



**Commission on Wartime Contracting
In Iraq and Afghanistan**

CWC-NR-23

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Wartime Contracting hearing to focus on managing contractors during Iraq drawdown

ARLINGTON, VA, March 19, 2010 – A March 29 hearing of the federal Commission on Wartime Contracting in Iraq and Afghanistan will focus on planning for the drawdown of nearly 100,000 contractor employees in Iraq as the United States draws down its military forces there.

By agreement with the Iraqi government, U.S. military forces are to be entirely out of Iraq by the end of December 2011. As an interim step the President has directed that U.S. military forces be drawn down to 50,000 by the end of August 2010. The drawdown will also entail reductions in the contractor workforce that provides base security, operates dining halls, does laundry, transports supplies, and performs many other services for U.S. troops. The Department of Defense expects the number of contractor employees in Iraq—mostly foreign nationals and Iraqis—to have declined from 149,000 in January 2009 to no more than 75,000 by August 2010.

The Commission wants to know whether the federal government has adequate plans and mechanisms to ensure that contractors are reducing their workforce numbers appropriately as the U.S. military presence in Iraq shrinks. The hearing will also examine the transition from a sole vendor to a multiple-vendor format for the multi-billion-dollar LOGCAP contract for logistical support in Iraq.

“Contractors provide vital services to our warfighters,” said Commission Co-Chair Michael Thibault, “and large numbers of them will be required to help close bases and help process equipment for transfer, donation, or scrapping. The challenge is to manage the drawdown so there are enough contractors where they’re needed, while ensuring that the contractors aren’t running up costs by keeping unnecessary workers on the payroll.”

The hearing will look in particular at Texas-based KBR, Inc. A multi-billion-dollar defense contractor, KBR is the only company working under the LOGCAP contract in Iraq; it reported 2009 revenues of \$4.8 billion from LOGCAP work. “KBR has been criticized for not proactively drawing down its Iraq workforce,” said Commission Co-Chair Christopher Shays, “but it’s also unclear whether the government has given it adequate direction for business planning. Considering that KBR was just awarded a task order—now under protest—that could bring them up to \$2.3 billion in new LOGCAP revenues, it’s very important that we get a clear picture of the quality of planning and oversight during the Iraq drawdown.”

The hearing will begin at 9:30 a.m. on March 29 in Room 106 of the Dirksen Senate Office Building in Washington, DC. Witnesses will represent the Army Materiel Command, the Defense Contract Audit Agency, U.S. Army Contracting Center (Rock Island, IL), and KBR.

Congress created the Commission in 2008 (Public Law 110-181) to examine contingency contracting for reconstruction, logistics, and security functions, and to recommend improvements in those and other areas. Michael Thibault and Christopher Shays are co-chairs; other members are Clark Kent Ervin, Grant Green, Robert Henke, Katherine Schinasi, Charles Tiefer, and Dov Zakheim. More information and links to Commission reports at on the Web at www.wartimecontracting.gov.