

JOINT STATEMENT

COMMISSION ON WARTIME CONTRACTING

“TOTAL FORCE POLICY, THE QDR, AND OTHER DEFENSE OPERATIONAL PLANNING: WHY DOES PLANNING FOR CONTRACTORS CONTINUE TO LAG?”

JULY 12, 2010

Chairman Thibault, Chairman Shays, and Members of the Commission, we appreciate the opportunity to appear before this Commission today and discuss total force policy as it relates to Operational Contract Support (OCS).

Within the Department of Defense (DoD), Total Force Management (TFM) is a shared responsibility across all components, as all components are responsible for maintaining an appropriate balance of DoD civilian and military personnel, and contracted support services within their organizations. To guide Component decisions with regard to TFM, the Department uses a variety of mechanisms, including strategic reviews; DoD planning guidance; and other issuances, including directives, instructions, and doctrine. The Defense officials seated before you today represent offices that have key responsibilities for the mechanisms needed to effectively plan for OCS. The Under Secretaries for Policy, Personnel & Readiness (P&R), and Acquisition Technology & Logistics (AT&L), and the Chairman of the Joint Chiefs of Staff (CJCS) each have a role in managing OCS across the enterprise in support of the Secretary. This statement will outline the role of each of these mechanisms to illustrate how the Department plans for OCS.

As required by Congress every four years, the Department conducts a Quadrennial Defense Review (QDR) to develop and articulate a defense strategy and identify the mix of capabilities required to execute it. The defense strategy outlined in the 2010 QDR

balances resources and risk among four priority objectives that drive considerations of the size and shape of our Total Force:

1. Prevail in today's wars;
2. Prevent and deter conflict;
3. Prepare to defeat adversaries and succeed in a wide range of contingencies; and
4. Preserve and enhance the All-Volunteer Force.

This is the first QDR to elevate the need to preserve and enhance the All-Volunteer Force to a priority objective. The Department must ensure the long-term viability of the All-Volunteer Force, its most precious military resource. This will require policies that sustain the rotation base, provide care for our people, and adapt as required by the environment. The 2010 QDR specifically calls for the Department to further assess whether we have the right combination of military and DoD civilian personnel and contracted support services. To develop the appropriate combination, the QDR highlighted three initiatives.

First, expanding the size and capabilities of the Civilian Expeditionary Workforce (CEW) will improve the Department's ability to provide deployable civilian experts in support of efforts in Afghanistan, Iraq, and other contingencies. Specifically, the CEW is designed to enhance DoD's ability to work alongside and help build the capacity of partner defense ministries, in so doing reflecting the importance of civilian oversight. By the end of FY 2011, at least 90 percent of the deploying CEW personnel in support of the aforementioned missions in Afghanistan and Iraq will have access to standardized pre-deployment training. A parallel effort is under way to synchronize civilian and military leadership training, with the goals of ensuring common professional training and education between senior executive service (SES) and flag officers and increasing joint capability for deployment of SES personnel. As we continue to implement the CEW, the Department will ensure that those who participate are given the benefits and support programs required to facilitate their assignments abroad. The support services provided

by contractors will continue to be valued as part of a balanced approach that properly considers inherently governmental functions, mission requirements and overall return.

Second, the combatant commanders and military departments are integrating OCS into the adaptive planning process and institutionalizing common operational contracting approaches to provide more responsive support for current operations and pre-planned, rapidly deployable contracted support for future contingencies.

Third, in keeping with the Administration's goal of assuring the appropriate mix of military and DoD civilian personnel, and contracted support services, the Department introduced the in-sourcing initiative in the FY 2010 budget. By 2015, the Department expects to establish 33,400 DoD civilian positions to perform previously/currently contracted support services. This initiative will help to rebalance the Total Force of military and DoD civilian personnel, and contracted support services; rebuild internal capabilities to enhance control of the Department's mission and operations; and reduce workforce costs.

The QDR's primary purpose is to set the Department on a long-term strategic course. The strategy is incomplete without execution, however. To accomplish this, the Department has many mechanisms. For example, combatant commanders develop campaign and contingency plans. These plans include contractor and contracting estimates, and incorporate joint doctrine contained in Joint Publication 4-10, Operational Contract Support (OCS). The Department is expanding the scope and depth of existing OCS planning guidance. The enhanced content has been available on an advisory basis, but not mandated, for combatant commander use over the past year. While it is currently used as a guide during all operations and concept plan reviews, recent operations have seen routine incorporation of OCS assumptions, concepts, and tasks in Plan, Warning & Fragmentary Orders for the first time in our history. Beginning this year, these requirements will be mandated.

Our ability to properly plan for and synchronize our use of contracted support services during contingency operations allows us to mitigate the risk associated with our reliance on them. The ultimate goal is to ensure that the majority of contracted support requirements for any given operation are orchestrated, synchronized and integrated prior to a deployment. To achieve this, DoD must develop and resource the automated tools necessary to achieve full implementation of the adaptive planning process. The combatant commanders and military departments can then institutionalize common operational contracting approaches to provide a more responsive capability to ongoing operations as well as pre-planned, rapidly deployable contracted support services for future contingencies.

To further improve future planning efforts, the Department established a task force to study DoD's dependence on contracted support services in contingency operations. Understanding where we are dependent on contracted support services allows us to better appreciate the range and depth of contractor capabilities needed to support the Joint Force and guide the development of future operational planning efforts. The concluding report from this task force explained that DoD depends on contracted support services for large-scale, longer-term overseas contingency and stability operations across all phases (particularly Phases III through V) in key logistics, force support, net-centric operations, and partnership building where troop rotations, dwell time, and quality of life for soldiers are preserved.

In order to institutionalize OCS planning, we have identified policies and procedures that must be in place to facilitate OCS planning. We are working with the Service components to identify planning requirements beyond that needed by the Joint Force Commander and intend to test and refine the proposed content as part of an actual operation or concept plan build. We have also developed tools to assist planners as they estimate their need for contracted support services while ensuring operational contract planners are resourced and assigned in combatant commands to facilitate OCS planning.

Last year, the Department permanently resourced the Joint Operational Contract Support Planners embedded in the combatant commander staffs as well as Defense Logistics Agency's Joint Contingency Acquisition Support Office to better support operational planning requirements, exercises, and lessons learned. As part of this decision, the OCS Planners will be converted from contracted support services to civil service positions to allow for enhanced continuity over the long term. The Joint Staff is currently working to codify the roles and responsibilities of these relatively new, critical planning enablers in doctrine.

To summarize, OCS planning begins with strategic planning guidance, is reinforced by the combatant commander's guidance to his component commanders, and the details are developed by component planners where actual contracting authority resides. An enhanced understanding of contingency contracting requirements will facilitate integration and synchronization of contracted support services in future contingencies. The importance of OCS planning has been elevated as a critical requirement across the DoD.

In addition to the Department's strategic reviews and planning efforts, the Department has taken steps and has a number of actions underway to integrate contracted support services into TFM. For example--

- When DoD Directive 1100.4 was updated in 2005, it helped implement section 129a of title 10, U.S.C., which requires the DoD to use the least costly form of support (military or DoD civilian personnel, or contracted support services) consistent with military requirements and other needs of the DoD. DoD Directive 1100.4 established policy on the utilization of military and DoD civilian personnel.
- In 1998, when the Federal Activities Inventory Reform (FAIR) Act established a definition for the term "inherently governmental function,"

the Department developed criteria for identifying (1) inherently governmental functions; (2) functions that should be exempted from private sector performance; and (3) functions that could be considered for private sector performance. Consistent with DoD Directive 1100.4, functions are exempted from private sector performance to support the readiness and workforce management needs of the Department. This includes exemptions for wartime assignments, risk mitigation, career development, overseas and sea-to-shore rotation, esprit de corps, and continuity of operations, or when required by law, Executive Order, treaty, or international agreement. If functions could be considered for private sector performance, cost was typically the deciding factor. In 2006, the criteria were issued as part of a new DoD Instruction (DoDI) on “*Policy and Procedures for Determining Workforce Mix*” (DoDI 1100.22). This Instruction also addresses the risks of using contractors, to include the risks of using contractors in hostile areas in support of contingency operations.

- In 2008, the Department issued guidelines which implemented 10 U.S.C. §2463. These guidelines stated that, if a function is not inherently governmental or exempted from private sector performance, a cost analysis must be conducted to determine the most cost effective service provider (government or contractor). The USD(P&R) adopted this business rule to comply with section 129a of title 10, U.S.C. In addition, the Department issued business rules for conducting costs analyses and is now developing a cost model for Defense-wide application.
- In 2008, 10 U.S.C. §2330a was amended to require the DoD to develop annual inventories of contracted support services and to review the inventories to identify contracted support services that should be considered for conversion to performance by DoD civilian employees as provided by 10 U.S.C. §2463 or to an acquisition approach that would be more

advantageous to the DoD. The new inventory accounts for all contracted support services, to include OCS. Implementing guidelines were subsequently issued and the Department is using the inventory of contracted support services to assist with the Department's in-sourcing initiative.

In addition, the Department has a new DoD Instruction in formal coordination that will further integrate contracted support services into Total Force Management.

Proposed changes include:

- Expanding the procedures used to determine manpower requirements to provide a single, integrated process for determining Total Force requirements—i.e. requirements for military and DoD civilian manpower and contractor work-year equivalents (CWEs). These procedures will help promote Defense-wide consistency in how Total Force requirements are determined, validated, and revalidated. Most importantly, the procedures will provide a strategic, Total Force approach to requirements determination that is fiscally informed and that considers the readiness and workforce management needs of the Department. These new procedures address requirements for steady-state and contingency operations.
- Requiring DoD Components to document CWEs in their manpower databases so that Defense officials can view military and DoD civilian manpower and CWEs together when making TFM decisions. Officials need to have visibility of how contractor employees are used throughout their organization and across the Department so they can decide whether internal capacity is lacking and control of a mission or operation is at risk.
- Requiring DoD Components to document Total Force requirements and authorizations for the current and seven future years. This will enhance the Department's ability to develop strategic human capital plans and strategically

manage the Total Force. Also, although the DoD Components are developing inventories of contracted support services, these inventories report prior-year data. Commanders need visibility of OCS that is planned for future contingency operations. This data will provide that visibility.

- Requiring DoD Components to prioritize resource requests for military and civilian manpower and CWEs together when preparing budget and program submissions so that the “human capital costs” of programs can be viewed in their entirety and clearly understood by Defense leadership when assessing competing program needs.

The Department monitors progress of the implementation of the OCS element of TFM through senior level joint oversight. Earlier this year, the USD (AT&L) established the OCS Functional Capabilities Integration Board (FCIB). The OCS FCIB’s mission is to:

- Conduct independent assessments and analysis of OCS capabilities (to include supporting Doctrine, Organization, Training, Materiel, Leadership and Education, Personnel and Facilities (DOTMLPF)) of the Armed Forces.
- Advocate OCS capability development in a variety of venues.
- Establish and assess ways to improve measures of performance, metrics, and processes for measuring OCS readiness.
- Develop joint policies required by Section 854 of the John Warner National Defense Authorization Act for Fiscal Year (FY) 2007, for requirements definition, contingency program management, and contingency contracting during combat and post-combat operations.

- Provide continued enterprise wide visibility and oversight of the Commission/Section 849 (of the National Defense Authorization Act for FY 2008) Task Force to ensure timely completion of Task Force initiatives and integration of these initiatives with related ongoing Department activities.

In addition to chartering the FCIB, we continue to implement the elements of our strategic framework for the program management of OCS laid out in an October 2007 report to Congress. That framework for planning, managing, and accounting for contractor services and contractor personnel during contingency operations consists of six major program initiatives essential to achieving program objectives: the establishment of the Joint Contingency Acquisition Support Office; improved accountability and visibility of contractors supporting contingency operations using the Synchronized Predeployment and Operational Tracker; integrated planning through the placement of Joint Planners in the Geographic Combatant Commands; the training of senior non-contracting officers; and integrated and updated governance documents. In all of these areas we have made significant progress. In addition to the Joint Operational Contract Support Planners and the Joint Contingency Acquisition Support Office discussed earlier, two others are particularly relevant to today's discussion.

First, with respect to governance documents, DoD Instruction 3020.50, *U.S. Government Private Security Contractors Operating in a Designated Area of Combat Operations* was signed on June 22, 2009 and was concurrently published as an interim final rule in the Federal Register. Following consideration of public comments, an updated version has been submitted for publication as a final rule. This Rule / DoDI prescribes the selection, accountability, training, equipping, and conduct of contractor personnel performing private security functions under a covered contract in a designated area of combat operations for both DoD and DoS PSCs. It also prescribes incident reporting, use of and accountability for equipment, rules for the use of force, and a

process for the discipline or removal, as appropriate, of U.S. Government Private Security Contractor (USG PSC) personnel. The DoDI responds to requirements of section 862 of the FY 2008 NDAA.

A revised version of DoDI 3020.41, “Program Management of Operational Contract Support for Contingency Operations,” formerly entitled “Contractor Personnel Authorized to Accompany the U.S. Armed Forces,” is in final coordination. This version contains significant changes to the existing instruction including requirements for the development of contractor oversight plans and requirements for adequate military and DoD civilian personnel necessary to execute contract oversight.

Second, the DoD has recognized the significant requirement to train and sustain both a deployable contingency acquisition workforce and the senior leaders required to manage them. We know that this is a critical component of, not only the oversight of contractors in the field, but of planning for their future deployment. As you know, current deployments have stressed the military and DoD civilian acquisition workforce and have necessitated the deployment of acquisition personnel who have limited experience in the execution of contracts in a contingency environment. Similarly, senior planners, program managers, and operational leaders deployed to the Area Of Responsibility (AOR) have limited experience in managing the large number of contractors accompanying the force.

In November 2008, the Department developed a broad program of instruction (POI) to enhance and expand current curricula to better educate operational military leaders, both officer and enlisted personnel, across all grades, on the management of contractors deploying with forces. The POI includes learning objectives to assist Military Service Staff Colleges, Military Service-level Professional Military Education (PME) and Joint PME institutions to educate senior planners and leaders on roles and responsibilities of planning, organizing, managing and controlling contractor operations in forward areas.

For the past two years, the Chairman of the Joint Chiefs of Staff has approved OCS as a Special Area of Emphasis (SAE) and it is under consideration for Academic Year 2011-2012. SAEs are formulated and approved annually by the Chairman to highlight the concerns of OSD, the Services, combatant commands, Defense Agencies and the Joint Staff regarding joint subjects that should be taught in PME institutions.

Further, two online training modules, the *Introductory OCS Commander and Staff Course* and the *OCS Flag Officer/General Officer Essentials Course*, were developed in 2009 and are available to anyone with a username and password through Joint Knowledge Online. These modules are designed to train leaders on determining requirements, translating those requirements into Statements of Work, and then overseeing the work. A third course, an OCS Planners Course, is currently under development with a target delivery date of October 2010. We continue to collaborate with Service PME and Joint PME institutions to integrate and sustain OCS learning objectives into existing curricula for Academic Year 2011 and beyond.

CONCLUSION

We hope this overview of our activities has given you an appreciation of Total Force Management within the DoD. Today's global security environment poses challenges that require a truly integrated, joint force that is agile, rapidly deployable, and capable of addressing a wide range of potential adversaries and national emergencies. In order to strengthen Total Force capability and achieve unity of effort, Defense planners must continue to address mission requirements for both steady-state and contingency operations and consider performance by all sectors of the workforce—Active and Reserve military, DoD civilian, and contractor personnel. We will continue to operationalize OCS in guidance, doctrine, business operations, and practice to ensure adequate planning for contracted support in future contingencies. This effort ensures that

we meet the war fighter's current needs and operational future while judiciously managing DOD resources and balancing risk.