



Hearing will examine Pentagon drive to save money on contracting

ARLINGTON, VA, March 22, 2011 – A March 28 hearing of the Commission on Wartime Contracting in Iraq and Afghanistan will check on Pentagon progress toward saving money on federal contracting for contingencies such as the U.S. involvement in Afghanistan.

Under Secretary of Defense Ashton B. Carter will testify and be questioned on his “Better Buying Power” campaign and other efforts in his Acquisition, Technology, and Logistics function to increase contractor competition, improve federal acquisition practice, and reduce costs. The focus will be on how his effort relates to DoD contingency contracting.

The hearing will begin at 10 a.m. on Monday, March 28, in Room 216 of the Hart Senate Office Building in Washington, DC, and will adjourn at 11:30 a.m. The hearing is open to the public and to media.

The Department of Defense spends heavily on contracts. As Carter noted in a February speech, \$400 billion of the Pentagon’s current \$700 billion baseline plus war-supplemental budget goes to contracts for goods and services. Contractors provide weapons, food, clothing, and equipment to the military, but more than half of contract spending is for service contracts such as base life support (food service, laundry, etc.), security, translation, construction, transportation, maintenance, and supply movement.

In the specific areas of contingency operations in Iraq and Afghanistan, the commission estimates that total federal funds obligated since 2001 on contracts and grants by Defense, the Department of State, the U.S. Agency for International Development, and other federal agencies totals at least \$177 billion from the conflicts’ trillion-dollar total cost.

In keeping with Secretary of Defense Robert Gates’s commitment to save \$100 billion in Defense costs over five years, Carter issued a directive in November 2010 for a “Better Buying Power” initiative to boost efficiency and productivity. Areas of effort involving contracting include increasing use of fixed-price contracts, making more use of incentives, increasing competition for contracts, and improving acquisition practices by defining requirements more clearly and increasing small-business participation.

“We applaud Under Secretary Carter for the depth and breadth of his savings initiative,” said commission Co-Chair Michael Thibault. “The current federal budget outlook and the need to provide more cost-effective support for contingency operations make his campaign a high-priority item. We want to ask what progress is being made, what obstacles are being encountered, and how we can cooperate to improve contingency contracting to save money and promote mission success.”

The commission recently submitted 32 legislative and policy proposals to Congress and the

Executive Branch in its report “At What Risk? Correcting Over-Reliance on Contractors in Contingency Operations.” That report estimated that the United States has wasted tens of billions of dollars in contracting for Iraq and Afghanistan, and recommended growing the federal government’s in-house capability to perform critical functions, strengthening enforcement tools to hold contractors and government personnel accountable, increasing competition among contractors to promote cost savings, among other ideas. The report is posted at the commission’s website, www.wartimecontracting.gov.

Commission Co-Chair Christopher Shays said, “Changing culture and practices at the Department of Defense is a huge challenge. But change must come. A third of Defense contract dollars are not awarded competitively, and Defense awarded \$55 billion in contracts last year that were supposed to be competitive, but that attracted only one bid. An even greater concern is the department’s failure to make full use of accountability measures like contractor past-performance data and suspension or debarment, which has led to Defense issuing contracts to companies that have pled guilty or been convicted of fraud against the government.”

Congress created the commission in 2008 (Public Law 110-181) and directed it to research federal contracting for reconstruction, logistical support, and security functions, and to recommend improvements. The eight commissioners are: Michael Thibault and Christopher Shays, co-chairs; and Clark Kent Ervin, Grant Green, Robert Henke, Katherine Schinasi, Charles Tiefer, and Dov Zakheim. Executive Director Robert B. Dickson manages the work of the commission staff.

The commission filed its first interim report to Congress in June 2009 and has since added a second interim and four special reports to Congress. The commission’s final report to Congress is due in July 2011.

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