

STATEMENT OF

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BEFORE

COMMISSION ON WARTIME CONTRACTING  
IN IRAQ AND AFGHANISTAN

ON

U.S. ARMY MATERIEL COMMAND  
TRANSITIONS IN IRAQ

March 29, 2010

NOT FOR PUBLICATION

UNTIL RELEASED

BY THE COMMISSION

## **Introduction**

Chairman Thibault, Chairman Shays, and members of the Commission, I thank you for this opportunity to appear before you today. I am pleased to provide an overview of the U.S. Army Materiel Command's (AMC) role in the Iraq drawdown. As requested, I will also discuss AMC's concurrent planning for the drawdown of contractor personnel and will further highlight AMC's progress in addressing the concerns expressed by the Government Accountability Office (GAO) in its November 2, 2009, testimony to the Commission.

## **Background**

I assumed duties as the U.S. Army Materiel Command's Deputy Commanding General in December 2008. Previously, I served as AMC's Deputy Chief of Staff for Logistics and Operations and as Commander of the U.S. Army Aviation and Missile Life Cycle Management Command. During my 37 years of Army service, I have held a wide variety of command and staff assignments and almost a fifth of my Army career has been spent with AMC. I believe this affords me a unique perspective on the issues the Commission will address today.

With more than 67,000 military and civilian employees located in 48 states and 127 countries, AMC has a global reach and impact. The U.S. Army Materiel Command is well organized, from an enterprise business approach, to serve as a vital partner with the Department of Defense, our sister services and the Department of the Army in meeting the current and future needs of our Nation's warfighters.

As the place in the Army where superior technology, acquisition support, and logistics are integrated to assure readiness for today and tomorrow, AMC is heavily involved in making the Army more responsive, deployable, agile, versatile, lethal, survivable, and sustainable. AMC is the Army's premier provider of materiel readiness to the total force, across the spectrum of joint military operations. If a Soldier shoots it, drives it, flies it, wears it, communicates with it or eats it, AMC provides it.

To develop, buy and maintain materiel for the Army, AMC works closely with the Army Acquisition Executive, industry and academia, the other services, and other government agencies. A global organization with a \$57 billion budget and \$97 billion in annual contract obligations, AMC has the capability and capacity to provide direct support to the combatant commander executing the Iraq drawdown.

I would like to share with you some of the recent accomplishments and initiatives that have positioned AMC as a transformative enterprise focused on providing the highest quality service and support to our theater commanders.

## **AMC Transformation**

### **Gansler Commission**

Much of the recent progress in Army contingency contracting operations is the direct result of our aggressive implementation of the recommendations in the 2007 report *Urgent Reform Required: Army Expeditionary Contracting* by Dr. Jacques Gansler and Members of the Commission on Army Acquisition and Program Management in Expeditionary Operations.

The Commission's primary recommendations were that the Army -- (1) increase the stature of military contracting personnel; (2) restructure and restore responsibility to facilitate contracting and contract management in expeditionary and CONUS operations; and (3) provide training and tools for overall contracting activities in expeditionary operations.

### **Stature of Military Contracting Personnel**

The Commission noted that as operational commanders in the field, they require a better understanding and appreciation of the capability our contracting personnel bring to the fight. To that end, Congress authorized and the Army established five General Officer positions within the contracting corps to provide the experienced, senior leadership critical to the future of our contracting efforts. The Army's selection of contracting officers to join the ranks of our General Officer corps is a visible demonstration of our commitment to increase the credibility of Army expeditionary contracting operations, while enhancing the professionalism and career opportunities for our dedicated Army contracting personnel.

### **Restructuring the Organization and Restoring Responsibility**

Consistent with the Gansler Commission's recommendations, the Army has initiated important changes to its business practices and organizational structure to support expeditionary contracting support. Army and AMC leaders are committed to supporting organizational restructuring initiatives that conserve resources, reduce waste and inefficiencies and facilitate improved Army CONUS and expeditionary contracting

operations. Toward this goal, AMC has implemented a number of restructuring efforts that include the establishment and full operational capability of the Army Contracting Command (ACC) and its subordinate commands, the Expeditionary Contracting Command (ECC) and the Mission and Installation Contracting Command (MICC). Each of these organizations is dedicated to ensuring professional, ethical, efficient, and responsive contracting within the Army.

### **Training and Tools**

The Army has enhanced the training of the contracting workforce and acquisition support staff to build the skills necessary to better support the warfighter and better manage contracted support. To do this, the Army has added and improved multiple acquisition training courses including instruction in 16 officer and non-commissioned officer courses; incorporated contracting operations and planning into the Battle Command Training Program and Combat Training Center training; and included operational contract support (OCS) scenarios for Contracting Officer's Representatives (COR) during Mission Readiness Exercises prior to deployments.

In 2009, the Army Logistics Management University began the OCS Planning and Management Course, a two-week course which trains logistics planners at every echelon in OCS management and oversight, requirements determination, and performance work statement writing. Soldiers who successfully complete this course are awarded an additional skill identifier allowing the Army to better manage OCS planner assignments. We are encouraged by the strong interest in attending this course across the Army.

In addition to the required Defense Acquisition University training for CORs, the Army has also added required ethics training. To better train CORs for deployment, ACC has developed and implemented a COR training program provided to units prior to deploying, a critical step in strengthening the Army's ability to oversee contractor performance.

The Army issued an Execution Order, referred to as an EXORD, to all commands requiring that commanders determine the number of CORs they will need in theater to provide adequate oversight of operational contract support to the warfighter *before they deploy* and to train sufficient CORs to fill those positions. This EXORD also requires COR training be added to Soldiers' electronic training records and requires reporting of all COR training shortfalls.

### **Contracting Efficiency in Theater**

From January to March 2009, AMC conducted a comprehensive assessment to enhance its visibility of contractors in Iraq. Leveraging existing database networks, we significantly improved our ability to track overall contractor populations "on the battlefield"; their location; and the specific functions they are performing. The Synchronized Pre-deployment Operational Tracker (SPOT) is the first and only single, integrated, enterprise-system containing authoritative data about contractors on the battlefield. It is a key element of DOD strategy to institutionalize program management of operational contract support to the warfighter. SPOT, in conjunction with the Joint Asset Movement Management System (JAMMS), is a joint enterprise system employed for the management, tracking and visibility of contractors authorized to accompany U.S. forces. It is a web based system that provides a standardized user

interface for defense contractors and government agencies. SPOT generates standard and ad hoc reports that provide improved visibility of contracts and contractor personnel in a Combatant Commander's area of responsibility. Current SPOT statistics show 81,564 Army deployed contractors in the CENTCOM area of responsibility, down from 151,437 in March 2009, a 46% reduction in contractor personnel. Approximately 41% of the total theater Army population is non-U.S.-based foreign nationals employed by contractors (Host Country Nationals and Third Country Nationals), while 10% is U.S.-based nationals.

Although our Army and AMC have accomplished much to enhance contingency contracting operations and oversight, we recognize the ongoing need for further improvements in this critical area

### **Transitions in Iraq: Rightsizing the Contractor Workforce**

The magnitude and scope of the Iraq drawdown is unprecedented. To better understand the scale of this operation, consider that more than 341 facilities; 263,000 Soldiers, DOD civilian employees and contractor employees; 83,000 containers; 42,000 vehicles; three million equipment items; and assets worth approximately \$54 billion dollars, will ultimately be removed from Iraq. This is the equivalent, in personnel terms alone, of relocating the entire population of Buffalo, New York.

### **AMC's Role in Iraq Drawdown**

AMC is uniquely suited to play a pivotal role in the drawdown of equipment from Iraq. Operating in direct support of the Commander, U.S Forces – Iraq (USF-I) and U.S

Army Central (ARCENT), AMC's efforts are focused on the rapid retrograde of equipment to ensure property accountability, enable total asset visibility, triage equipment forward, and provide timely disposition for equipment and materiel.

The Responsible Reset Task Force (R2TF) is AMC's forward presence working with ARCENT, to assist in prioritizing these Army requirements. AMC's Commanding General, General Ann E. Dunwoody, tasked me to lead the R2TF in order to fully synchronize drawdown and Reset operations. R2TF is staffed with approximately 30 subject matter experts in logistics, operational research and systems analysis, resource management, management review and analysis, and operations – a broad spectrum of skills from across AMC's diverse workforce. Of note, R2TF possesses significant 'reach-back' capability to AMC's subordinate units in the U.S. to leverage expertise resident throughout the command.

We believe contracted support is, and will remain, a critical component of Army logistics. As noted by the Congressional Budget Office's 2005 study on military logistics, contractors provide flexible, responsive support at a lower long-term cost than military forces. As a result, the Army has made a strategic shift from using contractor support as the last alternative to employing operational contract support, (OCS), as a strategic capability fully integrated into Army planning, training, and mission execution.

In addition to the OCS training enhancements mentioned earlier, OCS uses contracts and contractors to support joint force commanders during contingencies. These efforts involve multiple stakeholders, including major commands that now fully incorporate contracted support into their logistics support plans. Recognizing OCS as a joint capability area, the Army has developed OCS policy and doctrine and expanded

those personnel and organizations responsible for OCS training, planning, coordinating, and execution.

### **Ensuring Contractor Staffing Reflect Mission Requirements**

AMC's role in Iraq drawdown operations is to provide direct support of USF-I and ARCENT in the drawdown. In addition, AMC's subordinate commands are also employing their contracts and contractors in support of the drawdown effort. For example, TACOM Life Cycle Management Command is leveraging its contract with SAIC to refurbish mine-resistant ambush protected vehicles (MRAP) for both re-deployment to Operation Enduring Freedom in Afghanistan and to support Army training requirements within the U.S.

In addition to our equipment drawdown effort, AMC is implementing its comprehensive plan to drawdown our contracts and contractors efficiently, effectively and in a manner consistent with the evolving mission requirements of USF-I and ARCENT.

### **Systems Support Contracts**

AMC contracting centers, co-located with their respective life cycle management command, such as AMCOM, CECOM, and TACOM, allow AMC to provide a holistic contracting approach to Iraq theater requirements as drawdown plans are executed.

Planning documents and contracts are executed using a deliberate, phased approach to ensure the Army balances the correct number of personnel and skill sets on the ground with mission specific capability requirements. AMC has consolidated current on-the-ground workforce strength by personnel category and specific deployed locations

within Iraq. The refinement of current projections requires direct theater input regarding commodity, skill and location specific requirements.

Our contracting centers and life cycle management commands work in direct coordination with the AMC R2TF and theater combatant commanders to evaluate current mission, function and skill requirements by deployed location, using current deployed personnel as a baseline, to develop projected milestones for the withdrawal of unneeded personnel identified as a result of theater plans and inputs. Although this will be a continuous effort that changes frequently, it will ensure that the reduction of capability and number of personnel deployed to Operation Iraqi Freedom will remain balanced to ensure continuity of support throughout the theater drawdown process.

### **Theater and External Support Contracts**

Reflecting one of the benefits of our AMC tactical organizational re-alignment, the Expeditionary Contracting Command's 408<sup>th</sup> Contracting Support Brigade-Southwest Asia (CSB-SA), coordinates with ARCENT and key stakeholders to support the buildup in Afghanistan and the responsible drawdown and retrograde of U.S. Forces, contractor personnel and equipment from Iraq. This is accomplished by (1) supporting ARCENT operations in Kuwait and Qatar through two installation contracting commands and CONUS reach-back support from AMC's Rock Island Contracting Center; (2) working with contracting activities OCONUS and CONUS to assess and modify existing contractor capabilities necessary to support force and equipment flow through Kuwait and Qatar; and (3) integrating CONUS and OCONUS contracting activities to create unity of effort supporting buildup efforts and retrograde and redeployment in Kuwait

The 408<sup>th</sup> CSB-SA is regionally engaged providing contingency planning and contracting support throughout the ARCENT area of responsibility with the exception of Iraq and Afghanistan which are supported by Joint Contracting Command. To ensure that ARCENT and the R2TF had a common operating picture of contracts required to support the Iraq drawdown, the 408<sup>th</sup> CSB-SA developed a comprehensive list of contracts needed to move, sustain, fix, and fuel the force. An assessment of those contracts was conducted to ensure they provided the necessary scope and capacity to support the drawdown efforts. The contractors are continuously monitored to ensure the appropriate contract level of support to the drawdown.

#### **Logistics Civil Augmentation Program (LOGCAP)**

One of the primary service contracts the Army uses to support deployed warfighters is the Logistics Civil Augmentation Program (LOGCAP). LOGCAP is an initiative by the United States Army to pre-plan during peacetime for the use of contractor personnel to perform selected services in wartime and other contingencies to augment U.S. Forces in support of Department of Defense (DOD) missions. DOD took steps to plan for and source contracted services needed during the Iraq drawdown. For example, DOD planned for critical LOGCAP requirements, including the number of transportation systems, Army post offices, and logistics support services required at specific bases. Additionally, other supporting contracting organizations in Iraq took steps to meet the needs for non-LOGCAP services required by military units. For instance, the Joint Contracting Command – Iraq/Afghanistan, an organization that manages non-LOGCAP service contracts, which comprise about 20% of all contracts in Iraq, plans to

expand its use of theater-wide contracts to provide food services, medical support, fire protection, facilities and housing, and other base and life support needs.

### **General Accountability Office Concerns**

The Army and AMC acknowledge and recognize the concerns raised by the GAO in its November 2009 testimony regarding the adequacy of planning for the use of contractors, contractor oversight and property disposition during the Iraq drawdown. As a result, we have moved aggressively to remedy identified shortcomings by developing a drawdown plan that ensures proper levels of contractor support, effective oversight and responsible property disposition.

As noted earlier, these efforts have already resulted in significant efficiencies and reductions in contractor use. Our increased ability to gain and maintain visibility of our contractor force, enabled by the SPOT effort, directly led to a reduction of more than 69,873 contractor personnel supporting operations in Iraq.

### **Planning for Use of Contractor Support & Contract Oversight**

The Department of Defense Instruction (DoDI) 1100.22, "Guidance for Determining Workforce Mix and the Office of Management and Budget Memorandum (M-09-26), "Managing the Multi-Sector Workforce," provide complimentary governing guidance for our approach and strategy for a blended workforce

To provide better management and oversight of operational contract support, the Army recently approved AMC's request to grow by 594 civilians and 256 military members. Military personnel will be sourced during Fiscal Years 2011 and 2012. These

Army civilians will be hired during Fiscal Years 2011 through 2014. With the addition of these contracting, quality assurance, and support personnel, we are confident the likelihood of repeating the contracting problems that occurred early in the war will be greatly reduced.

### **Property disposition/Unity of Effort**

Working with the combatant commands in theater, we have established a deliberate process for quickly identifying equipment excess to requirements that we can then redistribute within the theater, use to meet other Army requirements, or provide to other countries. Approximately one-third of the equipment sent to Afghanistan for example has come from stocks in Iraq that were no longer required for that area. In addition, we have been able to support requirements from other countries, helping build goodwill.

The 2009 Army Equipping Strategy establishes the framework by which the Army is to carefully manage its equipment resources to meet the demands of equipping units rotating to war through cyclical force management. The Army's equipping goal is to ensure that Soldiers always have the equipment they need to execute their assigned mission as they progress through the cyclical readiness model.

The scale of the Iraq drawdown requires a unity of effort whereby several stakeholder organizations are needed to actively participate in the planning and execution efforts based on their respective missions and required involvement. AMC is leveraging the expertise of its enterprise partners and major stakeholders to move toward a responsible drawdown. In addition to working closely with Army and Combatant

Command officials, AMC is forging relationships and working closely with other organizations with a stake in our important mission, including the Defense Contract Management Agency (DCMA), the Defense Contract Audit Agency (DCAA), and the Defense Logistics Agency (DLA)/Defense Reutilization and Marketing Office.

### **Conclusion**

Be assured, AMC is actively supporting United States Forces – Iraq (USF-I) and U.S. Army Central (ARCENT) and remains thoroughly engaged with all our stakeholders to ensure an efficient, effective drawdown of forces from the Iraqi theater of operations. We are fully committed to maintaining the highest standards of public stewardship while supporting the requirements of our Nation’s warfighters on the battlefield. I thank the Commission for the opportunity to highlight Army Materiel Command’s role in the Iraq drawdown -- and I look forward to your questions.