroad. My thoughts and prayers—together with those of this committee—are with the families of those we've lost in Libya.

We meet today to receive testimony on Operational Contract Support, that is, the services our military buys to directly sustain operations like those in Afghanistan. According to a recent study by the Center for Strategic and International Studies, the Department of Defense spends, on average, nearly one-third of its entire budget contracting for services. And, while this committee and others in Congress have taken aggressive actions to reform the Government's acquisition processes, most of our time and effort has been focused on major defense acquisition programs such as the Joint Strike Fighter and the Littoral Combat Ship.

Perhaps this is because they are tangible and there is more a formal process used to procure hardware. Regardless, we don't spend nearly as much time addressing issues regarding the way the DOD contracts for services such as engineering, maintenance, logistics, and base support.

Contracting for services cannot be taken lightly. Here is a fact—one that I expect our witnesses will not challenge—the U.S. military cannot today fulfill its responsibilities to our national security without a significant contribution by many hardworking folks that are not in the direct employment of the U.S. Government. That fact extends to war zones too. Most of us are familiar with the term "contingency contracting" which has been used over the last several years to refer to contracts in Iraq and Afghanistan. The term likely conjures up memories of money wasted on $600 toilet seats, funding that fuels corruption, and the loss of hearts and minds anytime armed security guards kill or injure civilians. But the goal of today's hearing is not to re-examine these, or other, incidents. There has already been extensive work to document these deficiencies and to capture lessons learned. The goal is to learn from the past and charter a way forward, because I think we can all agree that we will continue to be reliant on contractors for future operations.

As such, the topic before us today is complex, but it is also important. We learned a lot of hard lessons on this issue in Iraq and

Afghanistan. We were ill-prepared for the level of contracting that was required to support these missions and, as a result, outcomes suffered. In some cases those consequences were grave and brave Americans lost their lives as a result.

The question before us is how we can improve operational contract support outcomes—from savings lives, to reducing waste and graft, to delivering a unity of effort consistent with our military commander's intent. This will require leadership and an emphasis on the importance of operational contract support.

Excellence must be demanded in each of the requirements generation, contract award, and contract management phases. A prerequisite for excellence is planning and training like we fight. There are many recommendations that have been advanced to meet these goals and I look forward to exploring those recommendations in greater detail today.

I am certain that our witnesses' testimony will help us and the Department of Defense, as we continue the mission in Afghanistan and prepare for the challenges that may come, here at home or around the globe.

Statement of Hon. Adam Smith

Ranking Member, House Committee on Armed Services

Hearing on

Operational Contract Support: Learning from

the Past and Preparing for the Future

September 12, 2012

Mr. Chairman, I share your remarks on the events in Libya and also in Egypt. Our thoughts and prayers certainly go out to the people who lost their lives and their families. It is a tragic incident and reminds us, again, of how unstable the world is and can be.

I thank you for holding this hearing. As well, I thank our witnesses, and look forward to the testimony and the question-and-answer period.

Logistics and contracting out are critical, critical parts of our military and national security operation that don't typically get the attention that they obviously deserve. With all of the human resources and all of the material resources that we have, getting them all in the right place at the right time and making sure they are properly coordinated is an enormous and very important task and something that I believe our military does better than any military in the world.

And part of the reason why we are as successful as we are, a piece of that, of course, is contracting out those services, figuring out what can be done in house and what needs to be contracted out—also not an easy process. And, of course, there are our legislative and parochial battles that get in the way of making it an easy process, as well.

And so I think it is important that we examine that issue and try to figure out how to maximize our effectiveness at contracting out and pulling together those logistical challenges.

I also believe that, given the wars in Iraq and Afghanistan, we have an excellent opportunity right now for a "lessons learned" approach, go back and look and see what we did, what worked, what didn't work. A lot of it had to happen fairly quickly, so I certainly understand that decisions had to be made quickly. But now that we have had some time to think about it and look at it, I think this is a great opportunity to learn from that and make improvements where we can.

HOLD UNTIL RELEASED BY THE
U.S. HOUSE OF REPRESENTATIVES

JOINT STATEMENT OF

MR. ALAN F. ESTEVEZ
ASSISTANT SECRETARY OF DEFENSE
FOR LOGISTICS AND MATERIEL READINESS

AND

BRIGADIER GENERAL CRAIG CRENSHAW
VICE DIRECTOR FOR LOGISTICS
JOINT STAFF

BEFORE

HOUSE ARMED SERVICES COMMITTEE

ON

OPERATIONAL CONTRACT SUPPORT

September 12, 2012

HOLD UNTIL RELEASED BY THE
U.S. HOUSE OF REPRESENTATIVES

Chairman McKeon, Ranking Member Smith, and members of the Committee, thank you for the opportunity to appear before you to discuss improvements we have made with respect to Operational Contract Support (OCS) management and oversight, and our way ahead. We would like to thank you and the Committee members for your continued support and interest in the Department of Defense's (DoD's) operational contract support programs and policy objectives. OCS entails planning for and managing the reality of contractors on the battlefield; we welcome the opportunity to talk to you about how we have addressed past shortfalls in this area and our plans for sustaining our accomplishments into the future.

Background:

Without dwelling on the past, it is important to recognize where we came from in order to appreciate the significant gains we have made. Because the actual operations in both Iraq and Afghanistan evolved beyond the basic assumption that they would be short conflicts, and ultimately transitioned into long term operations, we were unprepared for the resulting number of contractors required and were not resourced to manage them. Specifically, we started out with insufficient deployable contracting officers, untrained and untested contracting officer's representatives, and inadequate policy and doctrine to manage the "blended force" in a protracted joint engagement. We had no real jointness in the visibility and management of contingency contracting or true jointness in the contracting process.

Faced with the unprecedented scale of deployed contractors, the Office of the Secretary of Defense (OSD) and the Joint Staff embarked on an aggressive agenda to institutionalize and "operationalize" contract support. Tangible evidence of our commitment to continuous progress is found in the many improvements the Department has made in the management and oversight of OCS. The work of Congress and this committee has been invaluable to the Department's progress in OCS. Pursuant to Section 854 of the Fiscal Year (FY) 2007 National Defense Authorization Act (NDAA) (10 US Code 2333), the Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L)) and the Service Acquisition Chiefs in consultation with the Chairman of the Joint Chiefs of Staff, designated senior leaders with the responsibility to administer

the joint policies for contingency contracting and to focus the OCS efforts. Additionally, the Office of the Deputy Assistant Secretary of Defense for Program Support (DASD(PS)) was created under the Assistant Secretary of Defense for Logistics and Materiel Readiness (ASD(L&MR)) and the Joint Staff Director of Logistics was assigned responsibility as the Joint Staff focal point for OCS. Futher, the Defense Procurement and Acquisition Policy (DPAP) Office was expanded to address the challenge of contracting in a contingency environment - an important subset of contract support integration.

In March 2010, the USD(AT&L) established the OCS Functional Capabilities Integration Board (FCIB) to address critical issues affecting support to current and future contingency operations. The FCIB is co-chaired by DASD(PS) and the Joint Staff Vice Director for Logistics to provide strategic leadership to the multiple stakeholders engaged in OCS. The FCIB also analyzes and implements the recommendations of various commissions and addresses the mandates of Congress.

We also developed a strategic framework to guide our consolidated efforts to address shortfalls in OCS across a broad number of fronts. This framework included the areas of organization; policy and doctrine; personnel; training and education; integrated planning; and contractor accountability and visibility. With a view of tackling immediate challenges in Iraq and Afghanistan and also mindful of the need to institutionalize OCS for future operations, we have made significant progress in those areas, as discussed below.

Organization

The Department is focusing attention on OCS as a critical warfighting capability area and is improving its organizational structure to ensure contingency contracting operations and contractor management support our deployed warfighters and protect taxpayer resources. As a testament to the level of importance OCS has achieved within the Department, in January 2011, the Secretary of Defense published a memorandum titled "Strategic and Operational Planning for Operational Contract Support (OCS) and Workforce Mix" which assigned specific actions and responsibilities regarding force mix,

contract support integration, planning, and resourcing. Subsequently, the Chairman of the Joint Chiefs of Staff published a memorandum implementing the Secretary's guidance. As a follow on to these memoranda, we have developed the *Department of Defense Operational Contract Support Action Plan,* which is a fiscally informed strategic plan for OCS within the Department to guide capital planning and investment.

In terms of organizational changes, we have taken a number of specific actions at the OSD, Combatant Command (CCMD), and Service levels. In 2009, OSD established the Joint Contingency Acquisition Support Office (JCASO) to serve as an on-call joint enabling capability providing OCS coordination and integration during peacetime and contingency operations. Recent examples of JCASO missions include:

- Placing two OCS planners at each Geographic Combatant Command, U.S. Special Operations Command (USSOCOM), and one OCS planner at Joint Staff (J7) Joint and Coalition Warfighting to enable OCS planning;
- Facilitating U.S. Central Command's (USCENTCOM) theater engagement strategy in the South Caucuses and Central Asian States by assisting in the expansion of contract support in those countries, which enhances USCENTCOM's use of a Northern Distribution Network (NDN) to support Operation Enduring Freedom (OEF);
- Assisting the successful transition of contract support from DoD to the Department of State (DoS) in Iraq as part of the U.S. Forces-Iraq contract fusion cell on behalf of USCENTCOM;
- Co-Chairing the Afghanistan Contracting Transition Working Group (ACTW) along with the Department of State, Office of Logistics Management and/or the Office of Acquisition Management to help synchronize the effective transfer of contracted support efforts from DoD to DoS on behalf of USCENTCOM;
- Incorporating OCS into the operational training of the next forces into Afghanistan through participation in Exercise Unified Endeavor.

At the Combatant Command level, USCENTCOM established the Joint Theater Support Contracting Command to oversee theater support contracting in Iraq and

Afghanistan as a joint functional command directly reporting to USCENTCOM. Further, the senior contracting officer position in Afghanistan was elevated to the General Officer /Flag Officer level. Additionally, Task Force 2010 was established under U.S. Forces Afghanistan to help commanders better understand with whom they are doing business and to assist in ensuring that contracting dollars do not undermine the U.S. Government and international community's efforts in Afghanistan.

At the Service level, the Army has reorganized its contracting command structure to improve planning, training, equipping, and execution of OCS. The Army Contracting Command, established in 2008, now comprises a Mission Installation Contracting Command and an Expeditionary Contracting Command, as well as six major contracting centers. The Expeditionary Contracting Command serves as a deployable cadre of acquisition personnel.

The Defense Contract Management Agency (DCMA) currently provides contingency contract administration services (CCAS) as requested by the Geographic Combatant Commands including USCENTCOM's Joint Theater Support Contracting Command. This support includes management of the Army's Logistics Civil Augmentation and Air Force's Contract Augmentation Programs (LOGCAP/AFCAP), as well as contract oversight, property administration, and quality assurance support for other contracts that are consistent with DCMA's core competencies, as requested. Based on recommendations of the Gansler Commission Report and the Commission on Wartime Contracting, the Department continues to improve (CCAS) by implementing lessons learned in Iraq and Afghanistan.

Success in future contingencies will depend heavily on contracted support as part of the Total Force. As a result, the Joint Staff (J4) initiated the OCS Joint Concept as our future vision for the role of OCS and Joint Force 2020. It capitalizes on the current initiatives to institutionalize OCS and transform it to a capability appropriate for the future operating environment. The concept outlines a framework for integrating and synchronizing OCS capabilities across the range of military operations to increase the Joint Force Commander's freedom of action, while improving the responsiveness and

accountability of contracted support. The central idea of the OCS Joint Concept is to create unity of effort among all OCS organizations and functions. Effective OCS requires joint commanders and their staff – at all levels – to integrate OCS into their logistics, intelligence, plans, and operations functions. To ensure that operational contract support is contributing effectively, this concept proposes a DoD-wide framework that will integrate the contracting support capabilities of the Total Force, thereby improving the responsiveness and accountability of contingency contracting.

Policy and Doctrine

Six years ago, DoD had immature policy and few procedures related to contractors on the battlefield and the joint community had yet to develop doctrine to govern contractor activities and performance in support of the Joint Force. Since then, we have made significant strides in integrating OCS into key governance documents including policy, regulation, and doctrine. In March of 2009, we published DoD Directive 3020.49, *Orchestrating, Synchronizing, and Integrating Program Management of Contingency Acquisition Planning and its Operational Execution*, establishing policy and assigning responsibility for OCS management.

To provide more detailed policy, a revised version of DoDI 3020.41, *Operational Contract Support*, was signed on December 20th, 2011. It has also been published as 32 Code of Federal Regulations (CFR) Part 158. This version contains significant changes to the previous instruction including: (1) incorporation of lessons learned from current operations; (2) requirements for the development of contractor oversight plans; (3) requirements for adequate military personnel necessary to execute contract oversight; and, (4) standards of medical care for deployed contractors. Further, it reiterates the importance of the use of a common database for the accountability and visibility of contractors supporting DoD contingency operations.

On October 17, 2008, the Joint Staff J-4 published Joint Publication 4-10, *Operational Contract Support*, to include doctrine for planning, conducting, and assessing OCS integration and contractor management functions in support of joint operations. This doctrine provides a common frame of reference across the military for OCS as a way of accomplishing military tasks. OCS includes multiple stakeholders,

including: the commands that are now incorporating contracted support into their logistics support plans; the units that develop requirements documents to augment their organic capabilities; the resource management and finance personnel that allocate and disburse funds; the contracting officers that award contracts and their representatives that oversee those contracts; and the contractors that perform the contracted effort. In light of lessons learned since its publication, Joint Publication 4-10 is in the process of being updated, and the next edition will be published next year. In addition, the Joint Requirements Oversight Council (JROC) approved the Operational Contract Support Integrated Capabilities Document and formally tracks progress of OCS integration into all relevant supporting documents.

With respect to our oversight of private security contractors (PSCs), we have made substantial progress. To ensure proper organization, registration, selection, regulation and training of PSCs, we have published DoD Instruction (DoDI) 3020.50, *Private Security Contractors (PSCs) Operating in Contingency Operations* to serve as guidance to the DoD and the associated Federal Regulation on PSCs (32 CFR Part 159) which applies to all US government PSCs in combat operations and other significant military operations.

Further, an internationally acceptable business and operations standard for security services is an essential tool to assure that PSCs can provide that protection consistently and dependably. Widespread use of common standards of operations and effective oversight can reduce the risk that inappropriate use of PSCs or misconduct on the part of some will endanger the important services they provide. Following direction from Congress, DoD facilitated the development of consensus-based performance standards for private security company operations and now requires conformance with those standards in all contracts for private security functions. These standards are consistent with U.S. law, the Laws of Armed Conflict, and various international initiatives such as the Montreux Document. They are recognized by the American National Standards Institute and are under review by other countries, which may lead to recognition as an international standard and demonstration of the United States' commitment and

leadership in this area. These standards are a vital contract management tool and will enhance the Department's capabilities in contract award and oversight. In addition to our policy and doctrine efforts, we continue to make required acquisition regulation changes to insure new requirements are included in contract instruments.

Personnel

People are the key to our success, and the Department is directly addressing OCS personnel issues impacting operations in Iraq and Afghanistan. We are developing our acquisition workforce positions, strengthening the contracting workforce, and contributing to rebuilding DCMA and the Defense Contract Audit Agency (DCAA). DoD continues to increase the capacity of the acquisition workforce as part of a deliberate DoD-wide initiative to rebuild the acquisition workforce.

Our current military leadership levels also demonstrate significant progress. We have increased the pool of contracting General and Flag Officers to recognize the importance of contracting to operational success. Where, only four years ago there were none, today the Army now has five new General Officers in contracting positions. The Navy has three Flag Officers serving in contracting joint billets, and the Air Force has two general officers in contracting positions. We were able to achieve this success with help from Congress, which provided legislation in the FY 2009 NDAA to add 10 military General or Flag Officer billets for acquisition positions. The engagement of senior military leaders strengthens the management and oversight of our contracting workforce.

As noted above, joint contingency acquisition support office planners are embedded in the staffs of each geographic combatant command, USSOCOM and Joint Staff (J7) to perform OCS integration and synchronization. Updates to strategic planning guidance, policy, and joint doctrine demand an increased requirement for OCS planning, integration and synchronization at the strategic and operational levels of war. The Joint Staff (J4) is conducting a comprehensive review of current OCS manning at all combatant commands and their service components to determine the appropriate staffing at the strategic and operational levels to meet these new requirements.

Training and Education

The Department has increased its training and education portfolio to properly prepare personnel for the reality of OCS, including contingency contracting. The training and education addresses a range of audiences, from commanders to acquisition professionals to subject-matter experts performing oversight. As a result of being designated a CJCS Special Area of Emphasis (SAE) for joint professional military education (JPME), OCS is now taught at Service and Joint professional military education institutions.

Recently, the Joint Staff (J-4) developed an OCS curriculum development guide which provides *specific* OCS learning objectives to facilitate more consistency in JPME. The guide will be distributed this fall to the PME institutions in conjunction with this year's SAE results to provide faculty a ready resource to further incorporate OCS into curricula. Additionally, the Joint Staff (J-4) is in the process of developing an OCS Learning Framework to build a holistic approach for OCS joint education, individual and collective training, exercises, and a feedback mechanism with codified processes and procedures for OCS lessons learned. The Defense Acquisition University (DAU) has seven contingency-related training offerings, primarily geared toward the acquisition profession. Further, the Army has added and improved multiple acquisition training courses. The Army developed an OCS Course in 2009 at the Army Logistics University (ALU), located at Fort Lee, Virginia. This course provides hands-on training on tactical-level OCS planning, requirements development, and contract management. To date, over 600 personnel from Army, Navy and the Marine Corps have graduated from this course. In February 2012, ODASD(PS) partnered with the Joint Staff (J-4, J-7) and the U.S. Army to transform the above course into the Department's first 2-week Joint OCS Course. This course will remain at the ALU and is tentatively scheduled for instruction in late FY13.

Integrated Planning

Through strategic planning guidance, the Secretary of Defense and CJCS have directed the Department components to plan for OCS at the same level of fidelity as they plan for military forces. This is a fundamental change to the Joint Operational Planning

Process (JOPP). Combatant Commanders are now directed to consider and plan for contracted support in all phases across the spectrum of military operations. Further, strategic guidance has established minimum elements of OCS planning information to be included in operations and contingency plans. Additionally, the Joint Staff (J-4) is in the process of finalizing OCS planning instructions and templates for CJCS manuals to provide Combatant Commands and Service component staffs the minimum requirements for OCS in deliberate and crisis action planning.

Accountability and Visibility

We have invested a significant amount of time and effort into improving the accountability and visibility of contractors supporting the U.S. government in contingency operations. A key aspect of this is our expanded use of the designated common database, the Synchronized Predeployment and Operational Tracker (SPOT). As recognized by the Government Accountability Office in its recent review of our annual joint (DoD/DoS/USAID) report on Contracting in Iraq and Afghanistan, the accuracy of data is much improved, in part due to a sustained effort to improve compliance. SPOT capability is continually evaluated to identify enhancements to improve functionality and ease user interface. SPOT is currently being used to account for US government contractor personnel in Iraq and Afghanistan and DoS continues to utilize SPOT as the primary automated program management tool as it assumes the lead for all US government contractors in Iraq. We continue to expand and improve its capabilities and today it has little resemblance to the very basic tool we developed years ago. Industry's involvement in the program helped mature it and it has now transitioned to a program of record and will continue to be improved.

The Future: Continuing to Mature OCS and Sustaining What We Have Accomplished

As we have detailed, much has been accomplished, but we recognize there is still more to do; in addition to sustainment of previous accomplishments. We are developing programs to improve the requirements process, which will provide the information and attention necessary to build future operations plans (OPLANS) in a comprehensive fashion, including all elements of the Total Force. We will continue to develop the

expertise to apply the applicable program management skills to joint, inter-agency, and coalition contracting efforts to maximize effectiveness, avoid unnecessary duplication and to promote efficiency.

Our use of contractors to support operations is a current and future reality. The role of contracts and contractor support to the armed forces in peace and war has been accepted, and we must ensure we are doing everything we can to institutionalize responsibilities, policies, and procedures (to include planning, training, education, accountability, and reporting).

To sustain the advances we have made in institutionalizing OCS and act upon lessons learned, the Department must continue to: staff the relevant OSD and Joint Staff offices; sustain OCS capabilities in the Services; maintain funding for training; and support a lead Inspector General capability for designated contingencies. Sustaining the manpower and skills – in particular with respect to Contracting Officer and Contracting Officer's Representative and planners - will be a challenge against the backdrop of pressure on fiscal budgets, especially post drawdown. We must resist making disproportionate cuts to assets and resources associated with OCS as compared to other areas of the Department. Maintaining an appropriate workforce balance is critical to avoid losing the gains we've worked so hard to achieve and is essential in ensuring that we are best prepared for the next contingency.

We have worked hard to improve our oversight and management of this very critical area and have no intention of losing focus. We will continue to mature as we apply additional lessons learned from Afghanistan and other operations world-wide. We are grateful for the committee's continued interest and support in ensuring OCS remains a priority.

Honorable Alan F. Estevez
Assistant Secretary of Defense
for Logistics and Materiel Readiness

The Honorable Alan F. Estevez was sworn in as the Assistant Secretary of Defense (Logistics & Materiel Readiness) on August 8, 2011. He is the first career federal official to hold the position.

As the Assistant Secretary of Defense (Logistics & Materiel Readiness), Mr. Estevez is responsible for providing world class military logistics support to the men and women of the United States Armed Forces. He manages logistics policy and processes to provide superior, cost effective, joint logistics support to the warfighter, both in current operations as well as in the future. He also performs logistics program oversight to manage the over $190 billion Department of Defense logistics operations.

Prior to his Senate confirmation, Mr. Estevez served as the Principal Deputy Assistant Secretary of Defense (Logistics & Materiel Readiness) from November 2006. He performed the duties of the Assistant Secretary of Defense (Logistics & Materiel Readiness) position from April 2009 until his confirmation. From October 2002 to November 2006, Mr. Estevez was the Assistant Deputy Under Secretary of Defense (Supply Chain Integration) responsible for development of global Defense supply chain management and distribution policies. Prior to assuming his executive position, Mr. Estevez held key positions within the Office of the Secretary of Defense, where he played a critical role in reengineering Defense transportation processes, and with the U.S. Army Strategic Logistics Agency, where he managed the Army's program to address logistics deficiencies identified during Operations Desert Shield/Desert Storm. From 1981 through 1990, Mr. Estevez held numerous positions with the Military Traffic Management Command in Bayonne, New Jersey; Oakland, California; and Falls Church, Virginia.

Mr. Estevez received a Bachelor of Arts degree in Political Science from Rutgers University, New Brunswick, New Jersey, in 1979 and a Masters degree in National Security Resource Strategy from the Industrial College of the Armed Forces in 1995. He is the recipient of the 2010 Presidential Rank Distinguished Executive Award and the 2006 Presidential Rank Meritorious Executive Award, two Office of the Secretary of Defense Medals for Meritorious Civilian Service, and the 2005 Service to America Medal awarded by the Partnership for Public Service. He was inducted into the Senior Executive Service in October 2002.

Brigadier General Craig C. Crenshaw
Vice Director, J-4, Joint Staff

A native of Pensacola, Florida, Brigadier General Crenshaw was born on July 25, 1962. He was commissioned a Second Lieutenant in the United States Marine Corps in August 1984 through the NROTC Scholarship Program.

He holds a Bachelor of Arts Degree in Political Science from Southern University, Baton Rouge, Louisiana; a Master of Arts in Procurement and Acquisitions Management from Webster University, St. Louis, Missouri; a Master of Science in National Resource Strategy from the Industrial College of the Armed Forces, National Defense University, Washington, D.C.; and is a graduate of the Senior Acquisition Course and the Program Manager Course from the Defense Acquisition University. He served as a Congressional Intern to the Honorable Earl Hutto (D-FL, Ret.)

Brigadier General Crenshaw began his career as a Logistics Officer with 3d Force Service Support Group, Okinawa, Japan from June 1985 to July 1986. He served as Platoon Commander, Maintenance Management Officer and Assistant Logistics Officer. In 1986, he was reassigned to 1st Recruit Training Battalion, Marine Corps Recruit Depot San Diego, California where he served as a Series Commander and Battalion Operations Officer. In September 1989, he was assigned to 1st Marine Regiment, 1st Marine Division, Camp Pendleton, California where he served as Assistant Logistics Officer and Maintenance Management Officer. While assigned to 1st Marine Regiment, he deployed to the Persian Gulf region in support of Operation Desert Shield/Desert Storm and also participated in Special Purpose Marine Air Ground Task Force Los Angeles in response to the civil disturbance during the Los Angeles riots.

In September 1992, Brigadier General Crenshaw was assigned to the Program Executive Office for Cruise Missiles and Unmanned Aerial Vehicles, Washington, D.C. He served as the Marine Corps Integrated Logistics Support Manager and Deputy Director, Joint Logistics Program, Joint Logistics Directorate.

Brigadier General Crenshaw was reassigned in 1995 to Marine Aircraft Group 36, 1st Marine Aircraft Wing, Okinawa, Japan, where he served as the Group Logistics Officer. While assigned to the command, he participated in numerous regional exercises including Cobra Gold, Tandem Thrust, and Ulchi Focus Lens, among others.

Following this assignment, Brigadier General Crenshaw was selected to attend the Marine Corps Command and Staff College, Quantico, Virginia. Upon graduation, he was assigned to the Defense Foreign Liaison Division, Defense Intelligence Agency, Washington, D.C. as an Executive Agent to the Secretary of Defense and Chairman of the Joint Chiefs of Staff.

In June 2002, Brigadier General Crenshaw was assigned to 2d Force Service Support Group, Camp Lejeune, North Carolina where he assumed command of Headquarters and Service Battalion and deployed in support of Operation Iraqi Freedom.

In August 2004 Brigadier General Crenshaw was selected to attend the Industrial College of the Armed Forces, National Defense University in Washington, D.C. Subsequently, he was assigned to the Joint Chiefs of Staff, Joint Logistics Directorate, as the Division Chief, Joint Logistics Operations Center, the Pentagon, Washington, D.C.

In June 2007 he was assigned to Headquarters Marine Corps Installations and Logistics as Special Assistance to Assistant Deputy Commandant, I&L, Logistics Facilities for Defense Policy Review Initiatives.

In June 2008 Brigadier General Crenshaw assumed command of Combat Logistics Regiment 25, 2d Marine Logistics Group, II MEF. He was subsequently as the the Commanding General of 3d Marine Logistics Group, III MEF, Okinawa, Japan in June 2010.

He is currently assigned as the Vice Director J4 Joint Staff, Pentagon Washington D.C.

Brigadier General Crenshaw's personal awards and decorations include the Defense Superior Service Medal, the Legion of Merit, the Bronze Star, Defense Meritorious Service Medal with oak leaf cluster in lieu of second award, Meritorious Service Medal, Joint Service Achievement Medal, Navy and Marine Corps Achievement Medal, Combat Action Ribbon, and numerous unit awards and citations.

Print in Word Format

STATEMENT NOT FOR
PUBLICATION UNTIL RELEASED
BY HOUSE COMMITTEE ON
ARMED SERVICES

Operational Contract Support: Learning from the Past and Preparing for the Future

Statement of Moshe Schwartz, Specialist in Defense Acquisition
Before the
Committee on Armed Services, House of Representatives

September 12, 2012

Congressional Research Service
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www.crs.gov

CRS Report for Congress
Prepared for Members and Committees of Congress

Chairman McKeon, Ranking Member Smith, distinguished members of the Committee, thank you for the opportunity to appear before you today to discuss operational contract support. This statement focuses on

- the role of contractors in military operations,
- DOD efforts to improve the use of contactors, and
- a framework for preparing to use contractors in future military operations.

For most of the past decade, the United States has been waging wars in Iraq and Afghanistan. The military has engaged in fighting insurgencies, undertaking large-scale stabilization and reconstruction efforts, and training and mentoring local security forces, all while integrating operations with those of allied forces. Contractors have played a pivotal role in these operations, making up more than half of the Department of Defense's (DOD) workforce in Iraq and Afghanistan.

Now, with the end of combat operations in Iraq and the drawdown of forces in Afghanistan, the Department of Defense is turning increased attention to preparing for future military operations. As reflected by the recent "Pacific Pivot," the United States must prepare for a diverse range of security challenges.[1] Although future contingency operations will likely be different from those of the past ten years, many analysts and defense officials believe that contractors will continue to play a central role in large-scale military operations. Therefore, in order to meet the challenges of future operations, DOD must be prepared to effectively award and manage contracts at a moment's notice, anywhere in the world, in unknown environments, and on a scale that may exceed the total contracting budget of any other federal agency.

The Role of Contractors in Military Operations

While DOD has long relied on contractors to support overseas military operations, post-Cold War budget reductions resulted in significant cuts to military logistic and support personnel, requiring DOD to hire contractors to "fill the gap." Recent operations in Iraq and Afghanistan, and before that Kosovo, have reflected this increased reliance on contractors supporting U.S. troops – both in terms of the number of contractors and the type of work being performed.

According to DOD data, from FY2008-FY2011, contractors in Iraq and Afghanistan represented 52% of the total force, averaging 190,000 contractors to 175,000 uniformed personnel. Over the last five fiscal years, DOD obligations for contracts performed just in the Iraq and Afghanistan areas of operation ($132 billion) exceeded total contract obligations of any other U.S. federal agency (see **Appendix**).

According to some DOD officials and analysts, the military is unable to effectively execute large-scale operations without extensive contract support. This unprecedented level of contractor reliance has been referred to by some analysts as the new reality in military operations.

[1] United States Institute of Peace, *The QDR in Perspective: Meeting America's National Security Needs in the 21st Century*, 2010, p. 50; Commission on Army Acquisition and Program Management in Expeditionary Operations, *Urgent Reform Required: Army Expeditionary Contracting*, October 31, 2007, p. 3.

Contractors can provide significant operational benefits to DOD, including freeing up uniformed personnel to conduct combat operations; providing expertise in specialized fields, such as linguistics or weapon maintenance; and providing a surge capability, quickly delivering critical support capabilities tailored to specific military needs. Because contractors can be hired when a particular need arises and let go when their services are no longer needed, in some circumstances, hiring contractors can be cheaper in the long run than maintaining a permanent in-house capability.

However, just as contractors can augment military capabilities, the ineffective use of contractors can prevent troops from receiving what they need, when they need it, and can lead to the wasteful spending of billions of dollars—dollars that could have been used to fund other operational requirements.[2] Contractors can also undermine the credibility and effectiveness of the U.S. military and undermine operations, as many analysts believe has happened in Iraq and Afghanistan.[3] Improved contract management and oversight may not eliminate all problems associated with the use of contractors, but many analysts argue that it could mitigate the risks of relying on contractors during overseas operations.[4]

DOD Was Unprepared for the Use of Contractors in Iraq and Afghanistan

The Department of Defense was unprepared for the extent to which contractors were used in Iraq and Afghanistan.[5] Military commanders and service members have indicated they were not prepared for the extent of contractor support in Iraq and did not receive enough training to prepare them to manage or work with contractors.[6] Others have stated that they did not receive enough exposure to the role of contractors in military operations in the curriculum at professional military educational institutions.[7] An Army commission found that Contracting Officer

[2] Department of Defense, *Quadrennial Defense Review Report*, February 2010, p. 93. U.S. See also Government Accountability Office. *Stabilizing And Rebuilding Iraq: Actions Needed to Address Inadequate Accountability over U.S. Efforts and Investments*. GAO-08-568T. March 11, 2008. p. 4,6; *Urgent Reform Required: Army Expeditionary Contracting, Op. Cit.*, p. 2-3.

[3]. Many observers believe that the fallout from Abu Ghraib and other incidents, such as the shooting of Iraqi civilians by private security contractors hired by the United States government, have hurt the credibility of the U.S. military and undermined efforts in Iraq. See also: Department of Defense, *Quadrennial Defense Review Report*, February 2010, p. 93; Commission on Wartime Contracting In Iraq and Afghanistan, *Transforming Wartime Contracting: Controlling costs, reducing risk*, Final Report to Congress, August, 2011, p. 5; U.S. Government Accountability Office, *Operational Contract Support: Management and Oversight Improvements Needed in Afghanistan*, GAO-12-290, March 29, 2012, p. 1-2.

[4] For example, according to an Army investigative report, a lack of good contractor surveillance at Abu Ghraib prison contributed to fostering a permissive environment in which prisoner abuses took place. See: Department of Defense. *Investigation of Intelligence Activities At Abu Ghraib*. August 23, 2004. p. 52. The report found "Proper oversight did not occur at Abu Ghraib due to a lack of training and inadequate contract management ... [T]his lack of monitoring was a contributing factor to the problems that were experienced with the performance of the contractors at Abu Ghraib." See also: Commission on Wartime Contracting In Iraq and Afghanistan, *Transforming Wartime Contracting: Controlling costs, reducing risk*, Final Report to Congress, August, 2011, p. 28.

[5] U.S. Army, *Army Operational Contract Support Audit Analysis Project*, Results Summary, April 29, 2011, p. 1.

[6] U.S. Government Accountability Office. *DOD Needs to Reexamine Its Extensive Reliance on Contractors and Continue to Improve Management and Oversight*. GAO-08-572T. Highlights page. March 11, 2008; Also based on discussions with military personnel deployed in Iraq.

[7] Based on numerous CRS discussions with uniformed personnel, from 2009-2012.

Representatives (CORs) responsible for managing contractors are generally drawn from combat units and receive little, if any, training on how to work with contractors.[8] And many analysts and officials believe that the military did not have enough trained oversight personnel or an adequate infrastructure to effectively execute and manage contractors in Iraq and Afghanistan.[9] In January 2009, Secretary of Defense Roberts Gates acknowledged DOD's failure to adequately prepare for the use of contractors when he testified that the use of contractors occurred

> without any supervision or without any coherent strategy on how we were going to do it and without conscious decisions about what we will allow contractors to do and what we won't allow contractors to do... We have not thought holistically or coherently about our use of contractors, particularly when it comes to combat environments or combat training.[10]

There was no comprehensive plan for how and to what extent to use contractors. As a result, contracting was done on an ad-hoc basis, without significant consideration of implications for foreign policy and without putting in place necessary oversight systems. Insufficient resources were dedicated to oversight, resulting in poor performance, billions of dollars of waste, and failure to achieve mission goals. As the Commission on Wartime Contracting found, "too often using contractors [was] the default mechanism, driven by considerations other than whether they provide the best solution, and without consideration for the resources needed to manage them."[11]

DOD Efforts to Improve the Use of Contractors

In light of DOD's experiences in Afghanistan and Iraq, and in response to legislation and the findings of numerous studies—including reports by DOD, the Government Accountability Office (GAO), and various Inspectors General— DOD has taken a number of steps to try to improve how it manages contractors in Afghanistan and Iraq.

DOD senior officials have made a concerted effort to elevate the importance of contracting and to think about the role of contractors during contingency operations. Over the last two years, senior DOD officials have articulated a clearer contracting policy and have emphasized the importance of contracting to operational success. In September 2010, COMISAF (Commander, International Security Assistance Force) General David Petraeus issued contracting guidance. The guidance articulated the importance of contracting in the overall mission, stating that contracting is "commander's business." The guidance also articulated clear and specific goals for contracting, including an emphasis on improving contract oversight, pursuing an Afghan First policy, and

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[8] *Urgent Reform Required: Army Expeditionary Contracting, Op. Cit.*, p. 43.

[9] U.S. Congress, Senate Committee on Homeland Security and Governmental Affairs, Ad Hoc Subcommittee on Contracting Oversight, *The Comprehensive Contingency Contracting Reform Act of 2012 (S.2139)*, Testimony of Richard Ginman, Director, Defense Procurement and Acquisition Policy, Department of Defense, 112th Cong., 2nd sess., April 17, 2012, p. 6; Kathryn T.H. Syzmanski, Command Counsel U.S. Army Materiel Command in Atlanta on August 9, 2004. American Bar Association Section of Public Contract Law, *Contractors on the Battlefield: Exploration of Unique Liability and Human Relations Issues*, Volume II. See also CRS Report R42084, *Wartime Contracting in Afghanistan: Analysis and Issues for Congress*, by Moshe Schwartz; U.S. Government Accountability Office, *Military Operations: High-Level DOD Action Needed to Address Long-standing Problems with Management and Oversight of Contractors Supporting Deployed Forces*, GAO-07-145, December 18, 2006.

[10] U.S. Congress, Senate Committee on Armed Services, *To Receive Testimony on the Challenges Facing the Department of Defense*, 110th Cong., 2nd sess., January 27, 2009.

[11] Commission on Wartime Contracting In Iraq and Afghanistan, *At what risk? Correcting over-reliance on contractors in contingency operations*, Second Interim Report to Congress, February 24, 2011, Forward.

making contracting decisions that support overall counter-insurgency objectives.[12] In September 2011, within three months of assuming command of ISAF, General John Allen updated the contracting guidance, with the intent of reinforcing the message that contracting plays a critical role in the overall mission. These statements are consistent with the efforts of other senior leaders, including the Chairman of the Joint Chiefs of Staff's establishment of a task force on contractor reliance in contingency operations and Secretary Gates's testimony.[13]

Senior leaders have also committed resources and taken other steps to emphasize the importance of contracting. These efforts have included organizational changes such as setting up the Joint Contracting Command to provide a more centralized contracting support and management system; implementing regulatory and policy changes aimed at improving management; improving training for uniformed personnel on how to manage contractors; increasing the size of the acquisition workforce in theater; improving data upon which to make strategic decisions; and establishing Task Force 2010,[14] the vendor vetting cell,[15] and the Joint Contingency Acquisition Support Office.[16]

A number of analysts and government officials believe that some of these efforts have improved DOD's ability to manage and oversee contractors in Afghanistan and Iraq. Despite these and other initiatives, however, after ten years of war, DOD still faces significant challenges in effectively utilizing and managing contractors to support current overseas operations and to prepare for contractor support in future operations.[17] As the 2010 Quadrennial Defense Review

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[12] Afghan First is a policy to give preference to hiring Afghan companies and hire Afghan employees.

[13] CRS Report R42084, *Wartime Contracting in Afghanistan: Analysis and Issues for Congress*, by Moshe Schwartz; CRS Report R40764, *Department of Defense Contractors in Afghanistan and Iraq: Background and Analysis*, by Moshe Schwartz.

[14] DOD established Task Force 2010 in July 2010 to help commanders and acquisition personnel better understand with whom they are doing business, to conduct investigations to gain visibility into the flow of money at the subcontractor levels, and to promote and distribute best contracting practices. See CRS Report R42084, *Wartime Contracting in Afghanistan: Analysis and Issues for Congress*, by Moshe Schwartz.

[15] The Afghanistan Vendor Vetting Cell was established to ensure that government contracts are not awarded to companies with ties to insurgents, warlords, or criminal networks. The cell was set up in the fall of 2010 and is based in CENTCOM headquarters in Tampa, FL. See CRS Report R42084, *Wartime Contracting in Afghanistan: Analysis and Issues for Congress*, by Moshe Schwartz.

[16] DOD established the Joint Contingency Acquisition Support Office (JCASO) to provide the joint force commander with the necessary assistance to plan, support, and oversee contingency contracting activities during the initial phases of a contingency operation. According to DOD, Fourteen (14) JCASO planners are allocated among the Geographic Combatant Commands to assist the commander in identifying gaps where contractor support capability may be required. See: Department of Defense, *Contractor Support of U.S. Operations in the USCENTCOM Area of Responsibility to Include Iraq and Afghanistan*, April 2012.

Some of these changes include: Revising DoDI 3020.41, "Operational Contract Support," (formerly entitled "Contractor Personnel Authorized to Accompany the U.S. Armed Forces; issuing DoDI 3020.50, "Private Security Contractors (PSCs) Operating in Contingency Operations, Humanitarian or Peace Operations, or Other Military Operations or Exercises" on August 1, 2011; continued efforts to transition from manual accounting of contractor personnel to a web-based, database tool designed to track contractor personnel and contractor capability in theater; and the addition of Contingency Contracting as a special subject taught by the Defense Acquisition University (DAU) to key acquisition personnel.

[17] Commission on Wartime Contracting In Iraq and Afghanistan, *Transforming Wartime Contracting: Controlling Costs, Reducing Risk*, Final Report to Congress, August, 2011, p. 19; U.S. Government Accountability Office, *Operational Contract Support: Management and Oversight Improvements Needed in Afghanistan*, GAO-12-290, March 29, 2012, p. Highlights; U.S. Congress, Senate Committee on Homeland Security and Governmental Affairs, Ad Hoc Subcommittee on Contracting Oversight, *The Comprehensive Contingency Contracting Reform Act of 2012 (S.2139)*, Statement for the Record of Katherine Schinasi, 112th Cong., 2nd sess., April 17, 2012, p. 1; Joint Chiefs of Staff, J-4 (Logistics), *Operational Contract Support Strategic Update*, June 2012.

acknowledged, the military's ability to effectively and efficiently use contractors to provide operational support, "is an enduring priority and an area where continued improvements must be made."[18]

Preparing for the Future

Cultural Change

A number of analysts have argued that one of the reasons DOD has done a poor job in planning for and managing contractors in Iraq and Afghanistan is that contracting is not valued within the culture of the military. Contracting is often an afterthought in planning and execution, frequently viewed by the operational force as someone else's problem, not as a war-fighter's task. Because contract oversight is often a lower priority, COR responsibilities are often assigned to people who do not have the necessary management skills or subject matter expertise. Many talented DOD officials do not consider acquisitions a viable career path.[19]

But contractors are often responsible for such critical tasks as providing base security and life support to forward deployed war fighters, maintaining and repairing weapon systems, conducting intelligence analysis, and training local security forces. Given the role of contractors, according to many DOD officials and analysts, contract management is a mission essential task and DOD must change the way it thinks about contracting, transforming contracting from an afterthought to a core competency.[20]

According to the Commission on Wartime Contracting, GAO, Army reports, and others, such a transformation can only occur when there is widespread acceptance of the notion that that contractors are an integral part of the total force and that operational success may hinge on the ability to define requirements, efficiently allocate limited resources, and effectively manage tens of thousands of contractors.[21] As the 2010 Quadrennial Defense Review states, "the Department must continue to elevate the importance of its acquisition efforts."[22]

Analysts suggest that changing the culture of the military is a prerequisite for creating lasting systemic change and improving operational contract support.[23] Three common recommendations aim to elevate the role of contracting within the culture of DOD:

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[18] Department of Defense, *Quadrennial Defense Review Report*, February 2010, p. 76.

[19] Commission on Wartime Contracting In Iraq and Afghanistan, *Transforming Wartime Contracting: Controlling costs, reducing risk*, Final Report to Congress, August, 2011, p. 117; Office of the Undersecretary of Defense (AT&L), *Improvements to Services Contracting*, Report of the Defense Science Board Task Force, March 2011, p. 23.

[20] Commission on Wartime Contracting In Iraq and Afghanistan, *At What Risk? Correcting over-reliance on contractors in contingency operations* , Second Interim Report to Congress, February 24, 2011, p. 2.

[21] See Urgent Reform Required: Army Expeditionary Contracting, p. 9, which states. "the Army apparently has not valued the skill and experience required to perform those processes.... [W]ithout significant systemic change, the Army acquisition processes [contracting process] can be expected to inevitably return to below-mediocrity." See also New American Foundation, *Changing the Culture of Pentagon Contracting*, November 5, 2008.

[22] Department of Defense, *Quadrennial Defense Review Report*, February 2010, p. 16.

[23] U.S. Government Accountability Office, *Contingency Contracting: Observations on Actions Needed to Address Systemic Change* , GAO-11-580, April 25, 2011, p. 9; Defense Business Board, *Task Group on A Culture of Savings*, Implementing Behavioral Change in DoD, January, 2011, p. 2-3.

1. Senior leadership must focus on articulating the importance of contract support in a sustained and consistent manner.
2. The Professional Military Education curriculum must incorporate courses on operational contract support throughout its various efforts.
3. Training exercises must incorporate contractors playing the role that they would play on the battlefield.

Articulating the Importance of Contract Support

As GAO and others have reported, the first step in improving contracting at the strategic level is for senior leadership to articulate the importance of contracting. Some analysts argue that without active and sustained support from senior leadership, the culture of the military organization is unlikely to change. According to these analysts, when management establishes priorities, articulates a vision, and aligns incentives and organizational structures to match these priorities, the foundation will be set for real change.[24]

As discussed above, senior leaders have increasingly articulated the importance of contracting. According to analysts and government officials, actions such as the contracting guidance issued by Generals Petraeus and Allen have raised awareness of the importance of contracting and the impact that contracting can have, both positive and negative, on operations. A number of military personnel believe that this contracting guidance represented a philosophical shift requiring operational commanders to be more actively involved in contracting decisions and ensuring that contracting is more integrated with logistics, operations, intelligence, and strategy.[25]

Some analysts argue that DOD senior leadership still does not devote sufficient attention to the role of contractors generally, and the acquisition of services specifically, which constitutes a major portion of operational contract support.[26] These analysts argue that senior leadership must continue to articulate the importance of contracting, taking steps to ensure that cultural change is institutionalized so that is lasts beyond the current conflicts and beyond the tenure of current leadership.

Incorporating Contracting into Military Education

A number of analysts have argued that one key to changing the culture and improving contracting is better education.[27] Increased education for non-acquisition personnel is critical to changing how the military approaches contracting, both before and during overseas operations.[28] As the

[24] Commission on Wartime Contracting In Iraq and Afghanistan, *At What Risk? Correcting over-reliance on contractors in contingency operations* , Second Interim Report to Congress, February 24, 2011, p. 27; U.S. Government Accountability Office, *Defense Acquisitions: Tailored Approach Needed to Improve Service Acquisition Outcomes*, GAO-07-20, November 9, 2006.

[25] Based on DOD documentation provided to CRS and discussion with DOD officials in Afghanistan, August-September 2011.

[26] Office of the Undersecretary of Defense (AT&L), *Improvements to Services Contracting*, Report of the Defense Science Board Task Force, March 2011, p. 19.

[27] Commission on Wartime Contracting In Iraq and Afghanistan, *At What Risk? Correcting over-reliance on contractors in contingency operations* , Second Interim Report to Congress, February 24, 2011, p. 3.

[28] U.S. Government Accountability Office, *Contingency Contracting: Observations on Actions Needed to Address Systemic Change* , GAO-11-580, April 25, 2011, p. Highlights.

Gansler report and numerous other officials and analysts have argued, DOD needs to train warfighters, including operational commanders, on the central role contracting plays in contingency operations and on their responsibilities in the process. These observers assert that courses on contractors in expeditionary operations should be included in advanced officer courses, at command schools (e.g., the War College and Sergeant Majors Academy), and in non-commissioned officer courses.[29] Echoing the Gansler report, an official at the U.S. Army Materiel Command wrote that "Contractor logistics support must be integrated into doctrine and taught at every level of professional schooling in each component."[30]

The calls for more robust training are not new. For example, in 2003, GAO testified before the House Armed Services Committee, Subcommittee on Readiness, stating "[T]he lack of contract training for commanders, senior personnel, and some contracting officers' representatives can adversely affect the effectiveness of the use of contractors in deployed locations. Without training, many commanders, senior military personnel, and contracting officers' representatives are not aware of their roles and responsibilities in dealing with contractors."[31]

While DOD has made significant progress in developing and implementing courses on operational contract support,[32] some analysts contend that courses on operational contract support have not been sufficiently expanded and incorporated into the professional military education curriculum.[33] A recent GAO report found that a number of commanders in Afghanistan reportedly did not always receive training on their contract management and oversight responsibilities.[34] In 2011, the Defense Science Board recommended that training programs for service acquisitions should be required for all combat support and combat service-support career fields. The report further recommended that all general officers receive training on service contracts, with a focus on requirements and contract management.[35]

Including Contractors in Command Post and Field Exercises

One of the mantras of the military is to train as you fight and fight as you train. Given the extent to which contractors may be relied upon in future operations, conducting exercises without contractors could be akin to training without half of the force present. A number of analysts have

[29] *Urgent Reform Required: Army Expeditionary Contracting*, Op Cit., p. 7.

[30] *Contractors on the Battlefield* Volume II, Op. Cit.

[31] U.S. Government Accountability Office. *Military Operations: Contractors Provide Vital Services to Deployed Forces but Are Not Adequately Addressed in DOD Plans*, GAO-03-695, June 2003. p. 36.

[32] Lieutenant Colonel Robert Gould, USA (Ret.), "Operational Contract Support: Not Just for Contingencies," *Army Sustainment*, July-August 2012, p. 24.

[33] Commission on Wartime Contracting In Iraq and Afghanistan, *At What Risk? Correcting over-reliance on contractors in contingency operations* , Second Interim Report to Congress, February 24, 2011, p. 25; U.S. Government Accountability Office, *Operational Contract Support: Management and Oversight Improvements Needed in Afghanistan*, GAO-12-290, March 29, 2012, p. 26; Lieutenant Colonel Robert Gould, USA (Ret.), "Operational Contract Support: Not Just for Contingencies," *Army Sustainment*, July-August 2012, p. 26.

[34] U.S. Government Accountability Office, *Operational Contract Support: Management and Oversight Improvements Needed in Afghanistan*, GAO-12-290, March 29, 2012, p. 17.

[35] Office of the Undersecretary of Defense (AT&L), *Improvements to Services Contracting*, Report of the Defense Science Board Task Force, March 2011, p. 20.

called for incorporating contractors and contractor scenarios into appropriate military exercises to better prepare military planners and operational commanders for future operations.[36]

Over the last few years, DOD has included contractor scenarios into a number of command exercises. For example, as far back as August 11 - 22, 2008, the U.S. Southern Command sponsored PANAMAX 2008, a military exercise focused on ensuring the defense of the Panama Canal. The exercise included a Joint Contracting Command element provided by the Army, augmented by Air Force and Navy personnel.

Despite increased inclusion of contractors in some exercises, over the last two years a number of reports have suggested that DOD has not sufficiently included contractor roles in battlefield exercises.[37] Including contractors in live-fire exercises could increase war-fighter awareness of the presence of contractors on the battlefield and improve military-contractor coordination in actual operations.

Systemic Change

While changing the culture to embrace the importance of contracting support may be an important step in improving operational contract support, many analysts argue that it is only half the battle: effective and efficient operational contract support will not occur until an infrastructure is built to facilitate good contracting decisions. As the Senior Contracting Officer-Afghanistan stated, a key to improving contracting is to identify the most glaring weaknesses in the acquisition process and build the infrastructure and support to overcome those weaknesses.[38]

The fundamental systemic weaknesses of contractor support that analysts frequently cite include

- poor planning,
- lack of reliable data upon which to make strategic decisions, and
- lack of a sufficiently large and capable workforce to manage and oversee contractors and plan for their use.[39]

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[36] Harvard Kennedy School, *Transforming the National Security Culture*, April 2009, p. 33; Office of the Undersecretary of Defense (AT&L), *Improvements to Services Contracting*, Report of the Defense Science Board Task Force, March 2011, p. 30; United States Institute of Peace, *The QDR in Perspective: Meeting America's National Security Needs in the 21st Century*, 2010, p. 39; Commission on Wartime Contracting In Iraq and Afghanistan, *At What Risk? Correcting over-reliance on contractors in contingency operations* , Second Interim Report to Congress, February 24, 2011, p. 3, 25; U.S. Government Accountability Office, *Contingency Contracting: Observations on Actions Needed to Address Systemic Change* , GAO-11-580, April 25, 2011, p. Highlights; Commission on Army Acquisition and Program Management in Expeditionary Operations, *Urgent Reform Required: Army Expeditionary* Contracting, October 31, 2007, page 55. This recommendation is also posited by CNAS.

[37] Office of the Undersecretary of Defense (AT&L), *Improvements to Services Contracting*, Report of the Defense Science Board Task Force, March 2011, p. 30; United States Institute of Peace, *The QDR in Perspective: Meeting America's National Security Needs in the 21st Century*, 2010, p. 39; Commission on Wartime Contracting In Iraq and Afghanistan, *At What Risk? Correcting over-reliance on contractors in contingency operations* , Second Interim Report to Congress, February 24, 2011, p. 3, 25; U.S. Government Accountability Office, *Contingency Contracting: Observations on Actions Needed to Address Systemic Change* , GAO-11-580, April 25, 2011, p. Highlights.

[38] August 2011 in Kabul, Afghanistan.

[39] Professional Services Council, *S. 2139 The Comprehensive Contingency Contracting Reform Act of 2012*, Statement for the Record, April 17, 1012, p. 3.

Acknowledging that building infrastructure capable of addressing these weaknesses requires significant, systemic change in the way DOD approaches and executes operational contract support, many analysts argue that without such systemic change, acquisition processes will not meet the needs of the military.[40]

Planning

Planning for the use of contractors in contingency operations is often viewed as a critical element in military planning efforts.[41] Failure to include contractors in planning and strategy puts DOD at risk of being unable to get the capabilities it needs when it needs them and at an acceptable cost. For example, had DOD understood the extent to which it would rely on private security contractors in Afghanistan and Iraq, DOD might have put in place a more robust oversight and coordination mechanism earlier. In addition, a number of military bases in Iraq were not large enough to house contractors because DOD did not originally anticipate how many contractors would be deployed with the military. As a result, DOD had to quickly find alternative housing for these contractors, which resulted in increased costs for DOD.[42]

Despite a DOD requirement that operational contract support be integrated into the operational plans of certain combatant commands, such integration does not always occur.[43] The Commission of Wartime Contracting found "DOD has not adequately planned for using contractors for contingency support."[44] Some analysts have argued that a lack of planning is one of the reasons that DOD's current approach to managing service contracts tends to be reactive and not part of a well-conceived and planned strategic approach. Some DOD officials have indicated that more planners are needed to adequately include operational contract support in future plans.[45]

Improving Data

Data reliability is a critical element in making informed policy decisions.[46] If data is lacking or is unreliable, there may not be an appropriate basis for measuring or assessing the effectiveness of

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[40] Commission on Wartime Contracting In Iraq and Afghanistan, *At What Risk? Correcting over-reliance on contractors in contingency operations*, Second Interim Report to Congress, February 24, 2011, p. Foreword; U.S. Government Accountability Office, *Contingency Contracting: Observations on Actions Needed to Address Systemic Change* , GAO-11-580, April 25, 2011, p. Highlights; U.S. Congress, Senate Committee on Homeland Security and Governmental Affairs, Ad Hoc Subcommittee on Contracting Oversight, *The Comprehensive Contingency Contracting Reform Act of 2012 (S.2139)*, Statement for the Record of Katherine Schinasi, 112th Cong., 2nd sess., April 17, 2012, p. 1.

[41] United States Institute of Peace, *The QDR in Perspective: Meeting America's National Security Needs in the 21st Century*, 2010, p. 39; Harvard Kennedy School, *Transforming the National Security Culture*, April 2009, p. 33.

[42] Based on discussions with DOD officials, July 23, 2009.

[43] U.S. Government Accountability Office, *Contingency Contracting: Observations on Actions Needed to Address Systemic Change* , GAO-11-580, April 25, 2011, p. 4.

[44] Commission on Wartime Contracting In Iraq and Afghanistan, *At What Risk? Correcting over-reliance on contractors in contingency operations*, Second Interim Report to Congress, February 24, 2011, p. 22.

[45] Based on discussions with DOD officials, June 2012. See also: U.S. Congress, Senate Committee on Homeland Security and Governmental Affairs, Ad Hoc Subcommittee on Contracting Oversight, *The Comprehensive Contingency Contracting Reform Act of 2012 (S.2139)*, Testimony of Richard Ginman, Director, Defense Procurement and Acquisition Policy, Department of Defense, 112th Cong., 2nd sess., April 17, 2012, p. 12.

[46] CRS Report R41820, *Department of Defense Trends in Overseas Contract Obligations*, by Moshe Schwartz, Wendy Ginsberg, and Daniel Alexander; U.S. Government Accounting Office, *Reliability of Federal Procurement Data*, (continued...)

contracting, making policy decisions, or providing transparency into government operations. In some circumstances, a lack of reliable data could lead analysts and decision makers to draw incorrect or misleading conclusions. The result could be policies that squander resources, waste taxpayer dollars, and threaten the success of the mission.[47]

In Afghanistan, ISAF and the U.S. government have not accurately or sufficiently tracked data upon which to make strategic contracting decisions.[48] Current databases are not sufficiently customized to track important contract data. Even when information is tracked, questions remain as to the reliability of the information. Given current concerns over the reliability of contracting data, the information in the central database may not be sufficiently reliable for decision making at the strategic level. This lack of data makes it difficult to determine to what extent, if any, the billions of dollars spent on reconstruction have contributed to achieving the mission.

DOD officials have acknowledged data shortcomings and have stated that they are working to improve the reliability and appropriateness of the data gathered. In a 2011 memorandum, General David Petraeus sought to establish—and adequately support—an Acquisition Accountability Office in Afghanistan to

> collect and manage data from all US contracting and development agencies... furnish COMISAF, battlefield commanders, USEMB – Kabul, and the international community with information on what is being spent, with whom and where; and... build a more complete contracting operating picture.[49]

Since then, DOD has made a concerted effort to identify the types of data needed to make good contract decisions, identify sources of data, and gather the identified data. Senior officials within ISAF and DOD, in coordination with USAID, the Department of State, and a number of other coalition partners have started gathering data on contracting, including data on the number and value of contracts in Afghanistan, how contracts are being written, and to what extent Afghan firms and Afghan employees are benefitting from ISAF, DOD, civilian agency, and coalition contracting.[50]

Looking beyond operations in Afghanistan, data analysis from recent operations could help the development of a strategic plan to define contractor involvement in future operations.[51] Such data

(...continued)

GAO-04-295R, December 30, 2003, p. 1. For an additional discussion on the importance of having reliable data to develop policies affecting acquisitions, see U.S. Government Accountability Office, *Defense Acquisitions: Tailored Approach Needed to Improve Service Acquisition Outcomes*, GAO-07-20, November 9, 2006.

[47] For a discussion on the importance of good contract data to improving government efficiency and saving taxpayer money, see U.S. Government Accounting Office, *Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue: Collecting improved data on interagency contracting to minimize duplication could help the government leverage its vast buying power*, GAO-11-318SP, March, 1, 2011, p. 70.

[48] Based on author's discussions with military officials and with contractors responsible for managing ISAF data, August-September, 2011. See also, See *Report Regarding Contract Assessment Among Donors and the Private Sector in Afghanistan*, p. 15, which states "Due to a lack of reliable information, neither the Afghan government nor the international community can determine the amount of money spent in Afghanistan over the past 10 years."

[49] General David H. Petraeus, Commander International Security Assistance Force/United States Forces-Afghanistan, *Request to Establish a U.S. Government Acquisition Accountability Office for Afghanistan*, United States Forces-Afghanistan, Memorandum, February 18, 2011, pp. 1-2.

[50] CRS Report R42084, *Wartime Contracting in Afghanistan: Analysis and Issues for Congress*, by Moshe Schwartz

[51] U.S. Government Accountability Office, Iraq and Afghanistan: Availability of Forces, Equipment, and Infrastructure Should Be Considered in Developing U.S. Strategy and Plans, GAO-09-380T, February 12, 2009.

could help to more effectively determine future contractor support requirements. And putting in place data systems that can be used in future operations can provide commanders and policy makers with timely access to critical information to help them better gauge their needs, judge performance, and adapt to rapidly changing circumstances.

Dedicating Sufficient Resources to Managing Contractors

According to analysts and some government officials, there were simply not enough resources or personnel in theater to conduct adequate contractor oversight in Iraq and Afghanistan, leading to poor contract performance.[52] Insufficient resources or shortages in the numbers of oversight personnel increase the risk of poor contract performance, which in turn can lead to waste, fraud, and abuse. DOD has documented how a lack of oversight has resulted in contracts not being performed to required specifications and to the theft of tens of millions of dollars' worth of equipment, repair parts, and supplies.[53] As the Army Audit Agency reported in an audit of a particular contract,

> the inadequacies in contracting practices occurred primarily because... contracting offices didn't have enough personnel to conduct the needed contracting actions to ensure the Army received quality goods and services at the best attainable value."[54]

DOD has recognized the need to dedicate sufficient resources to provide effective oversight. According to the Quadrennial Defense Review, "to operate effectively, the acquisition system must be supported by an appropriately sized cadre of acquisition professionals with the right skills and training to successfully perform their jobs.... We will continue to significantly enhance training and retention programs in order to bolster the capability and size of the acquisition workforce."[55]

If contractors continue to be a critical part of the total force, DOD must be able to effectively incorporate contractors and contract management into its operations. When the military culture appreciates the importance of contracting to operational success, and when a strong foundational infrastructure is put in place to improve contracting at the strategic level, the stage is set for improving contracting at the transactional, or project, level.[56]

Planning for the use of contractors, educating and training the force on how to work with contractors, dedicating necessary resources to effectively manage contractors, and providing

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[52] Based on author's discussions with military and civilian personnel in Kabul, Afghanistan August-September 2011, and on data indicating that in some areas, half of COR positions may be vacant. See also Commission on Wartime Contracting In Iraq and Afghanistan, *At What Risk? Correcting over-reliance on contractors in contingency operations*, Second Interim Report to Congress, February 24, 2011, p. 17; United States Institute of Peace, *The QDR in Perspective: Meeting America's National Security Needs in the 21st Century*, 2010, p. 39; U.S. Government Accountability Office, *Military Operations: High-Level DOD Action Needed to Address Long-standing Problems with Management and Oversight of Contractors Supporting Deployed Forces*, GAO-07-145, December 18, 2006; Commission on Wartime Contracting In Iraq and Afghanistan, *Transforming Wartime Contracting: Controlling costs, reducing risk*, Final Report to Congress, August, 2011, p. 83-84..

[53] See

[54] U.S. Army Audit Agency Office, *Audit of Contracting Operations, Joint Contracting Command-Iraq/Afghanistan, Regional Contracting Center-Audit Report A-2010-0031-ALL*, Memorandum, February 16, 2010, p. 2.

[55] QDR, p. 77-78

[56] See U.S. Government Accountability Office, Defense Acquisitions: *Tailored Approach Needed to Improve Service Acquisition Outcomes*, GAO-07-20, November 9, 2006, Highlights Page and p. 9.

operational commanders with more reliable data can help build the foundation for the more effective use of contractors to achieve mission success in the future.

Issues for Congress

DOD's experiences relying on contractors in Iraq and Afghanistan, and the role contractors may play in future operations, raise a number of questions for Congress, including the following:

To what extent will potential budget cuts or force structure changes impact DOD reliance on contractors?

As discussed in this report, post-Cold War budget cuts resulted in an increased reliance on contractors. According to reports, budget cuts and plans to restructure the military in Britain will result in an increased reliance on contractors to provide operational contract support.[57] Further budget cuts to the U.S. military could have a similar result. One question for Congress is to what extent budget cuts, the imposition of personnel caps, or a restructuring of the force will lead to an increased reliance on contractors?

To what extent is DOD preparing for the role of contractors in future military operations?

Planning is critical to effective contractor management. DOD faces a number of challenges in planning for the use of contractors in future operations, including the need to identify the role contractors will play in future operations, identifying the nature of future military operations, and accounting for possible budget cuts and changes to force structure. In light of these and other challenges, questions for Congress include to what extent is DOD identifying the role of contractors in future operations? To what extent is the development of the future force structure being informed by a well-thought-out plan for how contractors will be used in future operations? To what extent is DOD integrating the use of contractors into future operational planning? How are lessons learned in contractor management and oversight being used to update doctrine and strategy?

To what extent is the use of contractors being incorporated into education, training, and exercises?

Education and training are critical element in preparing for future operations. As Mr. Richard Ginman, Director, Defense Procurement and Acquisition Policy, Department of Defense, recently testified before Congress, "the curriculum for each phase of joint and Service-specific professional military education should include [Operational Contract Support] content appropriate for each phase of an officer's professional development."[58] One of the challenges is

[57] DefenseNews, *Experts: U.K. Logistics Shake-up Means More Work for Contractors*, June 11, 2012, p.18; DefenseNews, *British Army to Tap More Contractors With Troop Cut*, July 9, 2012, p.10.

[58] U.S. Congress, Senate Committee on Homeland Security and Governmental Affairs, Ad Hoc Subcommittee on Contracting Oversight, *The Comprehensive Contingency Contracting Reform Act of 2012 (S.2139)*, Testimony of Richard Ginman, Director, Defense Procurement and Acquisition Policy, Department of Defense, 112th Cong., 2nd (continued...)

determining to what extent operational contract support should be included in the curricula of military educational institutions, in post and field exercises, and in pre-deployment training. Questions for Congress include the following: To what extent is DOD adapting what is taught in military educational institutions? To what extent is DOD including contractor scenarios in post- and field-exercises? Are DOD efforts sufficient to prepare the operational force for how contractors will be used in future operations?

What steps is DOD taking to ensure that sufficient resources will be dedicated to create and maintain the capabilities to ensure effective operational contract support in the future?

Effective use of contractors to support military operations requires dedicating sufficient resources to plan for, manage, and oversee the use of contractors. Yet many analysts have argued that insufficient resources are dedicated to operational contract support. This raises a number of questions for Congress: Does DOD have sufficient numbers of planners to effective prepare for the integration of contractors into future operations? Does DOD have an appropriately sized and capable acquisition workforce? What steps are being taken to ensure that the infrastructure is in place to better track contractor data and measure contractor performance to ensure that commanders and decisions makers have necessary information upon which to make more informed decisions?

(...continued)

sess., April 17, 2012, p. 12-13.

Appendix. Comparison of DOD Contract Obligations in Iraq and Afghanistan vs. Other Agencies

Table A-1. Comparison of DOD Contract Obligations in Iraq and Afghanistan vs. Other Agencies Total Contract Obligations

FY2007-FY2012

	FY2007	FY2008	FY2009	FY2010	FY2011	Totals
DEPARTMENT OF DEFENSE (Iraq and Afghan AORs)	$21,740,975,334	$28,703,754,730	$26,165,861,402	$27,481,839,908	$28,154,792,873	$132,247,224,247
DEPARTMENT OF ENERGY	$23,157,132,401	$24,768,818,050	$31,664,208,980	$25,691,143,398	$25,064,910,632	$130,346,213,462
DEPARTMENT OF HEALTH AND HUMAN SERVICES	$14,284,093,625	$13,902,636,899	$20,235,361,405	$19,112,185,388	$19,488,400,679	$87,022,677,996
GENERAL SERVICES ADMINISTRATION	$13,144,929,701	$13,369,927,514	$15,602,222,549	$15,602,222,549	$12,606,959,366	$70,326,261,680
DEPARTMENT OF VETERANS AFFAIRS	$12,684,246,066	$14,890,683,047	$14,805,695,906	$16,242,524,319	$17,632,877,962	$76,256,027,300
NATIONAL AERONAUTICS AND SPACE ADMINISTRATION	$13,127,897,278	$15,067,086,283	$15,299,616,912	$16,089,328,286	$15,400,490,866	$74,984,419,624
DEPARTMENT OF HOMELAND SECURITY	$12,470,642,016	$14,031,586,352	$14,289,230,571	$13,581,990,656	$14,217,244,691	$68,590,694,286

Source: Federal Procurement Data System, as of June, 2012.

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Moshe Schwartz is a Specialist in Defense Acquisition Policy at the Congressional Research Service where he covers such issues as contractors in Iraq and Afghanistan, the use of private security contractors, and major defense acquisition programs. He served on detail as a senior advisor to the Commission on Wartime Contracting and on detail as an advisor at HQ ISAF, in Kabul, Afghanistan. Prior to joining CRS, Mr. Schwartz was a senior analyst at the Government Accountability Office.

Before joining the federal government Mr. Schwartz served as an Assistant District Attorney in Brooklyn, New York and was vice president of a public relations firm. He holds a Juris Doctorate (JD) from Yeshiva University, and both a Masters in Business Administration (MBA) and a Masters in Public Policy Management from Carnegie Mellon University.

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Testimony

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OPERATIONAL CONTRACT SUPPORT

Sustained DOD Leadership Needed to Better Prepare for Future Contingencies

Statement of Timothy J. DiNapoli, Acting Director
Acquisition and Sourcing Management

GAO-12-1026T

September 12, 2012

GAO
Accountability * Integrity * Reliability

Highlights

Highlights of GAO-12-1026T, a testimony before the Committee on Armed Services, House of Representatives.

OPERATIONAL CONTRACT SUPPORT

Sustained DOD Leadership Needed to Better Prepare for Future Contingencies

Why GAO Did This Study

DOD has relied heavily on contractors to support its operations in Iraq and Afghanistan and is likely to continue to depend on contractors in future operations. For over 15 years, GAO has made recommendations intended to improve DOD's ability to manage and oversee operational contract support in deployed locations, which DOD has taken some actions to address. GAO has called for a cultural change within DOD to emphasize the importance of institutionalizing operational contract support across the department. As DOD's current efforts in Afghanistan draw closer to a conclusion and DOD turns its attention to other challenges, the department needs to guard against allowing the lessons from Iraq and Afghanistan to be forgotten.

This testimony addresses three areas where sustained leadership is needed if DOD is to effectively prepare for the next contingency. These areas pertain to (1) planning for the use of operational contract support, (2) ensuring that DOD possesses the workforce needed to effectively manage and oversee contracts and contractors, and (3) improving DOD's ability to account for contracts and contractors.

This statement is drawn from GAO's broad body of work on DOD's efforts to plan for operational contract support and manage and account for contractors in Iraq and Afghanistan—including work reflected in GAO's February 2011 high-risk update, GAO's related testimonies, and GAO's recent reports on operational contract support and other contracting issues.

View GAO-12-1026T. For more information, contact Timothy J. DiNapoli at (202) 512-4841 or dinapolit@gao.gov.

What GAO Found

Future overseas contingencies are inherently uncertain, but effective planning for operational contract support can help reduce the risks posed by those uncertainties. The Department of Defense (DOD) has made an effort to emphasize the importance of operational contract support at the strategic level through new policy and guidance and ongoing efforts. For example, in January 2011, the Secretary of Defense issued a memorandum outlining actions and indicating a need to influence a cultural shift in how the department manages contracted support in a contingency environment. DOD has also recognized the need to translate strategic requirements into plans at the operational level, but GAO's past work has shown that DOD's progress in anticipating contractor support in sufficient detail in operation plans has been slow. As a result, DOD has risked not fully understanding the extent to which it will be relying on contractors to support combat operations and being unprepared to provide the necessary management and oversight of deployed contractor personnel. One way to help address this risk is to ensure military commanders and senior leaders are cognizant of the roles contractors have in supporting DOD's efforts and the role that military personnel have in managing and overseeing contractors. While DOD has taken steps to develop additional training, we have reported that commanders and senior leaders are not required to take these courses before assuming their contract management roles and responsibilities.

In contingencies, DOD relies on a wide range of individuals to play critical roles in defining requirements, overseeing contractors, and helping to ensure that the warfighter receives the goods and services needed in a timely manner. GAO and others have identified numerous instances in Iraq and Afghanistan where these individuals were in short supply, were not properly trained, or were not fully aware of their responsibilities. DOD leadership has recognized the need to rebuild, train, and support a highly qualified and knowledgeable acquisition workforce. While DOD has made some progress in growing the workforce, it continues to face challenges in its strategic planning efforts. Further, in March 2012, GAO reported that although DOD had taken steps to enhance training for oversight personnel, the department continued to experience challenges ensuring that it had a sufficient number of oversight personnel with the subject-matter expertise and training needed to perform their contract management and oversight duties in Afghanistan.

DOD's ability to effectively leverage operational contract support in contingency environments also depends on having appropriate tools to account for contracts and contractor personnel. These tools can provide information that DOD can use to help mitigate risks, including tracking which contracts DOD has awarded, where contractor personnel are located, and whether potential vendors or contractor personnel may pose a potential risk to U.S. interests. DOD has made efforts to develop such tools, but it is not certain that these efforts will result in long-term solutions. For example, while DOD has designated a system for tracking specific information on certain contracts and associated personnel in Iraq and Afghanistan, the department lacks reliable data sources to report on its contracts and contractor personnel. Without attention to improving the tools needed to effectively account for contracts and contractor personnel, DOD may continue to face challenges in future contingencies.

Chairman McKeon, Ranking Member Smith, and Members of the Committee:

I am pleased to be here today to discuss how the Department of Defense (DOD) can enhance its ability to effectively use contractors in future contingencies. Over the past decade, DOD, along with other federal agencies, has relied extensively on contractors for operations in Iraq and Afghanistan. According to DOD, at the height of Operation Iraqi Freedom, the number of contractor personnel exceeded the number of military personnel in Iraq, and a similar situation is occurring in support of Operation Enduring Freedom. For over 15 years, GAO has made numerous recommendations intended to improve DOD's ability to manage and oversee operational contract support, which DOD has taken some actions to address. While the operational contract support-related challenges that GAO has identified are, in many respects, emblematic of broader systemic issues that DOD faces, the significance and impact of these challenges are heightened in a contingency environment. Since 1992, we have designated DOD contract management as a high-risk area.[1] In our February 2011 report on high-risk areas, we reported that DOD needed to, among other things, ensure that its acquisition workforce was sized, trained, and equipped to meet the department's needs and fully integrate operational contract support throughout the department through education and predeployment training.

Given the longstanding and recurring nature of the issues we identified, in June 2010 we called for a cultural change in DOD—one that emphasized an awareness of operational contract support throughout all entities of the department to help address the challenges faced in ongoing and future contingency operations.[2] We recognize that effecting a cultural change is a major undertaking for organizations, especially for an organization as large and multi-faceted as DOD. Effecting a cultural change involves, for example, developing and communicating a vision for the future, neutralizing impediments to change, identifying stakeholders in the change process, and promoting continued support from senior leaders.[3]

[1]GAO, *High-Risk Series: An Update*, GAO-11-278 (Washington, D.C.: Feb. 16, 2011).

[2]GAO, *Warfighter Support: Cultural Change Needed to Improve How DOD Plans for and Manages Operational Contract Support*, GAO-10-829T (Washington, D.C.: June 29, 2010).

[3]GAO, *Aviation Acquisition: A Comprehensive Strategy Is Needed for Cultural Change at FAA*, GAO/RCED-96-159 (Washington, D.C.: Aug. 22, 1996).

Further, achieving a cultural change is time-consuming—efforts typically take 5 or more years to fully implement. DOD appears to share our view of needing to make fundamental changes in how it approaches the issue of operational contract support. In January 2011, the Secretary of Defense issued a memorandum in which he expressed concern about the risks introduced by DOD's current level of dependency on contractors and the need to better plan for operational contract support in the future. The Secretary outlined a number of actions and indicated a need to institutionalize the changes necessary to influence a cultural shift in how the department views, and accounts and plans for contracted support in a contingency environment while the lessons learned from recent operations are fresh.

In my statement today, I will highlight three interrelated areas of operational contract support in which sustained leadership is needed if DOD is to achieve meaningful change and effectively prepare for the next contingency. These areas pertain to (1) planning for the use of operational contract support, (2) ensuring that DOD possesses the workforce needed to effectively manage and oversee contracts and contractors, and (3) improving DOD's ability to account for contracts and contractors. My statement is based on our broad body of work on DOD's efforts to plan for operational contract support in Iraq and Afghanistan and contract management issues—including work reflected in our February 2011 high-risk update, our related April 2011 and June 2010 testimonies, and our recent reports on operational contract support and other contracting issues.[4] This work was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

[4]GAO, *Contingency Contracting: Observations on Actions Needed to Address Systemic Challenges*, GAO-11-580 (Washington, D.C.: Apr. 25, 2011). Also see the Related GAO Products at the end of this statement.

Planning for the Use of Operational Contract Support

Future overseas contingencies are inherently uncertain, but effective planning—at both the strategic and operational levels—can help DOD reduce the risks posed by those uncertainties. At a strategic level, planning is an important element in a results-oriented framework; it can help DOD clarify priorities and unify the department in pursuit of common goals for operational contract support. Similarly, at an operational level, effective planning can help better define contract support requirements to avoid potential waste and abuse and facilitate the continuity of services. In Iraq and Afghanistan, we previously reported that insufficient planning for operational contract support may lead to shortages in contractor personnel available to perform key functions, such as not having enough personnel to maintain and repair mission essential vehicles and equipment.[5] Additionally, due in part to limited operational planning for contracted support, we previously reported that DOD faced challenges planning for certain aspects of contracting and contractor management in Iraq during the drawdown.[6]

DOD has recognized the need to improve its planning for operational contract support. In addition to the Secretary's January 2011 memorandum, DOD has communicated and emphasized the importance of operational contract support at the strategic level through the issuance of new policy and guidance and ongoing efforts.[7] For example:

- In December 2011, DOD issued regulations establishing policy, assigning responsibilities, and providing procedures for operational contract support. The regulations were issued as an interim final rule published in the Federal Register and as Department of Defense

[5]GAO, *Warfighter Support: Continued Actions Needed by DOD to Improve and Institutionalize Contractor Support in Contingency Operations*, GAO-10-551T (Washington, D.C.: Mar. 17, 2010).

[6]GAO, *Operation Iraqi Freedom: Actions Needed to Facilitate the Efficient Drawdown of U.S. Forces and Equipment from Iraq*, GAO-10-376 (Washington, D.C.: Apr. 19, 2010) and *Iraq Drawdown: Opportunities Exist to Improve Equipment Visibility, Contractor Demobilization, and Clarity of Post-2011 DOD Role*, GAO-11-774 (Washington, D.C.: Sept. 16, 2011).

[7]We are currently assessing DOD's efforts to implement the Secretary's January 2011 memorandum and expect to issue a report in early 2013.

Instruction 3020.41.[8]

- According to DOD officials, in 2011, the department revised its Guidance for Employment of the Force and the Joint Strategic Capabilities Plan to emphasize contractor management, and it is currently revising another core piece of guidance, Joint Publication 4-10, to help further integrate operational contract support into planning efforts.

- In 2010, DOD established the Operational Contract Support Functional Capability Integration Board, which is responsible for a variety of tasks including conducting independent assessments and analysis of operational contract support capabilities of the military; advocating for operational contract support capability development in a variety of venues; and establishing and assessing ways to improve measures of performance, metrics, and processes for measuring operational contract support readiness. This board is drafting an Operational Contract Support Action Plan to outline steps the department plans to take to close identified gaps in operational contract support capabilities.

DOD guidance has recognized the need to translate strategic requirements into operation plans for some time. In this regard, guidance indicates that military commanders must ensure that requisite operational contract support planning and guidance are in place for applicable contingency operations; one joint publication even suggests that planning for contractors should be at a level of detail on par with that for military forces. Our past work, however, has shown that DOD's progress in anticipating contractor support in operation plans at a sufficient level of detail has been slow. For example, we have previously reported that since February 2006, DOD has required planners to include an operational contract support annex—known as Annex W—in the combatant commands' most detailed operation plans, if applicable to the plan. However, as of February 2010, only 4 operation plans with Annex Ws had been approved by DOD and planners had drafted an additional 30 Annex Ws for plans.[9] Further, according to combatant command

[8]*Operational Contract Support*, 76 Fed. Reg. 81,807 (Dec. 29, 2011) (to be codified at 32 C.F.R. pt. 158); Department of Defense Instruction 3020.41, *Operational Contract Support (OCS)* (Dec. 20, 2011).

[9]GAO, *Warfighter Support: DOD Needs to Improve Its Planning for Using Contractors to Support Future Military Operations*, GAO-10-472 (Washington, D.C.: Mar. 30, 2010).

officials, most of the annexes that had been drafted at that time restated broad language from existing DOD guidance on the use of contractors to support deployed forces but included few details on the type of contractors needed to execute a given plan. We also found shortcomings in guidance for planners on how and when to develop contract support annexes, which resulted in a mismatch of expectations between senior DOD leadership and combatant command planners regarding the degree to which Annex Ws would contain specific information on contract support requirements.

Overall, we found that requiring consideration of potential contract support requirements raised awareness of the importance of operational contract support and led to some improvements in planning for contract support. Nevertheless, we found that DOD still risked not fully understanding the extent to which it would be relying on contractors to support combat operations and being unprepared to provide the necessary management and oversight of deployed contractor personnel. One way to help address this risk is to ensure military commanders and senior leaders are cognizant of the roles contractors have in supporting DOD's efforts, as well as the role that DOD military personnel have in managing and overseeing contractors. In 2006 and again in 2012, we recommended that operational contract support training, with a particular emphasis on contingency operations, be included in professional military education to ensure that all military personnel expected to perform contract or contractor management duties, including commanders and senior leaders, receive training prior to deployment.[10] Military commanders and senior leaders have used contractors to perform a variety of services to help their units execute the mission, including life support, security, and communications support. We previously found that DOD officials in Afghanistan did not always receive training that adequately prepared them for their contract management and oversight duties, and according to DOD officials, the training did not necessarily make them sufficiently capable for their particular assignments. Further, contracting personnel have told us that commanders, particularly those in combat units, do not perceive operational contract support as a warfighter

[10]GAO, *Operational Contract Support: Management and Oversight Improvements Needed in Afghanistan,* GAO-12-290, (Washington, D.C.: Mar. 29, 2012) and *Military Operations: High-Level DOD Action Needed to Address Long-standing Problems with Management and Oversight of Contractors Supporting Deployed Forces*, GAO-07-145 (Washington, D.C.: Dec. 18, 2006).

task. DOD has developed a program of instruction on contingency acquisition to be taught at some of the military and senior staff colleges. However, we have previously reported that commanders and senior leaders are not required to take these courses before assuming their contract management roles and responsibilities.

Ensuring That DOD Possesses the Workforce Needed to Effectively Manage and Oversee Contracts and Contractors

In contingencies, having the right people, with the right skills, in the right numbers can make the difference between success and failure. These individuals—whether acquisition professionals or non-acquisition personnel, including military commanders—play critical roles in defining requirements, managing and overseeing contracts and contractors, and helping to ensure that the warfighter receives the goods and services needed in a timely manner while serving to mitigate the risks of fraud, waste, and abuse.

Our work, as well as the work of others in the accountability community, has identified numerous instances in Iraq, Afghanistan, and elsewhere where these individuals were in short supply, were not properly trained, or were not fully aware of their responsibilities. For example, in 2010, we found that DOD relied on contractors to support contract administration functions in Iraq and Afghanistan, in part because of a shortage of government personnel to perform these functions.[11] In March 2012, we reported that DOD oversight personnel in Afghanistan did not always receive adequate training for their contract management duties, and that DOD continued to lack a sufficient number of oversight personnel for contracts in Afghanistan, which in some cases resulted in projects being completed without sufficient government oversight and problems not being identified until projects were already completed.[12] Further, we have found in the past that some commanders had to be advised by contract oversight personnel that they had to provide certain support, such as housing, force protection, and meals, to contractors.

DOD leadership has recognized the need to rebuild, train, and support a highly qualified and knowledgeable acquisition workforce as a strategic

[11]GAO, *Contingency Contracting: Improvements Needed in Management of Contractors Supporting Contract and Grant Administration in Iraq and Afghanistan*, GAO-10-357 (Washington, D.C.: Apr. 12, 2010).

[12] GAO-12-290.

priority. This workforce, which was downsized considerably through the 1990s, has faced increases in the volume and complexity of work because of increases in services contracting, ongoing contingency operations, and other critical missions. We reported in June 2012 that, according to DOD, the size of DOD's civilian acquisition workforce increased from 118,445 in fiscal year 2009 to about 135,981 in December 2011, a gain of 17,536.[13] According to DOD officials, 5,855 individuals were hired using the Defense Acquisition Workforce Development Fund with other growth attributed to hiring new staff using other funding sources, moving contracted work to government employees through insourcing, and reclassifying existing DOD staff as acquisition staff. For example, DOD provided $321 million from the fund to help support increasing the size of the Defense Contract Management Agency (DCMA) and the Defense Contract Audit Agency (DCAA), two key contract oversight organizations. Last year, we reported that DCMA officials identified a number of ways deployments of DCMA personnel in support of contingencies—which more than tripled over the past 5 years—have affected the agency's other missions, which include providing contract administration services for DOD buying activities and working directly with defense contractors to help ensure that goods and services are delivered on time, at projected cost, and that they meet performance requirements.[14] DCAA has also faced challenges in recent years given its limited workforce and growing workload. DOD continues to face challenges in strategic workforce planning for its acquisition workforce. Further, DOD's ability to effectively execute hiring and other initiatives has been hindered by delays in the Defense Acquisition Workforce Development Fund funding process and the absence of clear guidance on the availability and use of related funds.

Similarly, while DOD has recognized the important role that non-acquisition personnel—those outside the defense acquisition workforce—play in the acquisition process, DOD continues to face a number of challenges in ensuring that these individuals are identified and have the training and resources needed to perform their roles, in particular as

[13]GAO, *Defense Acquisition Workforce: Improved Processes, Guidance, and Planning Needed to Enhance Use of Workforce Funds*, GAO-12-747R (Washington, D.C.: June 20, 2012).

[14]GAO, *Defense Contract Management Agency: Amid Ongoing Efforts to Rebuild Capacity, Several Factors Present Challenges in Meeting Its Missions*, GAO-12-83 (Washington, D.C.: Nov. 3, 2011).

contracting officer's representatives (CORs). CORs are generally military or civilian DOD personnel that manage and oversee contracts and serve as the liaisons between the contractor, the contracting officer, and the unit receiving support or services. While the contracting officer is ultimately responsible for ensuring that contractors meet the requirements set forth in the contract, CORs serve as the eyes and ears of contracting officers. However, earlier this year, we reported that DOD has experienced challenges ensuring that (1) it has a sufficient number of CORs and (2) the CORs have the subject-matter expertise and training needed to perform their contract management and oversight duties, in particular for construction projects. DOD has taken some actions to enhance training programs to prepare CORs to manage and oversee contracts in contingency operations.[15] For example, DOD developed a new training course for CORs, with a focus on contingency operations and developed a more general certification program for CORs, including the contingency operations course as a training requirement when it is applicable. Continued attention in this area will help DOD ensure better contract management and oversight in future contingencies.

Improving DOD's Ability to Account for Contracts and Contractors

DOD's ability to effectively leverage operational contract support in contingency environments not only depends on having effective plans in place and having a skilled acquisition and oversight workforce, but also on having appropriate tools to account for contracts and contractor personnel. These tools can provide information that DOD can use to help mitigate risks associated with relying on contractors in contingency environments, including tracking which contracts DOD has awarded, where contractor personnel are located, and whether potential vendors or contractor personnel may pose a risk to U.S. interests. Our prior work has shown that a lack of complete and accurate information on contracts and contractor personnel may inhibit planning, increase costs, and introduce unnecessary risk in contingency environments. Our work has further shown that DOD faced significant contract management challenges as a result of not having the mechanisms or tools in place to obtain and track such information at the start of operations in Iraq and Afghanistan.

DOD has made efforts to develop tools to improve its ability to account for contracts and contractors, but it is not certain that these efforts will result

[15]GAO-12-290.

in long-term solutions that will be available at the start of future contingencies. For example, in 2008, DOD designated the Synchronized Predeployment and Operational Tracker (SPOT) as its system for tracking specific information on certain contracts and associated personnel in Iraq and Afghanistan. While recent efforts have been made to improve SPOT's tracking of contractor personnel, in reports issued annually since 2008, including in a report we plan to issue today, we have consistently found that DOD has lacked reliable data and systems to report on its contracts and contractor personnel in Iraq and Afghanistan.[16] Practical and technical challenges continue to affect SPOT's ability to fully track certain information about contracts and contractor personnel. Additionally, DOD has experienced challenges in closing out contracts partly due to the fact that the contracting organization that awarded the majority of DOD's contracts in Iraq lacked a contract writing and management information system between 2003 and 2008.[17] This contributed to incomplete or inaccurate information that hindered management oversight of contracting activities. Although the contracting organization adopted an automated contract writing and management information system in fiscal year 2009 that officials stated improved the quality of data, DOD announced in October 2011 its goal to phase out the use of this system in part because of challenges associated with maintaining and updating it.

Similarly, we previously reported on limitations in DOD policies and procedures related to vetting vendors and ensuring that contractor personnel—particularly local nationals and third-country nationals—have been screened. These policies and procedures can help ensure that DOD will be able to take reasonable steps, in both current and future

[16]GAO, *Iraq and Afghanistan: Agencies Are Taking Steps to Improve Data on Contracting but Need to Standardize Reporting*, GAO-12-977R (Washington, D.C.: Sept. 12, 2012); *Iraq and Afghanistan: DOD, State, and USAID Cannot Fully Account for Contracts, Assistance Instruments, and Associated Personnel*, GAO-11-886 (Washington, D.C.: Sept. 15, 2011); *Iraq and Afghanistan: DOD, State, and USAID Face Continued Challenges in Tracking Contracts, Assistance Instruments, and Associated Personnel*, GAO-11-1 (Washington, D.C.: Oct. 1, 2010); *Contingency Contracting: DOD, State, and USAID Continue to Face Challenges in Tracking Contractor Personnel and Contracts in Iraq and Afghanistan*, GAO-10-1 (Washington, D.C.: Oct. 1, 2009); and *Contingency Contracting: DOD, State, and USAID Contracts and Contractor Personnel in Iraq and Afghanistan*, GAO-09-19 (Washington, D.C.: Oct. 1, 2008).

[17]GAO, *Contingency Contracting: Improved Planning and Management Oversight Needed to Address Challenges with Closing Contracts*, GAO-11-891 (Washington, D.C.: Sept. 27, 2011).

contingencies, to minimize the risks to the military posed by contractor personnel. DOD's U.S. Central Command established a vetting cell in 2010 to vet non-U.S. vendors in Afghanistan to minimize the risk of insurgents or criminal groups using contracts to fund their operations. However, we reported in 2011 that DOD's then-current approach for selecting vendors to vet had gaps, such as not routinely vetting contracts below a certain dollar threshold.[18] We also reported in 2009 that the system used in Iraq and Afghanistan to screen local and third-country national contractor personnel by checking names and biometric data relied primarily upon U.S.-based databases of criminal and terrorist information, which may not be effective in screening foreign nationals who have not lived in or traveled to the United States.[19]

Without attention to improving the tools needed to effectively account for contracts and contractor personnel, DOD may continue to face similar challenges in future contingencies. Having the tools with the requisite capabilities in place before the next contingency can help military and acquisition officials properly plan for, manage, and oversee contracts and contractors in future contingencies.

Concluding Observations

For the past 10 years, DOD has focused its attention on contingency operations in Iraq and Afghanistan. The challenges encountered in those contingencies highlighted the need for better strategic and operational planning when it comes to the use of operational contract support, as well as to ensure that DOD's workforce is sufficiently trained and staffed and has the tools needed to effectively account for contracts and contractors. As reflected in the Secretary's January 2011 memorandum regarding operational contract support, DOD leadership has recognized that it is imperative for the department to learn from these experiences while they are still fresh and to set forth a commitment to encourage cultural change with respect to operational contract support throughout the department. We agree. The challenge for DOD is to sustain this effort over the long term, as effecting a cultural change is by no means easy and takes time.

[18]GAO, *Afghanistan: U.S. Efforts to Vet Non-U.S. Vendors Need Improvement*, GAO-11-355 (Washington, D.C.: June 8, 2011).

[19]GAO, *Contingency Contract Management: DOD Needs to Develop and Finalize Background Screening and Other Standards for Private Security Contractors*, GAO-09-351 (Washington D.C.: July 31, 2009).

It will take the sustained commitment by DOD leadership to ensure that they continue down the path that they have set out for the department. As DOD's current efforts in Afghanistan draw closer to a conclusion and DOD turns its attention to other challenges, DOD needs to guard against allowing the lessons from Iraq and Afghanistan to be forgotten. Focusing on the areas my statement highlighted today will better position DOD to effectively use contractors in future contingencies.

Chairman McKeon, Ranking Member Smith, and Members of the Committee, this concludes my prepared statement. I would be happy to answer any questions that you may have at this time.

Contacts and Acknowledgments

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Related GAO Products

The following is a list of related products. For a full list of the most recent publications related to Iraq and Afghanistan, see http://www.gao.gov/docsearch/featured/oif.html.

Iraq and Afghanistan: Agencies Are Taking Steps to Improve Data on Contracting but Need to Standardize Reporting. GAO-12-977R (Washington, D.C.: Sept. 12, 2012).

Iraq and Afghanistan: State and DOD Should Ensure Interagency Acquisitions Are Effectively Managed and Comply with Fiscal Law. GAO-12-750 (Washington, D.C.: Aug. 2, 2012).

Contingency Contracting: Agency Actions to Address Recommendations by the Commission on Wartime Contracting in Iraq and Afghanistan. GAO-12-854R (Washington, D.C.: Aug. 1, 2012).

Defense Acquisition Workforce: Improved Processes, Guidance, and Planning Needed to Enhance Use of Workforce Funds. GAO-12-747R (Washington, D.C.: June 20, 2012).

Operational Contract Support: Management and Oversight Improvements Needed in Afghanistan. GAO-12-290 (Washington, D.C.: Mar. 29, 2012).

Acquisition Workforce: DOD's Efforts to Rebuild Capacity Have Shown Some Progress. GAO-12-232T (Washington, D.C.: Nov.16, 2011).

Defense Contract Management Agency: Amid Ongoing Efforts to Rebuild Capacity, Several Factors Present Challenges in Meeting Its Missions. GAO-12-83 (Washington, D.C.: Nov. 3, 2011).

Defense Acquisition Workforce: Better Identification, Development, and Oversight Needed for Personnel Involved in Acquiring Services. GAO-11-892 (Washington, D.C.: Sept. 28, 2011).

Contingency Contracting: Improved Planning and Management Oversight Needed to Address Challenges with Closing Contracts. GAO-11-891 (Washington, D.C.: Sept. 27, 2011).

Iraq Drawdown: Opportunities Exist to Improve Equipment Visibility, Contractor Demobilization, and Clarity of Post-2011 DOD Role. GAO-11-774 (Washington, D.C.: Sept. 16, 2011).

Iraq and Afghanistan: DOD, State, and USAID Cannot Fully Account for Contracts, Assistance Instruments, and Associated Personnel. GAO-11-886 (Washington, D.C.: Sept. 15, 2011).

Operational Contract Support: Actions Needed to Address Contract Oversight and Vetting of Non-U.S. Vendors in Afghanistan. GAO-11-771T (Washington, D.C.: June 30, 2011).

Afghanistan: U.S. Efforts to Vet Non-U.S. Vendors Need Improvement. GAO-11-355 (Washington, D.C.: June 8, 2011).

Contingency Contracting: Observations on Actions Needed to Address Systemic Challenges. GAO-11-580 (Washington, D.C.: Apr. 25, 2011).

Iraq and Afghanistan: DOD, State, and USAID Face Continued Challenges in Tracking Contracts, Assistance Instruments, and Associated Personnel. GAO-11-1 (Washington, D.C.: Oct. 1, 2010).

Warfighter Support: Cultural Change Needed to Improve How DOD Plans for and Manages Operational Contract Support. GAO-10-829T (Washington, D.C.: June 29, 2010).

Operation Iraqi Freedom: Actions Needed to Facilitate the Efficient Drawdown of U.S. Forces and Equipment from Iraq. GAO-10-376 (Washington, D.C: Apr. 19, 2010).

Contingency Contracting: Improvements Needed in Management of Contractors Supporting Contract and Grant Administration in Iraq and Afghanistan. GAO-10-357 (Washington, D.C.: Apr. 12, 2010).

Warfighter Support: DOD Needs to Improve Its Planning for Using Contractors to Support Future Military Operations. GAO-10-472 (Washington, D.C.: Mar. 30, 2010).

Iraq and Afghanistan: Agencies Face Challenges in Tracking Contracts, Grants, Cooperative Agreements, and Associated Personnel. GAO-10-509T (Washington, D.C.: Mar. 23, 2010).

Warfighter Support: Continued Actions Needed by DOD to Improve and Institutionalize Contractor Support in Contingency Operations. GAO-10-551T (Washington, D.C.: Mar. 17, 2010).

Contingency Contracting: DOD, State, and USAID Continue to Face Challenges in Tracking Contractor Personnel and Contracts in Iraq and Afghanistan. GAO-10-1 (Washington, D.C.: Oct. 1, 2009).

Contingency Contract Management: DOD Needs to Develop and Finalize Background Screening and Other Standards for Private Security Contractors. GAO-09-351 (Washington, D.C.: July 31, 2009).

Contingency Contracting: DOD, State, and USAID Contracts and Contractor Personnel in Iraq and Afghanistan. GAO-09-19 (Washington, D.C.: Oct. 1, 2008).

Defense Management: DOD Needs to Reexamine Its Extensive Reliance on Contractors and Continue to Improve Management and Oversight. GAO-08-572T (Washington, D.C.: Mar. 11, 2008).

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TIMOTHY J. DINAPOLI

Mr. DiNapoli is an Acting Director in GAO's Acquisition and Sourcing Management (ASM) team. Since joining GAO in 1986, Mr. DiNapoli has managed and led numerous reviews examining federal acquisition and contract management issues, focusing on the Department of Defense's efforts to improve its acquisition of services, the management and oversight of service contractors, contracting and reconstruction challenges in Iraq, and DOD's efforts to rebuild its acquisition workforce. Mr. DiNapoli also led efforts to develop a framework for assessing the strengths and weaknesses of the acquisition function of federal agencies, which was adopted by the Office of Management and Budget for government-wide use in 2008. Mr. DiNapoli was detailed to the Senate Homeland Security and Governmental Affairs Committee between July 2007 and February 2008, assisting the committee in drafting and vetting procurement legislation and conducting oversight hearings. As head of GAO's office at the U.S. Embassy Baghdad between April and November 2009, Mr. DiNapoli was responsible for coordinating a range of GAO reviews of U.S. efforts to stabilize, secure, and help rebuild Iraq.

Mr. DiNapoli holds a Master of Public Administration from the Maxwell School of Citizenship and Public Affairs at Syracuse University (1986), and a Bachelor of Arts in Government and International Relations from the University of Notre Dame (1984). Among other recognitions, Mr. DiNapoli is the recipient of three GAO Meritorious Service Awards.

WITNESS RESPONSES TO QUESTIONS ASKED DURING THE HEARING

SEPTEMBER 12, 2012

RESPONSE TO QUESTION SUBMITTED BY MR. PLATTS

Secretary ESTEVEZ. The Department has made considerable progress in identifying vendors who are insurgents through Task Force 2010. Task Force 2010 was formed in July 2010 to provide a business intelligence capability by conducting assessments of contracts and vendors operating in Afghanistan; recommend risk mitigation strategies to commanders and contracting activities to prevent fraud and abuse; and propose actions to hold contractors accountable. Their desired end-state is to gain an understanding of the vendors the Department is doing business with; to prevent and protect U.S. money and property so it does not enrich insurgents, criminal networks, and power-brokers; and obtain accountability of the operational effects of contracting actions in support of International Security Assistance Force's counterinsurgency mission so as not to undermine the U.S. efforts in Afghanistan. Identification of the vendors is made available to the contracting activities. There is an ongoing collaboration and information sharing with other Federal agencies, e.g., United States Agency for International Development (USAID) and the United States Department of State (DOS).

TF–2010, along with CENTCOM—Joint Theater Support Contracting Center (Forward) and ISAF Joint Command (IJC) hold a biweekly Vendor Vetting Advisory Panel and share the information on vendors with both DOD Contracting Agencies that do business in Afghanistan, U.S. Embassy and USAID. There is an open flow of information to ensure that everyone has the same understanding about the available information on vendors wanting to do business in Afghanistan. [See page 29.]

RESPONSE TO QUESTION SUBMITTED BY MS. SPEIER

Mr. SCHWARTZ. There is no clear metric against which to measure cultural change. However, there are some guideposts that can help gauge the extent to which DOD changes the way it thinks about and values the role of contract support in military operations. Some of these guideposts include:

1) The extent to which the role of contractors is incorporated into various DOD documents (such as the QDR, DOD Instructions or Memos, Field Manuals, etc.), and the extent to which the role of contractors is included in the discourse of senior leaders.

2) The extent to which the role of contractors is incorporated into the military education system and the extent to which such courses are required or are actually taken by warfighters.

3) The extent to which DOD includes contractor scenarios in field-exercises.

4) The extent to which resources are dedicated to account for contracting in planning for future operations (including dedicating resources for planners and completing Annex Ws).

5) The extent to which working with and managing contractors is included in relevant performance evaluations and is considered by promotion boards.

6) The extent to which acquisition workforce and contracting officer representative billets are filled.

While none of these guideposts, in and of themselves, can be expected to accurately reflect DODs culture, taken as a whole these guideposts may provide evidence of the extent to which DOD is seeking to transform contracting into a core competence. [See page 25.]

QUESTIONS SUBMITTED BY MEMBERS POST HEARING

SEPTEMBER 12, 2012

QUESTIONS SUBMITTED BY MS. SPEIER

Ms. SPEIER. How do we make operational contracting support part of the warfighter culture? What steps can Congress take to help the process?

Secretary ESTEVEZ. The Department has taken several steps to integrate operational contracting support as part of the warfighter culture. DOD has incorporated operational contract support into policy and doctrine, and is continuing to institutionalize responsibilities and procedures (to include planning, training, education, accountability, and reporting) across the Department.

Additionally we are instilling OCS in the warfighter culture through senior leader engagement (such as policy memorandums from both the Secretary of Defense and the Chairman of the Joint Chiefs of Staff focusing attention on contract support integration, planning and resourcing); expansion of doctrine in the area of OCS (incorporating best practices from lessons learned); and, the integration of OCS in training and joint exercises to validate the effectiveness of OCS plans.

Furthermore, instruction on OCS, which just a few years ago was focused on acquisition specialists and selected senior leaders, is now being integrated as part of the core curriculum in military schools. For example, in mid-October, the Deputy Assistant Secretary of Defense for Program Support gave a presentation on OCS to the entire Command and General Staff College student body (1,200 officers) to talk about contractors as part of the total force, planning considerations, and their role in identifying requirements for, and integrating and managing contractor support to, military operations.

We are grateful for Congress' continued interest and support in ensuring OCS remains a priority.

Ms. SPEIER. How do we make operational contracting support part of the warfighter culture? What steps can Congress take to help the process?

General CRENSHAW. The primary means of instilling operational contract support into warfighter culture is to continue to institutionalize and integrate this powerful and complex capability across the full solution space of doctrine, organization, training, materiel, leadership and education, personnel, facilities and policy (DOTMLPF–P). For the past decade, the Department has steadily built OCS capability and capacity and put in place the rules, tools, and processes to better facilitate OCS planning and execution. With the support of Congress, the Department has incorporated OCS into DOD policy; joint doctrine; Secretary of Defense and Chairman of the Joint Chiefs of Staff strategic and operational planning guidance; detailed OCS planning requirements, templates, and procedures; joint training; and joint professional military education. Looking forward, training and education are viewed as the ascendant means of preparing leaders at all levels to understand the challenges and opportunities of employing this powerful but complex capability and instilling operational contract support into warfighter culture. Congress has been an excellent partner throughout the process for institutionalizing operational contract support and we look forward to your continued support.

Ms. SPEIER. As you note in your testimony, the acquisition workforce was largely decimated in the Cold War drawdown. What measures should Congress consider to ensure that history does not repeat itself?

Mr. SCHWARTZ. Congress has played a critical role in determining the size of the acquisition workforce. For example, from FY1996–FY1999, Congress directed the Administration to reduce the size of the DOD acquisition workforce—defined as the employees who participate in the development and procurement of weapons, equipment, and provisions for the military services. Just as Congress in the past directed a decrease in the size of the acquisition workforce, Congress can take steps to maintain or increase the size of DOD's acquisition workforce. For example, in the National Defense Authorization Act for FY2008, Congress established the Defense Acquisition Workforce Development Fund to help rebuild the acquisition workforce. While the fund was used to hire more than 5,800 new acquisition staff through Fiscal Year 2011, a recent GAO report found that DOD does not have an overarching strategy aligning the fund with its acquisition workforce plan and that the fund had large unobligated balances that were not used. In addition to establishing and sup-

porting programs such as the Defense Acquisition Workforce Development Fund, other options available to Congress may include the following:

1. ensuring that a sufficient budget is dedicated to funding an appropriately sized acquisition workforce; and
2. conducting oversight to ensure that DOD consistently develops comprehensive workforce planning analyses to determine the needs and the appropriate size of the acquisition workforce; develops and executes a workforce development strategy based on the analyses; and uses existing funding and authorities to support the acquisition workforce.

Ms. SPEIER. If the Defense Department does not have the information it needs to make strategic decisions about its contractor and acquisition workforce, what steps should Congress take to give them the information and resources be more strategic managers of their operational contract support?

Mr. SCHWARTZ. Data reliability is a critical element in making informed policy decisions. If data is lacking or is unreliable, there may not be an appropriate basis for measuring or assessing the effectiveness of contracting, providing transparency into Government operations, or in making policy decisions. In some circumstances, a lack of reliable data could lead analysts and decisionmakers to draw incorrect or misleading conclusions. The result could be policies that squander resources, waste taxpayer dollars, and threaten the success of the mission. DOD and other agencies have faced challenges implementing systems that effectively track contractor and contracting data, as described here.

- In 2004, the U.S. Army Corps of Engineers and the Project and Contracting Office developed the Iraq Reconstruction Management System (IRMS), intended to serve as a single database for tracking, coordinating, and managing all U.S. Government agency projects receiving Iraq Relief and Reconstruction Funds (IRRF). According to a report by the Special Inspector General for Iraq Reconstruction, "when IRMS was initiated in 2004, it had a design life of five years (completed in 2009). A life cycle maintenance program was not implemented, and the system, then in its fourth year of operation, was becoming operationally unreliable and unstable." The report goes on to state that agencies used other internal systems to track and manage their own projects.
- Section 861 of the FY2008 National Defense Authorization Act required DOD, State, and USAID to identify common databases that will serve as "repositories of information on contracts in Iraq or Afghanistan." Even though the three agencies designated the Synchronized Predeployment and Operational Tracker (SPOT) as their contract tracking system in July 2008, DOD is still using a manual process—not SPOT—to report the number of contractors in Iraq and Afghanistan. According to a recent GAO report, SPOT still cannot reliably track information on contracts, assistance instruments, and associated personnel in Iraq or Afghanistan.
- Mr. Greg Gardner, then Deputy Chief Information Officer (DCIO) for the Intelligence Community, stated that in 2009 the U.S. Government had 23 different network Information Technology (IT) systems in Afghanistan, many of which were duplicative and/or not interoperable. According to Mr. Gardner, this multiplicity of IT systems results in wasteful spending and poor data sharing between and within agencies. Data reliability issues in Afghanistan persist; International Security and Assistance Force (ISAF) and the U.S. Government have not accurately or sufficiently tracked data upon which to make strategic contracting decisions.
- The Federal Procurement Data System—Next Generation (FPDS–NG) is a central database of U.S. Government-wide procurement. The purpose of FPDS–NG is to provide data that can be used as "[A] basis for recurring and special reports to the President, the Congress, the Government Accountability Office, Federal executive agencies, and the general public." GAO, CBO, and the Special Inspector General for Iraq Reconstruction have all raised concerns over the accuracy and reliability of the data contained in the FPDS–NG database. According to GAO, FPDS–NG often contains inaccurate data. Because of the concerns raised over the reliability of data, many analysts rely on FPDS–NG only to identify broad trends and make rough estimations. DOD and other agency officials have acknowledged gaps in data reliability and are making efforts to improve data collection and reliability. However, this issue remains one that many analysts believe is ripe for continued congressional oversight.

Ms. SPEIER. What steps should the Department of Defense and Congress take to be able to have a comprehensive, accurate inventory of our contractor forces?

Mr. DINAPOLI. Reliable, meaningful data related to contracts and contractor personnel are a starting point for informing agency decisions and ensuring proper management and oversight. In recent years, Congress has taken a series of actions to increase the oversight and availability of information related to certain Iraq and Afghanistan contracts and assistance instruments. Specifically, amendments from the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 require DOD, the Department of State, and the U.S. Agency for International Development to submit annual joint reports to congressional committees on certain contracts and assistance instruments with work performed in Iraq or Afghanistan. The reports are to address several matters, including the total number of contractor personnel and the total number of contractor personnel performing security functions. However, in our most recent review of this report, we found that DOD continues to face challenges in obtaining accurate and reliable data on contractor personnel, particularly on local national contractor personnel in Afghanistan. These challenges include fluctuating numbers of contractor personnel and work performed at remote locations, which make it difficult for DOD officials to validate the data. DOD officials informed us that since January 2010, they have been taking steps to regularly validate data regarding the number of contractor personnel in Iraq and Afghanistan and that they will continue to work to improve this data until they consider it to be sufficiently reliable. DOD has also experienced mixed success in developing an inventory of contracted services in accordance with section 2330a of title 10 of the U.S. Code, which requires DOD to annually compile and review an inventory of activities performed pursuant to contracts for services, including information on the number of contractor full-time equivalents providing services to the Department and the functions they are performing. In April 2012, we reported that DOD had made a number of changes to improve the utility of the fiscal year 2010 inventory, such as centrally preparing contract data to provide greater consistency among DOD components and increasing the level of detail on the services provided. With the exception of the Army and one other component, DOD components continued to rely on the Federal Procurement Data System-Next Generation as the primary source of their inventory data. As such, DOD acknowledged a number of factors that limited the utility, accuracy, and completeness of the inventory data. In November 2011, DOD submitted to Congress a plan to collect contractor manpower data. DOD officials noted that developing a common data system to collect and house these data would be challenging given the different requirements from the military departments and components. Consequently, DOD does not expect to fully collect contractor manpower data until fiscal year 2016. DOD's plan, however, does not establish milestones or specify how it will meet the legislative requirement to identify the requiring activity and the function and missions performed by the contractor. In April 2012, we reported that the military departments' required reviews of their fiscal year 2009 inventories were incomplete. In our review, we found that Navy headquarters officials had no assurance that their commands had conducted the required reviews. Further, we found that the Army and Air Force inventory reviews had identified 1,935 and 91 instances, respectively, in which contractors were performing inherently governmental functions, though this variation may reflect differences in the departments' approaches to conducting the reviews. In 8 of 12 of the Army and Air Force cases GAO reviewed, contractors continued to perform functions that the military departments had identified as inherently governmental. The absence of guidance that provided for clear lines of responsibility for conducting, documenting, and addressing the results of the reviews contributed to these outcomes. To improve the inventory, we recommended that the military departments and components develop guidance that provides for clear lines of authority, responsibility, and accountability for conducting an inventory review. DOD partially agreed with our recommendation, noting that as defense components vary in size and mission, the need for individual components to have organization-specific guidance should not be mandated but rather determined by each component head. Our work found, however, that the absence of guidance at the military department-level that provides for clear lines of authority, responsibility and accountability contributed to the shortcomings and challenges encountered during the military departments' review of their fiscal year 2009 inventories. As such, we continue to believe that it would be prudent for DOD to obtain sufficient assurance that the military departments' and components' guidance provide the foundation for conducting a meaningful review.

QUESTIONS SUBMITTED BY MR. SCHILLING

Mr. SCHILLING. How does DOD plan to overcome delays in budgeting and distributing funds in the Defense Acquisition Workforce Development fund? Does DOD plan to clarify its guidance on the availability and use of related funds?

Secretary ESTEVEZ. DOD has collected and distributed funds to components to cover 100 percent of the Fiscal Year 2013 first quarter execution requirements using DAWDF funds collected in FY 2012. Additional funds to support component execution requirements for the second quarter of FY 2013 will soon be distributed using funds collected in FY 2012. A portion of the FY 2013 DAWDF appropriated funds will also be available under the Continuing Resolution. DOD has provided guidance on availability and use of the funds. In addition, DOD holds biweekly update meetings with components to provide status on availability and answer questions on use of the DAWDF funding.

Mr. SCHILLING. What do you think of suggestions that those folks going into the acquisition workforce be required to not only go through specific training courses, but to also spend a year in industry to understand how business works?

Secretary ESTEVEZ. While DOD provides opportunities for the acquisition workforce to obtain experience with industry, it would not be appropriate to make it a requirement for the 150,000 person workforce. Opportunities are available through the Secretary of Defense Corporate Fellows, the Army Training With Industry (TWI), and Air Force Education with Industry (EWI) programs. Today, the Army, Navy and Air Force have 37 participants in these industry experience programs and each year the Air Force selects three participants for a Fortune 500 fellowship. Additionally, Defense Acquisition University has led establishment of industry knowledge and acumen competencies. Last year 580 industry members participated in training classes at DAU along with defense acquisition workforce members.

Mr. SCHILLING. How can DOD improve its responsibility for making sure acquisition officers get the training they need? Who is responsible for doing that?

Secretary ESTEVEZ. DOD continues to increase training capacity and resources for the acquisition professionals using the Defense Acquisition Workforce Development Fund (DAWDF). The Defense Acquisition University (DAU) has increased training for the workforce by 58 percent since 2008; increasing seats from 36,000 in 2008 to 57,000 in 2012, and provided additional targeted training to DOD components. DOD has also enhanced its curriculum to address departmental and environmental changes by adding training on Better Buying Power/efficiency initiatives, Operational Contract Support, and other critical areas. DOD component acquisition executives and their acquisition career managers, DOD Functional Leaders, and the Defense Acquisition University work closely together to ensure the workforce gets the training they need.

Mr. SCHILLING. How do you ensure that DOD Senior Leadership puts the emphasis needed on acquisitions that it should? How can you start that cultural change?

Secretary ESTEVEZ. The change in culture with respect to operational contract support has already begun. The Department has taken several steps to integrate operational contract support (OCS) as part of the warfighter culture at the strategic, operational and tactical levels. Both the Secretary of Defense and the Chairman of the Joint Chiefs of Staff as well as senior commanders in the field have signed policy memorandums focusing attention on contract support integration, planning and resourcing. DOD has also included an expanded concept of operational contract support into policy and doctrine, incorporating best practices from lessons learned. Further, we are continuing to institutionalize responsibilities and procedures—to include planning, training, education, accountability, and reporting—across the Department. Finally, OCS is being integrated into training and joint exercises to validate the effectiveness of OCS plans.

Mr. SCHILLING. What do you think of suggestions that those folks going into the acquisition workforce be required to not only go through specific training courses, but to also spend a year in industry to understand how business works?

General CRENSHAW. There are a number of existing requirements and opportunities to help the acquisition workforce understand industry and how business works. The Defense Acquisition Workforce Improvement Act (DAWIA) was signed into law in November 1990 and modified several times in subsequent legislation. It establishes detailed education and training standards, requirements, and courses for the Department of Defense civilian and military acquisition workforce across multiple career fields with certification at three different levels. DAWIA certification requires a significant amount of prerequisite college-level business courses in many of these career fields and includes continuing education requirements. To stay current with industry practices, many acquisition workforce members also pursue other professional certification (e.g., Certified Professional Contracts Manager (CPCM)) to en-

hance their DAWIA training and education. The Department also offers various "training with industry" programs and the acquisition workforce includes professionals who have spent time in industry to broaden their skills. Further, economic cycles have provided incentives for both Government and industry acquisition professionals to spend time on each side of the acquisition equation which enhances career development and appreciation of roles. The current broad mosaic of acquisition workforce professionals and array of opportunities to understand industry and business appears to be healthy and sustainable. More specific questions concerning the acquisition workforce could best be addressed by the Under Secretary of Defense for Acquisition, Technology, and Logistics.

Mr. SCHILLING. How can DOD improve its responsibility for making sure acquisition officers get the training they need? Who is responsible for doing that?

General CRENSHAW. Training and education requirements for the acquisition workforce are well documented in the Defense Acquisition Workforce Improvement Act (DAWIA) and various Department policy and regulations. It is a shared responsibility between individuals and supervisors for fulfilling these requirements. Acquisition workforce members and their supervisors are well aware of the requirements and means for fulfilling them, primarily through the Defense Acquisition University. Various tools are used to inform individuals and their supervisors of their DAWIA training and certification status. Acquisition workforce professionals take their certification status seriously to stay current which in turn keeps them competitive for acquisition positions of greater responsibility. More specific questions concerning the acquisition workforce could best be addressed by the Under Secretary of Defense for Acquisition, Technology, and Logistics.

Mr. SCHILLING. How do you ensure that DOD Senior Leadership puts the emphasis needed on acquisitions that it should? How can you start that cultural change?

General CRENSHAW. Education and oversight are two means DOD uses to ensure Senior Leadership puts emphasis on acquisition. Education prepares leaders at all levels to better understand acquisition challenges and opportunities and helps instill critical thought in addressing complex issues across the solution space of doctrine, organization, training, materiel, leadership and education, personnel, facilities, and policy (DOTMLPF–P), regulations, and law. Fortunately, a large amount of this education and training is addressed under the Defense Acquisition Workforce Improvement Act and provided by the Defense Acquisition University. The various oversight mechanisms (e.g., Congress, Government Accountability Office, Commissions) also provide an invaluable feedback mechanism to assess the Department's ability to manage acquisition and in turn update acquisition regulations, policy, processes, and education. While the Department already places a great deal of emphasis on acquisition, further cultural change will be enhanced by continuing to encourage acquisition education and by critically reviewing and analyzing oversight findings to determine if changes to DOTMLPF–P, regulations, or law could enhance outcomes. More specific questions concerning acquisition could best be addressed by the Under Secretary of Defense for Acquisition, Technology, and Logistics.

Mr. SCHILLING. What do you think of suggestions that those folks going into the acquisition workforce be required to not only go through specific training courses, but to also spend a year in industry to understand how business works?

Mr. SCHWARTZ. For decades, numerous analysts have argued that the ability of the Department of Defense (DOD) to effectively and efficiently acquire goods and services depends substantially on the competence and experience of the acquisition personnel. Yet, compared to industry, the defense acquisition workforce has often been considered "undertrained, underpaid, and inexperienced." A number of analysts have argued that the DOD acquisition workforce does not know enough about industry, the financial incentives that drive corporate decisions, or the costs, schedules, and technical performance in large industrial firms. A lack of insight into the private sector can result in Government managers not making what may be viewed by some as difficult decisions required to create and reward lean industrial organizations. Having an appropriate number of DOD acquisition personnel spend time in industry could have a positive effect on the ability, experience, and insight of the acquisition workforce, and a number of analysts have argued for such an expanded program. The extent to which time in industry should be a requirement for all (or part) of the acquisition workforce, required for promotion, advancement and growth opportunities, or just one option available as part of a comprehensive training and education program may depend on a number of factors, including:

1. overall cost to the Government for maintaining such a program;
2. concerns over conflict of interest rules;
3. any "Full-Time Equivalents" (FTE) caps placed on the acquisition workforce; and

4. opportunity costs for other training options.

In addition to time spent working in industry, some analysts have suggested that future program managers or other appropriate acquisition personnel should be required to complete 6 months or more of formal, advanced training where they can study and learn appropriate management techniques and acquisition skills. Some analysts have suggested that DOD make a concerted effort to recruit capable and experienced acquisition personnel from industry. Others have suggested that Government may not offer competitive salaries or career advancement opportunities to interest professionals from the private sector.

Mr. SCHILLING. Do you believe a stronger focus on STEM (Science, Technology, Engineering, and Mathematics) education would help address the future needs for acquisition officers?

Mr. SCHWARTZ. Within the context of the discussion above, a stronger focus on STEM could be beneficial for those members of the acquisition workforce who are involved in acquisitions that possess substantial STEM elements, such as some major defense acquisition programs.

Mr. SCHILLING. What is the best way to enforce proper oversight within DOD's contracting operations?

Mr. SCHWARTZ. For more than 200 years, Congress and the executive branch have expressed frustration with the level of mismanagement and corruption in defense acquisitions, having spent significant resources seeking to reform and improve the process. For example, concerns over the Continental Army's reliance on contractors during the Revolutionary War prompted the Continental Congress, in 1775, to establish a procurement system and appoint both a commissary general and a quartermaster general to buy goods and services for the Continental Army. In 1862, during the Civil War, President Abraham Lincoln requested the resignation of Secretary of War Simon Cameron, in large part because of contracting, corruption, and mismanagement issues within the War Department. That same year, the House Committee on Contracts issued a 1,100 page report that documented corruption and mismanagement in defense acquisitions that resulted in the Government buying weapons that did not work, horses that were diseased, and food that was rotten. More recently, concerns over defense acquisitions have often centered around significant cost overruns, schedule delays, and an inability to get troops the equipment they needed when they needed it. Many analysts believe that cost overruns and schedule delays have a debilitating effect on the U.S. military and threaten America's technological advantage and military capabilities. Both Congress and DOD have been active in trying to improve defense acquisitions. Since the end of World War II, there have been more than nearly 130 studies on acquisition reform. Despite the numerous studies, congressional hearings, and DOD reports that have often echoed the same themes and highlighted the same weaknesses in the acquisition process, acquisition reform efforts pursued over the last 30 years have been unable to rein in cost and schedule growth. In addition to the concerns expressed regarding the acquisition workforce (see the question on page 105), many analysts have suggested that changing the culture of the military is a prerequisite for creating lasting systemic change and improving operational contract support. Analysts have proposed a number of legislative options aimed at changing the culture of the military. Some of these options include the following:

Requiring that Contractors Be Included in Command Post and Field Exercises.

One of the mantras of the military is "to train as you fight and fight as you train." Given the extent to which contractors may be relied upon in future combat operations, conducting exercises without contractors could be akin to training without half of the force present. A number of analysts have called for incorporating contractors and contractor scenarios into appropriate military exercises to better prepare military planners and operational commanders for handling future operations. P.L. 110–181, the National Defense Authorization Act for FY2008, mandated the incorporation of contractors in mission-readiness exercises with uniformed personnel. Over the last few years, DOD has included contractor scenarios into a number of command and mission-readiness exercises. Despite increased inclusion of contractors in some exercises, over the last two years a number of reports have suggested that DOD has not sufficiently included contractor roles in battlefield exercises. Including contractors in live-fire exercises for example, could increase warfighter awareness of the presence of contractors on the battlefield and improve military-contractor coordination in actual operations.

Requiring Performance Evaluations To Include Contractor Management

Congress may wish to consider requiring officer and/or enlisted performance evaluations to include commentary and/or grade evaluation of contractor man-

agement. Including a contractor management narrative as part of a performance evaluation could help ensure that attention is given to this issue. However, contract support is not relevant for all military personnel, and elements of contract support could also fall under other evaluation factors, such as personnel management. Alternatively, Congress could consider requiring performance evaluations for any military personnel whose mission involves or substantially relies on contractor support. Another possible option might be to amend the performance evaluation guidelines to stipulate that contractor management be part of the discussion of personnel management or other related factors.

Requiring Military Departments To Report on Acquisition Education Courses Available for Operational Personnel

Such a requirement would be similar to Section 527 of the FY2009 Duncan Hunter National Defense Authorization Act (P.L. 110–417) which requires the Chairman of the Joint Chiefs of Staff to submit to Congress a report outlining the joint education courses available throughout DOD. Such a report might help Congress execute its oversight function.

Requiring Military Departments To Report on Non-Acquisition Workforce Contracting Education and Training Goals, and Progress in Meeting Those Goals

Such a report might help accomplish two goals: (1) help Congress chart the military's progress in preparing the operational force to work with contractors during expeditionary operations, and (2) help DOD maintain focus on this issue. DOD has stated as far back as 2004 that it would explore creating training courses on contracting for mid- and senior-level service schools. On the one hand, some analysts have argued that DOD failed to follow through adequately on creating additional training on contract support until Congress mandated training for appropriate non-acquisition military personnel. DOD has undertaken concrete steps to improve how the operational force works with contractors and has incorporated contractors and operations into mission-readiness and other exercises. Some analysts have argued that only sustained congressional attention can help ensure that the desired results will be achieved. On the other hand, some other analysts have argued that ensuring proper oversight requires that sufficient personnel and resources are dedicated to contract management and oversight. Insufficient resources or shortages in the numbers of oversight personnel increase the risk of poor contract performance, which in turn can lead to waste, fraud, abuse, and mismanagement. DOD has documented how a lack of oversight has resulted in contracts not being performed to required specifications and to the theft of tens of millions of dollars' worth of equipment, repair parts, and supplies. Still, some analysts have argued that one way to ensure sufficient resources dedicated to contract oversight is to require that a fee be added to all contracts over a certain dollar threshold, and that the proceeds of that fee be dedicated to funding contract oversight and management.

Mr. SCHILLING. What do you think of suggestions that those folks going into the acquisition workforce be required to not only go through specific training courses, but to also spend a year in industry to understand how business works?

Mr. DINAPOLI. We have previously voiced support for establishing an acquisition professional exchange program. For example, in 2003 we testified that establishing an exchange program could enhance the ability of Federal workers and enable them to gain from the knowledge and expertise of private-sector professionals and entities. However, as with any training or development program, it would be important for the Department of Defense (DOD) to first plan for and analyze the design of an exchange program before implementing it. Front-end planning and analysis could help to ensure that DOD:

(a) linked such a program to departmental goals and to the organizational, occupational, and individual skills and competencies needed for the Department to perform effectively; and
(b) implemented the program with the Department's organizational culture firmly in mind.

In our recent review of DOD's fellowship and training-with-industry programs at think tanks, private corporations, and Federal agencies we note the importance of overseeing these programs once they are implemented. Specifically, we reported that DOD had limited insight into the programs and that military departments had difficulties in determining whether these programs were achieving their intended benefits and were cost-effective.

Mr. SCHILLING. Do you believe a stronger focus on STEM (Science, Technology, Engineering, and Mathematics) education would help address the future needs for acquisition officers?

Mr. DINAPOLI. Our past work has shown that Federal agencies need to determine the skills and competencies critical to achieving their missions and goals, and to identify any gaps between the current workforce and the workforce needed in the future. By taking these steps, agencies would be in a better position to adjust to changes in technology, budget constraints, and other factors that alter the environment in which they operate. The DOD acquisition workforce is no exception. The Defense Acquisition Workforce Improvement Strategy outlines a competency assessment strategy for the acquisition workforce as a way to assess workforce capability using updated and validated enterprise-wide models, data, and information. In November 2011, we reported that, according to DOD, of 13 total planned competency assessments, the Department had completed 3 assessments (for contracting, lifecycle logistics, and program management) and was drafting the final report for another 6 assessments. In turn, such assessments could identify where DOD needs to improve the acquisition workforce's professional education in such fields as science, technology, engineering, and mathematics.

Mr. SCHILLING. What is the best way to enforce proper oversight within DOD's contracting operations?

Mr. DINAPOLI. Effective contract management and oversight is essential for ensuring that U.S. military personnel receive the support they need and that controls are in place to prevent fraud, waste, and abuse. Ultimately, failure to manage and oversee contracts effectively could undermine U.S. policy objectives and threaten the safety of U.S. forces. Our prior work has shown the importance of having an adequate number of trained oversight personnel in order for DOD to help ensure that contractors can meet contract requirements efficiently and effectively. However, as recently as March 2012, we reported that DOD's contracting officer's representatives—personnel who help to manage and oversee contracts by acting as liaisons between the contractor, contracting officer, and the unit receiving support—in Afghanistan did not always have the proper training and subject matter expertise to monitor their assigned contracts and that there was a shortage of these personnel. We recommended that DOD enhance the current strategy for managing and overseeing contracts in contingency areas such as Afghanistan by developing training standards for providing operational contract support, fully institutionalizing operational contract support in professional military education, and developing standards regarding the number of contracts that contracting officer's representatives can oversee based on the technical nature and complexity of the contract. DOD concurred with all of these recommendations and identified steps it plans to take to implement them.

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