



# DoD Procurement of “Commercial Items” Harms Military Readiness and Costs Taxpayers Dearly

## The Issue

The Department of Defense risks losing command and control over military logistics as it redesignates the goods and services it buys from major government contractors as “commercial.” These goods and services include major weapons systems, items uniquely or predominantly purchased by the military, as well as maintenance and repair functions now performed by government workers.

## How We Got Here

Provisions pushed by major government contractors in the fiscal 2018 and fiscal 2019 National Defense Authorization Act expanded on a faux definition of what is considered a commercial item, so that contractors could sell military and government-unique products and services at very high prices and obscene profit margins to DoD, including items that DoD purchases on a sole source basis.

## Why It’s Dangerous

By law, DoD must maintain control of all the logistics it needs to mobilize in the event of a military operation or emergency, including manufacturing, maintaining, and repairing weapons and equipment. Giving up this control to private-sector contractors jeopardizes readiness. Just as importantly, major government contractors have sought this “commercial” designation because it effectively prevents DoD (and other agencies) from negotiating contract prices and things like technical data rights. This means that major contractors can increase their profits while keeping data rights to items the government often paid for in the first place during research and development.

## What We’ve Done So Far

Prompted by concerns from AFGE and other stakeholders, Congress has delayed implementation of the changes pending input from industry stakeholders and political appointees inside the Pentagon.

## What Needs to Happen Now

Congress needs to expand stakeholder input to include employee representatives and delay implementation for at least one year to allow for independent reviews by DoD’s Inspector General and by the independent Government Accountability Office.

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