

RECORD VERSION

STATEMENT BY

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BEFORE THE

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ON CONTRACTING IN IRAQ

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ON GOVERNMENT REFORM**

Mr. Chairman and distinguished members of the Committee, thank you for this opportunity to report to you on the Logistics Civil Augmentation Program.

The LOGCAP III contract, which was competitively awarded to Kellogg, Brown and Root (KBR) Services, Inc., continues to support contingency operations in Iraq, Kuwait, Afghanistan, Djibouti, Republic of Georgia and Uzbekistan.

This support covers the full spectrum of logistics operations. Critical support functions include laundry and bath; facilities and billeting; clothing exchange and repair; waste management and sanitation; food service; mortuary affairs; supply support; maintenance; transportation and distribution; and power generation, to list a few. The austere and dangerous environment our forces operate in today presents significant challenges to the Army to provide this essential support to our troops. The environments in Iraq and Afghanistan are among the most complex our forces have operated in on a sustained basis.

Currently seventy-nine (79) task orders are awarded against the LOGCAP III contract. Of these, sixteen (16) support Operation Enduring Freedom (OEF) and forty-two (42) support Operation Iraqi Freedom (OIF). Total dollars obligated to date is \$6.047 billion.

Over 33,000 employees and subcontractor employees are deployed to augment U.S. forces. Of these, approximately 9,500 are United States citizens.

The LOGCAP contractor is constantly responding to changes in requirements due to current troop rotation in support of OIF, the increase in hostile activity and attacks on convoy operations, and planned troop level increases. Planning support is ongoing for the transition of the CPA mission to the Department of State in July.

We continue to make progress to enhance administration of this contract. The Defense Contract Management Agency (DCMA) has over seventy-five (75) contract administration personnel deployed to the area of operations. The LOGCAP Support Unit, U.S. Army Reserve, provides dedicated support and the Defense Contract Audit Agency (DCAA) has a robust presence in theater.

Progress continues in negotiations of the Unpriced Contractual Actions, which we used to initiate rapid response of contract support to the troops. We received qualifying proposals from KBR on thirty-one (31) of thirty-nine (39) currently undefinitized Task Orders. DCAA audited fifteen (15) of these proposals and five (5) have been negotiated.

While we are making progress, we are still learning lessons as we continue to support our operations in theater. These are valuable lessons that will help us improve support in the future. First, we need to improve training, especially of our operational forces on how to use contracting more effectively and very importantly, how to forecast ahead so contracting is considered in the planning phase as early as feasible.

We also need to make some improvements in our contracting process. We continue to use templates from the past that do not meet the needs of today's international environment that demands agility and modularity – strengths our Joint Team is striving for at the same time. We must strive for the same agility and modularity in contracting. We need to consider the impact of contracting in a wartime situation as compared to peacetime and assess what changes we need to make – perhaps in authority and policy. We know we must work in that direction.

We also need to look at the organizational structures we have in place today, and it is apparent that they do not meet the ever increasing overseas requirements, especially in the execution, management and accountability arenas.

LOGCAP provides a flexible, viable alternative for supporting logistics requirements and providing augmentation to our support units for early entry of our forces and long-term sustainment needs that would otherwise place great strains on our warfighters. We have seen an unprecedented level of contractors on the battlefield, comparable to two Army divisions worth of contractors, working side-by-side with our Soldiers. They too, are our troops and we need to ensure that the policies and systems are in place to support and take care of our total force, including our contractors.

We are committed to supporting current operations as we simultaneously transform the military. Supporting our Soldiers remains our number one priority and ensuring they get the very best quality of life as well as other logistic support is a mission essential task of Army Materiel Command. As I described earlier, LOGCAP contracting is a process we need to constantly review and improve. We will continue to improve our program management to ensure world-class support.

LOGCAP relieves a burden on our Soldiers and frees them up to execute war-fighting missions – as well as peacetime missions – so it plays a key role in peace and during war. We have learned lessons and are looking at ways to improve what we do and how we do it. It is vital that we recognize the role of LOGCAP and how it enables us to execute missions key to our national security.

Thank you for what you do for America's Armed Forces and our efforts to support them.