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BLUES TO CIVVIES:
MORPHING THE MILITARY PROFESSION

by

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Contents

	<i>Page</i>
DISCLAIMER	ii
LIST OF ILLUSTRATIONS	v
LIST OF TABLES	vi
PREFACE	vii
ABSTRACT	viii
INTRODUCTION	1
CONTRACTOR ASSESSMENT	4
Why Hire Military Contractors?	5
Contractor Roles in Theater	8
Contractor Roles in CONUS	10
The Latest on Outsourcing	12
Thoughts From the Pentagon	13
Thoughts from the Think Tanks	16
Contractors' Congressional Influence	17
IMPACT TO OPERATIONS: IRAQ	21
Funding/Costs	24
Contractor Performance	25
Contract Oversight	29
IMPACT TO OPERATIONS: 45 TH SPACE WING	32
Funding/Costs	39
Contractor Performance	42
Contract Oversight	45
IMPLICATIONS TO THE MILITARY PROFESSION	48
Core Values and Discipline	48
National Security	49
Troop Retention / Career Development	49
Unit Morale	52
Understanding Contracts	54
Future Contractor Force	54

PARALLELS WITH NASA AND THE SHUTTLE COLUMBIA INCIDENT	57
CONCLUSION.....	61
BIBLIOGRAPHY	65

List of Illustrations

	<i>Page</i>
Figure 1: Uncle Sam Wants Contractors	4

List of Tables

	<i>Page</i>
Table 1: Rankings of Top Defense Contractors in FY03 by Contract Value	7
Table 2: Proportion of Services Provided by BRS, Balkans FY99	9
Table 3: Top Contracts at Patrick AFB, FL for FY03	33

Preface

During my last assignment as commander of the 1st Range Operations Squadron, Cape Canaveral Air Force Station, FL, I realized that over 95% of launch operations, a distinct capability of the United States Air Force enabling space superiority, is being performed by contractors. As I began to discuss this with Air Force personnel of other specialties, the story was the same everywhere. I came to find out it is extremely prevalent in theater also. Following the Early Bird articles, the issue of contracting out military operations is now a political hot-potato: Have we gone too far? Why don't we know how many contractors we employ? How much do they cost? What exactly are they doing? In his own words during the United States Air Force Academy Town Hall Meeting on September 27, 2004, General Jumper, Chief of Staff of the Air Force, said, "This sounds like an excellent research topic." And so it is.

I'd like to thank Dr. Jim Smith, Director of the Institute for National Security Studies (INSS) at the United States Air Force Academy. His patience and never-ending list of contacts immeasurably aided my research. This year's INSS conference in Washington, D.C. brought together the foremost experts in this arena, and I was privileged to have met and discussed the topic with great thinkers like Dr. Peter Singer from the Brookings Institute and Deborah Avant from George Washington University. I am also eternally grateful to the professional men and women of the 45th Space Wing and the Pentagon, who gave me unlimited access to their experiences, aiding immeasurably in this research.

Abstract

Hiring contractors to perform Air Force operations is morphing the military profession. Never before have so many contractors been hired to support or perform operations both in theater and on CONUS bases. This research will assess today's unprecedented employment of defense contractors in the Department of Defense and the Air Force, including real-world examples from operations in Iraq and at the 45th Space Wing. Similarities will be drawn with NASA's Space Shuttle Program and its outsourcing issues.

The original idea of outsourcing support functions has been surpassed, as contractors are now employed as pilot instructors, intelligence officers, prison interrogators, unmanned aerial vehicle operators, landmine clearers, military academy instructors, and aircraft maintainers.

This research was conducted through a thorough article and book review, conference attendance on privatized security, in-depth budget reviews, and personal interviews with personnel in the D.C. area, the Pentagon, and the 45th Space Wing.

The findings support the supposition that contractors are more prevalent than senior leadership has ever imagined, including in operations both in theater and CONUS and their presence brings new issues to the military. Congressional influence by major contractors, Air Force and contractor funding and costs, contractor performance, and contract oversight must be understood and mitigated by Air Force leadership. The

impacts to military culture through the erosion of core values and discipline, national security, troop retention/career development, and unit morale will be examined.

A comparison of today's Air Force and NASA prior to the Columbia tragedy show eerie similarities. Both organizations face(d) the same issues: budget squeeze, downsizing, outsourcing, maintenance of old equipment, deteriorating infrastructure, change agents at the helm, and base closures.

Four recommendations are: 1) Develop a coordinated master plan that delineates across the Air Force, then all services, activities which are mission critical operations of national security, and support functions, either alone or in series, which might also impact critical operations. These positions must be filled by Air Force personnel. 2) Conduct a basic accounting of the cost of contractors to see if this practice is financially cost effective over the life of the contract, not based on the first year's price. If so, fully fund each contract and continue. If not, lobby Congress to increase Air Force end strength to cover these positions. 3) More fully integrate contractors into the military unit by changing contracts to be more flexible; adding the squadron commander into the contractor's chain of command; and holding the company accountable for ethical behavior of their employees; 4) And finally, give all military members a basic contract law course during basic training and deployment training, so they can read and understand contracts associated with their unit.

Chapter 1

Introduction

War is also far too important to be left up to the CEOs.

—Dr Peter Singer¹

The Air Force is at a critical decision point as to the future use of contractors performing military operations. The current unprecedented use of contractors throughout the CONUS and in theater is morphing the military profession. The costs of these contracts, the performance of the contractors, the contract monitoring, and the change in military culture must be addressed to prevent a total metamorphosis of the military. The military has lowered its expectations and slowed its pace of operations to conform to current contracts, lost a great amount of technical expertise, seen a decline in core values, a weakening of national security, and a reduction in troop retention, and unit morale.

The United States Air Force has long enjoyed being the best Air Force in the world. With the Department of Defense's post-Cold War troop strength decreasing from 2.1 million to 1.4 million, it seemed common sense to outsource "logistics" functions currently available in the civilian world, like cooking and cleaning, enabling soldiers to fight as they are trained.² Since 1991, the AF has reduced its active duty force by nearly 40%; from 608,000 to 375,000³. But the urge to privatize soon expanded beyond basic logistic functions, to include launching rockets, securing military bases at home and in

theater, clearing mines, interrogating prisoners, interpreters, maintaining aircraft, analyzing intelligence, and training military pilots.

According to the Center for Public Integrity, a Washington watchdog group, the DoD has awarded 2.2 million contracts during the past six years.⁴ And Defense Secretary Donald Rumsfeld, wants more contractors. He intends to identify 50,000 more positions now filled by uniformed personnel “doing what are essentially nonmilitary jobs” and replace them with civil service workers, or contractors.⁵ And just exactly which jobs are “non-military” when you are deployed to Baghdad? And who is left to operate the CONUS bases?

Who’s running the military? “Government Executive” reports that the Undersecretary of Defense for Personnel and Readiness, the senior official responsible for the official workforce, “acknowledges that he often attends meetings in which he is the only civil servant in a room full of contractors.”⁶ This was echoed by Chief Whittington, the career chief of the communications career field, who related a story of a critical meeting on a new in-development space asset, the Global Broadcast System, where he was one of only two military in the entire room of contractors, and expected to make a decision since the contractors can not commit the government.⁷

Where are we today in terms of number of contracts and cost of contracts, both CONUS and in theater? The Pentagon freely admits to not knowing how many companies provide goods and services under contract in Iraq. Even squadron commanders don’t know how many contractors are working for them on a day-to-day basis. What are the key issues and trends associated with contracting out this magnitude of operations, and what are the implications to the military profession? Is the use of

contractors undermining our future military strength and national security? And is it eroding the culture of the Air Force?

Notes

¹ P. W. Singer, "War, Profits, and the Vacuum of Law: Privatized Military Firms and International Law." *Columbia Journal of Transnational Law*, 2004. 49.

² William D. Hartung, "Outsourcing Blame." *Project for the Institute for America's Future*, n.p., on-line, Internet, 21 May 2004, available from http://www.tompaine.com/articles/outsourcing_blame.php.

³ Lieutenant General Richard E. Brown III, *House Armed Services Committee Testimony Regarding Adequacy of the Total Force*, 10 March 2004.

⁴ William Matthews, "The Deal on Contractors." *Armed Forces Journal*, November 2004, p.10.

⁵ Matthews.

⁶ Dan Guttman, "The Shadow Pentagon: Private Contractors Play a Huge Role in Basic Government Work-Mostly out of Public View. *The Center for Public Integrity*, 29 September 2004.

⁷ Chief Master Sergeant Larry Watlington, interviewed by author, 28 October 2004.

Chapter 2

Contractor Assessment

We've got more generals per square foot here than in the Pentagon.

—Gen Harry E. Soyster, retired, MPRI executive ¹

The Department of Defense spends over 50% of its fiscal budget on military contracts and of that, 56% is spent on service contracts. The large ticket items are acquisition of new capabilities and technologies, but the service industry is expanding also, and now includes over \$220B of the annual defense budget, surpassing direct spending by about \$10B.² Why has the Department of Defense hired so many contractors, and what roles are they performed in Iraq and the CONUS? And what is the latest information from the Pentagon on outsourcing, as well as the potential landmines with using contractors?



Figure 1: Uncle Sam Wants Contractors³

Why Hire Military Contractors?

Why do we hire contractors? The three main reasons cited are the limit on military personnel deployed to certain regions; specialized technical skills inherent in contractors who develop our sophisticated weapon systems; and to free up scarce military personnel for other critical assignments.⁴

Originally, DoD Directive 1130.2, “Management and Control of Engineering and Technical Services,” required military to achieve self-sufficiency in maintaining and operating new systems as early as possible and limited the use of contractor field service to 12 months thereafter; today, that directive is gone. Congressional language now requires maintenance and repair for all critical weapon systems be under contractor support for at least four years, and for the life of non-critical systems.⁵ As one defense analyst put it, “We’re using the most advanced technology in the history of the world to wage wars and sometimes the people who built it are the only ones who know how to fix it.”⁶

The United States Department of Defense is witnessing unprecedented contractor support today, in the scope, the locations, and the criticality of the military contractors’ role in the prosecution of warfare.⁷ “You’ve got thousands of people running around on taxpayer dollars that the Pentagon can’t account for in any way,” said Dan Guttman, a lawyer and government contracting expert at Johns Hopkins University. “Contractors are invisible, even at the highest level of the Pentagon.”⁸

Participation by military contractors was envisioned and marketed to the public as “support only.” However, this “support role” has grown exponentially into many roles closer to the pointy end of the spear (see figure 2).⁹

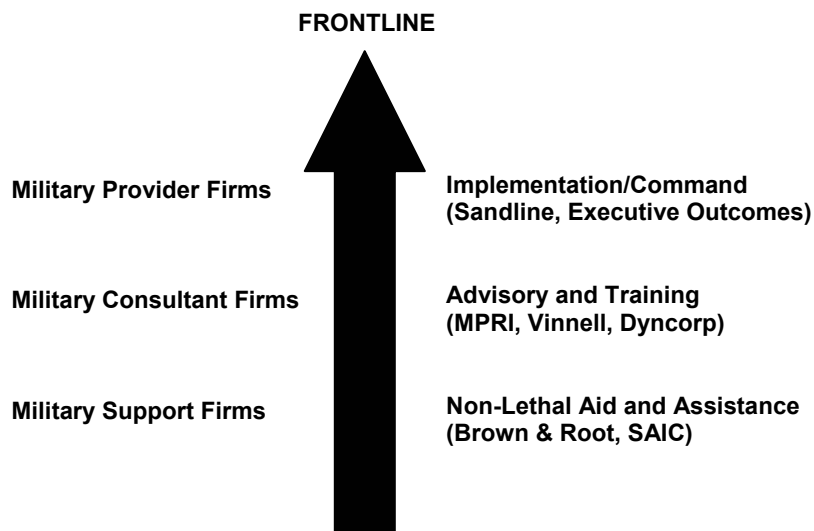


Figure 2. Role of Contractors

Military provider firms, those closest to the pointy end of the spear, include such companies as Custer Battles, the security firm providing all security at Baghdad International Airport. In the CONUS, firms such as Lockheed Martin, Boeing, and Computer Science Raytheon are all included in the command and control loop during launches of military satellites.

Military consultant firms, near the middle of the spear, include companies such as MPRI training the Iraqi police force and military, are as near to the pointy end as possible. In combat, there is a fine line between those engaging in active combat and those in an advisory role. In the CONUS, military consultant firms such as Trident, provide range safety technical safety data to the launch operators, and Boeing and Flight Safety are responsible for training Air Force pilots. Military consultant firms now develop the Air Force budget and write our concepts of operations.¹⁰ And finally, there are the military support firms, most notable Kellogg, Brown & Root, who provide laundry and dining hall services in Iraq. Other contractors maintain base roads and

grounds, transport fuels, secure the armories, operate audio-visual communications equipment, or maintain the base local area network. However, some “support” firms are providing intelligence information used by warfighters; clearing landmines; providing psychological operations, and information warfare.¹¹ The roles of military contractors are definitely becoming more blurred, as they move from support to operations.

The Center for Public Integrity, a Washington watchdog group, reviewed 2.2 million defense contracts awarded during the past six years and warned the DoD is contracting out a number of “core government” functions, such as prisoner interrogation, intelligence analysis, military regulation authoring, and developing the annual DoD budget the SECDEF sends to Congress.¹² After Research and Development and Aircraft procurement, the third largest category of Pentagon spending is “professional, administrative and management support services.” In the decade from FY 1994 to FY 2003, expenditures on these workers increased from \$7.3B to \$17.1B.¹³

The top 10 DoD contractors, based on FY03 contract purchases (both goods and services) are presented in Table 1.

Table 1: Rankings of Top Defense Contractors in FY03 by Contract Value¹⁴

DoD Ranking	Corporation	FY 03 Contract Award \$\$
1	Lockheed Martin Corp	20,807,507,140.
2	Boeing Co	17,453,894,740
3	Northrop Grumman Corp	10,480,840,972
4	Raytheon Co	8,038,162,903
5	General Dynamics Corp	7,306,326,525

6	United Technologies Corp	5,329,032,467
7	Halliburton Co	3,115,369,495
8	Computer Sciences Corp	2,764,832,030
9	SAIC	2,569,879,561
10	General Electric Co	2,343,967,536

Contractor Roles in Theater

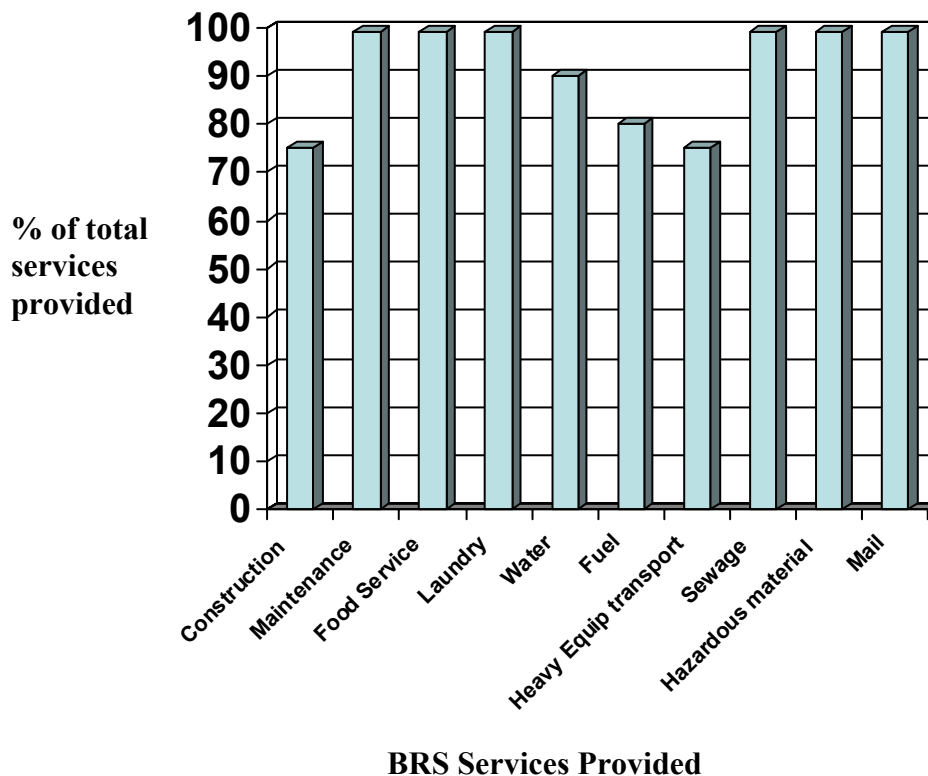
The number of US-employed contractors in Iraq today makes up the second largest “coalition force” after the US and before the UK. In force protection alone, there are approximately 30,000 contractors in Iraq as of Feb 05, employed by 68 different security firms. This is the equivalent of two Army divisions.¹⁵ Kellogg, Brown & Root (KBR) employ over 24,000 contractors in Iraq, as of Sep 04.¹⁶ Originally, the idea of hiring contractors in theater was to free up military personnel for war fighting. Hence, companies such as KBR were hired to cook and serve meals, launder clothes and uniforms, clean offices, set up tent cities, etc. However, today in theater contractors are driving fuel trucks and supply convoys, serving as intelligence interrogators and interpreters, maintaining B-2 bombers and Apache helicopters,¹⁷ clearing landmines, operating UAVs, searching for explosive ordinance, securing base perimeters, and installing/operating/maintaining critical communications. Armed employees of Custer Battles guard the Baghdad airport; Erinys employees guard the oil fields; Global Risk provides armed protection for the Coalition Provisional Authority; MPRI is training the new Iraqi army; and DynCorp helps train Iraq’s police.¹⁸ Other familiar contractors are

Halliburton, Vinnell Corp, Armor Group, Defence Systems, Control Risks Group, Sandline International, and CACI.¹⁹

KBR goes where the military goes. In Kosovo and Iraq, KBR performed engineering, construction, base camp operations and maintenance, transportation, road repair, vehicle maintenance, equipment maintenance, water production and distribution, food services, laundry operations, power generation, refueling, hazardous material/environmental operations, fire fighting, and mail delivery operations.²⁰

Table 2 is a chart depicting the results of a GAO report on Brown & Root Services (now known as KBR) supporting US forces in the Balkans in FY99. Even in 1999, BRS was performing a majority of the troop support services.

Table 2: Proportion of Services Provided by BRS, Balkans FY99²¹



Contractor Roles in CONUS

There is no shortage of mission areas now performed by contractors in CONUS. Contractors are training Air Force pilots, teaching Army ROTC programs, recruiting Army military personnel, maintaining the Vice President's plane and the President's choppers, launching DoD's military satellites, guarding bases for all services, providing medical care, and performing civil engineering functions. The active duty personnel left on base deploy to theater, leaving contractors essentially running base operations.

From 1994 to 2002, the US DoD entered into more than 3,000 contracts with US based firms, estimated at more than \$300B.²² The mission areas hiring contractors include areas critical to the military's core missions: security, military advice, training, logistics support, policing, technological expertise, intelligence gathering, depot maintenance, base upkeep, aviation training, and maintenance of B-2 stealth bomber, the F-117 stealth fighter, the KC-10 refueling aircraft, the U-2 reconnaissance aircraft, and numerous naval surface warfare ships.²³ Airscan protects USAF and NASA launch facilities, BDM provides training in information warfare, special operations, intelligence, and has provided interpreters and translators for military operations. DynCorp also services the government's executive air fleet, including the Vice President's plane and the President's choppers. (AF One is still maintained by the military).²⁴ Betac has been associated with the old United States Space Command, and reportedly assisted on clandestine operations throughout the world. MPRI provides force management for the Army's Training and Development Command (TRADOC) where it developed and authored the Army's field manuals on acquiring and managing contractors in a wartime

environment (ultimately published as FM 100-21, Contractors on the Battlefield),²⁵ and it operates the ROTC program in almost 220 universities. ²⁶ OAO operates and maintains the computing and communications at NORAD's Cheyenne Mountain Air Force Station facility.²⁷ And the 97th Air Mobility Wing at Altus AFB, OK, has contracted out pilot training (ground instruction and simulation) to Boeing, so now the first time a student sees another military pilot is during the simulation check ride, then again during the practice flight and evaluation in the real airplane.²⁸

“Back in the US, DoD plans to transfer thousands of uniformed health care personnel out of their positions in military medical facilities over the next few years and replace them with civilian workers or contractors. The impacts of this will be seen in the next few years. The Navy insists the plan will not affect the 10,500 doctor, nurses, and health care support staff members who travel with the Navy and Marines every day and provide direct care for them in battle. Nor will the 24,000 health care workers in US Navy hospitals who are part of the readiness group to be deployed on short notice be affected.”²⁹ However, this means health care workers will rotate between deployments and being on call.

In every military service, contractors are being hired as rapidly as non-inherently governmental positions are being outsourced via the A-76 guidance, and most other base support functions are being contracted out. The Army recently hired 4,300 private security officers to guard 50 Army installations in the US, at a cost of up to \$1.24 billion.³⁰ The Air Force, after using Army National Guardsmen to guard CONUS AF installations, is also awaiting a decision to outsource its base perimeter security,

according to Lt Col Lyndon Skinner, commander of the 45th Security Forces Squadron at Patrick AFB, FL.³¹

The Latest on Outsourcing

The A-76 process is the Air Force's way to determine if a mission area can be/should be outsourced. This decision by OMB and SAF is not based on core competencies, only on good stewardship of tax payer dollars. If the work is not inherently governmental (intimately related to government trust), and it would be cheaper to outsource it, then the decision is made to outsource. A few other items are considered before the final decision to outsource: does the mission/billet have a UTC tasking attached to it? And is career field sustainment a concern?³²

For the first time, OSD AT&L has published guidance on what is operational and what is support to try to level the outsourcing playing field between bases and MAJCOMs. This is called the Capabilities Manpower Model (CMM) and the Air Force Development Council via the manpower office is leading the charge on what positions are inherently governmental in the Air Force. Next year, HQ AF will code the inventory. Then the Joint Staff will try to level the field between the services, so everyone is outsourcing the same mission areas.³³ Two areas not considered for outsourcing by the Chief of Staff of the Air Force are base child development centers and recruiting/basic training.³⁴

One caution about outsourcing: the contractor must bring fully trained personnel, and must be able to sustain the training. Once a career field is contracted out, all AF training school houses for that field are closed. If the contractor can't perform, the AF can't just start things up again.³⁵

The A-76 process is only one way to outsource. Hiring contractors to provide a service to the wing is another more frequent way to augment military and civilian manpower or provide technical expertise that has been lost in a wing.

Thoughts From the Pentagon

If you believe current news articles, the Pentagon has no idea how many contractors are employed in the Air Force. Even within the walls of the Pentagon, or the buildings of Crystal City and Rosslyn, the Air Force is trying to get a grasp on how many contractors work for the Air Staff. At a cost of \$180-200K per person per year, these mostly seasoned retired military personnel come with a high price. The Air Staff has been forced to reduce its manpower, relying on contractors to perform the majority of the action officer work. The upside to this is most contractors are prior military, so there is still the same sense of loyalty to the mission. The downside, according to Mr. Bob Angwin, XOR, is XO needs active duty personnel with current operational experience to work on the staff to get a broader Air Force experience, then return to the wing to lead. Contracting out Air Staff billets is hampering this process.³⁶

A group interview was conducted with Lt Col Ed Burkhart, AF, ILCSE, SMSgt Thomas Terrell, AF/ILCXF, Assistant Communications-Computer Air Force Career Field Manager, CMSgt Debra Snyder, AF/ILCXF, Network Operations, Computer Programming, Spectrum Management, and Technical Control (3C) Air Force Career Field Manager, CMSgt Aletha Frost, AF/ILCOM, Multi-Media Air Force Career Field Manager (3V), and CMSgt Larry Watlington, AF/ILCXF, Communications/Electronics (2E) Air Force Career Field Manager. These Air Force leaders have over 90 combined

years of experience in the military profession, and were able to communicate their views on the current outsourcing practices.

Chief Watlington got to the bottom line quickly: “The Air Force has not had a good approach to what to contract out; there is no master plan.”³⁷ Mission areas which translate to a civilian position have had great success in outsourcing. One example is weather and radar balloons. Mission areas with no transferable civilian skills such as the ranges at Nellis and Dale County are now filled by ex-military, but the cost will increase to train new personnel. All blue suit training has been shut down. Another troubled area is telephone switches. The quality of service has been poor, and military quality assurance evaluators are still doing the work, so when the wing commander wants phone service fixed at midnight, the military person will do it. Due to the high cost of the contractor, this contract was only for 8 hour/day service. Chief Watlington cited another example of a contract to maintain telephone switches and lines. The contractor’s idea of maintenance was to fix it when it went bad, not to do any preventive maintenance to keep it from going bad. Again, the profit motive enters the equation of a performance contract.

Chief Snyder mentioned the network operations/computer programming career field has gone from 3,000 to 1,100 computer programmers due to automation, commercial-off-the-shelf software, and outsourcing. One terrible example of this outsourcing was the military personnel development system (MILPDS) which was contracted to India.³⁸ Not only was the product riddled with problems, but “back doors” were installed, enabling hackers access to every military person’s personal information. It took a military team two years to fix this program.

Some other outsourcing problems encountered, mentioned Chief Frost, occurred at FE Warren and Malmstrom Air Force Bases. No contractors bid on the work; there was no market viability. And at Hickam AFB in Hawaii, the Air Force can not afford the video teleconferencing (VTC) contract, because the costs are prohibitive.³⁹

Lt Col Burkhardt, Chief, Force Development Branch, AF/ILCXF, stated the Air Force now has squadron commanders who command a squadron of contractors, and the traditional support group is gone.⁴⁰ This exemplifies what Dr Peter Singer mentioned; military doctrine has not kept up with reality and there is no deliberate plan for AF structure.

And if the only role left in some career fields is as a quality assurance evaluator (QAE) for the contractors, how do you “grow” them? Airmen go directly from technical training school to a QAE position and do not gain any technical expertise.⁴¹

When discussing cost savings, or lack thereof, a concern was raised that costs for contractor equipment are not captured in any cost model. This equipment goes with the contractor when they leave. The Air Force must pay the new contractor for new equipment.⁴²

Chief Watlington commented the help desk for the system administrators at the Pentagon utilizes entry level personnel who keep moving on, leaving no continuity for the customer. In fact, they have had to hire temps to fill these positions. And the 609th at Shaw AFB had to hire system administrators to deploy to Al Adid at \$270K per person; they hired six of them.⁴³

The way ahead as agreed to by the Chiefs was the need for a Deliberate Plan and a decision on what the core mission areas are and which tentacles can impact these core mission areas.⁴⁴

One particularly telling anecdote was passed on by Chief Watlington: After 9/11, all the contractors left the Pentagon and would not return. The leadership needed many red switch (classified conversation) phones installed, so they had to find blue suiters with red switch experience. They found a retired master sergeant living in the D.C area to come install the phones!⁴⁵

Thoughts from the Think Tanks

The greatest challenge for a commander is deciding where your organization begins and ends. Unfortunately, when part of your mission is outsourced, this answer is difficult, and creates tension. The Air Force as a whole needs to decide its core functions.⁴⁶

Lieutenant Colonel Lacquement feels today's private contractors compromise the core mission, professional values, societal obligations, and legislative control. When contractors are an appropriate choice, the military must have contractual control, accountability, military expertise and jurisdiction, boundaries, and effective execution of the contracts.⁴⁷

Perhaps the most significant roles assigned to contractors are those that make the Air Force a consumer of knowledge rather than creator. According to Dr Singer, by hiring contractors to develop military doctrine, training, and weapons, contractors are shaping the military culture of the future.⁴⁸

Are contractors doing current work for the government to set themselves up for future work? According to Charles Lewis, executive director of the Center for Public Integrity, “In 1992, the Pentagon hired KBR to do a classified study on whether it was a good idea to have private contractors do more of the military’s work. Of course, KBR said it’s a terrific idea, and over the next eight years, KBR and another contractor (Booz Allen Hamilton) got 2,700 contracts worth millions of dollars.”⁴⁹

Contractors’ Congressional Influence

As the military contractor community increases, so does its influence in Congress and the Pentagon. Legislators don’t want to alienate defense contractors.⁵⁰ Wackenhut, Brown & Root, Booz Allen Hamilton, Betac Corp, Armor Holdings, Logicon and Cubic Corp all employ lobbyists. They lobby on DoD appropriations and national defense authorization bills, intelligence authorization bills, outsourcing programs, and foreign relations.⁵¹ “The larger become the military contractors, the more influence they have in Congress and the Pentagon, the more they are apt to shape policy, immunize themselves from proper oversight and expand their reach. The private military firms are led by ex-generals, the most effective possible lobbyists of their former colleagues—and frequently former subordinates—at the Pentagon. As they’ve grown in size and become integrated into the military-industrial complex, their political leverage in Congress and among civilians in the executive branch grows.”⁵² Forty-one defense contractors have paid more than \$21.7 billion in lobbying fees since 1998 to PMA, a defense lobbying firm that specializes in defense contracting. These 41 defense contractors collectively won \$266 billion in contracts during the last six years; \$167 billion in contracts were awarded

without “full and open” competition. These companies also spent another \$121 million employing in-house lobbyists and other lobbying firms.⁵³

Political influence by a contractor was witnessed at the 45th Space Wing when a launch contractor didn’t like the firm fixed price given by the wing comptroller. The contractor went to their company president who went across to the 4-star general at the MAJCOM.⁵⁴

Other avenues for the contractor include state congressmen, lobbying officials, and of course other divisions of their company which have contacts with the Pentagon brass. This phenomenon was displayed by a contractor trying to get support for a suite of hardware they were trying to sell to the 45th Space Wing. The wing had no requirement for it, nor did the MAJCOM, but the contractor continued the influence through the Florida National Guard headquarters, the Florida congressmen, and through general officer friends at HQ AFSPC. The amount of time and energy expended by the wing to explain over and over again that there was no requirement detracted from the real mission.

The Air Force understands that contractors are now required to carry out most operations. With the downsizing of the force and the increase in operations tempo, contractors are able to fill in the gaps. However, utilizing contractors brings many operational impacts to the military unit.

Notes

¹ P. W. Singer, *Corporate Warriors* (Ithaca, N.Y.: Cornell University Press, 2003), 119.

Notes

² Larry Makinson, "Outsourcing the Pentagon: Who Benefits from the Politics and Economics of National Security?" Center for Public Integrity, 29 Sep 04.

³ Mick Youther, "Privatizing the Military," *Intervention Magazine*, n.p., on-line, Internet, 1 September 2004, available from <http://www.interventionmag.com>.

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Chapter 3

Impact to Operations: Iraq

How is it in our nation's interest to have civilian contractors, rather than military personnel, performing vital national security functions...in a war zone?

—US Senator Carl Levin¹

In theater, in any war zone, there should be no doubt that contractors are performing military operations. In Iraq in particular, there is no longer a safe rear area – any area is fair game for attack. Contractors are carrying weapons, clearing landmines, guarding convoys, as well as cooking, cleaning, building bases, and taking care of basic logistics for soldiers.

A rare look into the contractor augmented security environment in theater occurred during a privileged interview with five Patrick AFB security forces airmen who just returned from Baghdad International Airport and Kirkuk after their six month deployment. The airmen were Capt Phil Sting, SSgt Heather Wical, MSgt Ronald Johnson, TSgt Kevin Danher, and TSgt David Mitchem.

These Airmen relayed that at Baghdad International airport the Army is responsible for security, but has contracted out terminal/runway security and K-9 support on the civilian side of the airport to Custer Battles and Global Security.² These contractors control main entry to the airport and perform daily security operations. The Army had no control over who was hired, and in some cases, workers were mercenaries from South

Africa who spoke no English. In one instance, there was confusion regarding the rules of civilian weapons in the airport, and the contractors were letting Iraqis carry their weapons into the airport. Fire department operations are contracted out to the locals, as are waste management, trash, dining, and laundry. The airmen felt these large trucks going on and off base daily were a big security risk. They also identified many instances of laundered uniforms never being returned, another security risk. There were multiple instances of locals pacing off areas, or knowing not to come to work when there would be heavy mortar attacks. The airmen felt using local nationals increased risk to the mission and put military lives at risk. The local nationals that worked for the United States were always scared; some were killed for working for Americans, and some family members were kidnapped. Lots of supplies were lost because the local national truck drivers would not stay with their shipment off base while waiting for base escorts because they feared for their lives. Loads of washing machines and automobiles were stolen when the drivers left their trucks. As an aside, the airmen also mentioned the humvees in theater looked like something from the movie "Mad Max," each one different, covered with armor that could be found in dumps.³

Another 45th Space Wing troop deployed to theater was Capt Jeff Zornes. He deployed for 90 days to Camp Slayer, Baghdad, where his mission was to translate intelligence documentation and media. There were 10 to 15 active duty troops and 24 US contractor interpreters/translators, and 24 documentation scanners. These contractors were required to hold US citizenship and a SECRET clearance. The positive aspects of hiring contractors in theater were they were easy to replace or fire if problems arose, they had longevity, and they knew the job. The negative aspects were the employees did not

get all the information of what the job entailed, so some left immediately, and some refused to go into the dangerous parts of town. Also, the military could not tell them how to do their job, as long as it got done. Having different companies in the same office doing the same task was frustrating because one company could not be in charge of another, hurting the command and control structure.

The 609th Air Communications Squadron, also known as the US Central Command Air Forces A6, from Shaw AFB hires contractors to provide communications in theater. Over 300 contractors provide long haul bandwidth, network and technical control, and commercial satellite communications, used by troops in the field, the Combined Air Operations Center, and the pilots and unmanned aerial vehicles in the air. Contracts are based on one year delivery orders, providing continuity and stability for the communication mission. Their Air Force unit has found that contractors are much more up to date on current technology, and are willing to train the few blue suiters that do deploy into theater. Contractors are preferred over military because of the reduction in rotational turmoil, the long training time, and the ability to decrease operations tempo for the military communications airman. The price for these contractors is high, an average of \$209K per contractor. Sytex is the lead contractor, with Anteon, ITT, and Sprint as subcontractors. Maj Hoskins reported the more dangerous jobs are actually easiest to fill because of the additional salary offered. There have been some instances of contractor billets going unfilled, or contractors sleeping on the job, drinking alcohol, or just walking off the job, but according to Maj James Hoskins, these incidents are rare.⁴

These real world experiences exemplify four issues the military profession must deal with when working with military contractors: Funding/costs, performance, contractor oversight, and changes in military culture.

Funding/Costs

The funding/cost issue impacts both the military and the contractor. In today's fiscally constrained times, the military's budget is continually downsized. The challenge for the military contractor is how to perform their contractual requirements within the military's allotted expenditure. For example, KBR recently submitted a detailed estimate for expected spending in the year beginning 1 May 05 for approximately \$10 billion. For this same period of time, the Army has budgeted \$3.6 billion for KBR services, a very large gap in a tight fiscal environment.⁵ Now, the two parties must work together to agree on how to meet the needs of the warfighter within budget.

Ms Avant summarized the costs and risks inherent to the contractor. There are the pragmatic costs such as specialized personnel are more expensive than military forces, and contractor recruiters have to deal with supply and demand. One example cited was a vendor who paid personnel three times their current salary to move from Columbia to Iraq (higher salary, yet higher insurance costs).⁶

The goal of a company is to maximize profits.⁷ Government monitoring and contractor overcharging have been recent issues in Iraq.⁸ On 10 Nov 04, the US House of Representatives requested additional hearings on Halliburton's \$7 billion no-bid contract, allegations of kickbacks and bribes, and KBR's overcharging for gas and meals.⁹ On February 11, 2005, the *New York Times* reported a lawsuit against Science Applications International Corporation (SAIC) for overestimating projects costs when agreeing to a

price upfront, economizing as work was performed, and pocketing the difference as profit, a common practice with contractors.¹⁰ The continual onslaught of lawsuits only adds to the increased workload of military professionals and lawyers who must now spend time providing documentation for the lawsuits.

Dr. Peter Singer touts, “Contractor profit motives further cloud the fog of war.”¹¹ Gen Owen agreed, saying profit drives contractor decisions; how can they meet the contract requirements for the least amount of effort, therefore the most profit possible.¹²

If the contractor is making a profit, then what is the savings to the government? That depends on who you listen to. The US Defense Science Board believed that the DoD would save over \$6B during the first wave of outsourcing in the early 1990s. These claims were never substantiated, though the GAO later reported the figure was overstated by at least 75%.¹³ A study published by the University of Maryland’s Center for Public Policy and Private Enterprise, cited a cost savings of \$11.2 billion, or 44% of baseline costs for 1,200 DoD competitive sourcing competitions conducted between 1994 and 2003.¹⁴ However, the head of the Federal Managers Association said the report failed to address that costs to perform an activity escalate after it’s been turned over to a contractor and the government loses its in-house capability to do the job. “Estimated savings that are projected without a full analysis of actual costs over time skew the picture being provided to the American public,” said FMA National President Michael Styles.¹⁵

Contractor Performance

Contractor performance includes issues such as roles and responsibilities of the contractor, hiring practices of the company, motivations of the employees, and national

security impacts of these issues. Any of these issues could impact operations, jeopardizing the mission.

The military profession is touted as “not just a job.” In fact, it is unique from typical jobs, in it is the military’s job to fight wars. Professionalism is the sense of pursuing a “higher calling” vice an amateur who works for monetary gain.¹⁶ This is the major difference between a military soldier and a military contractor. The possession of this professionalism is a common bond to all soldiers, regardless of their particular skill. The mastery of military history is continually developed.¹⁷ Soldier behavior in the military structure is governed by regulations, customs, loyalty, traditions, and the continuing spirit of the profession.¹⁸ In 1977, Charles Moskos differentiated between institutions and occupations, saying “An institution is legitimated in terms of values and norms, that is, a purpose transcending individual self-interest in favor of a presumed higher good,” whereas, “an occupation is legitimated in terms of the market place, i.e. supply and demand.”¹⁹

For most contractors, working on a military contract is just a job. They punch a clock, get overtime pay after normal work hours, don’t take work home, don’t have a rigorous training and evaluation program, aren’t subjected to drug testing, haven’t studied past wars, and don’t have required continuing professional education requirements. There is little loyalty to the company, and for most it is just a paycheck. This is especially true of the contractors hired in theater, where they were lured with paychecks two to three times their current wages. Contractors are not performing the military mission because of some altruistic devotion to America. They are there simply for the money. Juan Nerio, a 44-year-old mason’s assistant from San Salvador, was sick of

living in a mud hut on the side of a volcano. When he heard that an American company was offering six times his \$200 monthly wage, he signed up. Six weeks later he found himself holding an AK-47 assault rifle and guarding a US diplomatic complex in Iraq.²⁰

Deborah Avant summarized the current use of military contractors, saying contractors are part of everything the military does. In Iraq, contractors perform technical support (Apache helicopters, Predator UAVs), logistics support such as food, housing, laundry, water, security for US forces (MPRI is a big contractor). In fact, one in 10 going to Iraq were contractors. And this number became greater after the initial conflict. It is estimated between 20,000 and 60,000 contractors are in Iraq now; no one knows for sure. On the positive side, companies should be viewed as flexible new tools to be used by the military. These companies provided a surge capacity after the fall of Saddam Hussein, and can field forces for short periods of time. Also, contractors could more easily field the kinds of skills required, such as special operations, language skills, civil affairs officers since they can recruit internationally and are not held to the same political standards. This reduced the burden on US military forces.²¹

The government lays out the job requirements, but can not tell the contractor who to hire, and has no scrutiny over who the contractor does hire. Dr. Singer cited a DynCorp mechanic saying “We have people who are working on aircraft with absolutely no aviation experience or ground-equipment skills. Would you rather fly in a helicopter maintained by a waitress or an experienced aviation technician? The management here is looking at the bottom line...”²² In that case, company profits and safety concerns for our troops were at odds.

And as mentioned by Ms Deborah Avant, companies recruit internationally from Chile, Nepal, South Africa, Philippines, and in theater from the local nationals.²³ They could be hiring mercenaries and spies. Force protection is a national security issue. Contractors typically contract out to locals or third-party foreign nationals in the theater of operations. The locals work for cheap, and are readily available. However, this practice leads to force protection and intelligence gathering issues, as witnessed by the security forces of the 45th Space Wing deployed to Iraq.

And on some occasions, the contractors let down the forces in theater. Lieutenant General Charles S. Mahan Jr., the Army's top logistics officer stated in July 2003 that so many civilian contractors had refused to deploy to particularly dangerous parts of Iraq that soldiers had to go without fresh food, showers, and toilets for months. "We thought we could depend on industry to perform these kinds of functions."²⁴

There is definitely an impact to the mission when the military depends on contractors and their subcontractors. On September 21, 2004, the US military reported Turkish truckers had refused to drive south of the northern Iraqi city of Dohuk because of rampant abductions. Iraqi truckers had to take over.²⁵ And as stated earlier, military supplies are routinely abandoned at the military base's front gate during the 24-hour waiting period, because the drivers left their trucks in fear for their lives; they did not want to be seen working for the Americans. And when the local nationals don't show up to work, knowing mortar attacks were imminent that day, it is the military troops that suffer.

Although rare, what happens when a contractor just up and leaves in a war zone environment, or even an operational environment in peacetime? Contrack International

Inc, the leader of a coalition of firms working the \$325M contract to rebuild Iraq's roads, bridges and railways, just dropped the contract because of security fears.²⁶ Or in the case of Iraqi translator contractors, the insurgents are killing them or their families for helping the Americans and the interim Iraqi government. "There are very few translators left," says Maj Brian Kenna, an Army civil-affairs team chief. "The terror campaign has been very effective."²⁷ The military unit must have a backup plan to keep operations running.

Lieutenant Colonel Richard Lacquement, suggested the military should take a step back and look at its core military role; what is "in the institution?" This core role should be the essential effective and efficient missions that nobody else does. And then, what is a complementary contractor role?²⁸

Contract Oversight

In a personal interview, Dr Peter Singer, a Brookings Fellow and one of the leading authors on military outsourcing and private military firms, stated contracting officers don't have a way to track down numbers of contractors per contract, and Air Force leadership is in denial on how much is contracted out. There are so many different contracting agencies: Combatant Commands, Services, Army Corp of Engineers, GSA, contractors to subcontractors, contracting officers, and no single database for all of them.²⁹ For example, Halliburton has 13 subcontractors. And if you look at the chain of contracts to get to the contractors responsible for the Abu Graib prisoner abuse scandal, one can see the confusion in contracting. According to Dr Singer, as the number of contracts has risen, oversight of contractors has declined.³⁰

Issues with the contracting personnel continue to plague operations in Iraq. The Abu Ghraib prisoner abuse scandal is a direct result of the misuse of non-DoD contract

vehicles. The Combined Joint Task Force in Iraq went to the Department of the Interior, who went to the GSA, who purchased interrogator services against a commercial IT contract.³¹ In this particular case, 50 percent of the interrogators at the prison were contractors, 36 percent of the proven abuse cases involved contractors, and 35 percent of contracted interrogators had no formal military interrogator training.³²

Both the Air Force and the contractors must strive to improve their ethics and accountability in contracting in theater. Working with the military is stressful enough, let alone working under fire in Iraq. The Air Force and the contractors must hire the right people for the job, give them the training, and hold them accountable for their actions. The Air Force contracting force seems small for all the work they are performing in theater, and the rotation into theater is too quick. The Air Force has recommended fixes for both these areas. Dr Singer also suggests all personnel associated with contractors get some education in contracting functions.³³ For troops deploying to theater, this could be part of their pre-deployment training.

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Chapter 4

Impact to Operations: 45th Space Wing

Our culture reminds us the Air Force is not just a job...

—Maj Gen Tony Przybyslawski, commander AFPC¹

The 45th Space Wing, consisting of Patrick Air Force Base and Cape Canaveral Air Force Station in Florida, is responsible for assured access to space. With an annual average of 20 space launches, including Lockheed Martin's Atlas and Titan rockets, Boeing's Delta rockets, NASA's Space Shuttle, Orbital Science's Pegasus air-launched rocket, and the Navy's Trident submarine test firings, this facility is at the leading edge of space technology and has an extremely complex mission of ensuring public safety during launches. To perform the majority of the work, this base employs more contractors than any other base in Air Force Space Command.

An in-depth study of contracts at Patrick Air Force Base for the Fiscal Year 2003 reveals a total of 81 service contracts (only three of which are A-76), totaling more than 3,000 contractors. The \$500 million wing budget includes \$360 million to contractors, a full 72%.² Table 3 lists the most expensive service contracts and total cost to the 45th Space Wing for services rendered (does not include the RTD&E contracts performed by Boeing, Lockheed Martin, and ITT Industries, all paid for by Space and Missile Systems Center).

Table 3: Top Contracts at Patrick AFB, FL for FY03³

Contractor	Mission	Total cost of contract
Joint Base Operations Support Contract Vendor: Northrup Grumman, Wackenhut	Cape Canaveral infrastructure – roads, environmental, security, engineering, grounds mx, fire, medical emergencies, airfield ops	\$103 million /yr AF costs – additional costs shared by NASA - 2800 contractors (shared by NASA also – not all counted against 45 th SW)
Range Technical Services Contract Vendor: Computer Science Raytheon	Operate & maintain range/ground space launch tracking and command/control facilities	\$80 million /yr; 1100 contractors
Launch Operations & Support Contract Vendor: (Sverdrup)	Operate & maintain Delta, Titan, spacecraft launch and processing critical facilities, including mission control, launch comm., ordinance	\$45 million /yr; 400 contractors
Florida Power & Light (Base Utilities)	Electricity, gas, sewer, water	\$23.5 million/yr
Jacobs Engineering Group, Inc	Other architecture & engineering services	\$10.778 million/yr
SRS Technologies	Engineer Technology Services	\$4.114 million/yr
Raytheon Technical Services	Maintenance & repair of equipment and ADPE equipment	\$3.186 million/yr
Brevard Achievement Center	Janitorial services	\$2.7 million/yr

The 45th Space Wing's manpower office recently completed a tasking from the office of the Vice Chief of Staff of the Air Force (VCSAF) where the wing accounted for all contractor military equivalents working service contracts only. In total, Patrick AFB/Cape Canaveral AFB has 3,035 contractor military equivalents working service contracts, compared to about 2,000 active duty and civilian Air Force employees. This does not include the three largest contractors at the Cape; Boeing, Lockheed Martin, and ITT, all performing technical contracts.⁴

Brigadier General (select) Mark Owen, the 45th Space Wing Commander, relayed his thoughts on contractor support during an interview.⁵ The positive aspect of outsourcing is the limit on government liability; the shift in responsibility from the Air Force to the contractor. One recent example was during preparation for hurricane Frances, the very

large command destruct antennas were removed from their pedestals, loaded onto the back of a flatbed truck, tied down, and moved to the inside of a hangar. After the hurricane, when the truck was moving the antennas back, it made a sudden stop, and one of the antennas came through the rear window of the truck. The responsibility for the damage to the truck and the antenna fell to the contractors. However, note the Air Force was involved in running an Operational Review Board to assess the incident and propose changes to ensure this accident is not repeated. Another positive aspect is the contractor works more efficiently. Because of this, the contractor may perform the job differently than the Air Force members. The military must understand this, warns Brig Gen Owen.

One recent example of an operational impact from outsourcing a peripheral or logistics mission occurred with the logistics readiness flight.⁶ A contractor maintains the weapons, munitions, fuels, deployment bags, and passenger terminal operations, in a performance based contract. Contractors only support what is in the contract, and new missions require more money. In this situation, the 45th Space Wing was having an Ability to Survive and Operate (ATSO) training exercise. According to the contract, the contractor must support weekend deployment exercises for the security forces by issuing weapons from the armory. However, this ATSO scenario called for deployment prior to the contractor's start time, and ending after they have gone home. The decision was made to continue with the exercise within the scope of the contract to avoid contract overtime charges, but the security forces would not pull their weapons from the armory. The entire exercise for the security police was performed without weapons. Will this impact their proficiency on deployment?

Col Gregg Billman, the 45th Space Wing Operations Group Commander shared his views on having contractors perform military operations.⁷ He says the Air Force must be willing to accept operational impacts, whether they are higher costs for contractor overtime pay, reduced support, or increased response time. The Air Force can not treat the contractor like a blue suiter, i.e. can not keep them at work until the mission is complete and can not make them work the weekend. Just recently, the launch team required an additional integrated crew training exercise for their upcoming first Delta IV heavy launch. A Saturday was the only range date when all the range equipment would be available. To be trained for the mission, the contractor agreed to work the weekend, but the wing had to pay the contractor time-and-a-half for the overtime costs of a weekend shift.

One example of reduced support happened when the communications function of local area network management was outsourced. The wing could not afford a 24/7 contract like when it was manned by blue suiters, so it is now an eight hour a day, weekday only function. When the network goes down after hours, the wing either lives with the outage until the next work day, or pays overtime costs to bring in an on-call contractor.⁸

The 45th Space Wing is challenged with a civilian security force team at Cape Canaveral AFS and a military security force team at Patrick AFB, 20 miles apart. These security forces do not have the same shifts so they do not attend the same guard mounts (shift change briefings), causing a lack of “trust” in each other in time of crisis. There are also “perceptions” that the contracted security forces are always on a smoke break, or a

lunch break, since their contract allows them to take these times.⁹ The operational impact is there is not a cohesive team guarding the entire wing.

In an effort to consolidate local area networks amongst Patrick's 30 tenant organizations to streamline communications and better protect the computer systems on base, the wing commander requested the communications squadron add all the tenant organizations to the Patrick AFB local area network. This is not a difficult job, but none the less, a job not in scope in the current contract. The estimated cost was approximately \$3M and can not be performed until the contract is rebaselined in Oct 06. Had military been operating the LAN, the work could have been done in a matter of weeks. The operational impact to the wing will continue to be virus attacks coming from less secure networks interfacing with the 45th SW network.¹⁰

One overarching impact of all this contractor augmentation occurs when exercising base emergencies, a time when the wing needs to be a cohesive running machine. The active duty personnel (even the civil service don't participate due to union rules and overtime pay requirements) are the only ones participating in base recalls and exercises. Yet, during a real world event or Operational Readiness Inspection (ORI), the expectation is a flawless execution, when most of the players are doing it for the first time.¹¹

Lt Col Chris Kinnan, the 45th Operations Support Squadron commander, has a great relationship with his landing strip operator at Cape Canaveral AFS.¹² He stated the contract had fixed hours of operations for the facility, but the contractor was very flexible based on mission needs. Lt Col Kinnan stated the relationships with contractors depend as much on personal relationships as contractual language. One of the more frustrating issues to deal with at Patrick was the conversion of airfield managers from military to

contractor, and back to military again. A future unknown is if the Air Force will outsource air traffic controllers in FY06. There have been numerous articles about the many job openings with the FAA, for much higher wages than the military airman is getting paid. The current AF/XO proposal is to shift 386 ATC billets to civilian billets, and extend the commitment of ATC airmen from four to six years. These air traffic controllers will deploy more often, and still maintain proficiency in CONUS¹³. All of Patrick's 16 ATC Air Force billets are scheduled to convert to civilian billets during FY06 and FY07.

Lt Col Denette Sleeth, the 1st Range Operations Squadron commander, was enthusiastic about her contractors who operate the 1950s era range equipment along the eastern seaboard and on Antigua and Ascension islands.¹⁴ She says the continuity in personnel is invaluable to the launch mission. The only downside of using contractors is the high cost must be passed on to commercial launch customers trying to compete in a global market. She reiterated Lt Col Kinnan's opinion that a lot of work gets done because of personalities that are helpful, vice what is on contract. She suggested not moving military personnel who are happy with their job and their current rank as an alternative to outsourcing if continuity is a big driver.

Lt Col Jimmy Comfort, the commander of the 3rd Space Launch Squadron, home of the Titan rocket, the largest unmanned rocket at the Cape, and a 20-year veteran of the space business, was very frank about the role of blue suitors in the launch business. "Titan IV and Delta II could be done with all blue suiters, but the logistics tail required by the Air Force is too expensive. Documented monthly/annual training programs, laborious technical orders and real-world simulators all drive the cost through the roof."¹⁵

At the same time, the Space and Missile Systems Center, the developer of the rockets and spacecraft, is told to develop the cheapest product, so they develop contractor-controlled systems. So while the contractors perform the maintenance and operations on the rockets and satellites, the small numbers of military at the Cape perform a “quality assurance” role. Lt Col Comfort insists the Air Force needs to at least maintain this role of self insuring vice quantity insurance. Besides, these positions provide experience for conventional intercontinental ballistic missile (ICBM) maintainers/operators, and eventually for responsive spacelift operators.

One contract enjoying success at Cape Canaveral AFS is a joint contract with NASA’s Kennedy Space Center. According to Mr Tom Eye, Deputy Director (NASA) of the Cape Canaveral Spaceport Management Office, this contract is successful because DOD and NASA workers manage this performance-based contract, not Quality Assurance Evaluators.¹⁶ The contractor uses industry standards and best practices. It is a 10-year contract, to which the Air Force pays \$103M per year. There are 2800 contractors jointly. Responsiveness is measured by metrics, and contractors can be let go for poor performance or bad behavior.

Lt Col Lester summed it up by saying the Air Force has weighed mission effectiveness against money/personnel costs, and the bean counters have won.

The 45th Space Wing has an exciting mission as the eastern launch base, but there exists today a lower expectation, a loss of flexibility, a longer lead time to get the mission accomplished, and a loss of technical expertise within the military and civilian core.

Funding/Costs

It is interesting to note that outsourcing was driven by the Office of Management and Budget as a cost savings to the dramatic increase in non-discretionary spending such as Medicare, social welfare programs and the national debt.¹⁷ What has happened is the DoD has mandated outsourcing because its non-discretionary spending has increased: active duty pay, civilian pay, retirement, etc. However, contracts are now a must pay bill at the wing level, and the wing is left with very little discretionary money. At PAFB, contracts alone account for 72% of the wing's budget.¹⁸

What is left of the wing's discretionary pot of money is also eaten up when the Operations and Maintenance (O&M) funding from the Office of the Secretary of Defense (OSD), the Air Staff, and the Major Commands (MAJCOM) continually under fund the contracts, so more O&M costs are paid for at the operational level, i.e. the squadrons and wing are now paying what used to be institutional Air Force costs. This means sacrificing more of the wing commander's discretionary funds. Not only are contracts under funded, but the OSD also uses artificially low inflation factors for the Program Objective Memorandum (POM).¹⁹ During the execution year, there is a 7-10% rise in medical costs and wage grade re-determination costs, none of which is paid for by OSD or the MAJCOMs, and all of which must be paid for by the wing. The impact to the 45th Space Wing is the already eroding discretionary dollars are being spent to pay for contracts, further reducing the wing commander's flexibility.

One example of an under funded contract is the Security Forces contract at Cape Canaveral AFS (the base with all the launch pads, rockets, and critical military/national satellites). This contract is not funded for overtime, and offers no flexibility.²⁰ Lt Col

Lyndon Skinner, Security Forces Squadron Commander, noted that a new force protection baseline was established after September 11, 2001, which increased the level of effort such as additional patrols, required searches of all large vehicles, background checks on all contractors/subcontractors, random security measures, etc. This new baseline was not in the original contract, and is costing the wing lots of extra money.

An operational impact due to lack of funding was barely averted in FY03. The wing was on track to run out of funds in early July 03. The planned action was to shut down the launch range, furloughing all the contractors until the start of the new fiscal year. The impact was postponing four launches, including a space shuttle launch. Based on the projected launch schedule, this shutdown would have had national security consequences. The risk analysis included retraining all operations contractors and reevaluating all range instrumentation to ensure it was flight worthy. Fortunately, the MAJCOM sent additional funds to cover the wing until the new fiscal year. The impacts would be far greater this year, in FY05, since the AF institution is scheduled to run out of funds in Jun 05.

Lt Col Booe Kuhn, the 45th Space Wing comptroller, had the most in-depth perspective of the financial damage being done to the 45th Space Wing by all the contracts, in particular with performance-based contracts.²¹ The Air Force's requirements are too vague (by design), and there is a lot of mission creep (by both the AF and the contractor). On a performance-based contract, we can not tell the contractor to keep the grass at 2.5 inches, but that is how we want the grass kept. This type of contracting leads to frustration on both sides. Two examples of this occurred when the contractors were unaware of the magnitude of problems when they bid on the contract, then requested additional resources and money to fix the problems. One example is all

the rust on the metal launch towers. The contractor had not fully assessed the daily damage done by the salt air. More money was requested to continue repairing rusted metal. Another example is the leak in the deluge pond liners, where the water used for noise dampening during the initial firing of the main rocket engines flows through. This was an environmental concern by the Florida Environmental Protection Agency, and the contractors tried two different, very complex and expensive solutions (over \$1M was spent), neither of which worked. The final fix was to replace the pond liner with another one-time use liner for each launch. This liner was a cheap solution, but it worked. Because this contract is a cost plus contract, the Air Force paid for a lot of work with no dividends, using money that would have been better spent on other projects. We trust the contractors to have the expertise, but the Air Force has lost oversight technical expertise as well.

We can learn a lesson from the Canadian Bombardier contract, their contract for undergraduate pilot training. In a report titled “Legislative Audit for National Defence,” the author discusses a downside of the Bombardier contract, the “lockbox.”²² A lockbox is created when a lengthy contract is put in place, in this case a 20 year, \$2.8 billion contract, committing a considerable portion of the Canadian Air Force’s operations and maintenance budget. There is no flexibility in this contract, should the service reduce its size, or experience training pipeline problems.

Contract issues occur on a daily basis within the 45th Space Wing. Discretionary funds get eaten up quickly, reducing the flexibility of the wing. Additionally, the squadron commanders, group commanders, and even the wing commander spend an

inordinate amount of time fighting these battles, when their time, energy, and focus should be on the mission of launching rockets.

Contractor Performance

A realization for the military is the contractor will look at how to do the job with the least amount of effort for the same return.²³ The contractor has two goals: perform the job to the standard of the contract, and increase the profit at the same time. Two other contractor issues are the contractor turnover after the period of performance, and the declining contractor base. Gen Owen suggests the effects on mission operations are generally minimal during a contractor turnover, since the wage grade operators roll into the new contract or are typically hired by the incumbent contractor. The effects of relying so heavily on contractors from the industrial base will become more detrimental in the future as the government is held hostage by the declining military industrial complex due to mergers, buyouts, and bankruptcies. Eventually, contracts will come up against the global market, and what will the impact be then to national security?

Col Swedberg, the 45th Space Wing Mission Support Group Commander, had a different slant on the contractor issue.²⁴ Col Swedberg is a communications officer, with previous experience at Shriever Air Force Base in Colorado. He emphasized the squadron commander has the ultimate responsibility for the mission, but little authority over the contractors. As such, the Air Force needs to beware of contracting out operational missions, and needs to stick with peripheral missions. This is easier said than done, as many peripheral missions either separately or added together can impact an operational mission. Two examples of peripheral jobs that were contracted out but had mission impact are the fuel truck driver who could not get jet fuel to the flight line when

needed for an operational mission, and the truck driver hauling mission critical command destruct antennas who stopped too quickly and the antenna went through the truck cab. Fortunately in the second incident, the antenna checked out okay, but had it been critically damaged, the launch mission of the 45th Space Wing would have been suspended until the antenna was repaired. Col Swedberg mentioned that in his experience at Schriever AFB, the unit kept a backup active duty military communications cadre to train the contractors, and to be there just in case. Finally, Col Swedberg recommended the Air Force come to a consensus on its core competencies; which mission areas must be military to fight wars? We must have the authority over these areas, must have incentives for our airmen, and must have an identified career path. All other peripheral missions with no operational impacts are ripe for contractors.²⁵

Lt Col Dennis Lisherness, the 45th Space Communications Squadron commander, discussed the four contracts within his squadron: land mobile radio maintenance, base telephone operations, network switches/routers/servers, and base audiovisual.²⁶ Two recent incidents brought to light the restrictiveness of using contractors. The first was in preparation for Guardian Challenge, the annual competition between all the space, spacelift, and missile wings. This competition had been cancelled in 2003 because of the war in Iraq, so there was a lot of emphasis on winning in 2004. The wing commander and the operations group commander wanted to boost morale and keep the upcoming competition in everyone's forethought, so they requested full length, person size cutouts and a video be made from the audiovisual shop. This would be a routine request at any military audiovisual shop, but at Patrick, this shop has been contracted out, and this "requirement" was not in the contract. The contractor refused to perform this "out of

scope/not official use” request.²⁷ In the end, with a lot of pressure and supplemental privately donated funds, the tasking was accomplished. A second example happened during these interviews, when the vice wing commander wanted to hold a video teleconference on a Friday afternoon at 1600. The contractor is scheduled through 1600 hours, so the request had to come with an overtime payment attached to it.²⁸

When asked about the civil engineering contractors response after all three hurricanes to hit Patrick AFB/Cape Canaveral AFS in 2004, Maj Shannon O’Boole, the acting 45th Civil Engineering Squadron commander, responded the grounds maintenance personnel did a great job post-hurricanes, but were VERY well paid. This was a previous lesson learned, that emergency essential personnel must be added to each contract for emergencies such as higher force protection conditions, and pre- and post-hurricane actions (but not for exercising these events). Maj O’Boole seconded others’ opinions when she said the Air Force is now operating like a university or city, with lower expectations; we may have to wait longer for projects to be completed. She also mentioned the Air Force should look at the types of contracts we write, and move away from cost plus award fee to contracts with incentives.²⁹

Lt Col Lester stated that since acquisition reform began, contractors do not have the expertise either. Examples of this are the Range Standardization and Automation contract, the Space Based Infrared System, and the Evolved Expendable Launch Vehicle program. All have had large problems, are behind schedule, and have had major cost overruns.³⁰

Contract Oversight

Contractor oversight is not only an issue amongst contractors, but also an issue with the military. A few areas of caution were noted by Brig Gen Owen.³¹ Squadron commanders and other military and civilian employees must know how to read contracts to understand the limits on what we can ask the contractor to do, and to limit government liability by avoiding requesting work outside the scope of the contract.

Lt Col Andy Lester, commander of the 45th Range Management Squadron, came to Patrick AFB from Los Angeles AFB where he also worked around contractors daily.³² He says the Air Force has gone way too far in outsourcing. “What we have left is a blue suit/civilian force that does not know how to perform the mission, and can’t even put together a technical chart without contractor expertise. We’ve hired personnel based on technical expertise, don’t let them use it, and then force them to be contracting officers when they can’t write a statement of work, can’t evaluate proposals, and can’t evaluate award fees.” His frustration with the current situation was very apparent. Lt Col Lester is responsible for two of the largest contracts, over \$125M per year and 1500 people.

The interviews conducted at the 45th Space Wing show first hand what is happening in the trenches. It is not information from a textbook, but it validates the often hard to quantify internal feelings that the Air Force is headed off track. These military troops have experienced first hand the lower expectations of our operational capability, the loss of flexibility and the increased lead times to get the mission accomplished. The tightening of the fiscal reigns for “must pay” contracts has the greatest operational impact to this wing, which is so contract laden. And the addition of so many contractors has

implications to the military profession in areas such as core values and discipline, national security, troop retention/career development, and unit morale.

Notes

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⁴ Mr Jim Fears, 45th SW Personnel Management Analyst, interviewed by author, 3 December 2004.

⁵ Gen (S) Mark Owen, 45th Space Wing Commander, interviewed by author, 29 November 2004.

⁶ Lt Col Lyndon Skinner, 45th Security Forces Squadron Commander, interviewed by author on 29 November 2004.

⁷ Col Gregg Billman, 45th Operations Group Commander, interviewed by author, 29 November 2004.

⁸ Lt Col Lisherness interview.

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¹⁰ Lt Col Dennis Lisherness interview.

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¹³ Air Traffic Control IPT Briefing to CSAF, 14 Oct 04.

¹⁴ Lt Col Denette Sleeth, 1st Range Operations Squadron Commander, interviewed by author, 1 December 2004.

¹⁵ Lt Col James Comfort, 3rd Space Launch Squadron Commander, interviewed by author, 1 December 2004.

¹⁶ Mr Tom Eye, Deputy Director of the Cape Canaveral Spaceport Management Office, interviewed by author, 2 December 2004.

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¹⁸ Lt Col Kyle "Booee" Kuhn interview.

¹⁹ Lt Col Kuhn interview.

²⁰ Lt Col Skinner interview.

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²⁴ Col Edwin Svedberg, 45th Space Wing Mission Support Group Commander, interviewed by author on 29 November 2004.

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²⁵ Col Edwin Svedberg, 45th Space Wing Mission Support Group Commander, interviewed by author, 29 November 2004.

²⁶ Lt Col Dennis Lisherness, 45th Space Communications Squadron Commander, interviewed by author, 29 November 2004.

²⁷ Lt Col Lisherness interview.

²⁸ Lt Col Kuhn interview.

²⁹ Maj Shannon O'Boole interview.

³⁰ Lt Col Lester interview.

³¹ Gen (S) Mark Owen interview.

³² Lt Col Andrew Lester, 45th Range Management Squadron Commander, interviewed by author, 1 December 2004.

Chapter 5

Implications to the Military Profession

Your gut feel about something is probably much better than what you give yourself credit for.

—Col Timothy T. Timmons¹

The implications of continued use of contractors are widespread. Previously discussed were examples of funding/cost constraints, roles and performance of the contractors, and contract oversight. All of these issues are tangible and can be overcome by changing procedures/contracts, adding training, or adding oversight. However, at the heart of this morphing of the military profession is military culture. This human factor, while often hard to quantify, is just as critical. The 2nd and 3rd order effects such as the loss of flexibility, the retention problems, decline in morale, and other deleterious effects are just as important to successful military operations.²

Core Values and Discipline

Each service has its core values, and abides by the Uniform Code of Military Justice (UCMJ). However, contractors are not required to honor the core values, or the UCMJ. In fact, as we've seen in the prisoner abuse scandal at Abu Graib prison, the contractors involved have yet to be charged with any wrong doing. And when employees of Dyncorp were accused of black-market trading of women and children in Bosnia and

Kosovo, their only punishment was being fired.³ The current news is riddled with accusations of contractor overcharging, fraudulent accounting practices, bribery probes, and other actions totally at odds with the military's core values. On a day-to-day basis, contractors work at their own pace, while military personnel continue "hustling" to get the mission done. At times, contractors take the shortest means to fulfill their requirements, while military personnel must perform every step, dotting all "i's" and crossing all "t's." These differences in core values and discipline continue to drain enthusiasm from the military troops.

National Security

Military personnel must always be aware of the impact to national security, especially when working around support personnel without clearances such as those that mow lawns, pick up trash, etc. They must be mindful of operations security at all times, as the chance for "spies" or people meaning ill will is even more present with the large number of contractors. In theater, they are ever mindful to watch for local nationals pacing off distances between buildings and perimeter fences, or contractors with ties to enemy governments. The military team approach "I've got your back, you've got mine" is forfeited when contractors enter the workplace, and adds to the stress, especially in theater.

Troop Retention / Career Development

Reports of skills drain by Special Forces and other highly trained troops who leave the military to sign up with private firms, where they can reportedly make four to five times as much money for doing the same work, is disconcerting to the immediate future

of the military. “Competition with the civilian world has never been greater,” said Gen Bryan Brown, commander of US Special Operations Command, in congressional testimony. US Special Operations Command has had to formulate new pay, benefits, and educational incentives to try to retain them.⁴ Not counting stock options or insurance, an enlisted soldier might make as much in a single day in a PMF combat team as they could in a month in the public military, providing quite an incentive.⁵ As of February 2005, the Pentagon approved an incentives package aimed at retaining Special Operations Forces, in hopes of competing against the defense security contractors trying to lure them away. They hope lump sum payments will keep experienced personnel past the 20-year point.⁶

Corporations also target ex-military, since they’ve been prescreened, their costs of training have already been paid for by the DoD, they may come with foreign contacts, and they definitely come with a network of contacts that feed them privileged information and contracts.⁷

“When a military repairman achieves journeyman status, he can easily be wooed to leave the Service and accept private employment at higher pay. Often these journeymen then work for contractors who support the military.”⁸

Many of the acquisition problems seen today can be attributed to the gradual decline in the Defense Department’s in-house expertise to manage and oversee highly intricate weapon systems and vast network integration efforts. Lt Gen Brian Arnold, commander of the Space and Missile Systems Center, scolded contractors for lacking discipline, quality control, and for failing to anticipate and restrain cost overruns.⁹ A similar phenomenon is happening at NASA, where a talent drought has forced the agency to consider outsourcing high-skilled jobs to countries such as Russia and Japan.¹⁰

One of the current issues facing many career fields is the disproportionate billets within the MAJCOMS.¹¹ This limits opportunities for airmen to work. For example, in the multi-media career field, ACC is all blue suit, AETC is 90% contractors, AFMC has only 22 active duty billets, and AFSPC has only 96 active duty billets, mostly at Vandenberg Air Force Base. The 3V career field has gone from 3000-4000 to 1500 active duty enlisted personnel.

Experience for deployment is also limited when mission areas are contracted out. When a mission area is outsourced, the CONUS positions for military become scarce, yet these airmen are expected to deploy and be up to speed with current knowledge. Such is the case at Air Force Material Command where the Network Operations Support Center (NOSC) is outsourced. One Master Sergeant heads up the contractors. His billet is a UTC billet, but he has no current experience since contractors do all the work.¹² At Patrick AFB, similar issues occur in the civil engineering squadron, which is mostly contracted out in project specific contracts. Only a few in-house engineers, plumbers, electricians, etc remain. These military personnel are the “Red Horse” team members, who must maintain proficiency because they constantly deploy. To stay prepared to deploy, and because most of the work has been contracted out, special arrangements had to be made. For example, according to the Civil Engineering squadron commander,¹³ in some areas, such as high voltage power, the contract with Florida Power and Light specifies the active duty electrician must work along side the high voltage power contractor to maintain proficiency for the “Red Horse” team.

Unit Morale

Military personnel wear their uniforms, abide by the strict rank structure, continually take orders, and are considered “on duty” 24 hours a day, seven days a week. Compare this to the contractors, some of whom (in force protection) work two months then get one month off, make two to four times the military salary, do not take orders from the military, and work as a team rather than in a strict rank structure. These contractors do not have to perform any additional duties, attend mandatory formations, participate in base recalls and exercises, or perform the myriad of other military tasks required of the troops. Over time, there is a resentment that builds, usually resulting in the active duty person leaving the service to work for a contractor.

The culture in armed forces reflects our deeply held beliefs such as loyalty to comrades, commitment to the team, belief in something more than your well-being.¹⁴ This is not the culture with contractors, which is carrying over into the units with combined military and contractors.

Gen Owen mentioned a significant issue amongst the active duty/civilian work force left at each base which is the work force gets increasingly inefficient at the increasing work load, and morale decreases.¹⁵ This occurred at Patrick/Cape Canaveral when the security forces deployed (prior to help from the Army National Guard), and the launch operator and maintainer “volunteers” were quickly trained to work guard post duty, in addition to holding down their normal job. The risk to both the security of the base and the critical launch missions was one that was accepted by the wing commander.

One frustration found in the Titan launch squadron at the 45th Space Wing is the Air Force wants all 13S (space and missile officers) to get a technical masters degree, yet

contractors are doing all the technical work. This is a fundamental disconnect in the current Air Force personnel system. However, on the flip side, the contractors also have complaints that the military couldn't do the job anyway, because they are too busy with regulations, wing exercises, weight and fitness programs, studying professional military education, officership, volunteering, honor guard, NCO/CGO associations, Top 3, quarterly awards breakfasts, public recognition, commanders' calls, promotion/retirement ceremonies, retreats, etc. Add to that all the additional duties carried by each military member (73 additional duties per squadron at the 45th Space Wing), all the annual training requirements (suicide prevention, sexual assault, professional relations, counter intelligence, operational risk management, anti-terrorism, self-aid buddy care, protection of the president, operations security, law of armed conflict, information security, information assurance, ethics, safety, security, etc), and the contractors have a valid point.¹⁶

According to Lt Col Rob Atkins, commander of the 5th Space Launch Squadron, home of the newest Boeing and Lockheed Martin rockets, the detractors to AF personnel working alongside contractors is the military work longer hours than the contractors, and are responsible for all the additional duties.¹⁷ He also agrees the ability of the military to keep up with the technical nature of the launch mission is degraded by constantly supporting wing missions such as filling sand bags for hurricanes, participating in Operational Readiness Inspection exercises, etc. He sees a loss of Air Force culture and camaraderie.

Finally, both the communications and the security forces squadron commanders agree that outsourcing has had an impact on Air Force culture. All the "crappy little

jobs” that were given to airmen as punishment, such as picking up trash, painting curbs, mowing, picking out weeds, are done by contractors. The ironic thing is, if Air Force personnel perform any outsourced task, the contractor can, and has, filed grievances against the government. And not so funny, the perception of the perception of the other military services is we are even more of a “Chair Force” than ever before.¹⁸

Understanding Contracts

Commanders, and every military person working with contractors, need specific guidance on the content of their associated contracts, and must be trained to understand contract language, the scope of the contract, and the implications of asking the contractor to perform work that is out of scope of the contract.

The military must learn to deal with inconsistent contractor performance; the contracting parties’ insufficient clarity regarding requirements and costs; lack of experience on the part of military officers in dealing with contractors; and finally, the inclination of some contractors to cut corners or overcharge the government.¹⁹ Inherent in using contractors is the introduction of contractual dilemmas such as the profit motive, the less than honest charging practices, the walking out of disgruntled employees, the loss of flexibility within the unit using contractors, the lack of control over who the company hires, and the fact that the company reports to the Air Force contracting officer, not the squadron commander.

Future Contractor Force

And finally, the Air Force must prepare for the day when, because of the reduced number of Air Force personnel today, the number of “retired” or “separated” Air Force

personnel joining the ranks of contractors will also diminish. Where will the companies find trained personnel that understand the military, and are trained in both skills and leadership? This is a luxury we have with the current contractors which will diminish over time.

Dr Singer relates the IT industry is feeding the industry (India especially) that is going to eat them alive in 5-10 years. CISCO had outsourced many areas, and has since pulled back a lot of them once they decided what they actually do. Similarly, the Air Force is creating human capital, and then paying contractors who hire them away from us (especially seen with special operations troops).²⁰

Dr Peter Singer states the political cost savings must be weighed against the undetermined economic cost savings, the lack of accountability, and the force multiplier effects. Military contractors are morphing the military profession, leading to a loss of the military monopoly, and begging the question, what is the responsibility of non-state actors? He recommended the military redline its core functions and reign back in those core functions which have been outsourced; investigate the data on cost savings; and finally, decide if there are any differences in outsourcing based on the region of conflict.²¹

The military is not the only government organization struggling with these issues. After the Columbia Shuttle accident, NASA received a hard look at its organization, and the results parallel the Air Force's issues with contracting out operations.

Notes

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¹⁶ Lt Col Comfort interview.

¹⁷ Lt Col Robert Atkins, 5th Space Launch Squadron Commander, interviewed by author, 3 December 2004.

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Chapter 6

Parallels with NASA and the Shuttle Columbia Incident

This cause of exploration and discovery is not an option we choose; it is a desire written in the human heart. We find the best among us, send them forth into unmapped darkness, and pray they will return. They go in peace for all mankind, and all mankind is in their debt...

—President George W. Bush, February 4, 2003¹

When it comes to culture, NASA has the reputation as the culture icon. In the Columbia Accident Investigation Board (CAIB) report volume 1, the board noted “the NASA organizational culture had as much to do with this accident as the foam. Organizational culture refers to the basic values, norms, beliefs, and practices that characterize the functioning of an institution. At the most basic level, organizational culture defines the assumptions that employees make as they carry out their work. It is a powerful force that can persist through reorganizations and the change of key personnel. It can be a positive or a negative force.”² A comparison of the state of NASA prior to the Columbia incident and the state of the Department of Defense today leads to interesting and eerie similarities.

“No longer able to justify its projects with the kind of urgency that the superpower struggle had provided, the agency (NASA) could not obtain budget increases through the 1990s. Rather than adjust its ambitions to this new state of affairs, NASA continued to push an ambitious agenda of space science and exploration, including a costly Space

Station Program.”³ To do this, NASA had to become more efficient, accomplishing more at less cost. This led to downsizing the Shuttle workforce, outsourcing various Shuttle program responsibilities, and consideration to privatizing the Space Shuttle Program.⁴

NASA was viewed by the CAIB as an “agency trying to do too much with too little.” The budget squeeze came when the shuttle program had increased costs due to greater maintenance requirements, a declining second and third-tier contractor support base, and deteriorating infrastructure.⁵ Also colliding with this lack of resources was a new administrator, Mr Dan Goldin, the “agent of change,” who favored “administration transformation” of NASA. “And not one or two changes, but a torrent of changes, radical/discontinuous change.” One of Mr Goldin’s high-priority objectives was to decrease involvement of the NASA engineering workforce with the Space Shuttle Program and thereby free up those skills for the space station or the human exploration of Mars. Attempts by NASA headquarters to shift functions or to close one of the three human space flight centers were met with strong resistance from the Centers themselves, the aerospace firms they used as contractors, and the congressional delegations of the states in which the Centers were located.⁶

From 1991 to 1994 NASA was able to cut Shuttle operating costs by 21%. Contractor personnel working on the Shuttle declined from 28,394 to 22,387 in these three years, and NASA Shuttle staff decreased from 4,031 to 2,959. Additional personnel cuts were made in 1996 and 1997, resulting in a contractor force of 17,281 and a NASA staff of 2,195.⁷

Another cost cutting measure was to outsource the Space Shuttle Flight Operations. This contract was awarded to United Space Alliance in October 1996, and continues

today. The value of the contract through 2004 is estimated at \$12.8 billion. USA employs about 10,000. The annual savings, originally estimated to be some \$500M to \$1B per year by the early 2000s, have not materialized. By one estimate, in its first six years, the contract has saved NASA a total of more than \$1B.⁸ “92% of NASA’s funding to the Space Shuttle Program is directed externally to contractors.”⁹

By the end of the decade, NASA realized that staff reductions had gone too far, and the workforce needed to be revitalized. “Five years of buyouts and downsizing have led to serious skill imbalances and an overtaxed core workforce. As more employees have departed, the workload and stress (on those) remaining have increased, with a corresponding increase in the potential for impacts to operational capacity and safety.”¹⁰

The parallels are uncanny. The Department of Defense is dealing with the exact same issues: a budget squeeze, downsizing of troops, outsourcing to free up troops for deployment, maintenance of old equipment, deteriorating infrastructure, a change agent in SECDEF Rumsfeld, and the closure of bases. Has the Air Force gone too far also?

All of the above issues contributed to the loss of the Space Shuttle Columbia and the seven astronauts onboard. When the final reports are tabulated on the war in Iraq, it will be interesting to note which, if any, contributed to the loss of over 1500 military troops.

Notes

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² CAIB report, 97.

³ CAIB, 97.

⁴ CAIB, 99.

⁵ CAIB, 105

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⁶ CAIB, 106

⁷ CAIB, 107

⁸ CAIB, 108-109

⁹RAND Corporation, *Space Shuttle Competitive Sourcing, Alternate Trajectories: Options for Competitive Sourcing of the Space Shuttle Program, Executive Summary*, 2002, 28.

¹⁰ CAIB, 110.

Chapter 7

Conclusion

Hiring contractors has not generated the needed cost savings to support modernization programs, as evidenced by the drastic reductions to modernization programs across the services in the FY06 Program Objective Memorandum. Also, there are clearly operational impacts to employing contractors, both in CONUS and in theater. It is time for the Air Force to take a step back and look at where we are, why we are here, and take a more planned approach.

First, develop a coordinated master plan that delineates across the Air Force, then all services, activities which are mission critical operations of national security, and support functions, either alone or in series, which might also impact critical operations. These positions must be filled by Air Force personnel at all bases. All non-operational impacting mission areas could be contracted out, but must be consistently contracted out at all bases to avoid one wing having all the deployment taskings, and to keep assignments open for airmen in these career fields. This will also give the numbered Air Force commanders the right tools to make deployment decisions.¹

Second, conduct a quantitative analysis of the cost of contractors to see if this practice is financially cost effective over the life of the contract, not based on the first year's price. Just because outsourcing is political, does not mean the Air Force should

stick its head in the sand. If the Air Force is not saving money enough to fund modernization programs, then maybe outsourcing is not the answer. If contracting out is fiscally sound, then the Air Force must fully fund each contract to alleviate financial constraints at the wing level. The Air Force must also learn to mitigate negative impact from the previously discussed issues. If outsourcing is not fiscally sound, lobby Congress to increase the Air Force's end strength.

Third, once the decision is made to continue with contractors, the Air Force must more fully integrate contractors into the military unit. Contracting rules need to be changed to make contracts more flexible. The squadron commander needs operational control over the contractor, and must be able to give orders to the contractor without fear of obligating the government by issuing tasks outside the scope of the contract. And every military contractor company and employee must be held accountable for ethical behavior.

And finally, all military members should receive a basic contract law course during basic training and deployment training, so they can read and understand contracts associated with their unit. This will prevent a lot of miscommunications and misperceptions about the role of the contractors in their unit.

One very "out-of-the-box" solution to all of the above recommendations is to follow the British, who are taking military privatization to the next level, according to the 2001 British defense ministry announcement. Labeled the "sponsored reserves" system, the plan authorizes the entire transfer of key military services to private companies (who hire military reservists), including the Royal Navy's aircraft support unit, the Royal Army's tank transport unit, and the Royal Air Force's air-to-tanker refueling fleet. The Blair

government has even floated the idea of privatizing future troop donations to UN peacekeeping missions.² Lt Gen Brown, in his testimony before the House Armed Services Committee on March 10, 2004, mentioned this “Sponsored Reserve” concept. “This initiative involves a pre-contracted, voluntary agreement among the military, the ARC (Air Force Reserve Command) member, and industry to fill high-demand, critical skills that are honed in the civilian sector and that the Air Force requires for contingency situations.”³ Sponsored reserves refer to a provision in a defense contract that requires the contractor to have a specified number of its employees participate as military reservists. These sponsored reservists may then be mobilized and deployed to contingency operations as uniformed members, rather than civilian contractors.⁴ The advantage to the contractor may be entry into lines of business previously unavailable to them or an expansion in the scope of existing business. The advantage to the employee may come in the form of additional pay, benefits and job opportunities as well as the protection that serving in a military status provides in a foreign theater or combat zone. The advantage to the military is the ability to deal with force reductions, privatization and recruiting/training/retention challenges while retaining required military presence and status to seamlessly support peacetime, contingency and wartime requirements.”⁵

The fact that OSD has been floating the idea of creating a “first corps,” made up of only active-duty forces, is testament to the growing awareness of what is happening to our military capability. This “first corps” would do the job that contractors do today on the battlefield, without any additional help.⁶ Worse, OSD decided it is no longer feasible to recreate this “first corps,” as it is “an extreme resource decision.”⁷

“If, after a five or 10 year trial period, the concept (of using contractors) does not prove successful, the military will find itself unable to instantly grow, train, and benefit from the experience of the mid and upper-level managers now developed within the enlisted and officer corps. It will take close to an entire career of 20 years before the military can regain the capability now resident in its personnel.”⁸

Gen Jumper, Chief of Staff of the Air Force, insists the Air Force is not in a downward spiral. With not enough funds to cover modernization programs (jets, satellites, rockets), and not enough personnel to perform the current Air Force missions, and contractors providing the majority of services support on a day-to-day basis, what inspirational news is Gen Jumper looking at? The Air Force may not be in a downward spiral, but something is unsettling. It is time for the Air Force to look at its current state, and project where it wants to be in 5, 10, 15, and 20 years. And will Air Force personnel be wearing blue suits, or civilian contractor clothes?

Notes

¹ Colonel R. Philip Deavel, “Political Economy of Privatization for the Americal Military,” *Strategy 2000 Selected Readings, Contractors in the Battlefield*, AF Logistics Management Agency. Dec 99, p. 41.

² Singer, *Corporate Warriors*, 12.

³ Lieutenant General Richard E. Brown III, *House Armed Services Committee Testimony Regarding Adequacy of the Total Force*, 10 March 2004.

⁴ Bo Joyner. “The Future Total Force,” *Citizen Airman*, 53, no 2 (April 2001): 10-13.

⁵ Joyner.

⁶ Roxana Tiron, “Army Not Equipped to Manage Contractors on the Battlefield,” *National Defense*, 88, no 598 (Sep 2003): 32.

⁷ Tiron.

⁸ Lt Col Lourdes A. Castillo, “Waging War with Civilians,” *Aerospace Power Journal* 14, no. 3 (Fall 2000): 26-32.

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