

Joint Statement of  
Christopher Shays and Michael Thibault, Co-Chairs  
The Commission on Wartime Contracting in Iraq and Afghanistan

Hearing:  
**The Contingency Acquisition Workforce: What is  
needed and how do we get there?**

Room G-50, Dirksen Senate Office Building, Washington, DC  
9 a.m., Thursday, September 16, 2010

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*[As prepared for delivery.]*

Good morning. As I said before introducing Senator Webb, I am Christopher Shays, co-chairman of the Commission on Wartime Contracting in Iraq and Afghanistan. We are a commission created by Congress to examine federal-agency and military use of contracting. We will issue a major report around year end with proposals for statutory and administrative changes. We will make a final report to Congress in July 2011.

This opening statement is made on behalf of Co-Chairman Michael Thibault, our fellow Commissioners, and myself. Mr. Thibault could not be with us today. The other Commissioners at the dais are Clark Kent Ervin, Grant Green, Robert Henke, Katherine Schinasi, Charles Tiefer, and Dov Zakheim.

So, why are we here? We are here to address some of the concerns mentioned by Senator Webb. They are not new concerns, for us or for him. At our very first hearing on Capitol Hill in February 2009, the Senator said his concerns included, and I quote:

Poorly defined requirements and insufficient competition ...; inadequate government oversight, owing to a lack of properly trained personnel in sufficient numbers to the task; extensive waste, fraud and abuse ...

Our hearing is especially timely in light of the September 14 memo sent to acquisition professionals by Under Secretary of Defense Ashton B. Carter. Early in his 17-page memo, Secretary Carter said, "A capable, qualified, and appropriately sized acquisition will be key to achieving efficiency." We fully agree.

Our research underscores the importance of personnel issue and its impact on oversight and outcomes. No human system is perfect, but there can be no doubt that a well-funded, well-organized, well-trained, and well-deployed acquisition workforce would help reduce the frequency of incidents like these:

- In January 2010, an Army Reserve lieutenant colonel was sentenced to 42 months in federal prison for conspiracy to

commit bribery, wire fraud, and other charges related to misconduct during two years as a project officer in Iraq.

- In May 2010, federal prosecutors charged a former employee of a U.S. construction contractor in Iraq with conspiracy to defraud the government by accepting \$384,000 in kickbacks from subcontractors.
- In July 2010, the Special Inspector General for Afghanistan Reconstruction reported that construction of a U.S.-funded Afghan army garrison at Farah was more than a year behind schedule, lacks a full justification, has siting and construction problems, and may not be technically or financially sustainable by the Afghan government.

I picked those recent examples because they involve actual or alleged misconduct by both government and industry personnel, and project results that may be a disservice both to American taxpayers and the Afghan people we are trying to help. When you consider that the Department of Defense spent \$384 billion on

contracts in 2009—more than double the level of 2001—while its organic acquisition workforce actually declined, you are forced to suspect that opportunities for waste, fraud, and abuse have multiplied. Many acquisition outrages could be avoided or at least mitigated by a more effective federal acquisition workforce in general.

Our focus at this hearing, however, is more specifically the *contingency* acquisition workforce. That bureaucratic-sounding phrase simply means that we are talking about the federal civilian and military folks who define requirements, procure goods and services, manage contracts, and provide oversight and accountability in support of contingency operations.

Contingency operations include those going on in Iraq and Afghanistan, but can also involve other situations where active-duty troops are or may be involved in hostilities, or in a declared national emergency such a major natural disaster or a mass-casualty terrorist attack. In other words, “contingency” is a broad category.

By definition, most of the acquisition activity in contingencies is likely to be executed by the Department of Defense. DoD is the focus of today’s hearing, but we should not lose sight of the fact that other departments such as the Department of State and the U.S. Agency for International Development can also be involved in

contingency acquisitions, as they are in Southwest Asia, and that many of the challenges we'll discuss today also apply across the full federal acquisition workforce.

What may be the simplest aspect of the acquisition workforce—sheer numbers—is already receiving attention. The DoD Strategic Human Capital Plan Update published in April 2010 describes initiatives intended to add 20,000 Defense acquisition personnel by 2015. That would bring the department's total acquisition workforce to 147,000. That is a laudable increase, but one that would still lag the growth in acquisition activity and only slightly exceed the personnel count of 1998.

Since that DoD plan update was released, Secretary of Defense Gates has spoken forcefully to his department on the need to recognize looming pressures on DoD appropriations and to achieve \$100 billion of savings over the next five years. To his credit, Secretary Gates said he will not look to the acquisition workforce for cutbacks. But adequate funding will undoubtedly remain a challenge.

The defense acquisition workforce currently stands at about 133,000 people, about 11 percent military and 89 percent civilian. That sounds like a lot of people—until you notice that DoD also deals with 1.4 million active-duty, 846,000 Guard and Reserve, and 752,000 civilian personnel in

non-acquisition jobs. So the DoD acquisition workforce is only about 4 percent of all the people connected with the department. And nobody disagrees that we need more of them—especially since more effective acquisition can produce some of the savings that Secretary Gates demands.

Numbers, however, are not the only issue, and may not be the most critical. As Under Secretary of Defense Ashton Carter said in his preface to the April plan update, “While our hiring initiatives are on track, the department must act now on its strategy to increase its acquisition management, technical and business capability, and capacity to manage and oversee the acquisition process—from start to finish.” That is a wise perspective: simply piling on warm bodies and cold cash won't fix systemic problems and quality concerns.

For an example of a broad-front approach to the contingency acquisition workforce, we need look no further than the United States Army. In 2007, the Army initiated its Commission on Army Acquisition and Program Management in Expeditionary Operations. That commission produced what has become known as “the Gansler report.” We will hear from the chairman of that commission, Dr. Jacques Gansler, during our first witness panel.

The Gansler report observed that “Army ‘culture’ is focused on warfighting and

thus neither recognizes the critical and complex nature of contracting nor rewards people in the contracting community.” The report made numerous recommendations to numbers, status, and career opportunities of contracting personnel; to restructure contracting organizations and increase general-officer presence; to improve training and exercising for expeditionary missions; and to obtain legislative and other support for officer billets, incentives for civilian deployment, and provide pre-positioned funding and acquisition flexibility.

DoD and the Army have made progress on many of the Gansler report’s recommendations. We are concerned, however, that some general-officer billets remain unfilled, that few civilians are deploying, that contingency-workforce augmentation is unsustainable, and that several other recommendations still await action. We look forward to hearing Dr. Gansler’s view of progress on these issues.

We have 10 additional expert witnesses on our panels today, some of them with key responsibilities in policy and operational decisions. The Commissioners will be plying them with specific questions after their testimony, so I won’t try to anticipate all their issues now. But I would like to indicate the range of concerns that will can be expected to surface during this hearing. They include:

- Who is the actual lead agency for establishing, coordinating, training, and maintaining a viable contingency acquisition workforce? If there is none, is that prudent?
- Are the DoD organizations involved in contingency acquisition policy, execution, and oversight effectively planning and achieving results in meeting needs for critical workforce skills?
- Are training programs, initiatives, and accomplishments on track with organizational commitments?
- Can organizations protect critical acquisition-workforce needs from fiscally driven resource reductions?
- If workforce shortfalls persist, have DoD organizations identified ways contractors could help without intruding upon inherently governmental functions?
- Have DoD organizations correctly identified barriers to reform and improvement? If so, have they thought about

mitigations and counter-measures?

- Has anyone done a thorough staffing study to assess contingency-operation needs, such as for certified Subject Matter Experts or for getting sufficient auditors in theater—and how those needs are affected by possible changes in organization, technology, or doctrine?
- Do organizations' acquisition-workforce plans fully and realistically embrace the doctrine and practical necessity that contractors are a vital part of the total force in contingency operations?

That's a big buffet of concerns, and I could list more. But they need to be addressed. Future contingencies, like the contingencies in Iraq and Afghanistan, can cost America thousands of lives and billions of dollars. Before our current operations cease, before memories fade, and before the sense of urgency dissipates, we need to be sure that the problems revealed and the lessons learned in Southwest Asia are addressed in reforms of the federal contingency acquisition workforce. On-the-job training for these operations is a bad option.

Here's the bottom line. The U.S. military has often stated that "Money is a weapons system," and has invoked that statement to emphasize the importance of good stewardship of taxpayer funds. Without a fully trained and operational acquisition workforce, however, our money will be a weapons system *turned against us* in the form of waste, fraud, and abuse that erodes morale, undermines missions, and betrays taxpayers. That is why the Commission considers this hearing so important.

In keeping with the importance and the broad reach of today's hearing topic, we have two panels comprising 11 experts with expertise and responsibility in contingency acquisition issues.

Panel 1 consists of:

- Jacques S. Gansler, Ph.D., Center for Public Policy and Private Enterprise, School of Public Policy, University of Maryland. As I noted, he is the former chairman of the Commission on Army Acquisition and Program Management in Expeditionary Operations.
- Charles D. Grimes III, Deputy Associate Director for Employee Services, Office of Personnel Management

- Daniel I. Gordon, Administrator, Office of Federal Procurement Policy
- Kathy Ott, Acting Deputy Under Secretary of Defense for Civilian Personnel Policy, and
- James McMichael, Ph.D., acting president, Defense Acquisition University.

Witnesses for Panel 2 are:

- Charlie E. Williams, Jr., Director, Defense Contract Management Agency
- Patrick J. Fitzgerald, Director, Defense Contract Audit Agency
- Lt. Gen. William N. Phillips, US Army, Principal Military Deputy to the Assistant Secretary of the Army for Acquisition, Logistics and Technology (ASALT)
- Lt. Gen. Mark Shackelford, Military Deputy to the Assistant Secretary of the Air Force for Acquisition
- Lt. Gen. Robert L. Van Antwerp, Commanding General, US Army Corps of Engineers, and
- Jeffrey P. Parsons, Executive Director, Army Contracting Command.

On behalf of the Commission, we welcome all of today's witnesses for participating in this hearing. Several of them are repeat visitors and thereby qualify for a special welcome. Thank you all.

We have asked witnesses to offer brief oral summaries of their testimony. The full text of their written statements will be entered into the hearing record and posted on the Commission's website. We ask that witnesses submit within 15 business days responses to any questions for the record and any additional information they may offer to provide.

Now, if the witnesses for our first panel will rise and raise their right hands, I will swear them in:

Do you solemnly swear or affirm that the testimony you will give in this hearing is the truth, the whole truth, and nothing but the truth?

Thank you. Let the record show that all the witnesses answered in the affirmative.

Dr. Gansler, please begin.

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