

Contractors Caught Under a Microscope

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Iraqi prison scandal raises questions about outsourcing

Outsourcing faces greater scrutiny in the wake of the Iraqi prisoner abuse scandal.

Several lawmakers want the Defense Department and the White House to give a detailed accounting of the role contractors play in areas beyond traditional military support after employees with two companies were named as participants in the abuse of Iraqi prisoners.

Leading Democrats on the House Armed Services Committee have asked the General Accounting Office to examine the use of private security contractors in the Central Command's area of responsibility.

During recent hearings before the Senate Armed Services Committee, lawmakers raised questions about the lack of oversight of contractors supporting the military at the Abu Ghraib prison outside Baghdad, where the alleged abuses occurred.

Few government or industry officials expect the military to immediately reduce its reliance on contractors. Some regard the Democrats' calls for investigations as partisan posturing.

But questions about the contractors' involvement at Abu Ghraib, coupled with their prominent role in the military and rebuilding efforts, have made outsourcing a topic of public debate.

"Folks within both the House and Senate are, obviously, now activated on the issue and starting to not only demand a GAO investigation, but also [beef] up legislative language," said Peter Singer, a fellow at the Brookings Institution, an independent Washington think tank.

For defense IT companies, outsourcing is a significant and growing opportunity. Defense spending on IT outsourcing projects, such as networking support, data center management and various technical services, is expected to rise from \$3.8 billion in 2003 to \$7.4 billion in 2008, according to market research firm Input Inc. of Reston, Va.

Overall federal spending on IT outsourcing will rise from \$8.5 billion in 2003 to \$15.5 billion in 2008, Input said.

Rep. Vic Snyder (D-Ark.), a member of the House Armed Services Committee, is one of those

calling for better oversight of contractors and a clear understanding of their functions.

Asked whether the prison scandal would cause Congress to look at federal outsourcing practices beyond the military in Iraq, Snyder said in an e-mail: "It is possible that there will be some spillover, but at least immediately, it would probably be more in terms of looking at which jobs we are hiring contractors to fulfill."

SUPPORTING WARFIGHTERS

The Pentagon has long relied on contractors for functions such as logistical support, food and supply deliveries and fuel transport. But with recent engagements in Iraq and Afghanistan, the military's need for outside civilian personnel has increased, especially for a host of new services, including translations, interrogation and intelligence work, IT support and other technical services related to network-centric warfare.

Among the tens of thousands of contractors in Iraq, the Bush administration said there are about 20,000 private security contractors supporting the military, among them Americans, foreign nationals and Iraqis.

Congressional scrutiny of contractors started early in the war, when critics charged that some contractors, such as Halliburton Corp. and Bechtel Corp., were gouging taxpayers after being awarded contracts without sufficient competition.

The graphic photos, videos and reports of military personnel mistreating and humiliating Iraqi detainees at Abu Ghraib prison have prompted congressional hearings and military investigations.

So far, some soldiers posted at the detention center have been charged with criminal or sexual abuse of prisoners, while others have been reprimanded. One soldier has pleaded guilty.

Soldiers charged with the criminal abuse of prisoners fall under the dictates of the Uniform Code of Military Justice, but contractors are not subject to military discipline and law. Contractors for CACI International Inc. of Arlington, Va., and Titan Corp. of San Diego, who were named in an Army report on the scandal as possible suspects or witnesses, have not yet been charged with any wrongdoing and are still on the job. CACI supplies interrogators to assist the military, while Titan provides interpreters.

Rep. Ike Skelton (D-Mo.), ranking Democrat on the House Armed Services Committee, has been pressing the Pentagon for information about private military and security personnel, including the number of contractors, the names of their companies, their duties and how much they are being paid. He also asked to whom they report, the rules of engagement that govern them and how any disciplinary or criminal accusations against them are handled.

Skelton and Snyder also requested that GAO examine the use of private security contractors in the Central Command's area of responsibility, which covers the Middle East, the Horn of Africa, Central Asia and South Asia, including Afghanistan.

Rep. Jan Schakowsky (D-Ill.) urged President Bush in a letter May 4 to suspend immediately all contracts with private military firms in Iraq that deal with the supervision, security or interrogation of prisoners.

Her spokesman, Nadeam Elshami, said Schakowsky also questions whether the government is actually saving money by using contractors instead of government personnel.

As Washington Technology was going to press last week, Schakowsky had offered an amendment to the defense authorization bill to require better reporting on contractors.

"There are concerns, especially with Iraq, about how we treat [contractors] who violate laws overseas and [if] they are more concerned about profits and not fulfilling their functions in the field," Elshami said. He also said Schakowsky will take steps in the future to limit the use of private military contractors.

Rep. Henry Waxman (D-Calif.), ranking minority member on the House Committee on Government Reform, and his 18 fellow Democratic committee members sent a letter May 11 to Rep. Tom Davis (R-Va.), committee chairman, saying that the committee had failed to fulfill its oversight functions in investigating the allegations of misconduct at Abu Ghraib prison.

Waxman also said there seemed to be a concerted effort by Republican House leadership not to investigate the scandal. Waxman and other representatives have led investigations into the Bush administration's awarding of contracts for reconstruction and development work in Iraq, including several billion-dollar contracts with Halliburton.

Davis' spokesman David Marin dismissed Waxman's charges as partisan politics.

"We receive politically motivated hearing demands from our minority every day, so we have to treat them with a grain of salt," Marin said.

Davis' committee held a hearing on contracting issues in March and is planning a follow-up for early June, Marin said. If Davis "determines that there are outstanding issues related to contractors and prisoner abuse, then he may decide to include those matters in the hearing," he said.

OUTSOURCING GOES ON

Despite the burgeoning controversy, congressional staffers and experts said lawmakers will not push to reduce outsourcing because the military has a continuing need for contractors.

Marin said Davis' committee will not be in a position to recommend that the Defense Department either reduce or increase its use of contractors until the facts are determined.

"Contractors are making a huge contribution to the effort [in Iraq] and any broad brushstroke indictment of overall contractor support is, at best, premature," Marin said.

Olga Grkavac, an executive vice president of the Information Technology Association of America, an Arlington, Va., trade association for IT firms, agreed.

"With the important role that IT plays in supporting the warfighter, we do not see a reduction in the number of contractors," she said. Grkavac added that the government may reduce the number of contractors in areas where they're not as critical, but presently the Pentagon doesn't have the personnel to take over the roles that contractors play.

Legislators also will call for clearing up legal ambiguities in existing legislation regarding interrogators, Singer said.

"Later on, we may expect some movement on closing loopholes in the relevant laws and also rein in the broad extent of outsourcing, limiting it from being in such mission-critical areas, such as interrogation," Singer said, referring specifically to the Military Extraterritorial Jurisdiction Act of 2000.

The act authorizes the United States to maintain criminal jurisdiction over American citizens working for or accompanying a member of the military while overseas. Singer said the act has loopholes and gaps because it only applies to Defense Department contractors, and excludes contractors from other federal agencies and third-party contractors from other countries.