

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

Hearing:
**Total Force Policy, the QDR,
and Other Defense and Operational Planning:**

Why Does Planning for Contractors Continue to Lag?

Room 106, Dirksen Senate Office Building, Washington, DC
9:30 a.m., Monday, July 12, 2010

Good morning. I am Michael Thibault, co-chairman of the Commission on Wartime Contracting in Iraq and Afghanistan. We are a commission created by Congress to examine many aspects of federal-agency and military use on contracting. We will issue a final report with findings and recommendations in July 2011.

This opening statement is made on behalf of Co-Chairman Christopher Shays, our fellow Commissioners, and myself. The other Commissioners at the dais today are Clark Kent Ervin, Grant Green, Robert Henke, Katherine Schinasi, Charles Tiefer, and Dov Zakheim.

The Commission's authorizing statute includes instructions from Congress that we look into matters including the "organizational structure, resources, policies, and practices of the Department of Defense and the Department of State for performing contingency program management ... and interagency coordination and communication mechanisms."

That instruction bears on two important matters of planning and coordination. One involves the Commission's belief that current planning for the transition of American security responsibilities in Iraq from the Department of Defense to the Department of State needs major acceleration and improvement as the U.S. military drawdown proceeds. We are making a special report to Congress on that matter today.

The other matter of interest involves the long-standing lack of effective planning at all levels of the Department of Defense for making use of contractors as part of the total force structure for contingency operations. That is the subject of today's hearing.

Before I comment on the hearing topic and introduce our panel of distinguished witnesses, I'll talk about our new special report to Congress. We have some copies of the report here, and will post an electronic version at the

Commission's website,
www.wartimecontracting.gov.

As we all know, the United States and the Government of Iraq agreed in 2008 that American military personnel would be out of Iraq by the end of 2011. Since then, the Administration announced that U.S. troop strength in Iraq would be reduced to 50,000 by the end of August 2010. Those are political and policy decisions beyond the scope of this Commission, and do not directly concern us.

What *does* concern us is, as we heard in a State Department briefing in Baghdad this May, that Iraq presents a "continued critical threat environment." In that risky environment, State relies heavily on the Department of Defense for vital security-related functions and for more than a thousand other functions, especially logistics.

DoD currently supports State with recovery of killed or wounded personnel, aircraft or vehicle recovery, dispatch of quick-reaction combat teams, counter-battery fire against attacks, clearing travel routes and escorting convoys, neutralizing explosive devices, and more. Those are security-related functions. State also draws extensive logistical support through the Army's LOGCAP contract, and food and fuel support through the Defense Logistics Agency. Hundreds of other functions provided by DoD include real-estate management, policing, sanitation, fire prevention, and environmental clean-up.

But DoD support will go away as units are withdrawn. And the decline won't be steady or proportional as troop strength declines: a specialist unit's departure can remove an entire capability overnight. In most cases, State has no

organic capability to perform the functions now provided by DoD, and support from the Iraqi government is generally not yet a practicable option.

Assuming no change in State's Iraq mission, the Department's only realistic option for dealing with the U.S. military's exit is to make much heavier use of contractors. For example, State currently has about 2,700 private security personnel in Iraq to augment its own Diplomatic Security force. A State Department witness testified at our June 21 hearing that the Department would need to *more than double* that force to 6,000 to 7,000 people to handle its needs in the future. And I would point out that required *non-security-related* functions would require State to hire still more contractors when military support is gone.

Another former witness before the Commission, Ambassador Patrick Kennedy, wrote to the Department of Defense on April 7 this year to say, "After the departure of U.S. forces, we will continue to have a critical need for logistical and life support of a magnitude and scale of complexity that is unprecedented in the history of the Department of State." Ambassador Kennedy's letter specifically requested that State be allowed to continue drawing on the Army's LOGCAP logistics-support contract, and that DoD transfer military equipment including helicopters and mine-resistant vehicles to State.

The point is that the State Department faces an enormous challenge for new contracting, management, oversight, and accountability—all without significant new resources, but essential for carrying out its responsibilities in Iraq.

Our special report notes that State has been hiring some additional people as specialists in its Diplomatic Security arm, and that State and Defense working groups have been working on many transition details. But time is fast running out.

The Commission has researched this problem here and in Iraq. Commissioner Green and I, accompanied by staff, visited Iraq in May and had extensive meetings and briefings with U.S. officials. Our conclusion, elaborated in the special report, is that the current planning and coordination for the Defense-to-State transition in Iraq lacks the necessary urgency, scope, coordination, high-level attention, and resources necessary to continue vital functions without unacceptable risk to lives, missions, and taxpayer dollars. We recommend that:

1. The Departments of Defense and State accelerate, intensify, and better integrate their joint planning for the transition in Iraq.
2. Defense and State immediately initiate and timely complete planning with the Government of Iraq, to address critical security functions now performed by Defense.
3. State use, on a reimbursable basis, DoD's LOGCAP logistical-support contract, using LOGCAP IV as an acquisition strategy.
4. Congress timely provide additional resources to State to support its increased contracting costs and personnel needs.

I encourage you to review our Special Report #3 for more information on this important and timely transition challenge.

Now we turn from a time-value, location-specific planning problem to a long-standing, far-reaching one — our chronic lack of effective planning for using and managing contractors as part of the total force.

Today's hearing focuses on the important question, "Why Does Planning for Contractors Continue to Lag?"

There could be no clearer illustration of our concern than is captured in these two facts:

1. There are more than 200,000 contractor employees supporting U.S. operations in Iraq and Afghanistan.
2. The new Quadrennial Defense Review, or QDR, pays scant attention to operational contract support, and Commission staff has found that little is being done overall to include contractors in strategic, operational, or manpower planning.

We are not alone in finding cause for concern with DoD's planning for use of contractors. A March 30, 2010 report by the Government Accountability Office found "shortcomings in guidance," "a mismatch in expectations between senior DoD leadership and combatant command planners," and "a lack of details on contract support" in planning for use of contractors. And on June 29, a GAO witness testifying before Representative Tierney's subcommittee in the House said DoD has "long-

standing problems” in planning for, managing, and overseeing contractors.

The witness, William Solis, also noted that GAO has had DoD’s contract-management program on its “High-Risk List” since 1992. Mister Solis said DoD “still faces challenges in eight areas,” including guidance, planning, tracking, oversight, and capturing lessons learned. Given the history and range of problems, he concluded, “a cultural change is necessary to integrate operational contract support” throughout DoD.

Those are powerful comments, and this is a big deal. It doesn’t take much imagination to list several nation-states that could suddenly generate a need for new U.S. military expeditions. And even if we were to enjoy a long period of geopolitical calm, mass-casualty terrorist attacks or natural disasters like earthquakes, floods, or hurricanes can also require military response with heavy contractor support.

Those disasters, not to mention the ongoing operations in Iraq and Afghanistan, make it perfectly clear that we need better planning for operational contract support, and that we need to capture lessons learned and absorb them into planners’ thinking before memories fade and institutional inertia trumps reform.

Let me suggest a marker of institutional inertia. Richard M. Nixon was in the White House and the average price of gasoline was 39 cents a gallon in 1973, when DoD’s new Total Force Policy stated that contractors, along with the military and federal civilian employees, were part of the Total Force for carrying out U.S. operations. But today, 37 years later, we find that

contractors *still* have not been fully recognized, incorporated into DoD plans, effectively integrated into exercises and training, included in manpower plans, or even accurately counted in databases.

Part of the explanation for that, I suppose, is that so many organizations and documents are involved. The President, the Secretary of Defense, the Joint Chiefs, the service heads, combatant commands, and DoD support and administrative staff — all have interests and inputs to be considered. And the documents involved include not only the QDR, but also the National Defense Strategy, the National Military Strategy, the Guidance for the Employment of the Force, and more.

Still, it is troubling that the 2010 QDR actually has less text devoted to operational contractor support than the previous edition in 2006, even though reliance on contractors has continued to grow. It is also troubling that GAO reported in 2003 that contractors were not included in DoD’s Human Capital Strategic Plan. I would add that the current version still fails to address the role of contractors.

Without a culture change at DoD that supports more thorough planning, sharper doctrine, better training, and improved coordination, future contingencies will bring repetitions of hasty, improvised, poorly defined, and wasteful use of the contracting that DoD has said it relies upon in major operations. Our troops, our taxpayers, and our national interest cannot allow that to happen.

There are a few hopeful signs. The Joint Staff Directorate for Logistics — “J4” in military parlance — briefed the Chairman of the Joint

Chiefs of Staff in April on the results of the J4's Dependence on Contractors Task Force. The J4 recommended to the Chairman that he direct operational contract support be included in strategic guidance as a step toward a culture shift for better planning for operational contract support. The Chairman accepted this recommendation and issued guidance. We are fortunate to have the head of J4, Lieutenant General Gainey, with us today to speak on this initiative.

Another hopeful sign is that lawmakers are paying more attention to the planning issue. For example, language emerging from the Senate Armed Services Committee's work on the new National Defense Authorization Act would direct future QDRs to specifically address operational contract support and require the Chairman of the Joint Chiefs to identify contingency-support functions that require contractor performance.

But much remains to be done. The 37-year-old declarations of the Total Force Policy remain largely unrealized. The GAO has found that implementation of DoD's requirement for an "Annex W" is still in its infancy. We will probe these and other issues with our witnesses from the Department of Defense. They constitute a panel with many years' experience and high-level responsibilities, and we appreciate their joining us. Our witnesses are:

- Kathleen Hicks, Ph.D., Deputy Under Secretary of Defense for Strategy, Plans and Forces. Dr. Hicks is responsible for advising the Under Secretary of Defense for Policy and the Secretary of Defense on all matters pertaining to the

development of U.S. national security and defense strategy.

- Lieutenant General Kathleen Gainey, Director of Logistics (J4), Joint Chiefs of Staff. The J4 section integrates logistics planning and execution in support of joint operations. It advises the Chairman of the Joint Chiefs of Staff on logistics matters at the strategic level and for operational needs like supply, maintenance, health services support, and engineering.
- Richard Robbins, Director, Requirements. He reports directly to the Principal Deputy Under Secretary of Defense (Personnel and Readiness), which is responsible for Total Force policy and guidance on manpower management and workforce mix, including contractors.
- Gary Motsek, Assistant Deputy Under Secretary of Defense (Program Support). He is responsible for developing and maintaining a comprehensive policy and program management framework for governing the joint policies on requirements definition, contingency program management, and contingency contract support.

Our witnesses have prepared a joint statement, from which each of them will present a section. We will then proceed to a question-and-answer session. 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. The full text

of their written statements will be entered into the hearing record and posted on the Commission's website.

On behalf of the Commission, we thank all of today's witnesses for participating in a very important hearing. Now, if our witnesses will rise and raise their right hand, I will swear them in:

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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.

Doctor Hicks, please begin.