



Highlights of [GAO-08-572T](#), a testimony before the Subcommittee on Readiness, Committee on Armed Services, House of Representatives

Why GAO Did This Study

The federal government, including the Department of Defense (DOD), is increasingly relying on contractors to carry out its missions. Governmentwide spending on contractor services has more than doubled in the last 10 years. DOD has used contractors extensively to support troops deployed abroad. The department recently estimated the number of contractors in Iraq and Afghanistan to be about 196,000. DOD also relies heavily on contractors for various aspects of weapon system logistics support.

While contractors, when properly used, can play an important role in helping agencies accomplish their missions, GAO has identified longstanding problems regarding the appropriate role and management of contractors, particularly at DOD. This testimony highlights the challenges federal agencies face related to the increased reliance on contractors and the specific challenges DOD has had in managing its increased reliance on contractors who support deployed troops and who provide logistics support for weapons systems.

This testimony also highlights some of the recommendations GAO has made over the past several years to improve DOD's management and oversight of contractors, as well as DOD's actions in response to those recommendations.

To view the full product, including the scope and methodology, click on [GAO-08-572T](#). For more information, contact William M. Solis at (202) 512-8365 or solisw@gao.gov.

DEFENSE MANAGEMENT

DOD Needs to Reexamine Its Extensive Reliance on Contractors and Continue to Improve Management and Oversight

What GAO Found

While there are benefits to using contractors to perform services for the government—such as increased flexibility in fulfilling immediate needs—GAO and others have raised concerns about the increasing reliance on contractors to perform agency missions. GAO's body of work shows that agencies face challenges with increased reliance on contractors to perform core agency missions, and these challenges are accentuated in contingency operations such as Iraq, in emergency situations such as Hurricane Katrina, or in cases where sufficient government personnel are not available. In making the decision to use contractors, agencies have experienced challenges such as: determining which functions and activities should be contracted out and which should not to ensure institutional capacity; developing a total workforce strategy to address the extent of contractor use and the appropriate mix of contractor and government personnel; identifying and distinguishing the roles and responsibilities of contractors and civilian and military personnel; and ensuring appropriate oversight, including addressing risks, ethics concerns, and surveillance needs.

DOD's increased reliance on contractors to support forces deployed for military operations and to perform maintenance and other logistic support for weapon systems has highlighted challenges that DOD faces in managing this component of its total force. With regard to contractor support for deployed forces, DOD's primary challenges have been to provide effective management and oversight, including failure to follow planning guidance, an inadequate number of contract oversight personnel, failure to systematically capture and distribute lessons learned, and a lack of comprehensive training for military commanders and contract oversight personnel. These challenges have led to negative operational and monetary impacts at deployed locations. For example, several military commanders GAO met with in 2006 said their pre-deployment training did not provide them with sufficient information on the extent of contractor support that they would be relying on in Iraq and were therefore surprised by the substantial number of personnel they had to allocate to provide on-base escorts, convoy security, and other force protection support to contractors. Although DOD has taken some steps to address these issues, many of these issues remain a concern and additional actions are needed. With respect to weapon system support, the challenges have been to resolve questions about how much depot maintenance and other logistics work needs to be performed in-house and to what extent outsourcing for DOD logistics has been cost-effective. While DOD has a process for defining core maintenance capability, GAO has identified shortcomings with this process and found that core maintenance capability has not always been developed. Finally, although increased contractor reliance for maintenance and other logistics activities was justified by DOD based on the assumption that there would be significant cost savings, it is uncertain to what extent cost savings have occurred or will occur.