

REPORT DOCUMENTATION PAGE				Form Approved OMB No. 0704-0188	
Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to Washington Headquarters Service, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302, and to the Office of Management and Budget, Paperwork Reduction Project (0704-0188) Washington, DC 20503.					
PLEASE DO NOT RETURN YOUR FORM TO THE ABOVE ADDRESS.					
1. REPORT DATE (DD-MM-YYYY) 15-04-2013		2. REPORT TYPE Master of Military Studies Research Paper		3. DATES COVERED (From - To) September 2012 - April 2013	
4. TITLE AND SUBTITLE Maintaining Readiness in a World of Declining Contractor Support				5a. CONTRACT NUMBER N/A	
				5b. GRANT NUMBER N/A	
				5c. PROGRAM ELEMENT NUMBER N/A	
6. AUTHOR(S) Ingold, Charles E.				5d. PROJECT NUMBER N/A	
				5e. TASK NUMBER N/A	
				5f. WORK UNIT NUMBER N/A	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) USMC Command and Staff College Marine Corps University 2076 South Street Quantico, VA 22134-5068				8. PERFORMING ORGANIZATION REPORT NUMBER N/A	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES) N/A				10. SPONSOR/MONITOR'S ACRONYM(S) N/A	
				11. SPONSORING/MONITORING AGENCY REPORT NUMBER N/A	
12. DISTRIBUTION AVAILABILITY STATEMENT Unlimited					
13. SUPPLEMENTARY NOTES N/A					
14. ABSTRACT This paper analyzes the Department Of Defense's reliance on Contractor Logistic Support from 1990-2010, and the impact this reliance has on Marine Corps readiness.					
15. SUBJECT TERMS Contractor Logistic Support (CLS), Contractor reliance, Department of Defense, Marine Corps					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT UU	18. NUMBER OF PAGES 31	19a. NAME OF RESPONSIBLE PERSON Marine Corps University / Command and Staff College
a. REPORT Unclass	b. ABSTRACT Unclass	c. THIS PAGE Unclass			19b. TELEPHONE NUMBER (Include area code) (703) 784-3330 (Admin Office)

MASTERS OF MILITARY STUDIES

**Title: MAINTAINING READINESS IN A WORLD OF
DECREASING CONTRACTOR SUPPORT**

MAJOR C.E. INGOLD

AY 12-13

Mentor and Oral Defense Committee Member: _____

Approved: Charles O. Oles

Date: 16 April 2013

Oral Defense Committee Member: Edward J. Erickson, PhD

Approved: Edward J. Erickson

Date: 16 April 2013

EXECUTIVE SUMMARY

Title: MAINTAINING READINESS IN A WORLD OF DECLINING CONTRACTOR SUPPORT

Author: Major Charles E. Ingold, USMC

Thesis: As budgets decrease and Contractor Logistics Support becomes less available, the Marine Corps will need to understand the degree to which they are dependent on contractor support services. With this understanding the Marine Corps can adjust their logistic force structure in a manner that will ensure future readiness.

Discussion: This paper will look at DOD's increased reliance on contractor support between 1990-2010 and analyze the impact this reliance may have on the technical proficiency of individual Marines, Marine units and the future readiness of the Marine Corps.

Conclusion: In order to mitigate this impact and remain ready when the nation is least ready the Marine Corps will need to understand the extent of its current reliance as well as the organic personnel and equipment required to train and operate unencumbered by Contractor Logistic Support.

DISCLAIMER

THE OPINIONS AND CONCLUSIONS EXPRESSED HEREIN ARE THOSE OF THE INDIVIDUAL STUDENT AUTHOR AND DO NOT NECESSARILY REPRESENT THE VIEWS OF EITHER THE MARINE CORPS COMMAND AND STAFF COLLEGE OR ANY OTHER GOVERNMENTAL AGENCY. REFERENCES TO THIS STUDY SHOULD INCLUDE THE FOREGOING STATEMENT.

QUOTATION FROM, ABSTRACTION FROM, OR REPRODUCTION OF ALL OR ANY PART OF THIS DOCUMENT IS PERMITTED PROVIDED PROPER ACKNOWLEDGEMENT IS MADE.

Table of Contents

INTRODUCTION.....	1
Contractor Logistic Support, The Definition and Governing Documents.....	3
The types of Contractor Logistic Support Utilized.....	5
Increased Utilization.....	6
The Impact Of Over Reliance on Contractor Logistic Support to DoD.....	9
The Impact Of Over Reliance on Contractor Logistic Support to the Marine Corps.....	10
The Issues Created By Prolonged Reliance on Contractor Logistic Support.....	11
RECCOMENDATIONS.....	15
CONCLUSION.....	18
BIBLIOGRAPHY	

Introduction

The Department of Defense (DoD) has always acquired goods and services by contracting with commercial sources. This is a time honored necessity that is tightly governed by Federal Acquisition Regulations. Contracting for goods is just as important as contracting for services but, the focus of this paper is on recent trends and potential consequences of contracting for services.

Contracting for services enables DoD to leverage the skills and manpower of the commercial workforce. This provides DoD the ability to support a wide range of requirement's while maintaining a smaller footprint. This capability serves as an expedient force multiplier and a "go to" solution for logistical problems. Acquiring or contracting for a service is commonly referred to as "Contractor Logistics Support (CLS)".

This paper analyzes the extent to which DoD and specifically the Marine Corps has become reliant upon CLS and the negative impacts this reliance can have on future readiness. The intent of this paper is to encourage the DoD and the Marine Corps to examine the trends of CLS utilization. In order to establish a balance of CLS and organic capability that will ensure continued readiness in an era of decreasing budgets.

Contracting for services can be traced back as early as 1775 when General George Washington acquired commercial services to support his forces.¹ Although contracting for services is nothing new for DoD, during the last 20 years DoD has experienced an unprecedented increase in the number of service contracts awarded. This increase has been at the fairly consistent rate of approximately 6.1% per year for the last

two decades (1990-2010).² At face value this amounts to a 120% increase in CLS utilization and it represents a significant change in business practice on the part of DoD.

This change resulted in a reduction of organic logistic support and an increase in CLS. Regardless of the reason or need for this change, the increased utilization of CLS has resulted in DoD reliance upon CLS. It is noted that many of the services provided by CLS were necessary to directly support war efforts in Iraq and Afghanistan from 2003-2013 and many of the services were conducted overseas. However, CLS utilization in garrison has risen to unprecedented levels creating a state in which DoD is reliant on CLS in garrison in addition to while forward deployed.

Now that the war in Iraq has concluded and the war in Afghanistan is winding down, DoD is restructuring the force. This is being done through downsizing. This downsizing is normal for DOD in a post war environment and it is not attributed to or the result of, increased utilization of CLS.

DoD's budget is also decreasing. Specifically, for the next several years budget projections are predicting a decrease in baseline and Overseas Contingency Operations (OCO) budgets which have been the primary sources of funding for CLS.³ This decrease in funding will directly result in a reduction in the amount of CLS provided and DoD downsizing will result in less active duty personnel available to perform the services previously or currently provided by contractors.

When combined, the reduction of both funding and active duty personnel holds the potential to create a shortfall in DoD's logistical capability and negatively impact DOD's ability to maintain readiness. This impact will un-proportionately affect the Marine Corps, as they are the smallest armed service within DOD yet they maintain the

highest percentage of operational forces. This is unacceptable as the Marine Corp is tasked with being the force “most ready when the nation is least ready”.⁴

As a part of DoD’s initiative to downsize or “right size” the force, it has been commonly reported that the Marine Corps is expected to lose approximately 20,000 Marines over the next several years. That will bring its end-strength down from 202,000 to around 182,000. This amounts to an approximate 10% reduction. The Corp’s downsizing, just like DOD’s will run concurrently with forecasted budget cuts and will result in a reduction of funding for CLS. In this future economic environment the work previously performed by CLS providers will need to be performed by active duty personnel. Ironically, this change will occur at the same time that the active duty force is downsized.

As this change occurs, it will be critical for the Marine Corps to understand the degree to which they have become reliant upon CLS as well as the organic assets required to reassume the workload from CLS providers. This clear understanding of the current state will allow the Marine Corps to make adjustments required to mitigate the impact of decreasing CLS and ensure they are able to maintain readiness for the future operations.

Contractor Logistic Support: The definition and governing documents.

According to DoD, “The acquisition of services plays a vital role in advancing and maintaining the mission capability of the Department of Defense (DoD). Services acquisition covers a broad spectrum of requirements from research and development, advisor services, information technology support, medical, to maintaining equipment and

*facilities.”*⁵

Each service component within DoD utilizes CLS, although terms and precise definitions differ. To focus this issue on the Marine Corps, their definition will be used. The United States Marine Corps definition of CLS is found in Marine Corps Order 4200.33.⁶ According to the order, CLS is defined as “*a method of obtaining logistics support for a product or service for a specified period of time. It may be implemented to provide total support for a product or system or to support one or more specific functions (e.g., maintenance, supply and distribution, training, information technology, and software/hardware support). CLS may be provided through commercial or government sources. CLS may encompass an entire system, individual system components, or a level of support services associated with the system or any and/or all of its components.*”⁷ It is important to point out that this definition is specifically provided with regard to Marine ground equipment or weapons systems and excludes aviation equipment.

When CLS is used to support Marine aviation equipment or weapons systems, Office of the Chief of Naval Operations Instruction (OPNAVINST) 4790.2B Naval Aviation Maintenance Program (NAMP) is the governing publication. Regardless, the definition found in Marine Corps Order 4200.22 will be used because the NAMP does not provide a definition for CLS. In addition to the Marine Corps Order and the NAMP, all services must be acquired in accordance with the rules and regulations found in the Federal Acquisition Regulations (FAR), Defense Federal Acquisition Regulations (DFAR) and Marine Corps Acquisition Procedures Supplement (MAPS). It is also important to point out that some services acquired do not fall into the categories of

ground or aviation weapon systems because these services fall outside of the scope of Marine Corps Order 4200.33 and OPNAVINST 4790.2B. Thus, in the absence of any other supplementary guidance the only governing documents are the FAR, DFAR and MAPS.

The Types of Contractor Logistic Support Utilized

The types of services contracted by DoD include, but are not limited to: construction, research and development, maintenance support, supply support, distribution, training, information technology and professional support. These are broad categories and each contains multiple subsets. To further refine this analysis, focus will be limited to the categories of maintenance support, supply support, distribution, training, information technology and professional support. These are specifically chosen because they are identified as key logistical enablers that drive readiness and directly aid in mission accomplishment for the Marine Corps.

While construction and research and development also aid readiness and mission accomplishment these two service categories are budgeted in a different manner than CLS and as a result they will not be included in this paper. This paper will focus on the categories of maintenance support, supply support, distribution, training, information technology and professional support.

CLS as a term is commonly associated with DoD's move to use Performance Based Logistics (PBL). DoD defines PBL as *“an outcome based support strategy that provides an integrated support solution that balances warfighter readiness and affordability. This is based on output measures, such as weapon system availability and*

*Operations and Support costs, rather than input measures, such as parts technical services.”*⁸ PBL and CLS are both invaluable tools that allow DoD to shift the load from organic logistics capabilities to those provided by contractors. However, shifting from organic to contracted logistics can have unanticipated consequences.

“In many cases these approaches are now considered the sustainment strategies of choice to facilitate the rapid acquisition and fielding of equipment to the warfighter.”⁹ As such, the use of PBL and CLS have proven to be very successful methods to fill gaps in Marine Corp’s organic logistics capability, enable rapid respond to crisis and to augment forces in garrison. Not to mention that the use of CLS has allowed DoD to respond simultaneously to the Global War On Terror (GWOT), the war in Iraq, and the war in Afghanistan without requiring a national draft.

The history and utilization of CLS is already well documented and is not the focus of this paper. It has been noted by Nathan Hill that *“There is undoubtedly a need for military contractors and there are numerous positive arguments in their favor. However, the negative arguments have not been highlighted enough recently and the scales are now out of balance.”*¹⁰ The dramatic increased utilization of CLS over the last twenty years as well as the impact of this utilization potentially has a dramatic effect on the Marine Corps.

Increased Utilization of Contractor Logistic Services

“For over ten years the DOD has spent more on service requirements than it has on equipment acquisitions. While the acquisition of major systems follows a much

defined process, the acquisition of services tends to be more ad hoc.”¹¹

The *ad hoc* nature of the acquisition of services makes it difficult to precisely determine the extent to which DoD, or more precisely the Marine Corps, is reliant upon CLS. This difficulty is partially the result of the multiple avenues in which services can be acquired within DoD; services can be acquired jointly for all branches of DoD, or on an individual basis by the respective DoD branches. When acquired individually, each branch can acquire services at headquarter level for the whole branch, at the Program Management (PM) level to support a specific weapons system or component or they can acquire services at the base or station level to support individual units or requirements. Deployable units also have Contingency Contracting Officers (CCO) assigned to support unit and general requirements while forward deployed.

Despite the *ad hoc* nature of acquiring services and the complexity that it brings, the demand and acquisition of CLS has consistently increased since 1990. In contrast, during the same time frame, DoD’s spending on products and research and development has declined.¹² In 1990, DoD spent approximately \$49 billion on services compared to 2010 in which they spent approximately \$161 billion on services (see appendix A).

This increase can be summed up in the following way “*In DoD contracting overall, services grew at a much faster pace in the past 20 years than did products and R&D, and were it not for combat operations in Iraq and Afghanistan would possibly have continued to receive the lion’s share of DoD contract awards. Also as a result of these operations, Army and “other DoD” (primarily DLA) shares of total contracting grew while the Navy and Air Force shares declined.*”¹³ This equates to an overall increase of 228.5% and as stated above, the increase in services would have continued at a similar

pace even without the combat operations which were predominant from 2003 to 2010.

However, it is recognized that this figure is skewed by two decades' of inflation 1990 to 2010. Using 3% as an average rate of annual inflation and multiplying this factor of 3% by 20 (for 20 years of CLS increase) equals 60 suggesting that 60% of the increase detailed above could arguably be attributed to inflation vice demand.¹⁴ The total increase of 228.5% subtracted by the inflation rate of 60% results in an increase of 168%. This figure represents a more accurate depiction of the increased utilization of CLS. Even after subtracting the inflation factor the increase remains unprecedented and represents a dramatic change in business practices for DoD.

To illustrate the increase in another way, during Operation Desert Storm (1991) the ratio of contractors to service members on the ground was 1:100. In contrast, during Operation Iraqi Freedom (2003) the ratio had increased to 1:10. Furthermore, it has been estimated that during Operation Enduring Freedom in Afghanistan that the ratio climbed as high as 1:1 and in some cases higher.¹⁵

Breaking down the increase by individual DoD component within the same time period, reveals that the Army increased spending on services by approximately 469.23%, the Navy increased by approximately 78.95%, the Air Force increased by approximately 107.69%, and the other departments of DoD increased by 550% (see appendix B).¹⁶ The Marine Corps falls within the department of the Navy within this breakdown; however, its utilization of CLS cannot simply be calculated as a percentage of the Navy. This is because the unique missions of the Marine Corps which necessitates, and enables it, to utilize CLS procured jointly and by the other DoD components. Thus, the Marine Corps utilization of CLS is a combination of the CLS they

procure and the CLS they use that is procured by other service components.

For example, the Marine Corps was able to utilize the Army's Base Operations Support Services (BOSS) and Logistics Civilian Augmentation Program (LOGCAP) contracts in Iraq and Afghanistan. Additionally, the Marine Corps routinely uses Defense Logistics Agency (DLA) contracts. When the Marine Corps utilizes other DoD components service contracts, it skews the data and makes determining the exact increase of the Marine Corps difficult. Nevertheless, the overall trend of increased utilization of CLS within DoD, the Navy and the Marine Corps is clear.¹⁷

The numbers presented above illustrate DoD's increased use and reliance on CLS. Additionally, the numbers clearly show that the Marine Corps as a department of the Navy has followed suit by increasing its acquisition of CLS as well as its use of CLS acquired jointly or by other DoD components. It is this increased reliance on CLS that has the potential to negatively impact the future readiness of the Marine Corps.

The Impact of Over Reliance on CLS to the Department of Defense

Continued reliance on CLS has the potential to negatively impact the future readiness of all DoD service components. This assumption is derived from the strategic guidance found in Joint Vision 2020 which states: *"The joint force, because of its flexibility and responsiveness, will remain the key to operational success in the future. The integration of core competencies provided by the individual Services is essential to the joint team, and the employment of the capabilities of the Total Force (active, reserve, guard, and civilian members) increases the options for the commander and complicates the choices of our opponents."*¹⁸ Prolonged use of CLS by any component of DoD vice

using organic logistics capabilities may lead to a degradation in core competencies which will directly reduce flexibility and responsiveness in the joint force.

Based on their size, missions and larger budgets the Air Force, Army and Navy may prove more resilient to this impact. This is in no way inferring they will not be impacted by prolonged use of CLS. It is simply acknowledging that these service components are more robust than the Marine Corps and thus, have more options available to them to mitigate the impact.

These options are afforded to them because of their force structure, and large civilian workforce--both of which can be leveraged to provide time and space in which to make hard budget decisions. This time and space will allow them to find logistical solutions to mitigate any impact they encounter. The Air Force's end strength is comprised of 46% operating forces with a civilian to active duty ratio of 1:2.1. The Army's end strength is comprised of 56% operating forces with a civilian to active duty ratio of 1:2.1. The Navy's end strength is 50% operating forces with a civilian to active duty ratio of 1:1.8. The Marine Corps maintains the lowest ratio of contractors to active duty with end strength of 67% operating forces with a civilian to active duty ratio of 1:10.4.¹⁹

The Impact of Contractor Logistic Support on the Marine Corps

The Marine Corps is the United State's smallest service. However, it has the highest percentage of operating forces and lowest civilian to active duty ratio of all the services. This is considered a high "tooth to tail" ratio and requires that the Marine Corps

be a lean force in order to function as a force in readiness.

The Marine Corps must not be overly burdened with the use of CLS in order to ensure it is agile and expeditious enough to deploy unencumbered by the use of CLS. In order to accomplish this, a true understanding of the Marine Corps current reliance on CLS is critical to ensure the Corps is able to meet the challenges of the future. An argument can be made that CLS does not encumber the Marine Corps based on the success experienced during the wars in Iraq and Afghanistan. This argument may not add value to this discussion because the Marine Corps must plan to fight the wars of the future not the last war fought.

Between 2001 and 2013 CLS was utilized in a forward deployed yet predominately garrisoned environment.²⁰ This must be weighed carefully considering that the uncertainty of future operations demand that the Marine Corps be prepared to work in austere environments. It is also important to highlight the fact that funding for CLS was readily available during the wars in Iraq and Afghanistan and that may not be the case in the future. Regardless, the Marine Corps will need to be ready when the nation calls and they will need to be able to operate unencumbered in uncertain terrain.

The Issues created by Prolonged Reliance on CLS

The benefits of using CLS as well as the issues and concerns created by relying on contractors have been widely researched. Four issues that have not been widely researched are 1) cost, 2) loss of skill, 3) retention of personnel and 4) deploy-ability. All of these issues have the potential to negatively impact the future readiness of the Marine

Corps. In order to rapidly deploy, and operate in austere environments with limited resources, the Marine Corps will need to reduce their costs and retain highly skilled individuals that are highly deployable.

The **first issue** with the use of CLS is simply the cost. As stated above in fiscal year 2010, DOD spent \$161 billion on services alone. If current budgets were scheduled to remain constant, this might not be a problem but the sum of DoD's base line and OCO budgets are scheduled to decline over the next few years according to the Department of Defense fiscal year 2012 budget request.

The current rate of spending on CLS simply cannot be sustained and new way of doing business must be considered. This is an obvious problem, however, converting from CLS to organic capability can be a complicated process. The cost must be examined and decisions must be made as to the extent the Marine Corps can continue to utilize CLS.

To be prepared for the uncertainty of the future, the Marine Corps will need to find a cost effective balance of organic logistics and CLS that will maintain readiness and allow the force to rapidly respond to crisis. Finding this balance will be required in order to comply with current Marine Corps strategic guidance which states that "Our expeditionary Marine Corps requires a logistics capability that is leaner, lighter, and less energy-intensive than the past."²¹ This will have to be done in an era of declining budgets and manpower.

The **second issue** with the use CLS is that its prolonged use can lead to a loss of technical proficiency and organic skill sets. This is attributed to the current trends of PBL which have tilted the balance of logistic capabilities in the favor of CLS. This situation

makes retaining qualified active duty personnel difficult and can lead to a loss of agility within the force structure. The retention of qualified active duty personnel becomes a challenge because higher paying civilian jobs become readily available and highly accessible to service members.

This is at odds with strategic guidance which states “Logistics agility is paramount in supporting and sustaining multiple contingencies simultaneously.”²² In order to comply with this guidance the organic skill sets required to create agility within the force must be retained. It has already been noted that *“With plentiful budgets and a high operational tempo, a cultural change took place within Marine Corps maintenance communities. It became easier to “pluck and chuck” high-value components rather than attempt to repair. This is no longer an option, and it is vital to return to our core logistics competency and have Marines fix this equipment.”*²³

This change clearly runs against guidance and creates a situation in which the organic skills required to repair these high-tech components were abandoned in favor of CLS. No documentation has been found providing proof that any Military Occupational Specialties (MOS’s) have been terminated due to reliance on CLS. However, having service members in some cases for ten years, turn their work over to contractors can obviously result in a reduction in organic proficiency.

In 1990, CLS was limited and organic assets provided the lion’s share of the services. After a decade of relying on CLS, a generation of Marines have come to depend on CLS at a level not seen previously. To put this issue in perspective, the Staff Non-Commissioned Officer’s (SNCO’s) who held the skills and tacit knowledge in 2000 have now retired. The Non-Commissioned Officer’s (NCO’s) who held the skills in 2000 have spent 10 years relying on CLS which may, in and of itself, dull the very skills that

they require.

Marines who joined the Marine Corps from 2001 to the present, have, despite their technical training, come to rely heavily on CLS. Retaining the skills sets of these Marines is essential to maintaining future readiness. This is also essential to comply with the strategic guidance found in Marine Corps, Vision and Strategy 2025 which states “Logistics agility is paramount in supporting and sustaining multiple contingencies simultaneously.”²⁴

The **third issue** is with the use of CLS is the retention of key personnel. When CLS is utilized contractors work side by side with Marines. This creates a situation where Marines work side by side with contractors who earn significantly more pay than they are. All the while Marines witness that the contractors are not required to perform all the duties required of Marines. Considering that CLS has become the norm in some MOSs, this may negatively impact the retention of Marines in MOS’s affected by CLS.

Furthermore, the retention of personnel and the retention of the skill sets those personnel hold can impact overall readiness. Specific MOS’s that could face potential retention issues are special forces, maintenance, supply, distribution and training, information technology/repair. It is important to point out that this list is not all inclusive and serves only as a starting point for review.

Critical to this discussion is understanding that replacing personnel in certain MOSs is not a simple task. For instance, aviation avionics personnel have an initial training pipeline that can last up to two and one half years for certain weapons platforms. This two and half years only produces a basically trained Marine. It takes several more years for those Marines to become technically proficient to the differing levels required

by their commands. This lengthy training process implies that the retention of these personnel are critical to ensuring future readiness.

The **fourth and last issue** with reliance on CLS is that CLS providers and personnel are not as rapidly deployable as organic assets. In fact, the deployment of these assets are foreshadowed by a myriad of obstacles. For example, the contract which provides the CLS must detail the requirements for deployment. If deployment of CLS is not in the contract, it must either be negotiated, written in a new contract or abandoned. Once deployment is the contract the deployment of CLS must be screened for legality, security and sustainability at a minimum.

When the conditions listed above have been met CLS can deploy. However, it has already been noted that: *“The Marine Corps’ growing reliance on CLS and PBL will not allow units to operate independent of local infrastructure, and it is not plausible to think that civilian contractors will be ready to operate, deploy, and support the MAGTF in a time-constrained manner.”*²⁵ This inability to operate in a time constrained manner is in direct conflict with the nature of the Marine Corps and the guidance provided in Marine Corps Vision and Strategy 2025 which states *“We are by law, and will continue to be, the Nation’s force in readiness — “most ready when the Nation is least ready.”*²⁶ Thus, the deploy-ability of CLS is an issue that must be addressed when considering CLS in the future and when determining the right sized force.

In an era of shrinking budgets and uncertain global security environment’s the Marine Corps must stand ready to be the nation’s force in readiness. Understanding the 4 issues of cost, loss of skill, retention of personnel, and deploy-ability will be essential to maintaining this readiness. Below, recommendations are provided to mitigate these

issues.

Recommendations

The following recommendations are provided for commanders, program managers, acquisition professionals, manpower experts and small unit leaders. These recommendations are specifically provided to address the issues listed above. Additionally, these recommendations are provided to enable the Marine Corps to identify technical proficiency gaps created by a decade or more reliance on CSL and mitigate degradation of future readiness.

The **first recommendation** is that all units with current CLS contracts review their CLS contract and verify whether or not there is a written contingency plan for the contract. If no plan exists, it is recommended that a contingency plan be created in accordance with Marine Corps Order 4200.33. Furthermore, it is recommended that the plan be created whether or not the CSL being provided meets the definition of ground equipment or weapons systems. The plan is not required for non-ground systems: however, it is a proven method available in which a unit can consider the “what-if” should CLS fail to meet the operational supportability requirements. As stated in Marine Corps Order 4200.33 *“The decision to use CLS requires a contingency plan to transition to organic support, if CLS fails to meet the operational supportability requirements.”*²⁷

Creating this plan will provide a unit’s leadership a clear picture of the extent they are reliant on CLS by discovering what is required to revert back to organic assets if necessary. This picture will also help meet the intent of Marine Corps Order 4200.33 which states *“The Marine Corps is an expeditionary force and will retain, via all*

*available means the maintenance, and supply and distribution capabilities required to maintain readiness.”*²⁸

The **second recommendation** is that all units with current CLS contracts and all units in the process of initiating a CLS contract should conduct a thorough alternative analysis. This analysis should review all alternative courses of action to contracting for CLS. This recommendation is in keeping with Marine Corps Order 4200.33 which states *“The potential use of CLS is a consideration that should be addressed on a case-by-case basis to determine when, where, and how such support may best serve the Marine Corps operational and supportability requirements.”*²⁹ The analysis conducted should look at cost and the best alternative to organic support that allows the unit to maintain readiness.

The length and relevance of the contract should also be reviewed. Many CLS contracts created during the last decade in support of Iraq and Afghanistan were required to deal with an increasing deployment cycle. This cycle is winding down but the contracts are still in effect. It is also recommended that contracts be examined to ensure that their continued use does not needlessly drain financial resources or degrade the ability to maintain readiness organically.

The **third recommendation** is that all units that have recently used or are currently using CLS should measure the technical proficiency of their Marines against existing Individual Training Standards (ITS) for each Military Occupational specialty affected as well as the Mission Essential Tasks List (METL) for the unit. This measure will provide a better understanding of the technical proficiency of individual Marines and the unit. This enables commanders to determine if post CLS refresher

training will be required

Logistical planners, logistical staff and senior enlisted positions have also become reliant on CLS. In some instances where funding has been plentiful, CLS has been a default logistics solution. It may be necessary to measure the proficiency of these positions and if required, provide refresher training for the Marines. In the end measuring the technical proficiency of the entire unit is necessary to truly gauge unit readiness. This measurement will enable units to determine the requirement for refresher training if required to maintain unit readiness.

The **fourth and final recommendation** is for MOS shortfalls and retention issues. The purpose of this review should be to determine if shortfalls or retention issues can be directly attributed to the use of CLS. In some cases Marines working in close proximity to contractors who are doing the same work for more pay may be incentivized to leave the service to find contract work. This can prove to be very costly for a service as small as the Marine Corps.

Finding a link between MOS shortfalls and CLS utilization allows commanders as well as manpower professionals to balance retention efforts and CLS usage to ensure the right balance is achieved. This link, and its cause, could also be used to justify retention incentives such as reenlistment bonuses. This allows the Marine Corps and individual units to ensure that the appropriate level of technical proficiency is retained and directly ensures readiness.

Conclusion

From 1990 to 2010, DOD and the Marine Corps increased their use of CLS by an

approximate 168%. This was an unprecedented increase and it created a situation in which DoD became reliant on CLS. This increase was in part a by-product of DoD's venture to utilize PBL in order to augment organic logistic support during a period of high operational tempo. As such, CLS has proven to be an invaluable and necessary logistical tool. A tool that enabled DoD to conduct the wars in Iraq and Afghanistan simultaneously without necessitating a draft.

Despite being an effective tool the prolonged use of CLS has resulted in unintended consequences. The major consequence is that the prolonged use of CLS, resulted in DoD and the Marine Corps becoming overly reliant on CLS for basic and in some cases advanced logistical support. This state of reliance is unacceptable for the Marine Corps as they are the smallest service component and the nations force in readiness.

The Marine Corps reliance on CLS goes against the expeditionary nature and the direction found in Joint Vision 2020, Marine Corps Vision & Strategy 2025, and Marine Corps Order 4200.33. Reliance on CLS is extremely expensive and its sustainment at current levels is simply not feasible. Reliance on CLS has the potential to degrade technical proficiency of individual Marines, Marine units and the Marine Corps as a whole. This, in turn, may impact the capability of the joint force. The reliance on CLS creates the potential for retention issues within certain MOSs; It can also erode the expeditionary capability of the Marine Corps by degrading agility. This in turn negatively impacts the fundamental readiness of the Marine Corps.

To prevent the past and current CLS trends from negatively impacting readiness, it is essential for the Marine Corps to understand exactly the extent in which it is reliant

on CLS. This understanding is critical and its importance cannot be understated. In addition, the Marine Corps will need to understand the quantity of personnel as well as equipment (organic assets) that will be required to reduce the reliance on CLS. These understandings then can be used to create the right mixture of CLS and organic capability in order to logistically support the right sized force. Once obtained, a right sized CLS and organic capability mixture will enable the Marine Corps to reduce costs, retain skill sets, retain personnel and to increase deploy-ability.

¹ McDonnell, Janet. Defense Contract Management Agency, "A Brief History of Defense Contracting." Last modified 2009. Accessed December 7, 2012.

² Ellman Jesse, Center for Strategic & International Studies, "Defense Contract Trends: U.S. Department of Defense Contract Spending and the Supporting Industrial Base." Last modified 2011, Accessed October 30, 2012.

³ Harrison, Todd. Center for Strategic and Budgetary Assessments, "ANALYSIS OF THE FY 2013 DEFENSE BUDGET." Last modified 2012. Accessed March 31, 2013.

⁴ United States Marine Corps, History & Heritage, 2013.

⁵ "Defense Procurement and Acquisition Policy Defense Pricing." Last Modified 2012. Accessed January 1, 2012.

⁶ MARINE CORPS ORDER 4200.33, CONTRACTOR LOGISTICS SUPPORT (CLS) FOR GROUND EQUIPMENT," 2000

⁷ MARINE CORPS ORDER 4200.33, 2.

⁸ Performance Based Logistics Awards" 2012.

⁹ Chaldekias, Robert. "Contractor Dependency. Have we tied our own hands?." Marine Corps Gazette, Sept 2012. <<http://www.mca-marines.org/gazette/article/contractor-dependency>> [October 9, 2012].

¹⁰ Hill, 2008.

¹¹ "Defense Procurement and Acquisition Policy Defense Pricing.", 1.

¹² Ellman Jesse, 7 & 9.

¹³ Ellman Jesse, 35.

¹⁴ United States Department of Labor, Bureau of Labor Statistics , "CPI Inflation Calculator." Last modified 2013. Accessed April 3, 2013. http://www.bls.gov/data/inflation_calculator.htm.

¹⁵ Petersohn, Ulrich. "Outsourcing The Big Stick: The consequences of using private military companies." *Weatherhead Center for International Affairs, Harvard University, 2008.*

¹⁶ Ellman Jesse, 8 & 13.

¹⁷ Ellman Jesse, 8 & 13

¹⁸ Vision & Strategy 2025, 2010.

¹⁹ Spangler, 2012.

²⁰ Chaldekias, Robert, 3.

²¹ Vision & Strategy 2025, 23.

²² Vision & Strategy 2025, 25.

²³ Chaldekias Robert, 3.

²⁴ Vision & Strategy 2025, 25.

²⁵ Chaldekias Robert, 2.

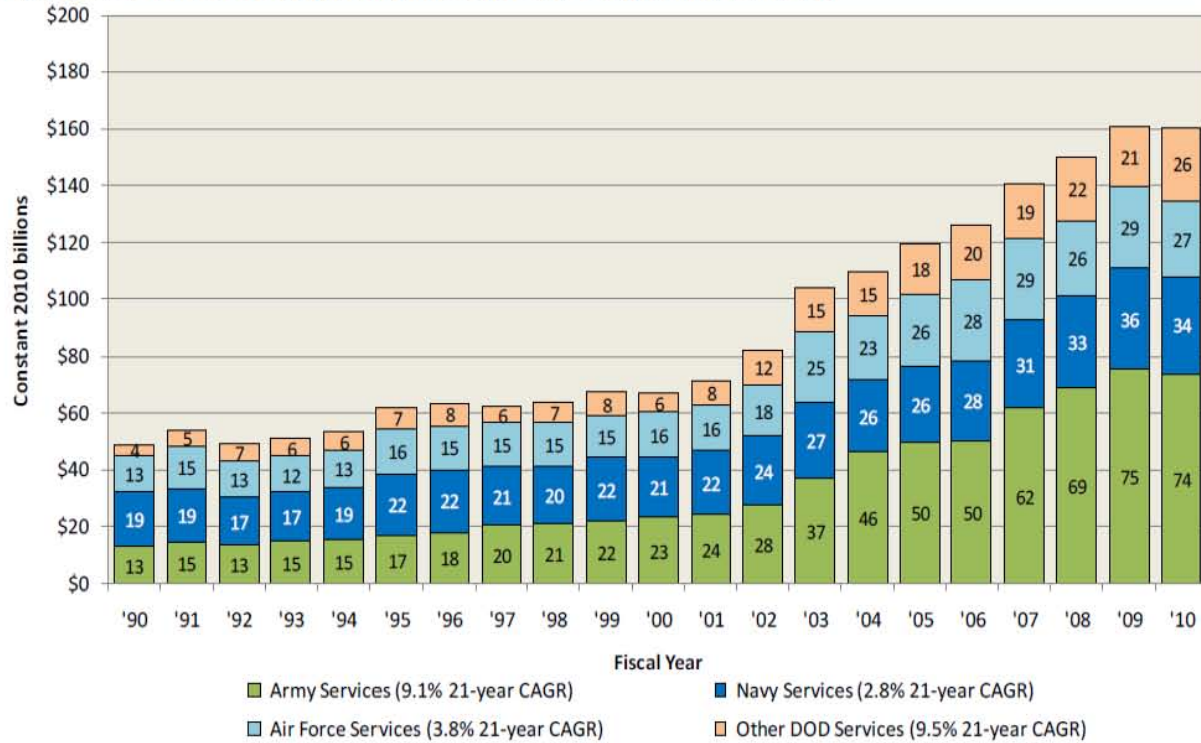
²⁷ MARINE CORPS ORDER 4200.33, 3.

²⁸ MARINE CORPS ORDER 4200.33, 2.

²⁹ MARINE CORPS ORDER 4200.33, 3.

Appendix A: Contract Spending by Category

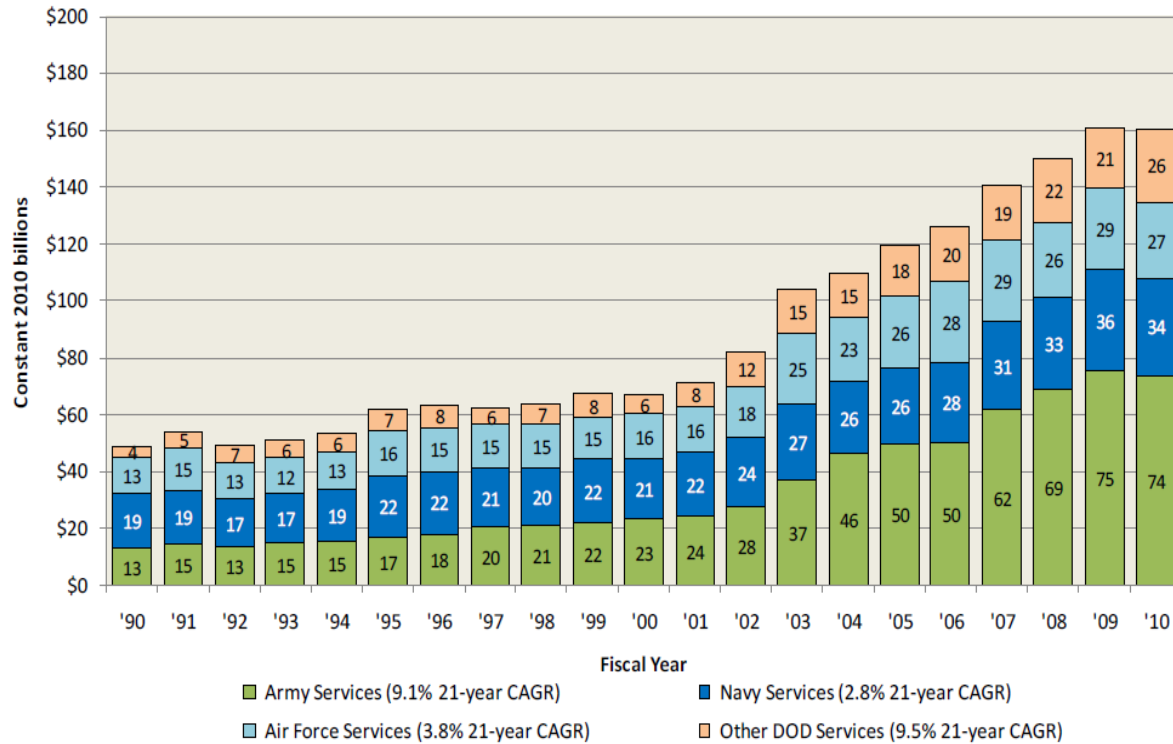
Figure 3-3. DoD Contract Spending on Services by Component, 1990-2010



Source: DD350 and FPDS; CSIS analysis

Appendix B: Contract Spending On Services

Figure 3-3. DoD Contract Spending on Services by Component, 1990-2010



Source: DD350 and FPDS; CSIS analysis

Bibliography

Bianco, Anthony and Stephanie Anderson Forest, Stan Crock and Thomas F. Armistead. "Outsourcing War." 15 September 2003. Business Week. Lexis-Nexis. (21 March 2006).

Blizzard, Stephen M. "Increasing Reliance on Contractors on the Battlefield: How Do We Keep from Crossing the Line?" Air Force Journal of Logistics. Spring 2004. <<http://www.findarticles.com>>. [21 March 2006]. 2-13.

"Business Advisers Tell Rumsfeld Military Mail Should be Outsourced". Inside Defense. 30 October 2005. <<http://www.insidedefense.com>>. [21 March 2006].

Camm, Frank and Victoria A. Greenfield. How Should the Army use Contractors on the Battlefield? Santa Monica, CA: Rand, 2005.

Chaldekis, Robert. "Contractor Dependency. Have we tied our own hands?." Marine Corps Gazette, Sept 2012. <<http://www.mca-marines.org/gazette/article/contractor-dependency>> [October 9, 2012].

Defense Federal Acquisition Regulation. Procedures, Guidance and Information 237.102-75, "Defense Procurement and Acquisition Policy Defense Pricing." Last modified 2012. Accessed January 1, 2013. http://www.acq.osd.mil/dpap/dars/pgi/frameset.htm?dfarsno=237_1&pgino=PGI237_1&dfarsanchor=237.102-75&pgianchor=237.102-75.

Dembeck, Chet. "Army Depot Inc.: Army Leaders Look to Private Sector to Revitalize Underused Depots." Federal Times. (October 2002).

Director for Strategic Plans and Policies. J5; Strategy Division, "Joint Vision 2020, DAU, Acquisition Community Connection." Last modified 2010. Accessed January 1, 2013. http://www.fs.fed.us/fire/doctrine/genesis_and_evolution/source_materials/joint_vision_2020.pdf.

Fox, Ronald. *Defense Acquisition Reform 1960-2000, An Elusive Goal*, CMH Pub-51-3-1. Washington, DC: Center For Military Study, United States Army, 2011.

Fortner, Joe A. "Managing, Deploying, Sustaining, and Protecting Contractors on the Battlefield." Army Logistician 32, no.5. September/October 2000: 3-7.

Friedman, Robert M. "Civilian Contractors on the Battlefield: A Partnership With Commercial Industry or Recipe for Failure?". Carlisle Barracks, PA: U.S. Army War College, 2002. <<http://handle.dtic.mil/100.2/ADA404511>>. [12 March 2005].

Garcia-Perez, Isolde K. "Contractors on the Battlefield in the 21st Century." *Army Logistician*, November/December 1999.

<<http://www.almc.army.mil/ALOG/issues/NovDec99/MS454.htm>>. [6 April 2006]: 40-43.

Gordon, Daniel, and Danny Werfel. Executive Office Of the United States Office of Management and Budget, "WhiteHouse.gov." Last modified 2011.

Government Accountability Office, "GAO-12-919 Strategic Sourcing: Improved and Expanded Use Could Save Billions in Annual Procurement Costs." Last modified 2012..

<<http://www.gao.gov/products/GAO-12-919>>[October 30, 2012].

Harrison, Todd. Center for Strategic and Budgetary Assessments, "ANALYSIS OF THE FY 2013 DEFENSE BUDGET." Last modified 2012. Accessed March 31, 2013.

Hill, Nathan, ed. *United States Army War College*. Carlisle Barracks, Pennsylvania: 2008. s.v. "Military Contractors-To Much Dependence?." <http://www.dtic.mil/cgi-bin/GetTRDoc?AD=ADA479000> (accessed January 17, 2013).

Jesse Ellman, Livergood Reed, Morrow David, and Sanders Gregory . Center For Strategic & International Studies, "Defense Contract Trends: U.S. Department Of Defense Contract Spending and the Supporting Industrial Base." Last modified 2011.<
<http://csis.org/publication/us-department-defense-contract-spending-and-supporting-industrial-base>>[October 30, 2012]

Liebelson, Dana. Project On Government Oversight, "NYT Misses Elephant in the Room: Defense Service Contractors ." Last modified Jan 03, 2012.<http://www.google.com/#hl=en&sclient=psyab&q=NYT+misses+elephant&oq=NYT+misses+elephant&gs_l=serp.3...526833.535097.3.535406.23.21.2.0.0.0.323.2445.14j5j1j1.21.0.les%3B..0.0...1c.1.5nvZZLEcYOE&psj=1&bav=on.2,or.r_gc.r_pw.r_qf.&fp=53293dac9487ae77&bpcl=36601534&biw=772&bih=549> .[October 9, 2012].

Manker, James E. "Contractors in Contingency Operations: Panacea or Pain?" *Air Force Journal of Logistics*. Fall 2004. <<http://www.findarticles.com>>. [13 March 2006].

McCullough, James J. and Abram J. Pafford. "Hazardous Duty Companies Face Risks in Providing Overseas Support in the War on Terror." *Legal Times*. 1 April 2002. Lexis-Nexis. [17 March 2006].

McPeak, Phillip M. and Sandra N. Ellis. "Managing Contractors in Joint Operations: Filling the Gaps in Doctrine." *Army Logistician*. March/April 2004. <<http://www.findarticles.com>>. [13 March 2006].

Office of the Secretary of Defense, Logistics and Material Readiness, "Performance Based Logistics Awards." Last modified 2012. Accessed January 8, 2013.

Shrader, Charles R. "Contractors on the Battlefield". Arlington, VA: AUSA Institute of Land Warfare, 1999. <<http://www.ausa.org/ilw>>. [2 March 2006].

Singer, Peter W. "Peacekeepers, Inc." Policy Review Issue 119. June/July 2003. <<http://www.policyreview.org/jun03/singer.html>>. [6 April 2006].

Spangler, Caral. Assistant Deputy Commandant (Resources), "USMC FY 2013 President's Budget Request Overview." Last modified 2012. Accessed January 19, 2013. <http://pdi2012.org/wp-content/uploads/2012/06/12-Spangler.pdf>.

Tiron, Roxana. "Army Not Equipped To Manage Contractors on the Battlefield." National Defense. September 2003: 32-33.

Petersohn, Ulrich. "Outsourcing The Big Stick: The consequences of using private military companies." *Weatherhead Center For International Affairs, Harvard University 2008*.

United States Government Accountability Office. "*DOD's Increased Reliance on Service Contractors Exacerbates Long-standing Challenges*, GAO-08-621T." Last modified 2018.. <<http://www.gao.gov/products/GAO-08-621T>>[December 7, 2012].

United States Government Accountability Office, "Strategic Sourcing: Improved and Expanded Use Could Save Billions in Annual Procurement Costs GAO-12-919T." Last modified 2012.. <<http://www.gao.gov/products/GAO-12-919>>[October 30, 2012].

U.S. Army Acquisition Review Board 2010, "Army Strong: Equipped, Trained and Ready." Last modified 2011.<http://www.google.com/#hl=en&sclient=psyab&q=army+strong+equipped+trained+and+ready&oq=Army+Strong+Euipped+&gs_l=serp.1.0.0i13.158127.224828.4.226718.22.20.1.1.1.2.607.3486.8j7j1j2j1j1.20.0.les%3B..0.0...1c.1.rf4iU4lAj6M&psj=1&bav=on.2,or.r_gc.r_pw.r_qf.&fp=53293dac9487ae77&bpcl=36601534&biw=772&bih=549>[October 9, 2012]

U.S. Army Department. Contracting Support on the Battlefield. FM 100-10-2. Washington, DC: 4 August 1999.

U.S. Department of Defense. Audit Report: Civilian Contractor Overseas Support During Hostilities. Washington, DC: 26 June 1991.

U.S. General Accounting Office. Contractors Provide Vital Services to Deployed Forces but Are Not Adequately Addressed in DoD Plans. Report to the Secretary of Defense. Washington, DC: June 2003.

United States Department of Labor, Bureau of Labor Statistics , "CPI Inflation Calculator." Last modified 2013. Accessed April 3, 2013.
http://www.bls.gov/data/inflation_calculator.htm.

United States Marine Corps, "MCO 4200.33, CONTRACTOR LOGISTICS SUPPORT (CLS) FOR GROUND EQUIPMENT,." Last modified 2000. Accessed January 17, 2013.[http://community.marines.mil/news/publications/Documents/MCO 4200.33.pdf](http://community.marines.mil/news/publications/Documents/MCO_4200.33.pdf).

United States Marine Corps, "History & Heritage." Last modified 2013. Accessed February 9, 2013. <http://www.marines.com/history-heritage>.

U.S. Joint Chiefs of Staff. Doctrine for Logistic Support of Joint Operations. Joint Pub 4-0. Washington, DC: 6 April 2000.

United States Marine Corps, "Vision & Strategy 2015." Last modified 2010. Accessed January 7, 2013. <http://www.quantico.usmc.mil/activities/?Section=SVG>.