

STATEMENT OF

MR. GEORGE H. ALLEN

DEPUTY COMMANDER, DEFENSE SUPPLY CENTER PHILADELPHIA

BEFORE THE

HOUSE COMMITTEE ON GOVERNMENT REFORM

SUBCOMMITTEE ON NATIONAL SECURITY, VETERANS AFFAIRS, AND

INTERNATIONAL RELATIONS

OCTOBER 1, 2002

Good morning, Mr. Chairman and distinguished members. I am George Allen, Deputy Commander of the Defense Supply Center Philadelphia (DSCP), a field activity of the Defense Logistics Agency (DLA). Vice Admiral Lippert, the Director of the Agency, has asked me to represent him today inasmuch as DSCP manages those chemical and biological defense items that are assigned to the Agency. I appreciate the opportunity to

appear before this subcommittee to address your questions concerning individual protective equipment used against a chemical/biological attack as well as medical supplies.

SUBCOMMITTEE QUESTIONS

In its invitation to testify, the Subcommittee requested that we address the progress we have made with respect to individual protective equipment inventories, quality controls and serviceability for the Battle Dress Overgarment (BDO) and the Joint Service Lightweight Integrated Suit Technology (JSLIST) suit. You also asked that we focus on the development of requirements to insure effective management, proper maintenance, and ready availability of appropriate individual protective equipment and medical supplies. Finally, you asked that we be prepared to discuss the on-hand status of individual protective equipment, particularly BDOs and JSLIST suits. I will try to address your questions in the order in which they were presented. In so doing, I hope to make three very important points. First, we are working closely with the Marine Corps' Program Manager, Nuclear, Biological and Chemical Defense Systems to insure integrated management of JSLIST suits and other chemical/biological protective items. Second; we have the quality assurance measures in place not only to insure that we take delivery only of products that fully comply with the technical requirements for chemical/biological protective items, but also to monitor the shelf life of those items in

our inventories over time. Finally, we have significantly improved, and will continue to improve, our visibility of inventory of chemical protective items.

INDIVIDUAL PROTECTIVE EQUIPMENT INVENTORIES

The most significant chemical/biological protective items DSCP buys (or has bought) on behalf of the Services are the BDOs, chemical protective gloves (in three thicknesses), and the JSLIST suits (in both woodland and desert patterns). The DLA continues to own previously-acquired chemical protective gloves and stores them in its depots. While the DLA has not, historically, owned stock of JSLIST suits and transferred its own inventories of BDOs to the Military Services in the late 1990's, we continue to store large numbers of both items on behalf of the Army, Air Force and Marine Corps in our depots. As long as these suits remain in our custody, notwithstanding the fact that they may be owned by the Services, we are accountable for them just as we are for gloves. Also while the suits are in our custody, the depots verify shipping documents and insure that the stock is safe and secure. They spot check the inventory to insure that contents of each shipping box match the external markings, including a count and match of stock numbers as well as surveillance and shelf life numbers. They also check to determine whether vacuum seals have been maintained as is necessary to preserve shelf-life. Periodically they check stocks to be sure that boxes have not collapsed in storage. Once the items are shipped out of our depots, accountability passes to the owning Service. Most recently, DLA has been authorized to build its own contingency level of JSLIST suits.

Chemical gear is stored in our depots according to the quarter and year in which the items reach shelf-life expiration, with individual stock numbered items manufactured during the same quarter stored in the same location. Items such as JSLIST suits whose initial shelf-life can be extended after testing are identified in the system by the initial shelf-life expiration date as well as the date of manufacture. We, therefore, have the ability to manage the shelf-life of the suits (and other individual protective equipment) in our custody. We plan to expand this capability to managing this equipment by specific manufacturing lot. The Distribution Standard System already in place in our depots will have the ability to do this with a minor systems change. Although our current materiel management system cannot take advantage of this capability, SAP, the enterprise resource planning system which will replace our legacy system, can do so. SAP (which stands for Systems, Applications, Products) has strong shelf-life and batch management functionality, the latter being equivalent to lot number tracking. It is our plan to move JSLIST suits currently under our control (as well as our other chemical protective items) under SAP management at the earliest practicable date, which we currently estimate will be December 2003. SAP's Logistics-Batch Management function will allow us to assign unique batch numbers to individual lots of suits, record all quality-relevant data applicable to that lot, and track each lot from its procurement to its ultimate delivery to a specific customer.

QUALITY CONTROLS AND SERVICEABILITY

The quality assurance and shelf-life surveillance provisions we have implemented for JSLIST suits represent a significant improvement over those used for BDOs. The DSCP

and the DLA work closely with the Program Manager as well the other concerned Military Services and agencies in this effort.

To assure the quality of the suits delivered to the Government by contractors, random samples from every JSLIST lot produced by a specific manufacturing facility undergo testing and quality control evaluation before Government acceptance. As part of this process, the manufacturers of each of the components must inspect their own products and provide prime contractors a Certificate of Compliance certifying the performance requirements for the component were met. In addition, the prime contractors themselves must visually inspect each lot of components to insure compliance with the performance specification. Quality assurance personnel employed by the contractor are positioned at each production station in a facility, and the Defense Contract Management Agency (DCMA) Quality Assurance Representative can, at any time, inspect both the garments in production and the quality assurance processes the contractor has in place. At the end of the manufacturing process, the contractor is required to inspect 100 percent of JSLIST items produced in accordance with the specification. This specification involves 220 different inspections. Completed lots are then presented to the Quality Assurance Representative, who inspects for visual and dimensional conformance and, in so doing, performs 220 different inspections on randomly selected items (200 from a typical lot of 5000 items). The Quality Assurance Representative then randomly selects samples (normally six) to be sent for live agent chemical testing. This testing is performed by independent test and evaluation facilities and is the final step in assuring that the

garments produced and delivered perform the same as those produced during research and development.

We follow an equally exacting process in assuring the serviceability of suits retained in inventory after their manufacture, a process set forth in a memorandum of agreement between DSCP, the using Services and the Program Manager, Nuclear, Biological and Chemical Defense Systems. In collaboration with the Program Manager we have established a shelf-life surveillance team in Albany, GA to insure the appropriate emphasis is placed on this effort. Under the Joint Service Set Aside Program, six items from each manufactured lot of JSLIST suits are set aside and stored at Albany to permit us to conduct periodic shelf-life testing throughout the JSLIST lifecycle. To date more than 4,000 suits have been set aside for future testing, which will occur 5, 10, 12 and 14 years after manufacture. The shelf-life team also pulled representative samples from existing inventory of the full range of chemical protective apparel stored in DLA's depots, and has cataloged it for out-year examination. At the appropriate times for each item, we test these samples to determine their continued viability. The shelf life surveillance team, using the world-wide message system, notifies the Services and DLA of the results, pass or fail, and DLA forwards this notice to its depots as well as any non-DoD customers it has identified. If the samples fail, the items they represent are removed from inventory and either disposed or used for training purposes. We follow a similar shelf-life surveillance protocol for the other chemical/biological defense items we have in stock, including BDO's and gloves.

MANAGEMENT, MAINTENANCE AND AVAILABILITY OF INDIVIDUAL PROTECTIVE EQUIPMENT

Overall management of individual protective equipment used for chemical/biological defense is the responsibility of the Program Manager, Nuclear, Biological and Chemical Defense Systems, a component of the Marine Corps Systems Command, with oversight provided by the Deputy Assistant to the Secretary of Defense (Chemical-Biological Defense). DLA maintains a close working relationship with the Program Manager in our role of acquiring and warehousing chemical/biological protective items.

DLA has already issued approximately 4 million BDO and JSLIST suits to the Services. For JSLIST suits, the Program Manager provides requirements, along with the funding upon which they are based, to DSCP for procurement. This usually occurs during the first or second quarter of the Fiscal Year; however, it can also occur at year end.

Typically, DSCP acquires the suits for the Services in the following agreed-upon ratio: Army, 50 percent; Air Force, 20 percent; Navy, 20 percent; and Marine Corps, 10 percent. It is also permissible for the using Services to buy additional suits from DSCP using their own funds. DSCP's role is to place these requirements on contract and maintain the industrial base. The current producers have been able to support our routine delivery requirements with their aggregate annual production capacity of 948,000. Since the inception of the program, 1,550,000 JSLIST suits have been purchased and delivered from these sources. In the event of a contingency, their production can surge by up to

fifty percent, to the equivalent of 1.4 million suits annually compared with a mobilization requirement of 4.4 million suits.

The chemical protective gloves currently in the system predate introduction of the JSLIST suits and are manufactured of butyl rubber in three thicknesses. For a number of years we had no need to acquire new gloves based on the existing level of inventory. However, projected mobilization requirements consistently and significantly exceeded on hand inventories or what could be acquired from a cold industrial base. As a result, we placed Industrial Base Maintenance Contracts with the two established producers of these gloves to insure their survival and ability to produce in the event of a contingency. More recently, as portions of the existing inventory have reached shelf-life expiration, we have again begun to buy these gloves. Our current replenishment requirements for all three sizes of glove in the aggregate are approximately 1,000,000 pairs annually. The two MTW mobilization requirements are 2.9 million pairs. We are currently negotiating contracts that will enable us to acquire approximately 1,700,000 gloves under routine conditions in the first year (1,500,000 in the option year) with surge capacity of approximately 2,500,000 pairs in the first year (2,300,000 in the option year). The award will be split between the two firms whose facilities we maintained with our base maintenance contracts. Efforts are currently underway aimed at the development of a new generation of chemical protective gloves. Production of a general use glove is expected to begin in Fiscal Year 2004.

MANAGEMENT, MAINTENANCE AND AVAILABILITY OF MEDICAL SUPPLIES

DSCP uses the same processes to determine DoD requirements and to contract for coverage of critical chemical/biological defense materiel as it does for all medical materiel with the necessary exception that chemical/biological materiel requires and receives an added level of scrutiny. DSCP has the ability to meet the requirements for all Services in support of a single Major Theater of War (MTW). However, the Joint Staff commissioned the Logistics Management Institute to evaluate the ability of the wholesale medical logistics system to acquire and distribute consumable medical/surgical and pharmaceutical products during a nearly simultaneous engagement of US forces in two major theaters of war. This issue was raised by commanders-in-chief as a result of the medical community's near-complete shift from the DoD depot system to outsourcing of logistics support by means of "prime vendors." Phase 1 of this initiative (begun in 1999) was to define the Services' medical supply requirements for two major theaters of war over a 60-day period and Phase 2 (in 2000) was to determine if the commercial vendors could meet those requirements from on-hand stocks.

This study determined that for Pharmaceutical and Medical/Surgical product lines the commercial supply base could supply the majority of the requirement from existing on-hand inventories. Stock availability for pharmaceutical items was estimated at 90 percent while medical/surgical stock availability was 83 percent. Requirements for medical materiel outside of the pharmaceutical and medical/surgical products lines, i.e., medical

equipment, could be supported at a less than desirable level of service and was estimated at 50 percent. The original study commissioned by the Joint Staff demonstrated that the commercial industrial base can support DoD's medical contingency requirements if two systemic challenges are addressed, those being: (1) identification and maintenance of requirements and (2) contractual coverage that would ensure DoD's access to required materiel. The Integrated Medical Logistics Group (comprised of the Commander, United States Army Medical Materiel Agency, the Commanding Officer, Navy Medical Logistics Command Chief, Air Force Medical Logistics Office ,the Staff Director, Joint Readiness Clinical Advisory Board and the DSCP Director of Medical Materiel) chartered several working groups to address these and other issues. For example, the Integrated Medical Logistics Group chartered a Broad Contract Coverage Working Group to address the issue of contractual coverage that would ensure DoD's access to required materiel. This working group has developed joint time-phased requirements. The generation and consolidation of Service requirements has been formalized into an agreed upon format and location. The Services agreed to populate a database called the Medical Contingency File. This file consolidates the time-phased wartime requirements from all four Services and is managed by DSCP. The Medical Contingency File will become part of the Readiness Management Application, a comprehensive tool that affords DSCP and the Services the ability to incorporate into one database all wholesale medical logistics readiness information. The Readiness Management Application is constantly updated, enabling the Services to use the Medical Contingency File, as well as associated data feeds within the Readiness Management Application, in obtaining

“product of choice” information in developing wartime requirements and contractual coverage information.

Progress in meeting the Broad Contract Coverage Working Group’s responsibility to guarantee the Department coverage of Service shortfalls of required materiel is measured by the number of Medical Contingency File items covered under a contingency contract. The baseline requirement is the Services' identified shortfalls in the Medical Contingency File. One year ago DSCP had guaranteed coverage for 30 percent of the Services unfilled requirements for the two MTW scenarios. Today we have coverage for 50 percent of the shortfall. DSCP's POM 2004 submission has identified funding requirements to achieve coverage for 85 percent of the shortfall, which we consider optimal, by Fiscal Year 2006.

The vast majority of Class VIII sustainment will be provided from industry in the form of new materiel just off the assembly line. Maintenance of medical items is a less significant issue since few items are stored. The bulk of this sustainment support will be provided from pre-negotiated contracts for materiel. DSCP is contracting in advance for as much of this materiel as possible. DSCP identifies materiel the Services cannot obtain early during a contingency and either buys and stores the materiel or contracts with manufacturers and distributors to increase their safety stock of this materiel to guarantee additional, immediate coverage for critical materiel. The safety stock remains with the manufacturers/distributors who rotate the materiel to keep it fresh. It is made available to the Services during contingencies. Some of the contracts have “refresh” periods built in which require the vendor to provide additional materiel within a predetermined period of

days/weeks. These contracts supported the Services during Operation Enduring Freedom and they are periodically tested.

For surge requirements, the Service elements deploying overseas will receive some support from existing Prime Vendors and from the DLA depot system (which holds some military unique items). The bulk of the surge support will come from the Medical/Surgical and Pharmaceutical Prime Vendor Surge Programs. These programs provide coverage for the Services' surge requirements by relying on Prime Vendor peacetime contracts. These contracts are designed to help deploying units within a geographical region obtain those medical/surgical and pharmaceutical items to fill out their assemblages that are not on-hand due to shelf life or other considerations. "Surge" items are tailored by region and by Service to get specific units out-the-door in time of conflict. "Surge" items are identified by the Services and are incorporated into peacetime Prime Vendor contracts by means of surge option clauses and by adding tailored line-item detail for medical/surgical materiel.

To support the Services' two major theater of war requirements, DSCP currently has contracts in place that guarantee availability of up to \$314 million worth of surge and sustainment medical materiel. This coverage increases to a total of \$630 million if all "refresh" options are exercised. This capability will support a single major theater of war, although it is possible there may be shortages in some of the 8,000 medical lines needed for war. This level of guaranteed availability is steadily increasing. As a matter of information, DSCP has initiated funding requests that, if approved, will result in

guaranteed availability to over \$1 billion in medical materiel by the end of Fiscal Year 2006. I have provided a chart that reflects the coverage available today (including “refresh” options).

<u>Commodity</u>	<u>Amount of Surge Coverage</u>	<u>Examples</u>
Pharmaceutical	\$333 million	Vaccines, Antibiotics, Nerve Agent Antidote Autoinjectors, IV Fluids
Medical/Surgical	\$290 million	Bandages, Sutures, Wound Care, Wraps, Gowns, Orthopedic Supplies
Medical Equipment	<u>\$ 7 million</u>	Suction Apparatus
Total	\$630 million	

A major shift in our management of medical materiel required for chemical/biological defense has resulted from the fact that other Federal agencies are now buying materiel that formerly was considered to be military unique. Since September 11, 2001, the Centers for Disease Control and Prevention, the Office of Emergency Response, and the Department of Veteran Affairs have been stockpiling chemical/biological defense materiel for early responders in increased volume. As a result, DSCP meets regularly with other agencies involved in homeland security to coordinate requirements and to develop a consolidated approach to industry for the procurement of chemical/biological defense items under the aegis of the Federal Medical Materiel Coordination Group. This

group has been instrumental in fostering mutual support among the agencies, with beneficial results. For example, the Centers for Disease Control and Prevention loaned Ciproflaxin to DSCP to support forces initially deployed to Afghanistan; the Centers for Disease Control and Prevention and the Office of Emergency Response acquired nerve agent antidote autoinjectors using a DSCP contract already in place, resulting in more rapid availability of materiel; and the Office of Emergency Response arranged for DSCP to buy materiel for its Disaster Medical Assistance Team sets.

In addition to the Medical Contingency File (which includes 8,000 items), DSCP maintains a Critical Items List of 80 critical chemical/biological defense items. The list summarizes chemical/biological requirements from the Medical Contingency File and identifies the contracts in place to support those requirements. Chemical/biological items are managed most carefully because lack of these items could prevent a force from deploying to theater. Items on the Critical Item List include Ciproflaxin, Nerve Agent Antidote Autoinjectors, deployment vaccines, Tetracycline, and anti-malarials (such as Mefloquine).

There is some chemical/biological defense materiel for which DSCP is not the Department's lead agent. For example, the Army has the lead for anthrax vaccine, and the Joint Program Office-Biological Defense is responsible for development of vaccines for biological threats such as Recombinant Plague, Tularemia, Q-Fever, Brucella, and Recombinant Botulinum. The Joint Program Office is also developing a smallpox

vaccine. Until a new smallpox vaccine is developed, the Centers for Disease Control and Prevention will support our requirements.

ON HAND STATUS OF INDIVIDUAL PROTECTIVE EQUIPMENT

I have provided a chart that reflects the current inventory of the primary chemical/biological protective items stored in DLA depots:

<u>Item</u>	<u>Army</u>	<u>Navy</u>	<u>AF</u>	<u>Marines</u>	<u>DLA</u>	<u>Total</u>
<u>Gloves</u>						
7 mil	19250	0	0	0	345	19595
14 mil	38845	0	0	0	20946	59791
25 mil	1686159	0	0	0	27501	1713660
<u>BDO</u>						
Woodland	874	0	0	0	0	874
Desert	82605	0	0	0	0	82605
<u>JSLIST</u>						
Woodland Coat	315843	75190	95904	61101	85170	633208
Woodland Trousers	314251	36352	96029	63686	91933	602251
Desert Coat	78255	26491	58716	2493	33259	199214
Desert Trousers	64635	23107	62348	1022	41089	192201

CONCLUSION

In conclusion, Mr. Chairman, we are working closely with the Program Manager, Nuclear, Biological and Chemical Defense Systems to insure integrated management of JSLIST suits and other chemical/biological protective items in a way we were not two years ago. It is also clear that we have quality assurance measures in place to insure we take delivery only of products that fully comply with the technical requirements for chemical/biological protective items and to monitor the shelf life of those items in our inventories over time. Finally, Mr. Chairman, we have made some significant improvements in our visibility of our inventories of chemical/biological protective items, and we are poised to realize much more significant advances as our agency deploys its new enterprise resource planning system.