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**BEFORE THE**

**COMMITTEE ON ARMED SERVICES**  
**UNITED STATES HOUSE OF REPRESENTATIVES**

**URGENT REFORM REQUIRED: ARMY EXPEDITIONARY CONTRACTING**  
**THE REPORT OF THE COMMISSION ON**  
**ARMY ACQUISITION AND PROGRAM MANAGEMENT**  
**IN EXPEDITIONARY OPERATIONS**

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\*Dr. Gansler served as Under Secretary of Defense (Acquisition, Technology, and Logistics) from 1997 to 20

The Secretary of the Army established an independent “Commission on Army Acquisition and Program Management in Expeditionary Operations” to review the lessons learned in recent operations; and to provide forward-looking recommendations to ensure that future military operations achieve greater effectiveness, efficiency, and transparency. I was honored to chair the Commission. I was joined by five distinguished Commissioners with expertise and insight into government acquisition, including program management and contracting. The Commissioners included General (Ret.) David Maddox, who represented the Army’s operational community; General (Ret.) Leon Salomon, who represented the Army’s acquisition community; Rear Admiral (Ret.) David Oliver, who provided alternate Service representation and recent experience in Iraq, through his service with the Coalition Provisional Authority, and then two very senior, experienced Department of Defense civilians in David Berteau and George Singley.

At the Secretary’s direction, we conducted our efforts within a compressed 45-day timeframe, indicative of immediate challenges facing the Army. Our focus was on how to prevent any shortcomings in Army acquisition and program management in expeditionary operations for the next time. Our charter was forward-looking: we were tasked to ensure that, institutionally, the Army is best positioned for future operations—which will be expeditionary, joint, and likely to be multi-agency political/military events.

At the outset, it is important to note that other, concurrent activities were underway, focusing on different aspects of today’s challenges. Lieutenant General Ross Thompson and Ms. Kathryn Condon were co-chairing the Army Contracting Task Force that was looking at the current fraud issues. Separately, the Department of Defense Inspector General, Lieutenant General (Ret.) Claude Kicklighter, was looking at equipment accountability issues. And, outside of DoD, Ambassador Kennedy of the State Department had an effort underway to examine private security contracts. Thus, current fraud, equipment accountability, and private security contracts were not within the purview of this Commission.

To address our forward-looking tasking, in September and October 2007, the Commission engaged officials within all of the relevant communities through 122 interviews. The individuals we heard from represented a wide range of stakeholders, from senior military leadership, to field operators, to audit personnel, to contractor-support personnel, and so forth. We spoke to people both state-side and deployed. Our discussions with personnel inside the

continental U.S.—or CONUS—were important, especially since we defined “expeditionary” as not only *outside* of CONUS but also emergency conditions *within* CONUS (like a Katrina incident); given that there are very great similarities in terms of the responsiveness to both situations. We also heard from people currently deployed in Iraq, Afghanistan, and Kuwait. Given the compact schedule, the Southwest Asia interviews were conducted by video teleconference. We separately interviewed the commander of the Joint Contracting Command-Iraq/Afghanistan, then the next level of military leadership, and then the worker level; all in the absence of their supervisors, so that we were able to get an objective, independent assessment.

Despite the broad spectrum represented by our interviews, we received almost universal agreement on what the issues are; what changes are required; and the absolute need for change. As a result, the Commission crafted a broad-based strategy for addressing shortcomings; which we published in an independent report dated October 31, 2007; and titled *Urgent Reform Required: Army Expeditionary Contracting*. I would request that the Executive Summary from that report be included in the record of today’s proceedings. I appreciate this Committee’s invitation to highlight some key findings and recommendations from that report.

Our key findings include the observation that the Army—and, more broadly, DoD—does not have a problem with a single organization or a group of individuals; rather, the Army and DoD are faced with a systemic challenge in executing expeditionary operations, both from an operational and an institutional vantage point. The “Operational Army” is expeditionary and on a war footing. Yet, it has not fully recognized the impact of the large number of contractors involved in expeditionary operations and on their potential impact to mission success. In fact, today, with approximately 160,000 to 190,000 contractors in the Iraq/Afghanistan/Kuwait zone, they represent approximately 50 percent of the “total force.” Additionally, critical segments of the “Institutional Army”—which supports the “Operational Army”—have not adapted in order to provide responsive acquisitions and sustainment for expeditionary operations. Some specific examples where shortcomings exist include:

- Financial management – On the LOGCAP program in a one-year period, there were 141 incremental funding contract modifications. That means that the contract had to be modified 141 times, just because the approved money was not being adequately released (by OMB, OSD Comptroller, and/or Army Comptroller). This is inconsistent

with war-time needs. We have to be able to provide the money in a timely fashion, in order to run expeditionary operations effectively and efficiently.

- Civilian personnel – Our Government civil servants do not qualify for favored income tax benefits (comparable to military personnel and contractors in the same situation) when deployed in support of expeditionary operations; and do not have the benefit of long-term medical coverage for injuries sustained in-theater. Nor is their life insurance coverage extended for “acts of war;” yet they are asked to “volunteer” to go into the war zone.
- Military personnel –There are no longer any Army General Officer positions for career contracting professionals. In 1990, there were five. So there is little incentive to pursue this career field. Yet, for expeditionary operations, we need contracting people in uniform in this critical area to be leading in the war zone.
- Contracting and contract management – The contracting process is very complicated and involves multiple stakeholders. This is not simply signing a piece of paper to create a contract. The process ranges from defining requirements all the way through the 70-plus steps of post-award contract management, to ensure mission accomplishment. When done properly these important functions ensure efficient use of our tax dollars and control waste, fraud, and abuse, but we found they were often not done; and, when done at all, it was a “pick-up game.”

Contracting should be a core capability of the Army, but it currently is treated as an operational and institutional side issue.

We found that the DoD has an extremely dedicated corps of contracting people. The problem is they are understaffed, overworked, under-trained, under-supported, and, I would argue, most importantly, under-valued. Some data points illustrate the current challenges:

- Only 3 percent or so of Army contracting personnel are active duty military. Many more trained and experienced military personnel (officers and non-commissioned officers) are required in an expeditionary environment.
- The DoD Authorization Act for Fiscal Year 1996 required DoD to reduce its acquisition workforce by 25 percent by the end of Fiscal Year 2000. After those reductions, the Department has not increased the acquisition workforce, even though the budget has gone up dramatically since 9/11/01. In fact, despite about a seven-fold

workload increase, and the greater complexity of contracting in this intense environment, the civilian and military contracting workforce has been declining; and of those remaining, only 56 percent of the military officers and 53 percent of the civilians in the contracting career field are certified for their current positions.

Based on the valuable lessons learned, the Commission developed recommendations that address the gravity of the situation, and the urgent need for reform. In short, the Commission identified four key elements to future success:

1. Contracting personnel—increase the stature, quantity, and career development of contracting personnel, military and civilian (especially for expeditionary operations);
2. Organization and responsibility—restructure the Army contracting organization and restore its overall responsibility to facilitate high-quality contracting and contract management in both expeditionary and peacetime operations;
3. Training and tools—provide training and tools for overall contracting activities in expeditionary operations; and
4. Legislative, regulatory, and policy—obtain legislative, regulatory, and policy assistance to enable contracting effectiveness in expeditionary operations.

Our report covers the details of the first three areas, so today I would like to focus on the fourth category, and ask for Congressional assistance with the legislative aspects of the Commission's recommendations.

*First*, we recommend that Congress authorize General Officer billets for Army contracting and Joint contracting. Specifically, this Commission recommends that five new Army General Officers, as well as one Senior Executive Service billet, be established and “fenced,” for the Secretary to assign to meet this urgent need. And five additional joint General or Flag billets be established, including a three-Star for the expanded scope of the Defense Contract Management Agency (which we strongly recommend), and with Service “back-fill” authorizations for the joint positions. These military officer billets should not be created at the expense of existing civilian Senior Executive Service contracting authorizations in the Army workforce. These must be maintained.

In the past decade and a half, we have witnessed the elimination of General Officers in the contracting field. As I noted, in 1990, there were five Army General Officers. Some started as two-Star positions, were reduced to one-Star, and then all five were eliminated. In the Joint

commands, all four contracting Flag and General Officer positions have similarly disappeared. Today, all that remains is one temporary position: the Joint Contracting Command-Iraq/Afghanistan, which, at the time of the report, was being filled by an Air Force officer. The Commission believes this backslide needs to be remedied. We must at least get back to where we were in 1990.

General Officers must lead an Army transformation to make contracting an Army core competence. The Army needs General Officers who know contracting and can serve as functional advocates for expeditionary operations; and to avoid the problems that are now being experienced in Iraq, Afghanistan, and Kuwait. These General Officers, who must be permanently assigned to contracting, will initiate and sustain improvement to Army acquisition, grow future leaders, and support leadership efforts. Our report identifies the specific positions the required General Officers would fill, as well as the organizational changes required to achieve the desired transformation in Army and Joint contracting.

*Second*, the Commission recommends an increase in Army contracting personnel authorizations by 1,983. That includes increasing Army military by 400 and civilian by 1,000, as well as providing 583 billets, military and civilian, for Army support to DCMA. The Army contracting personnel total increase is not that significant, relative to the total people currently in the Army contracting career field, even including the DCMA fill-in.

In 1990, the Army had approximately 10,000 people in contracting. This was reduced to approximately 5,500, where it has largely remained; while the dollar value of Army contracts has increased 331 percent, and the number of Army contract actions increased 654 percent (from approximately 52,900 to 398,700 between 1992 and 2006).

The Army is the DoD “Executive Agent” for contracting in Iraq and Afghanistan, but is unable to fill military or civilian contracting billets, in either quantity or qualifications. There are far too few Army contracting personnel in-theater to meet their commitments. Congress must help the Army meet its commitment to support the troops on future expeditionary missions by authorizing additional Army contracting personnel.

To meet the critical need for contract post-award management, the Commission recommends that DCMA become DoD’s “worldwide, contract management center of excellence.” To do this, DCMA needs additional resources. The House Appropriations Committee has acknowledged the need for more DCMA personnel by recently saying, “It is

clear that DoD currently lacks the means to provide proper oversight of its service contracts, in part because of an insufficient number of contract oversight personnel.” The Commission believes 583 DCMA billets are needed for Army support alone. Of course, if DCMA does not perform worldwide contract management for DoD, the Services are going to have to fulfill this responsibility, and will need to be resourced for it.

*Third*, the Commission recommends Congressional action to improve incentives for Army civilian contracting personnel who volunteer to deploy for expeditionary contracting. Right now, they are undervalued—in compensation; education and training; career opportunities; and other occupational incentives. As a result, many approved contracting positions go unfilled, especially in-theater. The DoD owes this dedicated core of civilian patriots its appreciation and better treatment. Congress can help address this problem by providing government civilians tax-free status when deployed (like their military and contractor counterparts), and long-term medical care and life insurance for in-theater injury or death. Our deployed military are tax free from the moment they hit the ground and have long-term medical coverage and life insurance for any injuries or death sustained while deployed. Yet comparable tax benefits are not accorded to deployed government civilians. If DoD is to incentivize its civilian workforce to deploy to what can be extreme and hostile work environments, they must be afforded tax treatment and benefits coverage comparable to that of the military. In addition, Congress should provide “stand-by” removal of the pay cap for deployed civilians, for any future expedition. Although this has been done for Iraq, it is specific to the current engagement and not available for the next time.

*Fourth*, the Commission recommends that Congress enable funding flexibility through an adequately resourced “contingency operations transfer fund.” This would be a Defense transfer fund without “color of money” or fiscal year limitations, with the DoD responsible for providing Congress with insight via reporting on expenditures and savings. This recommendation is based on the Balkans’ “Overseas Contingency Operations Transfer Fund,” which was approved by Congress, and which currently exists for AID. However, right now, such a fund does not exist for Iraq, and we believe that not only should it be created for Iraq, but also for any future expeditionary operations, on a legislative “stand-by” basis.

*Fifth*, and finally, we recommend that Congress provide “stand-by” legislation to waive small business and U. S. labor provisions, Buy American, Berry Amendment, Specialty Metals and other such provisions to allow rapid, local buying, if required, in expeditionary operations. In

Iraq, a "Buy America" waiver exists, but again this is specific to the current operation and therefore not available to any future expedition.

The preceding are just some highlights of the many recommendations contained in the report, but which are particularly relevant for today's purposes because they require Congressional action. In addition, the report includes 40 specific recommended actions for the Secretary of the Army and the Secretary of Defense (see attached). The Commission has briefed both Secretaries, concurrent with the report's publication and release. Both Secretaries indicated that they fully support the Committee's report and have begun to move out quickly on its recommendations. But they need Congressional help on key aspects of the report, which I have highlighted here today.

Additionally, Chairman Skelton released a statement on November 1 saying that "Congress will seriously consider the Commission's recommendations, particularly those that require legislative action." And, during a prior hearing before the Senate Armed Services Committee, the chairman of the Readiness and Management Support Subcommittee stated "These recommendations have my full support."

The Commission greatly appreciates the strong support we have received from the Congress. Already, the National Defense Authorization Act for Fiscal Year 2008 included a requirement in Section 849 for the Secretary of the Army and the Secretary of Defense to evaluate the Commission's recommendations and develop a report to Congress. Like you, the Commission looks forward to the results of this analysis, which are expected to be provided in late May.

The Commission is also heartened by the strong support from the Department's leadership. As I noted, both the Secretary of Defense and the Secretary of the Army indicated full support of the Commission's report. To ensure forward momentum, the Army and the Office of the Secretary of Defense have established task forces for implementation. The Army task force is led by MG George Harris of the Army Contracting Campaign Plan. The OSD task force, which includes all of the Services and Agencies, is led by Mr. Shay Assad, Director, Defense Procurement, Acquisition Policy, and Strategic Sourcing, who reports to Dr. James Finley, Under Secretary of Defense (Acquisition and Technology). These task forces are coordinating with each other and stakeholders, including the Commission. We were briefed by the Army in January and expect another briefing this month. I have personally met with OSD



leadership approximately every 3 weeks. The Army and OSD are working together to develop a metric scorecard to ensure changes have an enduring impact on expeditionary operations. This scorecard will be used to continually monitor and measure the improvements undertaken in response to the Commission's recommendations. They have kept the Commission apprised of progress and frequently solicit our feedback on implementation activities.

During these progress reviews, the Commission has heard of some noteworthy implementation actions. For example, OSD has published an important tool, a Joint Handbook for Contingency Contracting. Also, the Army has restructured its contracting organization per the Commission recommendations. The Commissioners were delighted to participate in the February 2008 ceremony to (provisionally) stand up the new Army Contracting Command. During our interactions with the Army and OSD, we have heard that, in all cases, they are aiming to implement the intent of all the Commission's recommendations. We look forward to working with them to assure full and successful implementation.

As the Secretary of Defense noted, in his response to our report, the problems the Commission identified are not just confined to the U.S. Army; many have been identified across the DoD, and, more broadly, across the government. Independently, each of these problems is a daunting challenge; together, they demand a significant cultural, structural, and policy overhaul of the kind that requires a specific, urgent, and continuing focus by senior leadership. It is heartening that our Commission's report has received as much positive attention as it has from Congress, the Army, and the Defense Department. This issue is critical to America's future security. Our warfighters, and our taxpayers, deserve its priority attention.

Given the importance and urgency of these actions in support of our troops, the Commission is hopeful that Congress will consider some out-of-cycle action to address the recommendations I have outlined today.

In closing, I would like to observe that too often it takes a crisis to bring about major change. We believe the Iraq/Kuwait/Afghanistan contracting problems have created such a crisis! Changes are urgently required in the area of DoD contracting – especially directed to future expeditionary operations. It is up to the Military and Secretariat leadership (both in the Army and the overall DoD) to bring about the needed changes. And they cannot make many of the necessary improvements without Congressional assistance.

I hope you will agree, and provide that needed support. Our troops deserve it.

This concludes my prepared statement.

# **Urgent Reform Required: Army Expeditionary Contracting**



## **Report of the “Commission on Army Acquisition and Program Management in Expeditionary Operations”**

Electronic copies of this report can be found at:  
[http://www.army.mil/docs/  
Gansler\\_Commission\\_Report\\_Final\\_071031.pdf](http://www.army.mil/docs/Gansler_Commission_Report_Final_071031.pdf)

# I. Executive Summary

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*The acquisition failures in expeditionary operations require a systemic fix of the Army acquisition system.*

The Secretary of the Army established an independent Commission on Army Acquisition and Program Management in Expeditionary Operations to review the lessons learned in recent operations and provide forward-looking recommendations to ensure that future military operations achieve greater effectiveness, efficiency, and transparency.<sup>1</sup> The Commission assessed process (including internal controls), personnel, organization, training, policy and regulation, as well as explored legislative solutions, to ensure that the Army is properly equipped for future expeditionary operations.<sup>2</sup>

The “Operational Army”<sup>3</sup> is expeditionary and on a war footing, but does not yet fully recognize the impact of contractors in expeditionary operations and on mission success, as evidenced by poor requirements definition.

The Commission found that the following critical segments of the “Institutional Army”<sup>4</sup> have not adapted in order to enable responsive acquisitions and sustainment for expeditionary operations. Specifically:

- ◆ Financial management
- ◆ Civilian and military personnel
- ◆ Contracting and contract management
- ◆ Training and education
- ◆ Doctrine, regulations, and processes

These key failures encumber the Army acquisition system’s performance and have significantly contributed to the waste, fraud, and abuse in-theater by Army personnel.

The Commission found that:

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<sup>1</sup> The Commission charter is available at Appendix B.

<sup>2</sup> The term “expeditionary” includes both OCONUS and domestic emergency operations. The Commission believes the term “expeditionary”—rather than “contingency”—is a broader term that better encompasses any future national defense and national security missions. The Commission therefore uses this term throughout the report.

<sup>3</sup> The Operational Army consists of numbered armies, corps, divisions, brigades, and battalions that conduct full spectrum operations around the world.

<sup>4</sup> The Institutional Army supports the Operational Army. Institutional organizations provide the infrastructure necessary to raise, train, equip, deploy, and ensure the readiness of all Army forces.

- ◆ The expeditionary environment requires more trained and experienced military officers and non-commissioned officers (NCOs). Yet, only 3 percent of Army contracting personnel are active duty military and there are no longer any Army contracting career General Officer (GO) positions.
- ◆ The Army's acquisition workforce is not adequately staffed, trained, structured, or empowered to meet the Army needs of the 21<sup>st</sup> Century deployed warfighters. Only 56 percent of the military officers and 53 percent of the civilians in the contracting career field are certified for their current positions.
- ◆ Notwithstanding a seven-fold workload increase and greater complexity of contracting, the Institutional Army is not supporting this key capability.
- ◆ Notwithstanding there being almost as many contractor personnel in the Kuwait/Iraq/Afghanistan Theater as there are U.S. military, the Operational Army does not yet recognize the impact of contracting and contractors in expeditionary operations and on mission success.
- ◆ What should be a core competence—contracting (from requirements definition, through contract management, to contract closeout)—is treated as an operational and institutional side issue.

## UNANIMOUS ACCORD: ACQUISITION FAILURES IN EXPEDITIONARY OPERATIONS URGENTLY REQUIRE A SYSTEMIC FIX OF ARMY CONTRACTING

The Commission heard testimony from more than 100 individuals who are well experienced in the challenges of Army acquisition in expeditionary operations, primarily in Kuwait, Iraq, and Afghanistan. The most notable characteristic of the testimony is a nearly unanimous perception of the current problems, their gravity, and the urgent need for reform. The people in the field understand the issues and identified the necessary solutions, and the Commission recommendations reflect these valuable lessons learned.

***“There are things Commanders in the field see as problems that people in DC don’t think are problems—we should listen to the Commanders.***

***This problem is pervasive DoD-wide, because workload continues to go up while contracting and acquisition assets go down—there is a cost to these trends that is paid in risk, and we don’t realize how big the bill is until there’s a scandal.***

***The civilian personnel system does not serve an expeditionary force well—the system needs to provide superior short-term and career incentives to civilians who stay close to the combat mission.***

***Until you put Generals back in charge of contracting, the career field will continue to get no respect or resources.”***

(G.O., speaking of his experience of contracting in Iraq)

History shows that whatever threats the Army next faces will be different from the last, but they are likely to be expeditionary and likely to involve high numbers of contractor personnel. At the same time, operating the most potent military force of all time carries with it the burden that nothing is as simple as it once was. Our Armed Forces have been stretched thin. Technology has changed. All of our Military Services now use contractors to provide essential services. What has not changed is that contracting with taxpayer’s funds is an inherently governmental function, and the military commander needs competent professional advice in the exercise of the expeditionary contracting mission.

Therefore, timely and efficient contracting for materiel, supplies, and services in support of expeditionary operations, and the subsequent management of those contracts, are and will be a key component of our achieving success in future military operations. Contracting is the nexus between our warfighters’ requirements and the contractors that fulfill those requirements—whether for food service, interpreters, communications operations, equipment repair, new or modified equipment, or other supplies and services indispensable to warfighting operations. In support of critical military operations, contractor personnel must provide timely services and equipment to the warfighter; and the Army contracting community must acquire those services and equipment effectively, efficiently, and legally; while operating in a dangerous, fast-paced environment. Over half of the personnel currently in Iraq and Afghanistan are contract employees. This puts Army contracting (writing, negotiating, monitoring, and achieving accountability and enforcement of the contracts), along with modern (information-based) logistics support, squarely at the forefront of our challenges in supporting expeditionary operations. It also invokes command-level issues: Commanders must have timely situational awareness of contracts and contractor personnel and assets on the battlefield, to properly plan, synchronize operations, and manage the supply chain.

The Army currently lacks the leadership and personnel (military and civilian) to provide sufficient contracting support to either expeditionary or peacetime operations. The Army’s difficulty in adjusting to the singular problems of Kuwait, Iraq, and Afghanistan is in large part due to the fact that there are no Generals assigned to contracting responsibilities. This is a decade-old blight: the cutbacks began in 1991, and no General Officers have held an Army

contracting position since 1998.<sup>5</sup> In a military environment (especially in an expeditionary environment), the number and level of the Generals associated with a discipline reflects its importance. A General is held accountable for his or her leadership. Today, the Secretary of the Army cannot replace a General and obtain a new start for Army contracting—the Army has no Generals doing contracting.

Army contracting personnel face over a 600 percent increase in workload, while performing more complex actions than ever before (for sophisticated services and buying systems-of-systems). Yet, the number of Army civilian and military in the contracting workforce is stagnant or declining.<sup>6</sup> Experienced military contracting personnel are essential for the success of expeditionary operations. Uniformed contracting experts provide the Army with professionals who have served in combat branches and easily understand the Army organizational structure. However, only three percent of Army contracting personnel are military.<sup>7</sup> The number and expertise of the military contracting professionals must be significantly increased in order to fill this void.

Experienced civilian contracting personnel are also essential for expeditionary operations. Any corrective actions addressing the shortage of military personnel must also address civilian personnel.<sup>8</sup> The Commission found Army civil servants to be an extremely dedicated and competent group; however, they are currently being managed by personnel policies that are both out-of-date and irrelevant to the Army mission and challenges of today, especially those of expeditionary operations.

The Army is the DoD “Executive Agent” for contracting in Iraq and Afghanistan, but is unable to fill military or civilian contracting billets, in either quantity or qualification. Although providing contracting support to the Army and Marine Corps is not an Air Force mission, an Air Force Major General currently is in command of the Joint Contracting Command—Iraq/Afghanistan (JCC-I/A). The Air Force also provides over 67 percent of the JCC-I/A contracting resources supporting the ground forces, and is handling most of the complex contract actions such as reconstruction operations.

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<sup>5</sup> In fact, the Commission learned that field-grade officers with contracting backgrounds pursue program management positions within the Program Executive Office (PEO), where general officer positions exist. Although both contracting and program management are under the “acquisition” career field, they are distinct professions, each needing competent professionals and officers.

<sup>6</sup> Indicative of the lack of transparency and responsibility for the contracting enterprise, this Commission was unable to get consistent data on the Army contracting career field (military and civilian).

<sup>7</sup> In contrast, 37 percent of the Air Force contracting workforce is military.

<sup>8</sup> Using skilled civil servants to perform inherently governmental contracting functions frees up uniformed personnel to address increasing warfighting, training, and technology demands.

## FOUR KEY IMPROVEMENTS ARE NEEDED

Although this report suggests a significant number of recommended changes to improve Army acquisition and program management in expeditionary operations (as detailed in Section IV of this report), the Commission makes four overarching recommendations to ensure the success of future expeditionary operations:

1. Increase the stature, quantity, and career development of military and civilian contracting personnel (especially for expeditionary operations).
2. Restructure organization and restore responsibility to facilitate contracting and contract management in expeditionary and CONUS operations.
3. Provide training and tools for overall contracting activities in expeditionary operations.
4. Obtain legislative, regulatory, and policy assistance to enable contracting effectiveness in expeditionary operations.

## OVERCOMING THE BARRIERS EXPERIENCED BY IN-THEATER WORKFORCE

The span of the challenges are highlighted in the following summary of what the “boots on the ground” contracting personnel and their commanders in Iraq, Afghanistan, and Kuwait told the Commission.

### Contracting Personnel

- ◆ *Army contracting personnel need military leadership in the form of General Officer positions.* It is unlikely that an Army contracting corps with an adequate number of General Officers would have been so ill-equipped to serve the Operational Army in expeditionary operations. These flag officers would have been “at the table” planning and supporting the operation. Another benefit of having contracting General Officer positions is the increased attractiveness of the contracting corps as a career profession to quality officers that aspire to General Officer rank.
- ◆ *Army military contracting personnel, both officers and non-commissioned officers, need to start their contracting career much earlier than they currently do.* While the strength of company-level operational experience is seen as a significant strength of Army military contracting personnel (which is appreciated by both their civilian personnel and Air Force counterparts), entering the contracting field as a field-grade officer or high-ranked NCO with low-level contracting skills and experience does a terrible disservice to our military contracting personnel.



***“I am assigned to a field grade command with lieutenant qualifications.”***

(Army contracting field grade officer, regarding his first acquisition assignment)

- ◆ *Expeditionary contracting should never be a first assignment.* Contracting personnel sent into a theater of operations need to be highly skilled, adequately trained, and prepared for the challenging, fast-paced demands of expeditionary operations. As the commander of JCC-I/A stated, “This is the Super Bowl, not a scrimmage.”

***“You don’t teach someone to swim by throwing him in the water. Similarly, you shouldn’t teach someone contracting skills by throwing him unprepared into a contingency contracting assignment.”***

(Army General Officer)

## Organization and Responsibility

- ◆ *The Army should not separate a contracting corps from weapons systems or base operations contracting.* Expeditionary contracting is not a specialized business; it is the same business operating at a mission-critical tempo—which requires greater experience, skill, and judgment. Contracting professionals benefit from broad exposure to non-expeditionary assignments. Expeditionary contracting personnel need the training, knowledge, and experience necessary to know how to best support the warfighter while operating within the bounds of sound and legal business judgment; and under the “special provisions” allowable under the Federal Acquisition Regulation for such expedited needs.

***“You can’t think outside the box if you don’t know what’s inside the box.”***

(Army General Officer)

- ◆ *Contracting personnel need an effective “customer” interface* that performs the type of function an acquisition management staff officer performs. Specifically, the Operational Army must be positioned to translate requirements into statements of work that quickly and seamlessly can be placed on contract.
- ◆ *Contracting personnel supporting expeditionary operations need to be on the ground in-theater* where they can interface and interact with their customer: the warfighter. Reach-back to CONUS has not worked well due to the absence of timely interface with the warfighter and the different operations tempo experienced in-theater, where business is conducted 70 to 80 hours a week at a bare minimum, not just during standard CONUS business hours (which, of course, are often in significantly different time zones). The Commission does not consider it responsive if the expeditionary personnel have to deal with a CONUS-based Duty Officer who takes an off-hours request and forwards it to those responsible for acting on the request the next duty day.

***“In-theater, we had lots of people in Washington telling us the rules, but having little sense of urgency.”***

(Former Army Contracting Official)

## Training and Tools

- ◆ *Expeditionary forces need information technology and eBusiness tools.* Expeditionary contracting personnel feel that they are years behind other OCONUS locations with technology, yet they are working in an environment where the operations tempo demands the support of automated tools. Contract writing systems are insufficient and not standardized, negatively impacting the ability to accomplish the mission. Information systems to track contractor personnel, assets, and performance are critical but lacking. Commanders need a common, relevant picture of contractors in the battle space, for operational planning, logistics planning, and situational awareness. Simple eBusiness tools for sample documents, such as statements of work, and rules for application are needed on line and on compact disc. This needs to be user-friendly, similar to commercially available tax software.
- ◆ *The Army needs to capture contracting lessons learned from Operation Iraqi Freedom and Operation Enduring Freedom and inculcate them into the military leadership schools and the Center for Army Lessons Learned (CALL).* The Army needs to train operational commanders on the important role contracting plays, as well as their responsibilities in the process. Further, the role and importance of contractors in expeditionary operations should be part of the curricula at command schools (e.g., the War College, CGSC, Sergeant Majors Academy,) and courses for Officers (e.g., Officer Advanced Course), Warrant Officers, and NCOs. Finally, the Army needs to recognize that, in order to operate in a streamlined, agile expeditionary environment, it must, by necessity, rely on contractors to provide combat service support. This means command and control is different. For example, commanders complain about a lack of knowledge of who is in their battle space—they know who military personnel and units are, what their mission is and where they are, but the same is not true for the contractor personnel.

## Legislative, Regulatory, and Policy Assistance

- ◆ *In-theater contracting personnel have a need for an Expeditionary Contracting Manual.* Contracting is a rules-based process and profession, and contracting personnel need a clearly articulated, and pre-positioned, packaged set of acquisition rules that can immediately be referenced and applied to meet the exceptional contracting requirements of expeditionary operations and they must be pre-trained on the use of these “special provisions.” The Commission heard deployed contracting professionals testify on the need for an Expeditionary Contracting Manual that is focused on the expedited processes and flexibilities necessary for procuring the support needed by our warfighters in an expeditionary operation.
- ◆ *The Army must provide incentives for civilian contracting personnel* to ensure that the Army can tap into its largest population of contracting expertise. The Army also needs to

be honest and upfront with them about the assignment and conditions and treat them with respect equal to the military personnel.

***“We are deploying civilians to the theater based on rules established 30 to 40 years ago.”***

(Army SES)

- ◆ *Civil servants need personnel policies that support the roles they may be tasked to serve when the U.S. is engaged in expeditionary military operations. The Army should do a complete personnel policy review to identify changes necessary to support, properly incentivize, discipline, and provide for its civilian personnel who may be engaged in expeditionary military operations. This includes those personnel who are sent to the theater of operations—including civilian Army contracting professionals—as well as those who fill the void created by personnel deploying to theater.*

## INSTITUTIONAL ISSUES THAT MUST BE ADDRESSED

Those charged with getting the job done have provided valuable insight into the doctrine, policies, tools, and resources needed for success. Clearly, the Army must address the repeated and alarming testimony that detailed the failure of the institution (both the Institutional Army and the Department of Defense) to anticipate, plan for, adapt, and adjust acquisition and program management to the needs of the Operational Army as it has been transformed, since the end of the Cold War, into an expeditionary force. The Institutional Army has not adjusted to the challenges of providing timely, efficient, and effective contracting support to the force in Operation Iraqi Freedom (more than half of which is contractor personnel). Essentially, the Army sent a skeleton contracting force into theater without the tools or resources necessary to adequately support our warfighters. The personnel placed in that untenable position focused on getting the job done, as best they could under the circumstances—where support is needed in a matter of hours, or, at best, days. They used their knowledge, skill, limited resources, and extraordinary dedication to get contracts awarded. Alarming, most of the institutional deficiencies remain four-and-a-half-years after the world’s best Army rolled triumphantly into Baghdad.

***“The contracting professionals who rose to the occasion in Iraq and Afghanistan deserve a medal. If, during the next expeditionary operation, we face the same institutional mistakes that put them in such a position, someone should be shot.”***

(General Officer speaking of his experience of contracting in Iraq)

The Army must fix the cause of such failures, and the symptoms will subside. The cause is a culture that does not sufficiently value or recognize the importance of contracting, contract management, and contractors in expeditionary operations. Without the necessary contracting leadership, the necessary change cannot be achieved.

## The Army Must Transform the Army's Culture with Regard to Contracting

The Commission believes that the Army contracting community has reached a “tipping point” that requires extraordinary action. Perhaps most notable was a question that the Commission repeatedly asked the experts, “Who in the Army is responsible for the situation we are in today?” In reply, the Commission repeatedly heard that there are no General Officers responsible for Army contracting—responsibility was diffused among many organizations, both within CONUS and in the field.

The Commission believes that the identified problems will not be solved by accomplishing any list of corrective actions, no matter how thoughtful, thorough, and extensive the list, unless this is also accompanied by a significant change in the organization of the Army with regard to the contracting community, and the acquisition community within which the contracting function lies.

In fact, while this Commission, other commissions, task forces, and auditors look at the current contracting issues and bring fresh eyes to the problems, the Commission believes that all attempted remedies will be temporary unless the Army returns to basic organizational and Army leadership principles.

Despite the increasing importance of the acquisition process to the Army's performance, the Army apparently has not valued the skill and experience required to perform those processes. Numerous attempts over the last 20 years, both legislative and organizational, to modify that value culture have not succeeded. Despite the outstanding professionalism and talent that is resident at every level of the Army, without significant systemic change, the Army acquisition processes can be expected to inevitably return to below-mediocrity.

### GENERAL OFFICERS MUST LEAD THE TRANSFORMATION TO MAKE CONTRACTING AN ARMY CORE COMPETENCE

To initiate and sustain improvement to Army acquisition, grow future leaders, and support leadership efforts, the Army must designate an appropriate number of General Officers (and Senior Executive Service personnel) who will be permanently assigned to contracting.

*In the 1990s there were five Army slots and four joint slots available for General Officers in key contracting and contract management positions. Today, there are no Army slots and only one joint slot (which is currently being filled by an Air Force two-Star officer from the contracting career field). Over this period, the Army Competition Advocate has been decreased from a two-Star billet to a colonel, while the Defense Contract Management Agency has been changed from a joint two-Star billet to a civilian executive.*

In order to provide for increased and prolonged professionalism and problem-solving in the military environment; in order to recognize the increased complexity and cost of modern military products and services; and in order to prevent the suboptimal migration of senior military billet assets from the acquisition corps to the operating forces: Congress should authorize these General Officer and SES billets and specifically assign them to the Secretary of the Army, so that the Secretary may ensure they are assigned only to acquisition and contracting billets. These General Officer and SES billets will, through normal Army staffing assignment policy, also drive the assignment of the necessary officers, enlisted personnel, and civil servants who should populate this critical area. This Commission recommends that five new General Officers, and one SES billet, be established for the Secretary to assign to meet this urgent need, and five more joint General or Flag billets be established, including a three-Star for the Defense Contract Management Agency.

## ARMY OPERATIONAL LEADERSHIP MUST UNDERSTAND THE TRANSFORMATION

The necessary transformation must be Army-wide. Thus, not only must the acquisition community have leadership—in the form of General Officers—to lead the change, it must grow future leaders and support for leadership efforts, and have sufficient numbers of military and civilian professionals to carry out the changes. In addition, those operators outside the acquisition community must be trained on the role and importance of contracting and contractors in expeditionary operations. This Commission recommends that all leadership courses address the significance of contracting and contractors and that combat exercises include contracting events.

## A Single Army Contracting Command Must Establish Contracting as a Core Competence

Under the current organization, none of the contracting commands have responsibility to synchronize all aspects of contracting below the Army Secretariat level. This adversely affects those within the profession and outside the profession. Within the contracting profession, no single advocate for a “cradle to grave” career plan for excellence exists. Outside the profession, commanders and contractors have to deal with multiple heads of contracting activities (HCAs) and principal assistants responsible for contracting (PARCs). These multiple interactions can result in varying policy interpretations and poor operations. These effects are compounded in the expeditionary environment, with its heightened contracting workload, complexity, and tempo.

This Commission recommends a single Army Contracting Command, reporting to the Commanding General of Army Materiel Command, be established and charged with developing a relevant and ready expeditionary contracting capability. The Commander of the Army Contracting Command would have directive authority over all Army contracting capabilities and provide a single focal point for status and readiness of the Army-wide contracting workforce.

## A General Officer Must Be Accountable for Post-Award Contract Management

Another major area of concern to the Commission is the failure of both the Army and Defense organizations to perform a mission that is critical to operational success in-theater, and where the Army was, and clearly still is, failing: post-award contract management. Contract management is an essential contracting function to ensure mission accomplishment, and it is an important control to minimize fraud, waste, and abuse.

As stated above, the few contracting resources available in-theater are dedicated to the timely award of contracts. However, in the area of contract management, because of staffing constraints, even the JCC-I/A must engage in a dangerous game of risk management. Contract management for low-risk contracts is forsaken in favor of managing high-risk contracts. JCC-I/A is relying on the “squeaky wheel” method, rather than a proactive method of contract management. For high-risk items (e.g., mission-critical concrete barriers), JCC-I/A devotes the resources to perform proactive contract management. Another important aspect of contract management—contract close-out—is simply not being accomplished. Only about 5 percent of the completed contracts in Iraq are being closed out.

Contract management is the function of the Defense Contract Management Agency (DCMA). However, DCMA is focused on the management of weapons systems contracts (as is the majority of the acquisition community). Although DCMA has DoD’s resident expertise in contract management, having absorbed all the Military Services professional contract managers when it was established, it is neither staffed nor resourced to provide operational contract management for the types of contracting efforts supporting expeditionary operations—base, post, camp, and station contracts. DCMA has not been engaged in managing contracts in-theater, except in a limited capacity (managing contracts that were awarded outside the theater of operations such as LOGCAP). Its role and staffing should be expanded and DCMA should be responsible for all post-award contract management for expeditionary operations. As a Combat Support Agency, DCMA, with its increased responsibility, should be led by a three-Star General or Flag Officer, as is the Defense Intelligence Agency and Defense Logistics Agency (DLA).<sup>9</sup> The individual selected and assigned must have extensive acquisition/contract management expertise.

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<sup>9</sup> When DCMA’s predecessor organization, the Defense Contract Management Command, was under DLA it was led by a two-Star general officer. It is now led by an SES.

## SUCCESS MUST BE MEASURED

The Commission recommends a Secretary of the Army chartered Special Task Force be established and tasked to plan for, and achieve, the needed transformation with the proper sense of urgency. The Commission believes that key recommendations should be implemented within six months.

Within 30 days, the task force should develop an ambitious plan for implementing the Commission's recommendations, and provide that plan to the Commission for review. The transition plan—which should identify the sequence in which the projects will be accomplished and describe key aspects of each project—will help the Army bridge the gap between where its acquisition system is today and where it should be in the future. The plan must address all four major improvement areas: contracting personnel; organization and responsibility; training and tools; and legislative, regulatory, and policy assistance. The numerous projects to be included in the transition plan vary in complexity and are interrelated. Therefore, the Army should treat the plan as a program, operating with a consistent approach. One of the initial steps must be to appoint a Special Task Force Leader to develop program goals, objectives, and an integrated master plan for implementation. The program goals and objectives should be reviewed by the Commission. The implementation plan should include periodic coordination with this Commission. At a minimum, the Commission will measure success quarterly by reviewing program reports, with an annual program review.

# Summary of Commission's 40 Highest-Level Recommendations



<b>Overarching Recommendation:</b> Implement the Commission's Recommendations Rapidly and <u>Measure Success</u> <i>(See report pages 12 and 47)</i>	<b>Recommendation 1:</b> Increase the Stature, Quantity, and Career Development of the Army's <u>Contracting Personnel</u> <i>(CONTINUED)</i>	<b>Recommendation 2:</b> Restructure <u>Organization</u> and Restore <u>Responsibility</u> to Facilitate Contracting and Contract Management	<b>Recommendation 3:</b> Provide <u>Training and Tools</u> for Overall Contracting Activities in Expeditionary Operations	<b>Recommendation 4:</b> Obtain <u>Legislative, Regulatory, and Policy Assistance</u> to Enable Contracting Effectiveness
<p style="text-align: center;"><b>Army:</b></p> <p>1) <b>A.1</b> Charter a Special Task Force to plan for, &amp; achieve, the needed transformation with proper urgency</p> <p style="padding-left: 20px;"><b>A.1.1.</b> Appoint a Special Task Force Leader</p> <p style="padding-left: 20px;"><b>A.1.2</b> Develop a time-phased master plan within 30 days &amp; provide it to the Commission</p> <p>2) <b>A.2</b> Implement key recommendations within 6 months and all recommendations within a year</p> <p>3) <b>A.3</b> Review progress periodically with the Commission (quarterly reports and annual program review)</p>	<p style="text-align: center;"><b>Army:</b></p> <p>9) <b>1.3</b> Establish "contract planning" (requirements definition) positions</p> <p>10) <b>1.4</b> Establish a separate Army Contracting Promotion board</p> <p>11) <b>1.5</b> Fence the 5 Army General Officer billets to SECAR</p> <p>12) <b>1.6</b> Establish a MG Deputy for Contracting and Director of the Army Contracting Corps</p> <p>13) <b>1.7</b> Increase the number of military (by 400) and civilian (by 1,000) in the Army contracting workforce.</p> <p>14) <b>1.8</b> Ensure that Army military contracting personnel, start their contracting career earlier</p> <p>15) <b>1.9</b> Capture expeditionary contracting lessons learned, incorporate them into systemic forums, and provide feedback to the force</p> <p>16) <b>1.10</b> Establish a separate, centrally managed Contracting Corps</p> <p>17) <b>1.11</b> Establish a skill identifier and manage military contracting personnel</p> <p>18) <b>1.12</b> Adequately fund contracting career planning programs, education &amp; training, and internships</p> <p>19) <b>1.13</b> Ensure that expeditionary contracting deployment is not a first assignment</p> <p>20) <b>1.14</b> Change environment to foster civilian personnel participation in expeditionary operations</p>	<p style="text-align: center;"><b>Army:</b></p> <p>21) <b>2.1</b> Establish a MG Deputy for Contracting and Director of the Contracting Corps and realign the current Deputy Assistant Secretary for Policy as a direct report</p> <p>22) <b>2.2</b> Establish an Army Contracting Command, commanded by a MG, and realign the current Deputy for Contracting, AMC, as a direct report</p> <p>23) <b>2.3</b> Establish an Expeditionary Contracting Command, commanded by a BG, under the ACC, and create a new SES position as a direct report.</p> <p>24) <b>2.4</b> Establish an Installation Contracting Command, commanded by a BG, under the ACC, and realign the current Directing, US Army Contracting Agency, as a direct report</p> <p>25) <b>2.5</b> Establish a chief of contracting for the Army Corps of Engineers, headed by a BG, and supported by a SES deputy.</p> <p style="text-align: center;"><b>Department of Defense:</b></p> <p>26) <b>2.6</b> Create an Integrated Expeditionary Command in-theater for each major operation</p> <p>27) <b>2.7</b> Make one executive reporting directly to the USD(AT&amp;L) responsible and accountable for DoD contracting</p> <p>28) <b>2.8</b> Redefine DCMA's scope</p>	<p style="text-align: center;"><b>Army:</b></p> <p>29) <b>3.1</b> Train as we fight: Adapt training exercises to stress rapid acquisition, logistics, and contracting in expeditionary operations; include contracting operations and planning requirements in all military exercises</p> <p>30) <b>3.2</b> Develop and field the contract tools needed for the expeditionary forces (e.g., sample contracts)</p> <p style="text-align: center;"><b>Department of Defense:</b></p> <p>31) <b>3.3</b> Focus DAU to train and educate the civilian and military acquisition, logistics, and contracting workforce for expeditionary operations</p> <p>32) <b>3.4</b> Provide DAU the necessary resources for the through-put it will experience to accommodate the Army's migration to emphasizing Level 1 certification earlier in careers</p> <p>33) <b>3.5</b> Provide training to Contracting Officer's Representatives in each Service, prior to any military operation</p>	<p style="text-align: center;"><b>Congress:</b></p> <p>34) <b>4.1</b> Increase General Officer billets for Contracting and Joint Contracting (with "fencing" for contracting professionals)</p> <p>35) <b>4.2</b> Increase contracting personnel (Army military by 400, Army civilian by 1,000, and 583 to fill DCMA billets for Army support)</p> <p>36) <b>4.3</b> Legislate to provide incentives for civilian contracting personnel to "pre-volunteer" for expeditionary operations</p> <p style="padding-left: 20px;"><b>4.3.1</b> Eliminate the pay cap</p> <p style="padding-left: 20px;"><b>4.3.2</b> Establish tax-free status</p> <p style="padding-left: 20px;"><b>4.3.3</b> Make medals available</p> <p style="padding-left: 20px;"><b>4.3.4</b> Assure life-insurance and long-term medical coverage</p> <p>37) <b>4.4</b> Legislate to pre-position funding flexibility through an adequately resourced contingency operations transfer fund</p> <p>38) <b>4.5</b> Legislate to pre-position waivers of small business and US labor provisions, Buy American, Berry Amendment, Specialty Metals to allow rapid, local buying for expeditionary operations</p> <p style="text-align: center;"><b>Department of Defense:</b></p> <p>39) <b>4.6</b> Establish an Expeditionary Contracting Manual</p> <p>40) <b>4.7</b> Ensure policy and practice support intelligent funding apportionment for expeditionary operations</p>
<p><b>Recommendation 1:</b> Increase the Stature, Quantity, and Career Development of the Army's <u>Contracting Personnel</u></p>				
<p style="text-align: center;"><b>Congress:</b></p> <p>4) <b>1.1</b> Authorize 10 additional General Officers for contracting positions</p> <p>5) <b>1.2</b> Maintain existing civilian SES contracting authorizations, plus 1 new SES</p> <p style="text-align: center;"><b>Department of Defense:</b></p> <p>6) <b>1.15</b> Assign DCMA the role of all base, post, camp, and station contract management</p> <p>7) <b>1.16</b> Adequately resource DCMA for this expanded role, and have the required training</p> <p>8) <b>1.17</b> Require a complete review and rewrite (as necessary) of each applicable personnel directive impacting civilian personnel involvement in military operations</p>				