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BEFORE THE

COMMISSION ON WARTIME CONTRACTING IN IRAQ AND AFGHANISTAN

**ON THE USE OF SERVICE CONTRACTS IN SUPPORT OF WARTIME
OPERATIONS AND OTHER CONTINGENCIES**

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Introduction

Commissioner Thibault, Commissioner Shays, and distinguished members of the Commission on Wartime Contracting in Iraq and Afghanistan: Thank you for this opportunity to discuss the use of service contracts in support of wartime operations and other contingencies. We are proud to represent Army leadership, members of the Army acquisition and contracting workforce, and our Soldiers who rely on us for timely and efficient materiel, supplies, and services in support of expeditionary operations. In U.S. Army contracting operations worldwide, we strive to be agile, expeditionary, and responsive to our Warfighters, while ensuring proper fiscal stewardship of taxpayer dollars. Our progress has been steady and significant even though expeditionary military operations have placed extraordinary demands on the contracting system and our contracting professionals.

Contracting for Services

The U.S. Army is making great strides in its execution and oversight of contracted services performed in a contingency environment. Contracting for, obtaining, and overseeing services in an austere environment, in a fragile economy with a poor financial system, limited rule of law, and during hostilities is a difficult task that is being performed very capably by our Warfighters, civilians, and contractors – in spite of these immense challenges.

The U.S. Army supports a programmatic approach to operational contract support. Contracted support must be planned for, awarded, and managed as part of a larger theater logistics support plan designed to meet the joint force commander's objectives.

We believe that service contracts are best managed at the lowest possible level, especially in a fluid and constantly changing dynamic environment like a contingency theater. Decentralized procurements of services are generally awarded more quickly, make more effective use of local sources, and can be better tailored to satisfy the needs of the requiring activity through more effectively timed coordination and integration between our contracting team and our Soldiers. The local contracting office knows the customer, the requirement, the business environment, and often the major contractors better than regional or higher level offices.

It is a fundamental principle of federal contracting that the contracting officer makes award decisions. The Army's process provides for decentralized execution and contract management at the point of execution with centralized oversight. The Army's Acquisition of Services Strategy Panel (ASSP) and Peer Review processes ensure that the senior Army acquisition leadership has the appropriate level of input during contract formation to ensure effective management.

The ASSP process provides senior Army functional principals the opportunity to review proposed acquisition strategies and proposed quality assurance measures for service acquisitions, and to reach consensus on strategies that are most advantageous to the Army. The ASSP, conducted as early as possible in the acquisition planning process, emphasizes the development of a systematic and disciplined approach to achieve an affordable, efficient, and effective acquisition. The Army conducts reviews on all service acquisitions with a total planned value exceeding the simplified acquisition threshold of \$100,000. Established review thresholds determine the appropriate contract organization level to conduct the review.

The Army also conducts Peer Reviews on all contract actions valued at \$50 million or more but less than \$1 billion. Solicitation Review Boards and Contract Review Boards are the mechanisms used to execute such reviews. The purpose of the review boards is to assess the pre-solicitation, solicitation, and contract documentation for consistency, sufficiency, compliance, and adherence to sound business practices. They are independent, multi-functional teams of Senior-level experts representing the contracting, small business, and legal communities, and in the case of non-competitive actions, the competition advocate. Participation from a requirements expert that can execute independent judgment is encouraged.

In addition, the Army's Procurement Management Review (PMR) Program is an Army-level evaluation of its contracting effectiveness and efficiency. We assess compliance to regulations, policies and procedures. The PMR focuses on how the contracting mission is executed, and provides key data on the workforce's skills and numbers in relation to the volume and complexity of the mission workload. A critical PMR outcome is the identification of best practices, lessons learned, benchmarks, templates, and training aids.

Acquisition Workforce Improvements

We are rebuilding the acquisition and contracting workforce to execute the explosive growth in mission workload since 9/11. Since the mid-1990s, the acquisition workforce – of which contracting officers are a critical part – declined almost 40% while the contracts awarded and the number of dollars executed increased in excess of 500 percent. In 1994, the Army awarded approximately 75,000 contracts valued at about

\$11B with a workforce of 10,000+. In 2008, the Army awarded 571,000 contracts with a value of approximately \$165 billion. This equated to 25 percent of every Federal contract dollar put on contract. The size of the Army contracting workforce is only 55 percent of what it was in the mid-1990s.

The Army is reversing this fifteen year steady decline in its workforce. We project recovery will take at least ten years. Congress' support is key to the sustainment of this recovery. The time to grow capable contracting professionals is measured in years, not months. It takes many years of training, education, and hands-on experience to develop the skills required to adequately perform the complex contracting functions we demand of our contracting professionals. We still have an uphill climb to meet increasing the size and skills of the contracting workforce while supporting the Warfighter and being wise stewards.

The office of the Deputy Assistant Secretary of the Army (Procurement)(DASA(P)) is the Army's senior headquarters staff and experienced a parallel decline in numbers and skills in this fifteen year period. This office, with its field operating agency had strength of 142 senior procurement specialists, including 5 senior Senior Executive Service (SES) members, a General Officer and 11 senior contract analysts who averaged 25+ years of experience. DASA(P) now has one SES, one senior contract analyst and is due to receive its first General Officer in over fifteen years later this year. DASA(P)'s authorized positions have been reduced from 142 to 63, of which twenty are currently vacant. We continue to hire qualified analysts to fill those vacancies. The Army's ability to evaluate and manage the continuous improvement of its contracting effectiveness and efficiency depends likewise on having a senior staff

capable of this function. The Army – with the help of Members of Congress and the Office of the Secretary of Defense – has taken action to improve contracting and acquisition processes to ensure taxpayer money is spent wisely, while continuing to provide world-class equipment, services, and support to more than 260,000 Soldiers deployed in nearly 80 countries worldwide.

In April 2009, the Secretary of Defense gave direction to grow and in-source the acquisition workforce. By Fiscal Year 2015 the Army contracting civilian workforce will grow by more than 1,650 new hire contracting positions. This growth has been facilitated by Section 852 of the 2008 National Defense Authorization Act which provides short term (two to three years) funding while permanent positions are resourced. Section 852 has been used to hire more than 700 personnel from various career fields including roughly 500 contracting personnel.

In addition, Congress authorized five new contracting general officer positions within the Office of the Deputy Assistant Secretary of the Army (Procurement), the Corps of Engineers, and the Army Contracting Command with its subordinate Expeditionary Contracting Command, and Mission and Installation Contracting Command. We have already filled the new general officer billets at the Mission and Installation Contracting Command and the Expeditionary Contracting Command with Army contracting brigadier generals. And, Brigadier General Camille Nichols recently took over as the Commanding General, Joint Contracting Command Iraq/Afghanistan (JCC-I/A).

With regard to insourcing, in FY 2009, the Army incurred significant savings by in-sourcing more than 900 core governmental functions to Army civilians. Since the

Secretary of the Army policy dated July 10, 2009, the Army has reviewed its contractor positions to identify inherently governmental positions. Based on this review, the Army plans to in-source 7,162 positions in Fiscal Year 2010 and is programmed to in-source 11,084 positions from Fiscal Years 2011-2015. By FY15, 4,041 of these are scheduled for in-sourcing in acquisition positions. This exceeds the Secretary of Defense's goals for all years from Fiscal Years 2010-2015.

In addition to increasing workforce numbers, we believe that enhanced training of the contracting workforce and acquisition support staff will, over time, build the skills necessary to better support our Warfighters. To date, we have added and improved multiple training courses including acquisition instruction in 16 officer and non-commissioned officer courses; established an earlier accession point for contracting officers; and incorporated contracting operations and planning into Battle Command Training Program and Combat Training Center training, as well as Mission Readiness Exercises prior to deployments.

The Army Contracting Command (ACC) has developed and implemented a Contracting Officer's Representative (COR) training program, a critical step in strengthening the Army's ability to oversee contractor performance. This training is in process now for our Brigades deploying to theater. The Army is working closely with the Defense Contract Management Agency and U.S. Central Command's JCC-I/A to identify and prioritize COR requirements in theater. Commanders in theater are providing more trained CORs. The Army issued an Execution Order in December 2009 requiring every deploying brigade to train as many as 80 CORs or more before departing home station. These measures have improved COR fill levels in theater to 88

percent for LOGCAP and nearly 100 percent fill for CORs on Joint Contracting Command - Iraq/Afghanistan contracts.

It is important to note that with regard to contracting policies and operations, we are strengthening our acquisition policies and aligning them with new Presidential directives and Congressional statutes and taking aggressive action to increase competition and close a backlog of completed contracts. In spite of an upward trend of Government Accountability Office protests against the Army since 2003, only a few are sustained. We have established a Peer Review process for all services procurements with an estimated value of \$50 million or more that will result in improvements in our contracting actions and facilitate the exchange of best practices. And, we have initiated Army Regulation 70-13 on the management of services contracts in order to improve the management and oversight over services contracts. This regulation is undergoing final pre-publication review at the Office of the Administrative Assistant to the Secretary of the Army.

The Assistant Secretary of the Army (Acquisition, Logistics and Technology) chartered the Operational Contracting Support and Policy Directorate on December 8, 2009. This directorate is the proponent for operational contracting policies supporting the full spectrum of declared and non-declared contingency operations and synchronizes contingency contracting planning and policy across the Army and Army Staff. The Operational Contracting Support and Policy Directorate provides direct oversight of the Joint Contracting Command - Iraq/Afghanistan and contingency contracting operations in Iraq and Afghanistan as the focal point for the Army as the Department of Defense Executive Agent for Contracting in theater.

Conclusion

Contingency operations in Iraq and Afghanistan have placed extraordinary demands on the contracting system and our contracting support personnel. Still, we know the success of our Warfighters is linked directly to the success of the contracting workforce, and we are working hard to ensure that policies and procedures are in place for successful contracting operations anywhere in the world now and in the future. The Undersecretary of Defense for Acquisition, Technology and Logistics, Dr. Ashton Carter, recently testified that: "I support, as does the Secretary, the initiatives the Congress directed when it unanimously passed the Weapon Systems Acquisition Reform Act (WSARA). Acquisition Reform is one of DoD's High Priority Performance Goals presented in the Analytic Perspectives volume of the President's FY 2011 Budget. The Department is moving out to implement these initiatives." Army's contracting operations are consistent with WSARA implementation and DoD's Acquisition Reform (including workforce) goals.

The U.S. Army is committed to excellence in all contracting activities. We carefully assess lessons learned from current operations to make improvements and adjustments along the way to ensure mission success and protection of the interests of the United States, our Warfighters, and our taxpayers.

Thank you.