

Report on DoD-Funded Service Contracts in Forward Areas

July 2007

REPORTABLE INFORMATION

This report provides the information required by section 3305 of the Fiscal Year (FY) 2007 Supplemental Appropriations Act concerning the use of DoD-funded service contracts in the theater of operations in support of United States (U.S.) military and reconstruction activities in Iraq and Afghanistan.¹ A complementary report describing the Department of Defense (DoD) policy and program framework for managing contractor personnel operating in support of forward deployed military forces is being finalized and coordinated and will follow.²

The current Global War on Terrorism (GWOT) deployments of DoD military forces are the first major contingency operations to reflect the full impact of the shift to reliance on contractor personnel for critical support functions. The scale and duration of GWOT operations have required a significant increase in support by contractors and in deployment of contractor personnel to forward areas. Contractor personnel accompanying the force provide a broad range of capabilities, including base operating support (e.g. housing and dining facilities), security, transportation, medical, communications, training, construction, and maintenance.

Information detailing the use of DoD-funded service contracts in the theater of operations in support of U.S. military forces in Iraq and Afghanistan is provided on the following pages. To provide the required information, the DoD continues to rely in part on quarterly updates from the U.S. Central Command (CENTCOM) Contractor Census. This manual system is of limited scope and was designed primarily to capture the total number of DoD contractor personnel working in Iraq. The Joint Contracting Command Iraq / Afghanistan (JCC-I/A), the provisional contracting command for Operations Iraqi Freedom and Enduring Freedom, and the Federal Procurement Data System – Next Generation (FPDS-NG) data base are the primary sources for the information concerning contracts and contract costs.

¹ U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007, Public Law 110-28 (May 25, 2007).

² The referenced report will be submitted in response to Section 854 of the John Warner National Defense Authorization Act for Fiscal Year 2007, Public Law 109-364 (October 17, 2006). Section 854 covers Joint Policies on Requirements Definition, Contingency Program Management, and Contingency Contracting.

What is the number of contracts used to provide services in support of U.S military and reconstruction activities in Iraq and Afghanistan in fiscal year 2006?

There were approximately 2,250 contracts used to provide services in support of DoD military and reconstruction activities in Iraq and Afghanistan in FY 2006.³

What were the contract costs?

The DoD receives funding for contingency contracting in Iraq and Afghanistan primarily from Additional (title IX) and Supplemental appropriations. The dollar value of DoD contingency contract obligations for the last four years and the available projections for FY 2007 obligations are provided below.

Table 1
Dollar Value of DoD Contracts⁴

Fiscal Year	External Support for Iraq and Afghanistan	JCC - Iraq	JCC- Afghanistan	Dollar Value Total
2003	\$3,027,736,000	Not Applicable	Not Applicable	\$3,027,736,000
2004	\$9,269,006,000	Not Applicable	Not Applicable	\$9,269,006,000
2005	\$8,440,672,000	\$7,617,550,000	\$363,000,000	\$16,421,222,000
2006	\$9,534,000,000	\$5,180,000,000	\$529,000,000	\$15,243,000,000
2007 (projected) ⁵	\$9,900,000,000	\$5,400,000,000	\$802,000,000	\$16,100,000,000

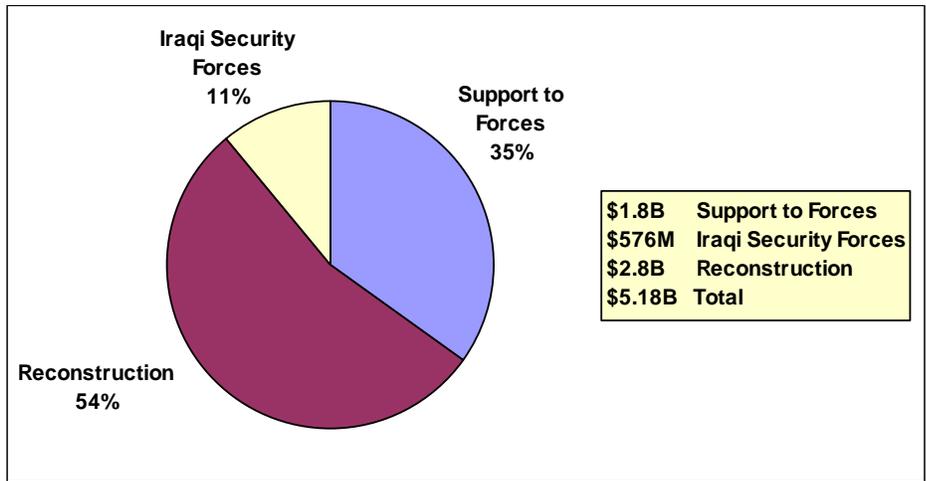
JCC-I/A categorizes the contract dollars obligated in support of activities in Iraq by the following types of mission: Reconstruction, Iraqi Security Forces, and Support to Forces (commodities and services). In FY 2006, JCC-I/A obligated, in support of activities in Iraq, approximately \$5.18 billion as illustrated in Figure 1.

³ Estimate uses FY 2006 Federal Procurement Data System – Next Generation (FPDS-NG) data and contract action data provided by JCC-I/A. Contract actions include individual task orders and modifications. There were approximately 1,600 contracts in Iraq and 650 contracts in Afghanistan.

⁴ External support contracts are contracts let outside of the theater of operations. This figure includes dollars obligated for Logistics Civil Augmentation Program (LOGCAP) support. Iraq and Afghanistan dollar figures, provided by JCC-I/A, account for contracts let within the theater of operations. Data is not provided for FY 2003 – 2004 because JCC-I/A did not exist at that time.

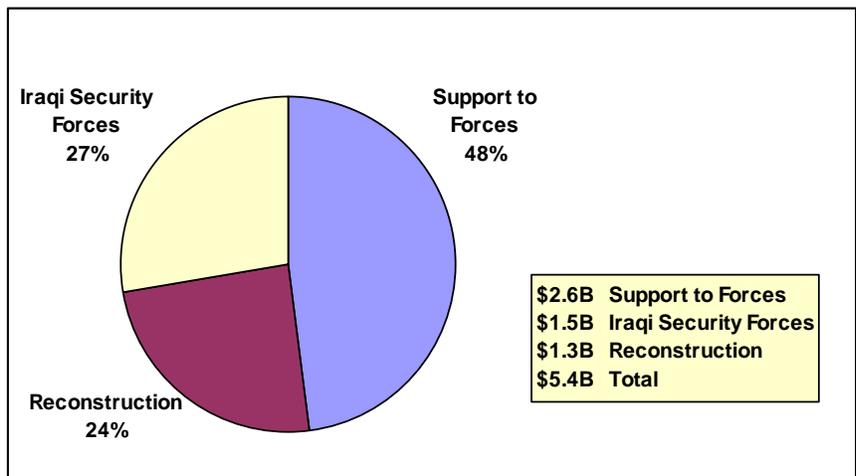
⁵ Projections are based upon historical trends and dollars obligated to date. FY 2007 projected contracting costs do not include requirements to support the surge in forces.

Figure 1
Breakdown of FY 2006 DoD Contract Dollars Obligated in Iraq



In FY 2007 to date, JCC-I/A has obligated \$2.1 billion in support of activities in Iraq. They project that they will obligate approximately \$5.4 billion by the end of the fiscal year, distributed in the following mission areas:

Figure 2
Projected Breakdown of FY 2007 DoD Contract Dollars Obligated in Iraq

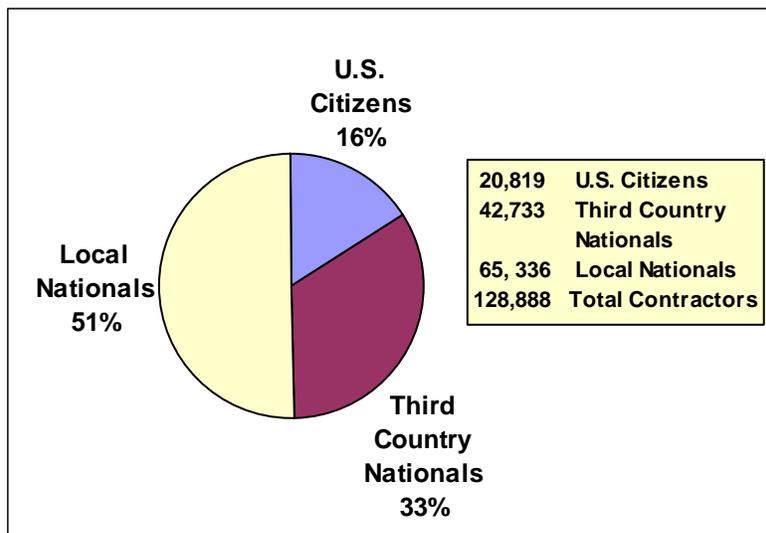


In support of activities in Afghanistan, JCC-I/A obligated \$529 million in FY 2006. Thus far in FY 2007, they have obligated \$423 million and estimate that they will obligate \$802 million by the end of the fiscal year. JCC-I/A does not categorize contract actions or dollars by mission for Afghanistan.

What is the current number of contractor personnel in Iraq and Afghanistan funded by DoD?

The most recent update to the CENTCOM Census data was received in April 2007. As of this update, there were approximately 128,888 contractor personnel supporting and funded by the DoD in Iraq. (See Figure 3.) As in previous census reports, this number relies upon manual input of data and represents only the total number of DoD contractor personnel counted. This number does not include data on contractor personnel working for other U.S. Government Departments and Agencies working in the CENTCOM Area of Responsibility (AOR), data that is not available to the DoD.

Figure 3
CENTCOM Contractor Census – DoD Contractor Personnel in Iraq

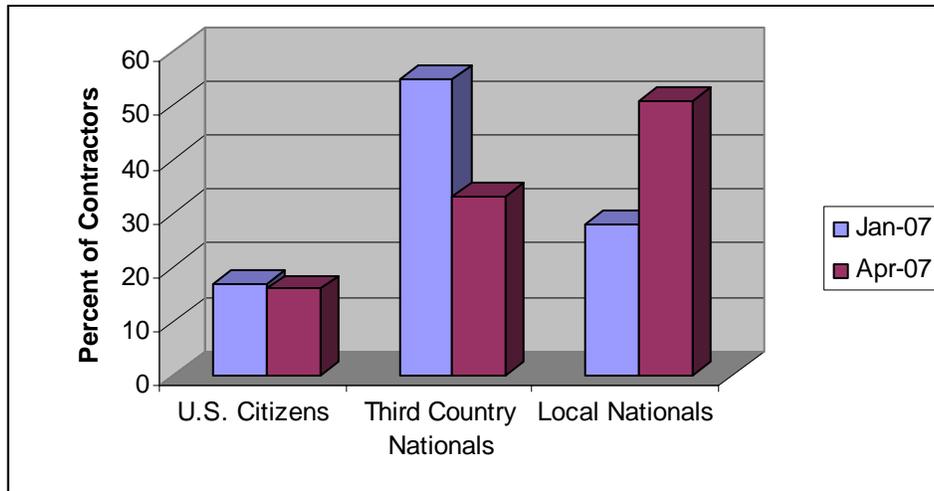


In addition to these contractors, there are approximately 4,600 U.S. contractor personnel supporting and funded by the DoD in Afghanistan. Previous CENTCOM Census data calls did not include Afghanistan. Therefore, detailed data on local and third country national contractors supporting the DoD in Afghanistan is not currently available. CENTCOM has directed an AOR-wide census and expects to provide initial census data for Afghanistan to the Office of the Secretary of Defense in August. This data will be provided when available.

We expect that there will be some reductions in the number of contractor personnel who are U.S. citizens and an increase in the number of host country nationals. We have

seen a decrease of 1 percent of U.S. contractor personnel as reported in the April 2007 census as compared to the January 2007 census, along with an increase of 23 percent of Local Nationals working on DoD contracts in Iraq. (See Figure 4.) Approximately 21 percent of DoD contractor personnel in Iraq work on Iraq reconstruction missions. Most of the contractor personnel working on these missions are Local Nationals (89 percent).

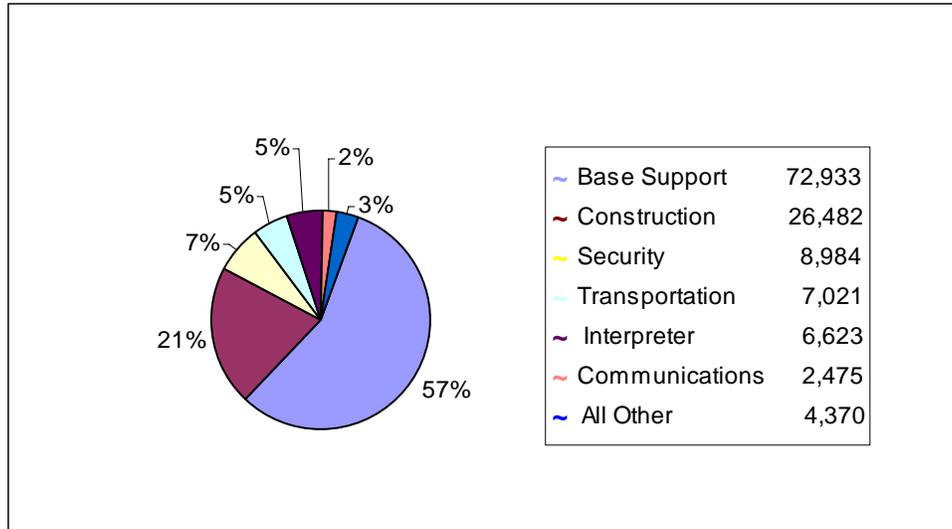
Figure 4
**Iraq DoD Contractor Personnel Breakdown
by Nationality (as of April 2007)**



What is the estimated number of contracts to be executed in FY 2007?

We project that the number of DoD contracts will trend down as contracts in Iraq are consolidated. We estimate that 800 DoD-funded contracts will be executed by the end of FY 2007 in Afghanistan. The estimate for Iraq is 1,200 DoD-funded contracts executed in FY 2007. The main categories of contracts in Iraq and the percentages of contractors working on them are displayed in Figure 5 below.

Figure 5
**Iraq DoD Contractor Personnel Breakdown
 by Type of Service Provided (as of April 07)**



Seventeen of the DoD contracts in Iraq are categorized by JCC-I/A as security contracts.⁶ The primary scope of these contracts is to provide facility protection services, including Entry Control Point (ECP) security, Specialized Compartmental Information Facility (SCIF) security, Tower Security, Roving Security, Internal Check-Point Security, Local National Escort and Employee Vetting, and installation and personal security services.⁷

For the remainder of FY 2007, we expect that the main categories of contracts will generally remain the same, with the levels of support changing to mirror changes in the supported population.

⁶ JCC-I Report on Security Contracts, May 2007

⁷ Personal security services provide protection of individuals. Personal security services are distinguishable from military combat missions in that they are defensive in nature and are governed by Rules for Use of Force (RUF) rather than Rules of Engagement, which apply to a military force. Personal security services are exclusively for the conduct of protection and defense.