

Contingency Contracting Operations: Past, Present, and Future

by

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Class of 2012

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REPORT DOCUMENTATION PAGE

Form Approved
OMB No. 0704-0188

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing this collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to Department of Defense, Washington Headquarters Services, Directorate for Information Operations and Reports (0704-0188), 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number. **PLEASE DO NOT RETURN YOUR FORM TO THE ABOVE ADDRESS.**

1. REPORT DATE (DD-MM-YYYY) 10-04-2012		2. REPORT TYPE Strategy Research Project		3. DATES COVERED (From - To)	
4. TITLE AND SUBTITLE Contingency Contracting Operations: Past, Present, and Future				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S) Colonel James A. Rupkalvis				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Dr. Marybeth P. Ulrich Department of National Security and Strategy				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING / MONITORING AGENCY NAME(S) AND ADDRESS(ES) U.S. Army War College 122 Forbes Avenue Carlisle, PA 17013				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION / AVAILABILITY STATEMENT Distribution A: Approved for public release distribution is unlimited					
13. SUPPLEMENTARY NOTES					
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15. SUBJECT TERMS Contractors on the Battlefield					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT	18. NUMBER OF PAGES	19a. NAME OF RESPONSIBLE PERSON
a. REPORT UNCLASSIFIED	b. ABSTRACT UNCLASSIFIED	c. THIS PAGE UNCLASSIFIED			19b. TELEPHONE NUMBER (include area code)
			UNLIMITED	40	

USAWC STRATEGY RESEARCH PROJECT

CONTINGENCY CONTRACTING OPERATIONS: PAST, PRESENT, AND FUTURE

by

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ABSTRACT

AUTHOR: Colonel James A. Rupkalvis
TITLE: Contingency Contracting Operations: Past, Present, and Future
FORMAT: Strategy Research Project
DATE: 10 April 2012 WORD COUNT: 8,319 PAGES: 44
KEY TERMS: Contractors on the Battlefield
CLASSIFICATION: Unclassified

Over the past ten years, the Department of Defense (DOD) has become increasingly reliant on contractors to perform a myriad of functions, including logistics support and force protection, in support of contingency operations. These contractors are necessary for many reasons, often compensating for a decrease in force size or a lack of capability within the DOD. Due to this increased reliance on contractors, the DOD has encountered numerous issues during contingency operations in Iraq and Afghanistan, including increased scrutiny on the overall costs of these contracts. While the DOD has acknowledged these issues and made improvements, there is still significant work to be done. This paper will address historical uses of contractors in support of contingency operations, the reasons for the increased reliance on contractors, and the issues encountered. It will examine the improvements across the DOD and the Army, as well as recommendations for future actions to improve contingency contracting. Ultimately, the DOD will continue to rely on contractors in future contingency operations. By continuing to improve contingency contracting operations, the DOD will be better postured for success in future missions.

CONTINGENCY CONTRACTING OPERATIONS: PAST, PRESENT, AND FUTURE

The United States government's use of contracting to procure provisions and contractors to provide services to support military forces in war is not a new phenomenon. As evidence, Robert Morris, the Continental Congress' Superintendent of Finance, stated in 1781,

In all countries engaged in war, experience has sooner or later pointed out contracts with private men of substance and talents equal to the understanding as the cheapest, most certain, and consequently the best mode of obtaining these articles, which are necessary for the subsistence, covering, clothing, and moving of the Army.¹

Fast forward to 2010 and the Quadrennial Defense Review (QDR), where former Secretary of Defense Robert Gates described the total defense workforce as including "military, government civilian, and contractor personnel."² Couple that with the fact that the U.S. government has spent upwards of \$206 billion on contracts supporting Iraq and Afghanistan and at its peak employed over 260,000 contractors, outnumbering military personnel in the U.S. Central Command (USCENTCOM) area of responsibility;³ and it is obvious that the use of contracting and contractors has continued.

As a matter of fact, the Department of Defense (DoD) has become increasingly reliant on contracting and contractor personnel to support uniformed forces involved in contingency operations over the past twenty years. Since the United States is the only world superpower, it is likely that she will continue to engage in future contingency operations involving the use of military forces. However, with budget cuts looming on the horizon, the government, and more specifically, the DoD, must determine whether relying on contracting and contractors is the best solution for future operations.

This paper will examine the use of contracting and contractors in wars throughout American history, discuss the reasons for increased use of contractors in the military, cover several critical definitions to clarify contingency contracting, and identify issues resulting from contracting and contractor use in Iraq and Afghanistan. In addition, the paper will review the comprehensive Doctrine, Organization, Training, Material, Leadership Policy and Education, Personnel, and Facilities (DOTMLPF) approach that the Department of Defense and the Army has undertaken to address the numerous contracting and contractor problems encountered during contingency operations in Iraq and Afghanistan. Finally, the paper will recommend a potential way of evaluating whether or not using contracting and contractors is the appropriate choice for future contingency operations.

The Past – Historical Use of Contractors

Historical evidence of the use of contracting and contractors in support of military operations dates back to the early seventeenth century. By that time, European armies had become too large to adequately rely on their previous system of foraging and plunder, and commanders were forced to contract with sutlers to provide their soldiers with basic necessities like food, fodder, and arms.⁴ In the United States, civilian contractors have provided “significant, extensive, and diverse”⁵ support to military operations throughout our history. In the Revolutionary War, the Continental Army received food, engineering and carpentry, and medical services through contracted civilians.⁶ Transportation was another critical function sourced through contracting, including a 1775 policy established to hire wagons and drivers to move troops and equipment by land⁷ and the use of contracted vessels and crews to move troops and their stores by waterway.⁸ The use of contractors in the Revolutionary War established

two longstanding traditions: First, it ensured soldiers were able to stay engaged in the fight and second, it guaranteed that contractors performed tasks that were either considered menial, like moving troops and supplies, or highly specialized, like performing surgery.⁹ This is much the same way our contractors are used today.

During the Civil War, both Union and Confederate forces faced initial supply and equipment challenges. Because of shortages and the rate at which each side was growing its army, both governments were forced to turn to contracts to meet the needs of their soldiers. Contractors provided weapons, uniforms, ammunition, transportation, and supplies throughout the Civil War.¹⁰ The use of contracted surgeons and medical personnel reached its peak during the Civil War.¹¹ At the individual unit level, commanders relied on sutlers to provide other necessary items, including food, shoes, blankets, fodder, and mess equipment.¹² As the war continued, the Union government was able to utilize contracting to better leverage technological advances like the telegraph and railroad, as well as significant industrial growth to ultimately prevail.¹³

One commonality between the Revolutionary War and the Civil War, as well as the smaller wars fought in the nation's first 100 years is that the ratio of contractors to military held steady at one contractor per six soldiers.¹⁴ But these wars were fought either on American soil or close to home, which enabled the military to better exploit the advantages gained by contracting to support its operations. However, this trend was about to change as the U.S. took on the responsibilities of a great power.

World War I brought about the full mobilization of the U.S. industrial base in support of the war effort and required a significant contracting focus on the part of the War Department. More than 30,000 contracts involving obligations of over \$7.5 billion

were executed during World War I.¹⁵ However, these contracts were primarily to procure the massive amounts of hardware required to win the war and did not necessarily involve direct contracting and contractor support on the European continent. Because of the distance to the fight, the relatively short duration of the war, and the high number of personnel in the military, contractors were not as heavily relied on as they had been in previous conflicts and the ratio of contractors to service members jumped to 1:20. However, the American Expeditionary Forces in France did use some local French and Belgian contractors to provide primarily labor for engineering projects, transport, and housekeeping support.¹⁶

Much like World War I, World War II required a total mobilization of the nation's industrial base, first, to support creating President Roosevelt's "arsenal of democracy" and then to support the U.S. entry into the war.¹⁷ The U.S. government's ability to contract and support the fight with contractors on the battlefield would be stretched to its limits. It is estimated that over 734,000 contractors supported operations in Europe, North Africa, and the Pacific during World War II.¹⁸ Of those, more than half worked to support engineering efforts including port rehabilitation and road construction throughout the theater of operations.¹⁹ Also, due to the technological advances in equipment used during World War II, it was necessary to employ manufacturer's technical representatives to support the new aircraft, tanks, and trucks on the battlefield.²⁰ These technical representatives could be found everywhere in the theater of operations, including near the front lines, much like the field support representatives the military employs to support today's modern equipment. At its peak, the ratio of contractors to military personnel in World War II was 1:7.

For the first time in history, the contractor to military ratio dropped below 1:5, to 1:2.5, during the Korean War. Shortages of personnel forced the military to rely more heavily on contracted labor. The U.S leveraged the close proximity to Japan and the fact that large amounts of equipment still remained in the Pacific islands to provide equipment to Korea. To ensure this equipment was ready for use, the military created a program using almost entirely Japanese contractors to perform repair work on military equipment. At its height, approximately 145,000 Japanese civilians were on contract supporting operations in Korea.²¹ In addition, almost 100,000 contractors in Korea provided engineering support for port and road maintenance, stevedoring, and transportation. Without these contractors, operations in Korea would have required hundreds of thousands of additional logistics soldiers and could have required “U.S. forces to assign whole divisions of combat troops to the supply lines.”²²

In March 1965, *Business Week* called the Vietnam War a “war by contract” and stated, “[m]ore than ever before in any U.S. conflict, American companies are working side by side with the troops.”²³ Prior to and throughout the war, contracting played a vital role in providing support to deployed military forces. Operating bases, maintaining facilities, servicing utility plants, providing electrical power generation and distribution, performing stevedoring and transportation operations in Vietnamese ports, repairing and maintaining military vehicles and helicopters, laundering uniforms, and purchasing supplies and subsistence items are all functions that contractors performed in Vietnam.²⁴ Contractors in Vietnam also made important engineering and construction contributions. Between 1965 and 1972, over \$2 billion was spent on building everything from airfields and ports to maintenance and medical facilities.²⁵ Upwards of 150,000

contractors supported the military in Vietnam, with 83 percent of these being Vietnamese local nationals.²⁶ The ratio of contractors to military increased to 1:6, similar to World War II.²⁷

After the completion of the Vietnam War, it was almost twenty years before the U.S. got involved in its next contingency operation, Operation Desert Storm in the Middle East. U.S. contractors were involved in supporting operations during Desert Storm, but in seemingly lower numbers than in previous wars. According to DoD and service documents, only 9,200 contractors deployed to Saudi Arabia in support of Operation Desert Storm.²⁸ “The contractors served mostly in the aviation trades and in weapon and automation systems and communication support.”²⁹ However, these numbers are extremely misleading because they do not include any of the host nation contractor services performed.

One estimate stated that the amount of contracted support received during Operation Desert Storm amounted to the equivalent of 72,000 U.S. service members, performing functions like transportation, stevedoring, construction, maintenance, and water resupply.³⁰ Assuming this equates directly to 72,000 contractors and adding that number to the 9,200 contractors already mentioned results in over 81,000 contractors and a resultant 1:6 ratio of contractors to military personnel, which is comparable to almost all of the other operations previously discussed.

The Present – Increased Reliance on Contractors

For this analysis, the past period ends with Operation Desert Storm. As shown in Figure 1, Operation Desert Storm is the last contingency operation where the ratio of contractors to military personnel was greater than 1:1. Starting with missions in the Balkans, including deployments to Bosnia in 1995 and Kosovo in 1999, the ratio drops

to one contractor for every service member deployed. The analysis of the present era of contingency operations begins with the Balkans.

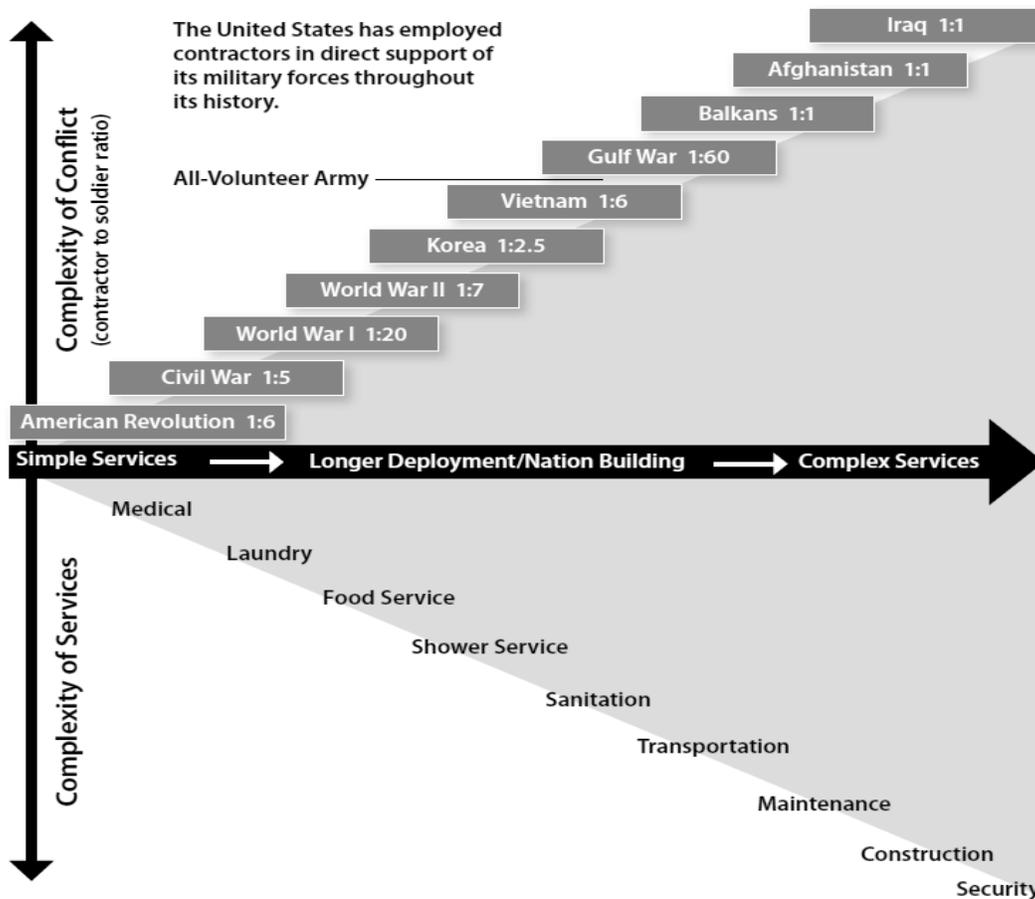


Figure 1. Historic Contractor to Military Ratios³¹

In 1995 and again in 1999, the U.S. government pledged to send troops to the Balkans to help its European partners bring peace to the region. In both instances, the administration placed a limit on the number of U.S. service members that could be deployed in support of these missions. “When these limits, known as force caps, are in place, contractors replace soldiers so that the soldiers will be available to undertake activities with the potential for combat.”³² In Bosnia, contractors under the Logistics Civilian Augmentation Program (LOGCAP) were used for cargo handling support, base camp and facilities operations and maintenance, laundry and food services,

transportation, and equipment maintenance.³³ In Kosovo, the Army used contractors to repair sophisticated equipment such as helicopters and the most advanced communications equipment, as well as transitioning all base firefighting services to contractors.³⁴ Ultimately, the force cap made the deployed U.S. force rely on contractor support and operations in the Balkans became the first to achieve the 1:1 contractor to military ratio.

The use of contractors in Iraq and Afghanistan is well documented and the variety of tasks they have performed includes everything from base support, construction, security, translators, equipment and facilities maintenance, and transportation to training local security forces.³⁵ The number of contractors working in Afghanistan exceeded the number of troops in 2007 and in Iraq, the same occurred in 2008.³⁶ As in previous contingency operations, the continued infusion of the most high-tech weapons systems was accompanied by contractors to maintain and operate the equipment.

Total obligations for contracted services in Iraq and Afghanistan between fiscal year 2002 and fiscal year 2011 was \$192.5 billion, with another \$14 billion expected to be obligated through fiscal year 2012.³⁷ In Iraq and Afghanistan, contingency contracting, through the Commander's Emergency Response Program (CERP) has also been used to support the U.S. government's counterinsurgency operations.³⁸ The use of such an unprecedented number of contractors supporting operations in Iraq and Afghanistan has also brought several issues with contingency contracting to the forefront and forced significant government reform in operational contract support.

However, prior to examining the issues identified, an understanding of the reasons for increased reliance on contractors is necessary.

The Present – Force Cuts Drive Increased Reliance

Much has been written over the last ten years about the myriad of causes for the increased DOD reliance on contractors. Force cuts, cost savings, increased usage of high-tech equipment, force caps, responsiveness, government pushes toward outsourcing, the development of LOGCAP, and the lack of expertise in certain areas have all been mentioned as drivers for the escalating requirements for contracted solutions. This analysis will discuss only force cuts, cost savings and the use of high-tech equipment, but will also show how these drivers link to several of the other areas.

Most sources list the cuts in military personnel strength, a result of the peace dividend at the end of the Cold War, as a primary explanation for relying on contractors. The Center for New American Security (CNAS) study published in 2010 noted a one-third reduction in the U.S. military's active duty strength³⁹, while another source cites a 700,000 service member reduction across the force.⁴⁰ At the same time, the Army was reduced from 18 divisions to 10 with combat support (CS) and combat service support (CSS) accounting for a significant portion of the cuts. Figure 2 graphically depicts the reductions in Army personnel across the active component, reserves, and National Guard during the period following the end of the Cold War.

This drawdown was also felt across the civilian ranks, where more than 300,000 personnel were cut. Nowhere was this more obvious than in the Army acquisition workforce. Between 1990 and 1996, the Army had a 45 percent reduction in its acquisition workforce while the dollar value of Army contracts increased 331 percent and the number of contract actions increased 654 percent. In addition, between 1996

and 2006, the Army Material Command experienced a 53 percent reduction in manpower, but a 382 percent increase in dollar value and a 359 percent increase in contract actions.⁴¹

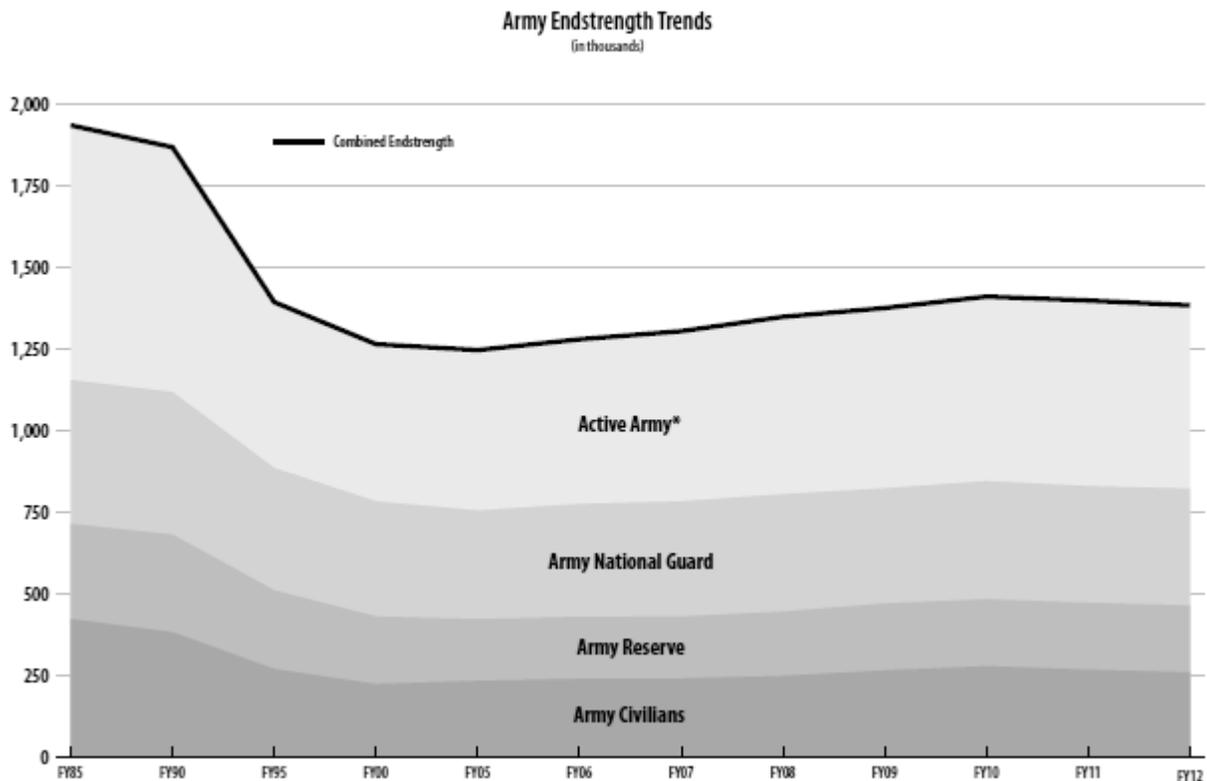


Figure 2. Graphical Depiction of the 1990's Reduction of Army Forces

Despite the drawdown of forces across the DOD, the military failed to see a commensurate reduction in its usage. As a matter of fact, the military was used four times more often in the past 20 years than in the previous 30, and in the past 12 with multiple contingency operations occurring at the same time.⁴²

With a reduction in forces and a continued high operations tempo, DOD and the Army were forced to turn to contractors to fill the requirements during ongoing missions. The development of the LOGCAP concept in 1985 and its implementation in 1992 made it easier for the Army to get contractors when it needed them. Based on lessons

learned from the significant use of contractors in Korean and Vietnam, the Army devised LOGCAP as a way to (1) preplan for the use of contractor support in contingencies and (2) take advantage of existing civilian resources in the U.S. and overseas to augment military forces.⁴³ Army Regulation 700-137, Logistics Civil Augmentation Program, governs the use of LOGCAP and through the four LOGCAP contracts issued to date, the DOD has spent billions of dollars and the deployed force has relied heavily on this capability.⁴⁴

The use of LOGCAP contractors has links to another force structure issue as well. As part of the military reorganization after the Vietnam War, in 1974 Army Chief of Staff General Creighton Abrams placed key wartime support functions in the National Guard and Reserves.⁴⁵ Because of that, National Guard and Reserve units are not as readily available as active duty units and therefore take longer to ready and deploy. As a result, 73,000 soldiers from Reserve units did not arrive to support Operation Desert Storm until about 200 days after the operation began; and this improved only slightly for Operation Iraqi Freedom, where it took 158 days for Reserve and National Guard battalion-sized units to arrive.⁴⁶ However, in accordance with the LOGCAP contract, performance is required to begin as early as 15 days after the Army notifies the contractor to proceed with a task order.⁴⁷ Obviously, this makes using contractors significantly more attractive than reserve component forces, especially in circumstances where quickly deploying contractors in a support role enables DoD to maximize the deployment of combat forces.

The most contentious issue surrounding the use of contractors is their cost. The question, “Are contractors ultimately cheaper than using civilian or military personnel in

contingency operations?” must be asked. To answer this question, substantial analysis and numerous studies have been done with varying results. However, in order to properly delve into the discussion of contractor cost, it is necessary to first understand why the U.S. government increasingly turned to privatization and outsourcing in the late 1980s and throughout the 1990s.

The Present – Privatization Leads to Increased Reliance

A 2008 Congressional Research Service report lists four benefits of privatization and three of the four are linked to potential cost savings by contracting out functions to the private sector. Budget constraints, elimination of government fraud, waste, and abuse, and desire to control escalating costs were all touted as historical reasons why the U.S. government started to lean toward privatization.⁴⁸ Granted, the privatization discussed in this report did not specifically address the use of contractors during contingency operations; however, U.S. government leaders set the tone for continually expanding outsourcing and the use of contractors which resulted in the current situation.

In 1987, President Ronald Reagan’s Executive Order 12607 established the President’s Commission on Privatization in order to address public complaints of federal government intrusiveness, inadequate performance, and excessive expenditures and “to review the appropriate division of responsibilities between the federal government and the private sector.”⁴⁹ The commission found that there were several areas where the private sector could more efficiently perform current government responsibilities and if transitioned, could save the government money. In addition, this commission sparked a trend that would continue through the next three administrations and lead to a significant increase in the privatization and outsourcing of government functions.⁵⁰

Contracting out defense functions was more frequent during the Clinton administration with its “unrelenting drive to ‘privatize’ government services.”⁵¹ This included Vice President Gore’s “Reinventing Government” initiative which placed even greater emphasis on outsourcing and privatization as a cost saving measure. This led then Secretary of Defense Cohen to promise to adopt a corporate vision for DoD, as well as a Defense Science Board Task Force report recommending that all DoD support functions should be contracted to the private sector unless they fell into the following three categories, (1) functions that are inherently governmental, (2) functions that are directly involved in war fighting, and (3) functions where no private vendor capability exists or could be developed.⁵²

The Federal Activities Inventory Reform (FAIR) Act was also passed in 1998 requiring agencies to produce lists of functions not inherently governmental that may be acquired from the private sector through competitive sourcing.⁵³ Finally, the last aspect of privatization affected by the Clinton administration was the update to the Office of Management and Budget (OMB) Circular A-76. OMB Circular A-76 sets “federal policy for determining whether recurring commercial activities should be transferred to performance by the private sector, or performed by federal government employees.”⁵⁴ Each one of these actions and initiatives would have a substantial effect on the use of contracted solutions within the government and the DoD.

With the push toward privatization and outsourcing during the Clinton years, the tone was set for President George W. Bush to continue that trend. However, no one could foresee the tragic events of September 11, 2001, and what that would mean for the future of contractor use, especially during contingency operations. After 9/11,

contractor use “exploded” and contractors were sent to Iraq and Afghanistan in “unprecedented numbers.”⁵⁵ The number of DoD contract employees increased from 3.4 million to 5.2 million between 2002 and 2005.⁵⁶ Between 2001 and 2008, spending on contracts more than doubled, reaching over \$500 billion in 2008.⁵⁷

The Present – Are Contractors Cheaper

There have been many studies comparing the cost of contractors versus military and civilian personnel in contingency operations. The problem is that each of these reports calculates cost differently, uses a different methodology and set of assumptions, leading to different cost estimates. So what appears on the surface to be a simple comparison actually turns out to be a fairly contentious issue. Therefore, rather than focusing on the calculations and dollar amounts, this paper focuses on each study’s conclusions.

The Congressional Budget Office (CBO) released a report in 2005 comparing the cost of services provided through the LOGCAP contract with the option of performing those same functions using a combination of active and reserve component military forces. This report concluded that military units could accomplish short term contingency operations at roughly the same cost as LOGCAP contractors. However, when contingency operations were lengthened and military units were required to have a rotational capability, it was assessed that the additional military units necessary for rotations would cost significantly more than the execution of the LOGCAP contract over the same time period, thus making the contracted solution cheaper.⁵⁸

(Billions of 2005 dollars)

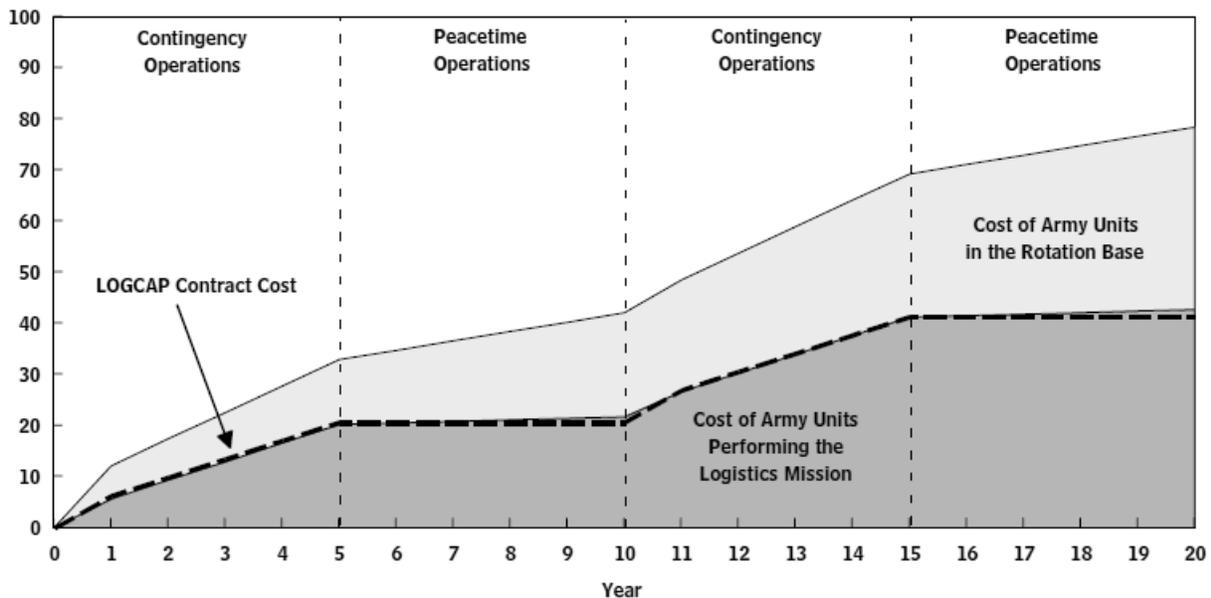


Figure 3. Cost Comparison of LOGCAP Contract versus Rotational Army Units

The Commission on Wartime Contracting in Iraq and Afghanistan also performed a very thorough analysis for its final report to Congress in August 2011. This report focused on individual manpower costs over unit costs from the 2005 CBO report. The conclusions are roughly similar to the CBO report. For small scale, short duration contingency missions, the military is generally the most cost effective solution. However, for “larger, prolonged contingencies... contractors are generally more cost effective.”⁵⁹ However, this report further specifies that the cost effectiveness is a result of using third country or host nation contractors instead of U.S. citizens. It also states that when highly skilled U.S. employees are required, the advantage is lost and contractor costs become similar to those of using military or civilian personnel.⁶⁰

No matter what the methodology or costs included, the overwhelming majority of the reports conclude that using contractors instead of military and civilian personnel saves money. However, there are some skeptics. Allison Stanger, in her book, *One*

Nation Under Contract, discounts supposed cost savings from hiring already trained personnel, hiring at lower labor rates, and not having to make pension payments.⁶¹

Cost savings is not the only area where cost issues are considered. Cost overruns due to fraud, waste, and abuse have become an ever increasing problem for the DoD.

The Present – Cutting Edge Equipment Results in Increased Reliance

Starting in Vietnam, the military began using increasingly technical weapons systems which required contractor maintenance. In many cases, the increased complexity of the equipment and the small number of systems actually present hindered the military from developing the organic repair capability it needed or it was determined not cost effective to develop that capability. Such was the case with the Army's Guardrail surveillance aircraft.⁶² In other cases, the Army lacked the internal resources to meet the mission. In Bosnia, Army National Guard aviation units lacked an intermediate maintenance capability and required contractors to maintain their Apache and Blackhawk helicopters.⁶³

In addition, newly fielded systems or systems still under development require contractors to deploy and provide maintenance and technical expertise to the military forces using that equipment. This is true of equipment like the Air Force Predator unmanned aerial system and new digital command and control systems the 4th Infantry Division deployed to Iraq. The Mine Resistant Ambush Protected (MRAP) vehicles, which have been used extensively in Iraq and Afghanistan, are another example.⁶⁴ In each case, the equipment was so new that the military did not have sufficient time to develop a support capability.

Finally, DoD Directive 1130.2, *Management and Control of Engineering and Technical Services*, mandated that the military attain self-sufficiency in operating and

maintaining new equipment and limited contractor support for new equipment to one year.⁶⁵ However, this directive was rescinded in 1990. Now the DoD dictates that increased contractor life-cycle support of new equipment is included as part of the original contract.⁶⁶ This further ensures that contractors supporting cutting edge equipment during contingency operations will continue into the indefinite future.

The Present – Important Definitions

It is important to have a basic understanding of some of the definitions related to contingency contracting. The majority of these terms are resident in joint and Army doctrine and can be found in such publications as Joint Publication 1-02, Department of Defense Dictionary of Military and Associated Terms, Joint Pub 4-0, Joint Logistics, and Joint Publication 4-10, Operational Contract Support.

A contingency operation is defined by law as a military operation that (1) the Secretary of Defense designates as an operation in which members of the armed forces are or may become involved in military actions, operations, or hostilities against an enemy of the United States or against an opposing military force; or (2) results in the call or order to, or retention on, active duty of members of the uniformed services under section 688, 12301(a), 12302, 12304, 12305, or 12406 of this title, chapter 15 of this title, or any other provision of law during a war or during a national emergency declared by the President or Congress.⁶⁷

Operational contract support is the process of planning for and obtaining supplies, services, and construction from commercial sources in support of joint operations along with the associated contractor management functions. It deals with the orchestration and synchronization of integrated contracted support and

management of contractor personnel providing that support to the joint force in a designated operational area.⁶⁸

Contingency contracting is a subset of contract support integration and is defined as the process of obtaining supplies, services, and construction from commercial sources via contracting means in support of contingency. A contingency contract is a legally binding agreement for supplies, services, and construction awarded in the operational area along with as other contracts that have a prescribed area of performance within a designated operational area.⁶⁹

There are three different types of contracts used in support of contingency operations. Theater support contracts are awarded in the operational area serving under the direct contracting authority of the Service component, special operations force command, or designated joint head of contracting activity (HCA) for the designated contingency operation. System support contracts are contracts that a Military Department acquisition program management (PM) office awards that provide technical support, maintenance and, in some cases, repair parts for selected military weapon and support systems.

Finally, there are external support contracts, whose contracting authority does not derive directly from the theater support contracting HCA(s) or from systems support contracting authorities. These contracts provide a variety of logistics and other noncombat service and supply support and include programs like LOGCAP.⁷⁰ It is important to note that since the Joint Force Commander can only directly influence one of the three types of contracts, he may encounter difficulty managing and accounting for the contractors associated with those contracts, which relates to the final two terms.

Contract administration is a subset of contracting and includes efforts that ensure that supplies, services, and construction are delivered IAW the conditions and standards expressed in the contract. Contract administration is the oversight function, from contract award to contract close-out that contracting professionals and designated non-contracting personnel perform. Contractor management is the ability to manage and maintain visibility of contractor personnel and associated contractor equipment providing support to the joint force in a designated operational area.⁷¹

The reason it is important to understand the basic definitions associated with contracting and contractors is because the majority of the difficulties that have been encountered in Iraq and Afghanistan have been directly related to violations and a lack of understanding of these basic definitions.

The Present – Contracting and Contractor Issues

The Commission on Wartime Contracting in Iraq and Afghanistan's interim report cites 537 separate reports from agencies such as the Government Accountability Office (GAO), the Congressional Budget Office (CBO), the Congressional Research Service (CRS), the DoD and Service Inspectors General, and the Special Inspectors General for Iraq and Afghanistan, as well as Rand, Brookings, and others.⁷² All of these reports discuss the contracting problems and issues encountered in Iraq and Afghanistan in excruciating detail.

These issues include insufficient oversight and management, inadequate integration into operational planning, ambiguous legal status, potential contracting of inherently governmental functions, lack of training for contracting officers and contracting officer representatives, lack of accountability of contractor personnel, reduced competition for contracts awarded in contingency operations, and insufficient

requirement identification. All of these issues have led to estimated fraud and waste of between \$31 billion and \$60 billion, according to the Commission on Wartime Contracting.⁷³ This analysis will focus only briefly on three issues: contract oversight, contractor accountability, and legal issues in contingency environments.

Almost every report details the issues with contract oversight and management in Iraq and Afghanistan. The major theme that emerges is the lack of personnel and training necessary to perform these functions. Key in performing these tasks is the contracting officer and the contracting officer's representative (COR). Personnel reductions were significant during the late 1990s and early 2000s. This affected the military's ability to adequately manage contracts, both in the U.S. and overseas in contingency operations. Understaffing in critical functions such as the LOGCAP program management and contracting offices, contracting officer representatives, logistics subject matter experts, and the contingency contracting workforce overall have created gaps in contractor management that could be exploited for billions of dollars.⁷⁴

But increasing the numbers is not enough. DoD also has encountered issues with the training and qualifications, specifically of CORs. In a 2009 survey in Afghanistan, only 55 percent of CORs felt that they were adequately trained to execute COR tasks, but only 40 percent thought they had the right technical expertise to properly oversee the contractor's mission.⁷⁵ The Army identified the same training and qualification shortfall within its contracting officer ranks, both due to when an officer is accessed into the contracting functional area. This resulted in Majors having the contracting experience equivalent to a Second Lieutenant.⁷⁶

Several factors have contributed to contractor accountability problems in Iraq and Afghanistan. First, until recently, there was no centralized database listing contract data and contractor information. This led to inaccurate data reported through stove piped systems that did not communicate with each other. Second, there is a fundamental issue with reporting responsibility for contractors, especially with system support and external support contracts. This is because they are awarded outside the theater, but executed inside the area of responsibility.⁷⁷

In these two cases, contracting officers rely on either the Defense Contract Management Agency (DCMA) or a COR to oversee the contract day-to-day and provide feedback. However, that creates confusion in reporting when a COR does not know whether to report numbers to the in theater unit collecting the contractor census or to the contracting officer outside the theater. Contractors often get double counted or are not reported at all since one party thinks the other party is reporting the required information.

Finally, because over 75 percent of the contractors in Afghanistan are either third country nationals or local nationals, there was no consistent badging or paperwork requirement to track these personnel. In addition, screening of workers' backgrounds was next to impossible due the variety of countries they came from, which further exacerbated the base access, badging, and accountability issues.⁷⁸

There are also numerous legal issues related to contingency contracting that have been identified, including the legal status a contractor holds while operating in a contingency environment and the authority that military commanders have to discipline a contract employee.

The Law of Armed Conflict (LOAC) governs who the enemy can target and the status of personnel who come under enemy control during war or other armed conflict. The problem with the LOAC in Iraq and Afghanistan is that insurgent forces do not follow it. Therefore, there is distinct disagreement among scholars about the status of contractors in contingencies. Do contractors qualify as combatants or noncombatants? Are they entitled to any of the protections afforded to uniformed personnel? Does that change when they are armed? These are among the many questions that remain open for interpretation.

Contractor personnel also operate in a gray area when it comes to the laws and jurisdiction under which their conduct falls. Are they subject to host nation or international laws or to the Uniform Code of Military Justice (UCMJ)? The answer is; it depends. In some instances, they may be charged under host nation or international law. In addition, the John Warner National Defense Authorization Act for Fiscal Year 2007 gave military commanders expanded authority under UCMJ to deal with offenses committed by contractors in contingency operations instead of only declared wars.⁷⁹

The Present – Recent DOTMLPF Solutions

Based on the myriad of issues identified, the DoD and the Army, as the executive agent for contracting in Iraq and Afghanistan, undertook a significant effort across the DOTMLPF spectrum to improve contracting operations. Below are some of the key highlights of the massive effort.

Doctrine. Based on its experiences in Bosnia, Kosovo, Somalia, and several other operations in the mid-1990s, the Army realized that contractors supporting contingency operations were a reality that was not likely to change in the near future. Therefore, the Army started to develop doctrine in the late 1990s, before the current

operations in Iraq and Afghanistan started. Field Manual (FM) 100-10-2, *Contracting Support on the Battlefield*, and Army Regulation (AR) 715-9, *Army Contractors Accompanying the Force* were published in 1999 followed in 2000 by FM 100-21, *Contractors on the Battlefield*.⁸⁰ FM 100-21 was revised and renumbered as FM 3-100.21, *Contractors on the Battlefield*, in 2003 as the first lessons from Afghanistan were incorporated. These documents formed the basis of how to get contractor support on the battlefield and how to properly use that support once obtained.

However, the doctrine was lacking in several areas and required revision. That revision was published as AR 715-9, *Operational Contract Support Planning and Management*, in 2011 and covers a much broader scope regarding contracting and contract management. FM 3-100.21 was superseded in June 2011 by Army Tactics, Techniques, and Procedures (ATTP) 4-10, *Operational Contract Support Tactics, Techniques, and Procedures*, which provides “how to” guidance to Army commanders and their staffs regarding operational contract support.⁸¹ FM 100-10-2 has yet to be updated although, FM 4-92, *Contracting Support Brigades*, published in 2010, replaced the Army contracting force structure sections of that manual.⁸²

In 2005, the DoD published DoD Instruction (DoDI) 3020.41, *Contractor Personnel Authorized to Accompany the U.S. Armed Forces*, which provided guidance for private corporations to support their contractors deploying with the military. This instruction was found to be too narrow and therefore was revised, renamed, and republished in December 2011 as DoDI 3020.41, *Operational Contract Support*. It now includes a more comprehensive approach to contract support integration and contractor management.⁸³

One additional document, DoD Directive (DoDD) 3020.49, *Orchestrating, Synchronizing, and Integrating Program Management of Contingency Acquisition Planning and its Operational Execution* was published in March 2009 and is aimed at improving management of acquisitions during contingency operations.⁸⁴ Finally, the Joint Staff published Joint Publication (JP) 4-10, *Operational Contract Support*, in October 2008 to provide a more complete picture of contracting during contingency operations and to assist the Joint Force Commander with planning and synchronizing contractor management and contract support integration.⁸⁵

Organization. Organizationally, the first contracting agency created was the Joint Contracting Command – Iraq in January 2005 to bring together all the acquisition and contracting officers under a single umbrella. Six months later, the mission for all contracting efforts in Afghanistan was added to this organization’s charter, making it the Joint Contracting Command – Iraq/Afghanistan (JCC-I/A).⁸⁶ This organization had responsibility for all theater support contracts, but their authorities over system support and external support contracts were limited. Because there was no doctrine to support the organization, its scope and responsibilities changed frequently since it began initial operations. However, when JP 4-10 was published, it provided the basis for a joint contracting organizational structure, which stabilized the unit’s mission. In June 2010, it transitioned to a Joint Theater Support Contracting Command and was designated “CENTCOM Contracting Command.”

The Army also established several new organizations in order to better manage contracting operations during contingency operations. At the upper levels, the Army created the Army Contracting Command (ACC) in March 2008 and organized it under

Army Materiel Command (AMC). It has two subordinate units, the Expeditionary Contracting Command (ECC) and the Mission and Installation Contracting Command (MICC). The ECC is responsible for all OCONUS theater and installation contracting and the MICC is responsible for CONUS installation contracting.

In addition, the Army created an entire contingency contracting organizational structure starting with contingency contracting battalions (CCB) and contingency contracting teams (CCT) in 2006 followed by contracting support brigades (CSB) in 2007.⁸⁷ Today, there are six CSBs that are aligned with the Theater Sustainment Command (TSC) which support each Geographic Combatant Command's Army Service Component headquarters. Subordinate CCBs and CCTs are arrayed equally in support of each of the CSBs. Each of these organizations is deployable and assists units at various levels with all aspects of operational contract support and contingency contracting.⁸⁸

Training. Another area of significant change and growth has been training. In 2005, the DoD published DoDD 5000.52, *Defense Acquisition, Technology, and Logistics Workforce Education, Training, and Career Development Program*, and DoDI 5000.66, *Operation of Defense Acquisition, Technology, and Logistics Workforce Education, Training, and Career Development Program*, to outline the training and certification requirements for both civilian and military acquisition and contracting personnel.

However, problems arose when, based on its own interpretation, each Service developed and executed its own contingency contracting training, but then assigned its personnel to a joint contracting command during contingency operations. The lack of

standardization and experience created circumstances where Air Force contracting officers were routinely working the most complex contracts while Army contracting officers handled small dollar, routine contracts.

Therefore, in 2006, the Air Force Logistics Management Agency (AFLMA), as part of the Joint Contingency Contracting Working Group (JCCWG), began working on a Joint Contingency Contracting Handbook that would, among other things, standardize the way all Services trained contingency contracting officers.⁸⁹ This handbook became a reality in 2007 and since being published, has had a substantial impact on contingency contracting training, including influencing the rewrite of the Defense Acquisition University's (DAU) Contingency Contracting Course, CON 234.⁹⁰

In addition to the Joint Contingency Contracting Handbook, AFLMA worked with the Office of the Secretary of Defense, Acquisition, Technology, and Logistics (OSD/AT&L) to produce a Defense Contingency Contracting Officer Representative (COR) Handbook. This handbook serves as a guide for CORs during contingency operations, but also provides training material to prepare a COR for their duties.⁹¹ Finally, the DoD has developed a robust set of training materials, including formal classroom courses, continuous learning modules, and online training, to prepare contracting, as well as non-contracting personnel to manage contract support in contingency operations.⁹²

Materiel. The issues the Army and the DoD have encountered with contractors do not necessarily lend themselves to material solutions, so the majority of solutions fall into the other six DOTMLPF categories. However, the DoD has developed one material solution to assist with one of the main problems encountered in Iraq and Afghanistan,

contractor accountability. To help address this shortfall, the DoD developed and implemented the Synchronized Predeployment and Operational Tracker (SPOT) as the single source tool to track deployed contractor personnel supporting DoD military operations worldwide.

SPOT is a Web-based application that provides the capability to maintain accountability and report status for deployed contractor personnel and integrates with other existing military systems to provide up-to-date information on contracts and contractors.⁹³

Leadership and Education. As discussed in the Gansler Commission Report, there were nine general officer positions, five Army slots and four joint slots, for contracting professionals in the 1990s. Over time, those slots were eliminated until, by 2007, there were no Army slots and only one joint slot remaining.⁹⁴ This was a critical leadership shortfall, especially when operating in a complex contingency environment.

The Duncan Hunter National Defense Authorization Act for Fiscal Year 2009, which became Public Law 110-417 on October 14, 2008, resolved this issue. It created five new general officer positions reserved for Army acquisition and contracting officers, as well as five joint duty assignments to be filled by general or flag officers with acquisition or contracting backgrounds.⁹⁵

In addition, the Army developed a more robust career path model for its acquisition and contracting officers to ensure that those serving in these new positions, as well as those serving in command billets of CSBs and CCBs, had a more extensive background, better training, and were certified to a higher level than ever before.

Personnel. Personnel reductions throughout the late 1990s and early 2000s created numerous problems across all areas of contract management and administration. There are several actions that have been undertaken to address this issue. At the highest levels, Congress passed the National Defense Authorization Act for Fiscal Year 2008, which established the Defense Acquisition Workforce Development Fund (DAWDF) for the recruitment, training, and retention of acquisition personnel of the Department of Defense.

The purpose of the fund is to ensure that the DoD acquisition workforce has adequate capacity to provide appropriate oversight of contractor performance.⁹⁶ To do this, DoD wants an approximate increase of 20,000 civilian acquisition and contracting professionals, 10,000 new hires and the in-sourcing of 10,000 contractor positions, by fiscal year 2015.⁹⁷ The fund has been used to hire over 6,400 new acquisition personnel in several areas, including contracting and acquisition management.⁹⁸

In order to link these new civilian contracting and acquisition personnel to ongoing contingency operations, the DoD created the Civilian Expeditionary Workforce (CEW) in 2009. DoDD 1401.10, *DoD Civilian Expeditionary Workforce*, outlines the organizing, training, clearing, and equipping of these personnel to deploy in support of combat operations, contingencies, emergency operations, humanitarian missions, disaster relief, drug interdiction, and stability operations.⁹⁹

Finally, the Army has worked extensively to address its shortfall of military contracting professionals. Until recently, only commissioned officers could serve as contracting officers and the population working in that functional area, 51C, Contracting Officer, was very small. There just were not enough to cover emerging contingency

missions worldwide. Starting in December 2006, the Army established an enlisted military occupational specialty (MOS), also designated as a 51C, Acquisition, Logistics, and Technology Contracting Noncommissioned Officer, to help meet the growing demand. The intent of the program was to reach 446 51C noncommissioned officers (NCO) by the end of Fiscal Year 2013 and ensure those NCOs became contingency contracting experts, as well as trainers for new recruits.¹⁰⁰ To date, the Army is well on its way to meeting its military manpower goal.

Facilities. To date, there have been no facilities solutions developed as a result of issues related to contingency contracting or the acquisition workforce.

The Future – To Contract or Not to Contract

As of May 2010, published reports have outlined 1,287 recommendations for improvement to acquisition and contracting operations.¹⁰¹ This paper will focus on only one of those recommendations, the incorporation of some sort of risk management into the contracting equation.

In the past, contracting decisions were made based on whether a function was inherently governmental or not. This determination should no longer be the only factor in deciding whether to contract out. In many situations, a function may not be inherently governmental and therefore eligible to be contracted out. However, it may not be appropriate to contract that function depending on the contingency and the risk. The Commission on Wartime Contracting's final report recommends using three risk factors to analyze whether a contracted solution is appropriate.

The three risk factors are operational risk, the risk to achieving the mission; political risk, the risk to achieving U.S. goals and foreign relations objectives; and financial risk, the risk of dollars lost to fraud, waste, and abuse.¹⁰² By analyzing these

three risk factors, planners will gain better insight into whether a contracted solution is necessary. The analysis will also reveal risks about the contracted option which might be easily mitigated, thus making contracting a more attractive option and also alleviating some of the potential pitfalls that may arise later.

A 2005 RAND study also recommended using risk management to determine whether to use contractors on the battlefield and what the appropriate sourcing solution might be as well. However, the RAND report recommended a different approach to using risk management. It recommended a very disciplined approach and further suggested using the already existing Army Risk Management framework for the analysis. The field manual, FM 3-100.12, outlines the process and clearly explains how a decision maker can identify the hazards relevant to a decision, identify the risks associated with each hazard, mitigate these risks, and assess the residual risk associated with any decision.¹⁰³

Using this approach, the analyst will be able to determine whether contracting a function is appropriate and also develop a plan to avoid certain risks during the execution of the mission. In addition, the RAND report develops 15 questions which ultimately assist the planner with assessing relative risk to employee safety, mission success and resource costs.¹⁰⁴ Answering these questions and analyzing the risk will ultimately lead to mission accomplishment.

The Future – Recommendations

Eleven years of operations in Iraq and Afghanistan have taught the U.S. government the importance of contracting and have identified many lessons related to contracting operations. It is important to learn these lessons and to continue to implement change across the DoD in order to ensure the government does not

encounter the same issues in the future. In addition to using risk management, the following five items are additional recommendations to improve contracting operations.

The government must continue to fund the DAWDF and grow the CEW. With future budget cuts looming, these areas might appear as low hanging fruit to be easily cut. However, these professionals are absolutely critical to managing and executing contracts in theater and reducing their numbers will have a significant impact.

The DoD and the Services must continue to develop and standardize training materials and update TTPs and handbooks for use by contracting officers and CORs. Since these personnel are in direct contact with the contractor on a regular basis, it is essential they are properly trained to execute their jobs and also have readily available reference information at their fingertips. This includes sharing lessons learned and best practices from the field and will ensure proper oversight and management in the future.

Policy and doctrine must keep pace with current operational practices. The shift toward operational contract support and its components is the way of the future. The sooner the DoD and the Services adopt that approach and implement its requirements, the better and more consistent contracting operations will become.

The Army must continue to grow and develop its military contracting officer capability. This includes increasing the number of enlisted contracting officers, placing more emphasis on career development, ensuring personnel get contracting experience earlier in their careers, and inculcating a culture where contracting is more important than it has been in the past. It also includes manning, training, and utilizing the new contracting units to ensure contracting success.

Finally, when deciding to contract a function, the DoD must (1) ensure that full and open competition is used to select the contractor, (2) award the correct type of contract, and (3) closely scrutinize contract costs. These three items should ensure that fraud, waste, and abuse are eliminated. This area is of the utmost importance, especially to the American taxpayer.

Conclusion

Throughout history, the U.S. government has used contractors to support its wars and contingency operations. However, over the last twenty years the reliance on these contractors has reached unprecedented levels. This increased reliance is a result of many factors including massive reductions in the size of U.S. military forces, the U.S. government's desire to outsource certain functions in an effort to reduce costs, and the DoD's increased dependence on highly technical equipment and weapons systems.

During contingency operations in Iraq and Afghanistan, the use of contractors reached its peak with contractors outnumbering military personnel on the ground at times. This created numerous issues for the DoD including the inability to adequately manage and oversee these contractors and their contracts, extreme difficulties accounting for the number of contractors on the ground, and multiple legal issues regarding contractor status and discipline while deployed.

Since the DoD has been aware of these issues, it has put in significant effort across the DOTMLPF spectrum to develop solutions. These solutions have made substantial improvements in how the whole process works, but much more must be done. This includes employing new methods from the beginning to ensure the decision to use contractors is properly addressed.

These new methods include the use of risk management to determine first, whether contracting out the function is the right decision and second, what risks are associated with the contracted solution and how they can be mitigated. This simple, but disciplined process will enable the DoD to make proper decisions and assist in avoiding contracting pitfalls once operations commence.

Since the U.S. is the only superpower, it will continue to use the military to engage in contingency operations around the world. These contingency operations will undoubtedly require the DoD to employ contractors to assist with certain functions. However, in the future, budget restrictions will play a role in how many contractors will be used and what those contractors will do. Therefore, the U.S. government must use the improvements that are already in place as well as risk management in the contracting and sourcing decisions to ensure future mission success.

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