



Government can save billions of dollars in contracting while improving Iraq, Afghan outcomes, report says

ARLINGTON, VA, Feb. 24, 2011 – The Commission on Wartime Contracting in Iraq and Afghanistan today released its second interim report to Congress detailing 32 proposals to drastically reduce the billions of dollars in waste associated with the government’s unprecedented use of contractors in Iraq and Afghanistan.

The new report from the independent, bipartisan commission, titled “At What Risk? Correcting Over-Reliance on Contractors in Contingency Operations,” concludes that the United States has wasted tens of billions of the nearly \$200 billion that has been spent on contracts and grants since 2002 to support military, reconstruction, and other U.S. operations in Iraq and Afghanistan.

The Commission said its estimate of the amounts of waste, fraud, and abuse in contingency contracting may understate the problem because it might not take full account of ill-conceived projects, poor planning and oversight by the U.S. government, and criminal behavior and blatant corruption by both government and contractor employees.

“For many years,” the report says, “the government has abdicated its contracting responsibilities – too often using contractors as the default mechanism ... without consideration for the resources needed to manage them.”

About 200,000 contractor employees are working in Iraq and Afghanistan—a number roughly equal to the American military forces deployed there. Their work includes guarding bases, building facilities, providing food and laundry services, escorting supply and personnel movements, and translating local languages. The current unprecedented reliance on contractors reflects factors including reductions in support functions within the military and urgent needs in theater, but occurs at a time when federal capabilities for managing and auditing contracts have suffered from years of staffing cuts and weak interagency coordination.

The commission’s co-chairs said prompt reforms are critical for both improving the effectiveness of U.S. operations and for easing the strain on the federal budget.

Commission co-chair Michael Thibault, a former deputy director of the Defense Contract Audit Agency, said, “When it comes to oversight of contingency contracting, we’ve been driving beyond the reach of our headlights. Reforms are badly needed.”

Co-chair and former Connecticut Congressman Chris Shays added, “If our proposals are enacted, we can save billions of dollars, not only in Iraq and Afghanistan but in the next contingency operation. I know that my former colleagues are serious about practicing fiscal responsibility, so I am sure that our report will be helpful.”

The report discusses the budgetary and policy reasons for America’s over-reliance on contractors and offers 32 specific legislative, regulatory, and policy proposals to reduce waste, fraud, and abuse through improved oversight and better deployment of government resources. Key proposals include:

- Growing the federal government’s organic capability to perform critical functions and developing a deployable contingency-acquisition cadre;
- Restricting reliance on contractors for security functions;
- Strengthening enforcement tools that hold contractors and government accountable;
- Establishing high-level positions at Defense, State, and USAID, and new “dual-hatted” policy position in Executive Branch with responsibilities at both the Office of Management and Budget and the National Security Council;

- Creating a “J-10” position at the Joint Chiefs of Staff to provide a focus on contingency contracting, which is currently subsumed under the Joint Chiefs’ logistics organization;
- Increasing competition among contractors to promote cost savings; and
- Ensuring that training for military and federal civilians who manage and oversee contingency contracts is made more consistent and effective.

The report contains the full list of recommendations for legislative and policy change, plus issue discussions and background information. PDF copies of the report are available in low- and high-resolution formats for reading or downloading at www.wartimecontracting.gov.

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 submitted three special reports with Congress. All are available at its website. The commission’s final report to Congress is due in July 2011.

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