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Analyzing Contingency Contracting Purchases for Operation Iraqi Freedom (Unrestricted Version)

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Summary

Contingency contracting officers (CCOs) serve a vital role in contingency operations: They are given the authority to enter into, administer, and terminate contracts on behalf of the government in support of contingency operations. They also act as business advisors to the deployed on-scene commander.

Since September 11, 2001, the U.S. Air Force has been involved in two significant contingency operations in the U.S. Central Command (CENTCOM) area of responsibility (AOR): Operation Enduring Freedom (OEF) in Afghanistan and OIF in Iraq. After early experiences in both OEF and OIF, SAF/AQC asked RAND Project AIR FORCE to gather and analyze data on goods and services purchased to support Air Force missions in OIF in an effort to determine (1) the size and extent of contractor support and (2) how plans for and the organization and execution of contingency contracting activities might be improved so that CCOs can better support the warfighter in future operations.

The motivation for undertaking this study was twofold. First, the contracting community did not have a comprehensive, detailed database of contingency purchases that would allow analyses of the types and amounts of goods and services purchased to support Air Force mission activities. Second, it was thought that insights from analyses of recent contingency contracting experiences would help inform decisions about a number of important policy issues related to planning, training, and CCO assignments. Such data could also be used to seek improvements in purchasing practices across the theater.

Contingency purchases associated with OIF were made by a large number of organizations around the world. The analyses presented here are based on CCO purchases occurring at purchasing organizations located within the CENTCOM AOR that supported OIF during FYs 2003 and 2004. Data on these purchases were obtained from transaction logs maintained by the office of the CENTAF comptroller, headquartered at Shaw AFB, South Carolina.¹ These data include more than 24,000 transactions obligating more than \$300 million.

In this monograph, we provide a baseline analysis of purchases (pp. 17–44). We describe the details of these transactions in terms of

- *who* (which organizations) made purchases
- *what* types of goods and services were purchased
- *when* the purchases were made (time periods)
- *how* the purchases were made (contracting tools used)
- *from whom* (suppliers) the purchases were made.

We then use these data to illustrate how such analyses can be applied to improve (1) the alignment of contracting personnel with demands in theater (pp. 45–48), (2) the preparation of CCOs prior to deployment so that they can more efficiently and effectively satisfy the requirements of combat forces (pp. 48–50), (3) the ability of combat support planners to make trade-offs between advanced purchasing and management of resources and purchasing in theater as needed (pp. 50–53), and (4) the sharing of lessons among CCOs in theater (pp. 53–55).

Selected Findings from Data Analyses

We examined CCO expenditures for each of the 24 purchasing organizations supporting OIF during FYs 2003 and 2004 for which we had data (pp. 19–21). Expenditures at Al Udeid AB, Qatar, for both the air wing and the Combined Air Operations Center (CAOC) far exceeded

¹ See Appendix B for a list of other spending sources for OIF activities.

those of other organizations, with the air wing spending approximately five times the amount spent by Al Dhafra AB, United Arab Emirates, the next-highest-spending organization. Normalizing for the number of months each purchasing organization was active during this period, we found that Al Udeid's air wing still had the largest expenditures, with monthly expenditures approximately 2.5 times those of the next-highest-spending organizations, the CAOC and Tabuk AB (pp. 19–21).

We grouped purchases according to 45 categories of goods and services. The top categories in terms of expenditures were construction supplies, vehicles, and construction services. We found that purchasing organizations spent, on average, more than 10 percent of their expenditures on construction supplies and vehicles and just under 10 percent on construction services (pp. 20–27).

The data indicate changing patterns of expenditures over time (pp. 27–33). In aggregate, spending was higher in FY 2003 than in FY 2004. The levels and time flow of expenditures varied between locations identified by CENTAF personnel as being “temporary” operating locations versus those thought to be more “permanent.” A comparison of categories of spending at Baghdad International Airport and Tallil AB, two Iraqi bases with similar levels of expenditures, illustrates that the mix of goods and services purchased can be very different at seemingly similar bases. Information about the activities supported by the expenditures and the location itself would be needed to draw insights from the observed patterns.

Our analysis of types of payment vehicles utilized for transactions indicates that government purchase card (GPC) purchases represented more than one-third of the transactions made in FYs 2003 and 2004 but less than one-tenth of the dollars spent (pp. 33–37). GPCs were used for smaller transactions, primarily for goods rather than services. Blanket purchase agreements (BPAs) were used extensively by OIF purchasing organizations (pp. 38–41). They represented 30 percent of expenditures overall and more than 60 percent of contract expenditures for vehicles, heavy nonconstruction equipment, and food services.

The top 10 suppliers in terms of dollars represented more than 40 percent of the expenditures (pp. 41–44). At least two of these firms were identified by CENTAF personnel as “10-percenters,” i.e.,

firms that mediate purchases for a fee. Based on firm names, many of the top suppliers for contract purchases appear to be regional firms, whereas GPCs were often used for purchases from Western firms. Top suppliers provided a wide range of goods and services to multiple purchasing organizations.

These types of descriptive analyses of expenditures can be used to motivate additional analyses utilizing supplemental data, such as descriptions of the physical locations of the purchasing activity (e.g., base population, extent and condition of infrastructure) and the mission activities supported by those purchases (e.g., numbers and types of aircraft).

We utilized data on numbers of CCOs deployed to selected purchasing organizations to examine expenditures per CCO and transactions per CCO (pp. 45–48). According to these simple workload measures, CCOs at Balad AB obligated more dollars and performed more transactions than did their counterparts at other Iraqi bases. However, obligations of CCOs at the CAOC were significantly higher. To interpret these findings, additional details are needed about how the nature of the work differs across locations.

Finally, we conducted a case study of water purchases to illustrate how detailed data on transactions can (1) enhance the ability of combat support planners to decide whether to make arrangements for purchasing selected resources in advance or to purchase as needed in theater and (2) provide helpful information to CCOs who are negotiating contracts across the AOR (pp. 50–55).

Our analyses demonstrate that a contingency contracting database such as that developed for this study can be a powerful and useful analytic tool. However, current practices concerning the documentation of CCO transactions in theater make the development of such information time-consuming. *We recommend that the Air Force (and the Department of Defense more broadly) establish a standardized methodology for collecting contingency contracting data on an ongoing basis to facilitate planning and policy decisions*, e.g., those associated with CCO staffing and training, combat support planning, and sharing of lessons within the theater for future contingencies. Such a data capability should incorporate detailed descriptions of individual transactions that

can be easily sorted and aggregated for analyses (pp. 57–61). Table S.1 presents our recommendations for types of data to be collected.

Table S.1
Recommended Data to Be Collected on an Ongoing Basis

Type of Data	Explanation
Individual transactions	Data to be entered by purchasing CCO
Purchasing organization	Organization that purchases the goods or services
CCO	Individual responsible for the transaction
Recipient	Organization or location that benefited from the purchase, if different from the purchasing organization, e.g., base that benefited from a Rapid Engineer Deployable Heavy Operational Repair Squadron Engineers (RED HORSE) repair project
Text description	Description of full range of goods and services purchased through the transaction
Units	Number of goods purchased or period of time in which service is to be provided; break out according to types of goods or services covered by the transaction
Purchase category	General class(es) of goods or services purchased; break out according to types of goods or services covered by the transaction
Price	Price paid for the goods and services; when multiple goods and services are purchased within a single transaction, prices should be broken out by type
Supplier	Firm that provides the goods and services
Location of supplier	Identifies whether supplier is a local firm, regional firm, or other
Transaction ID	Unique identifier for the transaction, e.g., contract number
Payment mechanism	GPC or contract
Type of contract	For contracts, type of contract, e.g., BPA, Form SF44
Date of request	Date on which purchasing organization received the formal request for goods or services

Table S.1—Continued

Type of Data	Explanation
Date of payment	Date on which supplier was paid
Date of delivery	Date on which goods were delivered or services began
Comments	Any explanatory comments CCO deems useful
Activities supported by purchasing organizations	Supplemental data needed to explain purchasing trends; will vary over time
Population	Number of personnel supported by the purchasing organization
Mission activity	Description of mission activity supported by the purchasing organization's transactions, e.g., number and types of aircraft, special operations
Responsibility for base operating support (BOS)	Service branch responsible for providing BOS for the location
Infrastructure	Number of buildings or acres supported by the purchasing organization
Condition of infrastructure	Condition of infrastructure supported by the purchasing organization, particularly for new locations
Outlook	Plans for the purchasing organization, e.g., temporary operating location
Supply base	Supplemental data to facilitate improved purchasing over time
Supplier ratings	Performance ratings of suppliers (perhaps only key suppliers) based on, for example, the quality of goods and services, reliability, ease of working relationship