

THE COMMISSION ON WARTIME CONTRACTING IN IRAQ & AFGHANISTAN
HOLDS A HEARING ON ACCOUNTABILITY ISSUES IN IRAQ AND
AFGHANISTAN, PANEL 2

NOVEMBER 2, 2009

SPEAKERS: MICHAEL J. THIBAUT, CO-CHAIR

CHRISTOPHER SHAYS, CO-CHAIR

CLARK KENT ERVIN

GRANT S. GREEN

ROBERT J. HENKE

CHARLES TIEFER

DOV S. ZAKHEIM

WITNESSES: REAR ADMIRAL THOMAS TRAAEN, VICE DIRECTOR FOR
LOGISTICS THE JOINT STAFF

WILLIAM SOLIS, DIRECTOR, DEFENSE CAPABILITIES AND MANAGEMENT,
GOVERNMENT ACCOUNTABILITY OFFICE

LEE THOMPSON, EXECUTIVE DIRECTOR OF THE LOGCAP PROGRAM
OFFICE, THE DEPARTMENT OF DEFENSE

[*] THIBAUT: Thank you. Gentlemen, I see you're ready so I'm ready for you. Could you all raise your right hand, please? Do you solemnly swear or affirm that the testimony you give before this commission is the truth, the whole truth, and nothing but the truth?

TRAAEN: Yes.

SOLIS: Yes.

THOMPSON: Yes.

THIBAUT: Thank you. Please be seated. Note for the record that all witnesses have responded in the affirmative. I'd like to introduce all three of you and then I'll turn it all over to you individually.

Rear Admiral Thomas Traaen, vice director for logistics, once referred to throughout the military as J4, with the joint staff representing Lieutenant

General Gainey. Mr. William Solis -- Bill -- director, defense capabilities and management with the Government Accountability Office, GAO. And Mr. Lee Thompson, executive director of the LOGCAP program office in the Department of Defense. And when it gets to Lee you can tell them what LOGCAP stands for.

Admiral, please start.

TRAAEN: Chairman Thibault, Chairman Shays, distinguished members of the commission, good morning and thank you for the opportunity to appear before you. It is my pleasure to be here. I'm Rear Admiral Tom Traaen, vice director for logistics on the joint staff. As vice director for logistics, I advise the chairman of the joint chiefs for the entire spectrum of joint logistics to include reviewing the logistics policies and procedures that are guiding the drawdown strategy in Iraq, as well as the joint staff lead in the efforts to equip the Iraqi Security Force.

First, let me thank you for your interest in DOD contracting in Iraq and Afghanistan. I think we all share the same concerns in assuring the warfighters needs are met and balancing operational necessity with the need to be good stewards of our national treasure. I understand my role on this panel is primarily to address the status of the Iraq drawdown. As I'm sure you know, the testimony on the drawdown given by Secretary Flournoy, Mr. Estevez, Vice Admiral Winnefeld, and my boss, Lieutenant General Gainey on October 21st was well received by the House Arms Services Committee. My testimony here will draw heavily from their insightful remarks.

Given the president's decision on troop strength reductions in Iraq, the Department of Defense has been proactive in establishing robust procedures to ensure the responsible drawdown of troops, contractors, equipment, and material in a manner that addresses the needs of our own military and our obligations to the American taxpayer. We are, at the same time, assuring the Iraqi Security Force can assume the responsibility of keeping Iraq secure for the Iraqi people. We are making satisfactory progress towards our overarching goals on the time-line laid out by the president.

The Department of Defense has been re-deploying significant amounts of forces out of Iraq and Kuwait for each of the past six years and has been planning for and executing the mandated drawdown of forces from Iraq for over a year. The planning and execution have been a coordinated effort among the multinational force Iraq, the services, the Department of State, Central Command and its components.

The department has directed the departing units to follow a four- step disposition process for drawing down excess supplies and equipment. The four step process being executed today is to consume, redistribute, transfer, and dispose. The responsible drawdown actions taken to date have been

accomplished while retaining logistics flexibility to adjust to operational changes in mission requirements.

With respect to contractors in Iraq, their numbers will continue to decrease. While their numbers will not decrease as quickly as those of the military, the proportionally larger contractor presence will be critical to help us close forward operating bases and re-deploy equipment. The ratio of contractors to military has been 1-to-1 for the past several years, but we predict this will increase to about 1.5-to-1 by next August. As the forward operating bases close and equipment is re-deployed, that ratio will start to decrease.

These numbers will be flexible and there will be a continual decrease in both contractors and military as drawdown progresses. We recognize throughout the department that maintaining proper accounting in contracting oversight is critical and has been challenging for a variety of reasons.

DCMA tracks and reports the number of contracting officer representatives in Iraq on a regular basis. Right now 86 percent of the required CORs in Iraq are in place compared to 59 percent at the beginning of the year. Additionally, we anticipate the DCMA joint manning document will be sourced to approximately 90 percent fill rate across the CENTCOM area of responsibility. That 90 percent fill rate covers the spectrum of contract administrative services to include subject matter experts to assist with oversight. As a department, we are committed to ensuring these critical billets are properly resourced throughout the drawdown and continually reviewing processes to ensure that proper oversight is maintained.

To summarize the drawdown in general, the department is achieving logistics unity of effort in executing the president's directive to systematically and responsibly drawdown the size of the U.S. forces in Iraq. We are tracking drawdown progress against specific goals and will provide whatever policy assistance is required to meet the president's time-lines. We continue to support -- with continued support from Congress the department can execute all these required drawdown tasks. In closing, thank you for the opportunity to testify before the commission. I firmly believe the description of the drawdown as a responsible drawdown is fundamental to this process. I understand the criticality of good stewardship and property accountability for all of our assets in Iraq. Therefore, we are diligently tracking drawdown progress against specific goals. At the same time we are also focused on doing everything within our power and authority to enable the Iraqi security force to operate effectively once the drawdown is complete. I'd be happy to answer any questions that you and the members of the commission may have.

THIBAULT: Thank you, Admiral.

Mr. Thompson?

THOMPSON: (OFF-MIKE) with an update of the status of the logistics civil augmentation program better known as LOGCAP and on the continuing transition from LOGCAP III which relies on a single source company to the LOGCAP IV contract which uses three different performance contractors. Both of these contingency contracts enable the Army to provide critical support to deployed troops serving on the front lines in Iraq and Afghanistan. As the LOGCAP executive director I am responsible for seeing that the operational force receives all of the services we have contracted for under LOGCAP.

This highly complex and challenging program is accomplished by a team made up of forward deployed and rear echelon Department of the Army civilians, Army reserve officers and non-commissioned officers in the LOGCAP support unit. The officers, NCOs, and civilian employees of the Defense Contract Management Agency or DCMA. These hard working, highly skilled people make up Team LOGCAP Forward and provide the requirements in contract management oversight of the three performance contractors DynCorp, Flour, and KBR. Team LOGCAP is further supported by the men and women serving here in the United States with the U.S. Army Material Command and its subordinate commands, the U.S. Army Contracting Command and U.S. Army Sustainment Command.

Today, I plan to update you on the steps we are taking to complete the transition from LOGCAP III to LOGCAP IV and to provide you with an understanding of what we in the Army are doing to correct shortcomings in LOGCAP that have been uncovered by internal and external supporting agencies: the AAA, DOD IG, and DCAA. Again, I thank you for your continued interest in LOGCAP and the contingency contracting process, and I invite any questions that you may have about these important topics. Thank you.

THIBAUT: Thank you, Mr. Thompson.

And Mr. Solis?

SOLIS: Chairman Thibault, Chairman Shays, and distinguished members of the commission, I appreciate the opportunity to be here today to discuss issues related to the drawdown of U.S. forces from Iraq. Since we last reported on this issue in September '08, the U.S. and Iraq have signed a security agreement that includes a time-line to requirements for the drawdown and MNF-I has issued a phased plan to achieve complete withdrawal of U.S. forces by the end of 2011.

The drawdown effort is already begun. It is, however, one of several tasks U.S. forces in Iraq are conducting concurrently in a continuously evolving environment during a period of Iraqi political uncertainty.

For example, besides overseeing operations in Iraq, MNF-I and its subordinate headquarters are also merging into a single headquarters called United States Forces-Iraq which is scheduled to become operational on January 1st, 2010 and includes a 40 percent reduction of headquarters personnel. Moreover, brigade teams are being replaced by relatively new advise and assist brigades that will focus primarily on training Iraqi Security Forces while retaining capability to conduct full spectrum operations.

Finally, although DOD has reported that enemy activity has decreased markedly since its highest point in June 2007, the insurgency in Iraq continues to remain dangerous. One of the key considerations for drawdown planning is the role of contractor personnel to perform a wide-range of tasks essential for the drawdown including repairing military vehicles and providing transportation assets and personnel necessary for the retrograde of equipment.

My testimony today will focus on one, the extent to which DOD has planned for the drawdown and factors that may impact the efficient execution of the drawdown with particular focus on contractor-related issues.

Since our last report a number of DOD organizations have issued or refined coordinating plans for the execution of the drawdown within the designated timeframes. In support of these plans processes have been established to monitor, coordinate, and facilitate the retrograde of equipment from Iraq. DOD has reported that efforts to reduce personnel, retrograde equipment, and close bases have thus far exceeded targets. However, a large amount of personnel, equipment, and bases remain to be drawn down and several unresolved issues may impede effective execution of the drawdown in accordance with the timeframes encompassed in MNF-I's phased drawdown plan.

With regards to role of the management of contractors we have identified three challenges. First, DOD has not fully identified or defined the additional contracted services it will need to successfully execute the drawdown and support the remaining U.S. forces in Iraq. Experience has shown the requirements for some services such as private security contractors and vehicle maintenance will likely increase during the drawdown.

Joint guidance calls for planners to identify contracted support requirements as early as possible to ensure that both the military receives contracted support at the right place, at the right time, and at the right price. However, while MNF-I's drawdown order anticipates an increased need for contractors, as of July 2009 commanders had not identified the specific types and levels of contracted services they will need during the drawdown. As a result, DOD risked not having the right contractors in place to meet drawdown time-lines and may resort to contracting methods that could cost more and may be conducive to waste.

Second, major contracted services in Iraq and Kuwait including those for base and life support, convoy support, and equipment maintenance are scheduled to be re-competed and re-awarded nearly simultaneously creating risk for interruption of services. A similar transition from LOGCAP III to LOGCAP IV led to some service interruptions due to problems transferring employees to the new contractor, a lack of experienced personnel to perform specific tasks such as operating certain machinery, and badging issues. Contract management officials believe these issues are likely to be magnified in the plan transition in Iraq.

In addition, the upcoming LOGCAP transition in Iraq will potentially increase contract management responsibilities of combat forces who are required to provide feedback on contractor performance. Similarly, increasing the number of contracts providing base support and other services in Iraq may complicate commanders' ability to obtain essential services as there will no longer be a program manager for the commanders, a single program manager for the commanders to interact with.

Third, DOD's longstanding challenge to provide adequate number of trained oversight personnel in deployed locations will continue to challenge the department as it proceeds through the drawdown. DOD officials at all levels have expressed concern about the department's ability to provide the required number of oversight personnel. For example, an Army unit in Kuwait with 32 government personnel that is currently providing oversight for more than 3,000 contractor personnel anticipates doubling its contractor workforce but is not anticipating a concomitant increase in oversight personnel. Without adequate contract oversight personnel in Iraq and Kuwait during the drawdown, DOD risks not receiving level and quality of service it needs to effectively and efficiently meet the goals of the drawdown.

Quickly, our work has also identified three challenges related to the retrograde of equipment. First, the execution of drawdown depends upon key decisions over the disposition equipment. Second, longstanding information technology weaknesses may compromise the timely retrograde of equipment. And third, the drawdown may also be affected by a lack of complete and accurate inventory of three broad types of equipment including contractor-required property. This concludes my statement. I'll be happy to answer any questions.

THIBAULT: Thank you, Mr. Solis. I'm a good example, Mr. Thompson, why it's OK not to push the button right away, because I don't do this often enough also to have that down.

I only have a -- first of all, I'm going to try to stay within the boundaries of my time this time. So I thank the three of you for doing likewise. And we'll push this on to our third panel and try to regroup a little, not a lot. And I really have only two related lines of questioning. First of all, I'd like to thank, again, the

General Accountability Office, GAO, for its leadership in the oversight. And you're number two, if I get this right, is the first area I'd like to discuss, which is the transition and the challenges of the transition from LOGCAP III to LOGCAP IV. And you talked about potential service interruptions.

I have a note here that kind of put my words into, or my thoughts into words. This came from our -- we have a team in Iraq right now and one of their tasks, primary tasks is looking at the drawdown. And part of going through that is to listen to all the players. And I received a note early this morning. I wasn't at work because the time is upside down. But I'd like to read part of the note by our team leader.

It says and briefly, we met with DCMA and LOGCAP all morning and got a strong sense that at the zero to six, zero to five level, their choice, our choice of words in this case, that they think it's nuts to bring on LOGCAP IV during the drawdown. The DCMA contracting office thinks it should be delayed until things are stabilized after the drawdown. Word from here is that there's top-level pressure to start LOGCAP IV, regardless of the impact. I was told by an officer in the fusion cell that a statement of operational need went out of here without making it clear that this is a concern. And I and this commission absolutely endorse the concept of LOGCAP IV, and competition, and having a greater capability than a single contractor which exists in LOGCAP III. With that said I'd like a reaction to -- and I'd like to start with you, Mr. Thompson, in terms of that concern and how you're managing the transition in light of the drawdown.

Mr. Thompson?

THOMPSON: As an old aviator I'll push the button and then talk. Can you hear me, sir?

THIBAUT: All right. Good.

THOMPSON: Number one, we are managing the drawdown where we, LOGCAP, provides services. We're in close working relationship with MNF-I and MNC-I in drawing up the plans to do such. It's true, we are competing. In fact, we are evaluating one of our two task orders, or three task orders if you will. That being the first one is the core logistics support services which takes care of the wrench turning, the supply support activities the direct support, the maintenance support. We augment the -- predominantly the 13th ESC.

And then also in that task order is postal, theater transportation mission, and the air terminals. Now the way we're approaching this is not to interfere with the drawdown, particularly with the transportation mission. So the thought process once the contract is awarded without protest and it goes on its schedule, we should begin transitioning the build-up first; and that means with

the incumbent contractor if they lose and the winning incoming performance contractor.

To get the protocols that we learned our lessons in Kuwait and we are learning our lessons in Afghanistan as we move to Iraq. So the first order of business is to start to transition the core logistics, or we call it the CLSS. And the whole task order, it's core logistics, transportation, postal. Our folks like to call CTP. But we will start with the CLS first...

THIBAULT: Can you push this on? Thanks, Lee.

THOMPSON: Yes. We'll move to then, the theater transportation mission last. In between we'll do postal. We will not start that until after February because of the Christmas rush. And then we'll do the air terminals as we can. So the transportation mission will be later, the base life support contract, there's not scheduled to be awarded until March. And then we'll do that as the preponderance of the drawdown occurred so we don't interfere with the transportation.

THIBAULT: So I hear you saying you're aware of the need for planning and for the timing of III to IV or retaining III. And yet I hear a note where our commissioned staff was briefed by the folks on the ground both from your organization and the DCMA, two critical components, that there isn't that awareness of what you just explained. So I'm not looking for you to say, "Well, there ought to be", or whatever. I'm bringing that out because I think -- and I think you'll get more exploration as we go along, Mr. Thompson. I would like to switch over to my second item because I am trying to manage my time. And as I said with the last group, any of you will be able to provide any other comments.

On Monday past, October 26th -- and this is going to be for you, Mr. Thompson, DCAA, Defense Contract Audit Agency, very related to the drawdown, very unplanned issued a very substantial report stating that the LOGCAP III contractor, KBR, wasn't organized in a manner to take advantage, and to identify, and to coordinate with the government the opportunity to reduce staff where they believe staff ought to be reduced. And I'm simplifying it but it's accurate.

They made an initial estimate that even with a leeway factor of January to kind of get this thing fact-found, -- and that's going to be my question -- and set up, that it will be almost \$200 million. \$193 million to use their number, using their estimate process that could be avoided by the company having a staffing model developing and coordinating that with the customer.

Now I've read the report, as I know you have, it's very important and I know you take it serious. But they basically say that the company has told them that

they're doing everything the contracting officer tells them to do, and relative to adjustments. Now my question, my feeling is that's half of it. And other half is we've had hearings previously where we have gone on record that we think companies ought to be really proactive. And I guess my question to you is, realizing it's only been a week, but realizing it's important, what are you going to do about taking a look at this report?

THOMPSON: Thank you. You're right. I was in Korea when the report came out, read it, my supporting activity, the Rock Island Contracting Center is analyzing it. My first look at it, there are things that are not considered, not addressed. There's the LOGCAP III to IV transition, there's our requirement to up the numbers of the master electricians. And so, looking just at those two little things, I'm looking at it and I'm saying, "OK. We need to get behind the numbers. Where do they get the numbers?" And there's a point in time that these things go on.

The third thing, and finally, is that we at LOGCAP don't provide support to the entire theater. So there are bases and numbers of DOD military and contract personnel that we support. So rather than roll it up, I think we need to get behind the numbers. And I'm looking forward to the Rock Island Contracting Center's analysis. And we'll answer it appropriately.

THIBAUT: Very quickly, the timing? Something that's this important, is it more or less immediate? It's at the highest level possible on your radar?

THOMPSON: Right. The director for the Rock Island Contracting Center is on it. It is an immediate issue.

THIBAUT: All right. Thank you. I'm going to defer. There may be other questions on this.

Commissioner Zakheim?

ZAKHEIM: Yes. First, Admiral Traaen, I noticed on page three of your testimony you said that there will be a proportionally larger contractor presence. Now GAO has said that, DOD rather, hasn't fully determined its needs for contracted services, so how are you planning to oversee this? You're going to have more contractors. You already have fewer CORs than you need right now. The proportions going to go up. Can you walk me through your current plans and your timetables and how you plan to address this issue?

TRAAEN: Yes, sir. First of all, I think the proportionality is prudent as we close forward operating bases and operating sites and as the military either resets or repostures in Afghanistan. The proportionality issue is not surprising to me. I think the number of contractors in terms of measuring that to the plan is moving down significantly faster than CENTCOM had originally planned. And

so I think that getting out in front of it is the first part of the plan is to make sure that we're removing capability where we don't need it.

Certainly, I think the CENTCOM plan is to be conditions-based and I think that there is a protocol that we would continue to move forward in terms of making sure that there are some outliers, for example the elections that are coming up in the January timeframe, counterinsurgency efforts that if we draw down to quickly we could put that combatant commander in harm's way of not being able to produce his mission.

I do believe that there is proper planning in terms of the MNF-I fusion cell that is tasked with fusing, synchronizing and integrating this effort. And as a third point I think having MNF-I and that fusion cell also combined with the joint logistics procurement support board that is a JCCIA and an MNF-I established board that will properly coordinate and prioritize those efforts as the fourth light (ph) making sure that drawing down in concert with those priorities is the proper way to go, sir.

ZAKHEIM: Let me turn now to Mr. Thompson. We know that the target is a 32 percent contracted drawdown. I believe that's the number that Admiral TRAAEN has in his testimony. But looking at that chart, I guess I'm thrown a little bit. Contractors have already declined by nearly 18 percent but not KBR. In fact, KBR has declined by roughly half of that 18 percent number. In the previous panel, and you may have been here when we discussed this. I noted that if a service wasn't completely closed down then any contractor -- well, not any. some contractors -- and I guess I should emphasize that not all would act this way, but some contractors would drag their feet because the service hasn't closed down. You don't pull the people out. You keep charging. Could you explain to me why it is that KBR, which has been under so much scrutiny from GAO, from the IG, even from this commission is pulling its people back at half the rate. Half the rate of all other contractors.

TRAAEN: Number one, when we talk about consolidation drawdown of -- consolidation of bases drawdown, those services that we provide under LOGCAP are still being performed. There's a common mistake of rolling up all bases as a single base. There's different sizes of bases. So you had the small contingency operation locations and that which is below a brigade size which would be a contingent operation site. They move into our services, the services we contracted for are still being provided. There has been a reduction as that says from when we started. In fact the number is around 50,000 today. So we put a freeze on them.

They, KBR, cannot hire above a certain limit based on the basis of estimate that was negotiated this past August and September. As we get the guidance from the MNC-I and MNF-I on what bases will close, we'll de-scope and start moving out contractors. We are, in fact, doing those. We're looking at those

critical skills. But remember, the major drawdown starts after the elections. So we are watching that and I'm depending upon our DCA folks that are doing the floor checks for us.

ZAKHEIM: So can you state with absolute certainty that KBR has moved expeditiously and, for instance, has not moved people from one location to another. Are you certain of that? Do you have that degree of oversight and visibility given some of the things we heard earlier from one of our co-chairman, Co-chairman Thibault, about issues arising with dining halls and other things? Are you absolutely certain that KBR is pulling people out as they should?

TRAAEN: I'm not going to sit here and say, "I'm absolutely certain," but I will tell you that we will provide the oversight, look at those places where we are closing, to make sure they're no excess personnel there. And then -- we will -- they have to get a blessing from us as we move. And we de-scope, we de-scope the property if we close a base, we look at the personnel where they're reallocating or realigning them to. So we're looking and scrutinizing that. And I depend on my folks forward, the same two offices if you will, that said they are against or whatever Chairman Thibault had to say about what they said overseas.

ZAKHEIM: Mr. Solis, could you comment on both of these points. One, the adequacy of planning and secondly, the degree of oversight of KBR and the seeming discrepancy between KBR, LOGCAP III, and other drawdowns?

SOLIS: Well I think in terms of the planning, I mentioned before in my opening statement that there is a lot of things that are going on with regards to the retrograde of equipment. The one thing that we haven't seen a whole lot of is planning for determining the requirements, the oversight for the contracts that are going to be coming onboard. And we still have a concern about that. We still haven't seen exact plans.

As I mentioned to you, the GMAS contract in Kuwait, which is a major maintenance contract which is necessary to move equipment out, look at it, get it up -- repair it, then move it out to Kuwait or wherever it's going to go, back to a unit, over to Afghanistan or whatever, they expect a major increase, as I mentioned, doubling the size of their contract force to about 6,000 people.

We have not seen what kinds of plans are going to get put in place to increase the contractor oversight there. And that's not just there. I think it's other contracts that we have seen as well. I think in terms of the LOGCAP, we haven't really looked in terms of the numbers, so I can't really comment on that. But I would think that these numbers are going to fluctuate whether it's LOGCAP or some of these other major contracts in terms as the drawdown

proceeds. And that's why it's important to really understand what your contract requirements are going to be during this period.

ZAKHEIM: Thank you.

TRAAEN: Sir, can I comment on that?

ZAKHEIM: Sure, please.

TRAAEN: Sir, there are nine mission supported categories, two of which are construction logistics and maintenance; another one is translators. We have reduced our contractor support by 30 percent over the last 12 months. During that timeframe our numbers indicate that there has been a 930 contractor increase in construction logistics and maintenance and a 166 increase in translators. So to Mr. Solis' point, I think there will be fluctuations but based on an overall number, those increases to support the mission that CENTCOM has to carry out, I would suggest are not large numbers percentage-wise, sir.

ZAKHEIM: Thank you, gentlemen. Thank you, Mr. Chairman. THIBAUT: Thank you.

Commissioner Ervin?

ERVIN: Thank you. Thank each of you. Let me, Mr. Thompson, go back to this rather eye-opening October 26th DCA audit that Commissioner Thibault asked you about. Your answer was fair enough, that obviously you've just gotten this and that you're going to take a look at it. The Rock Island people will do it and then take appropriate action following that review. We wouldn't expect you to take appropriate action following that review. We wouldn't expect you to say anything otherwise. That's entirely reasonable. My question is, admittedly, a hypothetical one. If your review substantiates the claim that at least \$193 million is at issue or perhaps even more, what steps will you take against KBR?

THOMPSON: Obviously we'd sit down with them and we'd negotiate and be directive in nature. If they in fact, and I would call for more DCA to do a floor check for us and take a look at those areas. But I want to get that -- make sure we understand the facts. I can't behind the facts right now but if the facts substantiate the report, we will take the appropriate action to recapture, if you will, through a form one (ph) or otherwise to get the funds back.

ERVIN: Thank you, sir.

All right. Now I have a question for you, Admiral. As we've said, we're concerned that the operational tempo is going to get out of sync and that if there's a waterfall as we say to use a term of art, that you're going to wind up using existing contracts. You won't have the optimal contracting vehicle. Had

there been instances already where because of the pressure of time you haven't had the ability to contract competitively where you otherwise might have and would have done so? TRAAEN: Sir, I'm not aware of that situation occurring.

ERVIN: Right.

Anything to add on that Mr. Thompson or Mr. Solis?

THOMPSON: Well, the only thing that I wanted to add is when you come to the services that we provide we have the requirements we'll no what the enduring basis will be in Phase V and what the hubs and spokes will be, not appropriate to discuss it here. So what we're looking for the population, so we'll have an idea on what services. There's no interruption of LOGCAP III services until we do the transition. So I think we -- perhaps the GAO is talking general nature what contracts they -- I'm specific to LOGCAP. So we have the requirements down.

ERVIN: Admiral you said, in passing, and I think this was also in your written testimony that contractors are actually drawing down faster in Iraq than CENTCOM had planned for at this point. What was the number that CENTCOM had planned for at this point? Is there any written documentation to that effect? TRAAEN: Sir, I don't know if there is written documentation to that. The numbers that I have right now in front of me, starting in January of 2009 we had 149,000 contractors. In April when the temperature was re-taken it was 125,000. In September, the end of September, it's down to 115,000. We suspect that by the time we get to the end of August, which is the presidential mandated end of -- where we'll have six BCTs and 55 bases open, we'll be somewhere between 50 and 75,000. Again, I think those numbers were driven by the planning factors associated that came out of MNF-I and the fusion center, sir.

ERVIN: So between 50 and 75?

TRAAEN: At the end of August of 2010.

ERVIN: But in right now, what's the figure? As of September 30th, 115,000, sir, to support 11 BCTs. And what did you expect to have at this point? You have 115,000 now. What did you expect? You said you were ahead of where you expected to be at this point?

TRAAEN: Yes, sir. I would have to go get you that number off the graph. That's a classified document that I was not able to bring with me today.

ERVIN: All right. I think that's very important since you've made that statement for the record. And then finally, Admiral, what's your reaction to the GAO report?

TRAAEN: Sir, my reaction is that based on what the GAO found and where we are in the life cycle of this thing, my opinion is it's -- we're in pretty good shape in terms of the drawdown. I would remove the aperture from this and step back a little bit given that this operational contract support is somewhat of a new concept in terms of creating a fifth force to fight the war. I would tell you that the requirement needs to be defined in appendices of the OPLANs and CONPLANs. And so I think in terms of life cycles that we see in DOD, I think that GAO as a partner in terms of making sure that we are providing the correct stewardship. I welcome that kind of oversight. I think it's important to balance what we're doing in the theater with somebody keeping an extra set of eye shades on us. And so I thought that the report was well-written and documented shortcomings that need to be addressed, sir.

ERVIN: Thank you.

THIBAULT: Thank you, Commissioner.

Commissioner Green?

GREEN: Admiral Traaen, you referenced it in your testimony a couple of weeks ago your boss and the undersecretary for policy were on the Hill to testify before the House Armed Services Committee. During that testimony the undersecretary made some comments and I'll sort of paraphrase them. "We're actually working a number of transition issues between DOD and state in terms of handing off responsibilities, making sure that we're in sync. We are working hand in glove. Many functions will be transferred from DOD to state including responsibility for protection of PRTs," et cetera, et cetera, et cetera.

Considering the difficulty, historically, that state and aid have had in filling some of these positions for security reasons, take your pick. How will this transition, in your mind, be accomplished? Can it be accomplished in the time frame that is hoped for? And I'd like you to also focus on the security piece of it because I think Mr. Solis in his testimony indicated there would probably be an increase in PSCs (ph) in country necessary.

And that certainly is an area where many people believe that those are inherently governmental functions. So that's kind of two or three questions. But would you or any of the others please take a shot at that?

TRAAEN: Well, sir, as you know working with interagencies is probably as new as operational contracts support. I believe that the relationships between the department and the state, USAID and the Department of Defense continue to move in the right direction and I think it will take hard work among those three to work through the planning of the hand-off between DOD and those two government agencies.

I believe that how we work through that is obviously going to be a tough road to hoe. I think it will be done, sir. I think it has to be done to make sure that we successfully transition our efforts to the Iraqi Security Force. So I think given the magnetism and the magnitude of that effort, I think all three of those institutions will work to make that happen. I think that the security of those provincial reconstruction teams is paramount and I cannot comment on the transition of how that will happen, sir.

GREEN: Anyone else?

SOLIS: Only to say that in terms of the PRT, I mean obviously, some security is provided by the military. That's going to have to be transitioned over to somebody in terms of whether it's state and it's PSCs. Also, too, I think it's just going to be one of those things. Will they be able to find folks who can do that given that Iraq's going to be under its rule of law. I think that's always been a security concern of the security contractors, in particular. So I think that's going to be something that DOD and state are going to have to work actively as they proceed.

GREEN: It ain't going to be easy. One of the problems that we have seen, which I'm sure, those of you there on the panel recognize and that is the issue of CORs. You know, we don't have enough, they're not well-trained, et cetera, et cetera, et cetera. We've come across CORs, and individual who is overseeing 15 contracts and has another principle duty. As you downsize and if I read some of the material correctly there we're going to have a higher ratio of contractors; or whether it's, you know, 75,000 or 50,000 or whatever; and whether it's 1-to-5, 1-to-3, 1-to-2.

But it's also been said that a higher percentage of contracting personnel, now I'm talking now about contracting officers, the professional contracting personnel will remain as opposed to troops. And I'm talking now about combat troops, operational troops. If that is not correct, correct me, but what I'm concerned about is the CORs are troops. They're not contracting officers. And as you have possibly an increase in the number of contractors, you're going to have fewer troops to provide that COR mission. How are they going to be trained? I know we said, "Yes, we're training."

But the training that we have seen and heard about from active CORs in country is some good, some not so good. How are you going to deal with that? Are we going to give them 20 contracts to oversee?

TRAAEN: Sir, from having served as a COR myself over various points in my career, in some cases I was better trained to be a COR than in others. And so I think it goes to the complexity of what we are trying to oversee. So I would be hesitant to put a number, a ratio of contracts that we're trying to provide oversight to an individual.

I fully agree with you and am concerned as well as you are, sir, when we heavily burden a warfighter with also providing oversight in contracting activity. I think we are taking the lessons learned from people that your commission has addressed in theater. I think we have taken training issues that they have highlighted, training deficiencies that they have highlighted and we are now incorporating those into training plans so that as we look forward to what potentially could be next, that we are applying that training in CONUS prior to troops moving forward where we're adding complexity to their already busy jobs, sir.

GREEN: Well, I just hope that those BCTs that will rotate into Iraq understand fully what their oversight COR responsibilities are going to be and that those CORs get trained before they get into country.

THOMPSON: From the Army perspective, I think the vice is at least going to put an order out. I think there's been a lot of visibility in the Department of the Army to get that training and the Army Contracting Command working with DAU to try and clean up that course. I think there's been a lot of emphasis, more so than last year. A heck of a lot of emphasis because we know it's 80 to 100 people for a BCT to provide the COR if they have full services. So we're watching that very closely.

GREEN: Thank you.

TRAAEN: Sir, can I make one other comment?

GREEN: Sure.

TRAAEN: It's not just the CORs, sir, it's also the SMEs. And I think that as another level of indenture is important to have and my statistics would indicate that the joint manning documents that are established for both CORs and SMEs will soon reach 90 percent, sir.

GREEN: OK. Thank you very much. THIBAUT: Thank you, Commissioner.

Commissioner Tiefer, please.

TIEFER: Thank you, Mr. Chairman.

Mr. Thompson? And I want to thank you particularly for the briefing you gave me in theater. And Mr. Solis you both were with us in Kuwait and Baghdad and Mr. Thompson you were giving us as fresh information and as candid information as could be given and I appreciated that. I'm not a young man like you. I'm an old professor at the University of Baltimore law school. And so I'm amazed at the travel schedule you could keep up going around the world to these bases.

The DCAA's report, this is the first day it is officially out, which makes this hearing something about our first event -- sets out major concerns that the taxpayers may lose money because KBR has not followed a written, detailed plan for demobilizing more of its employees off the LOGCAP payroll and out of Iraq. I might note that I don't find in this audit criticism of you.

It's KBR's obligation to come forward with such a plan that's in question. You have done exactly what you said in your statement and in answers to questions. What I want to first check is, I think everyone agrees on the basics of the numbers here, that KBR numbers had gone way up high understandably during the surge to support the surge and that they have come down slowly.

What I particularly want to check with you, we have our chart up here. We have the figure of 115,000 for the number of contractors in Iraq as of the last census. And that's the same number that General Odierno used in his past testimony not long ago. I think we agree with him and you on what the count is. You have in your testimony the figure that KBR has come down 9 percent in F.Y. 2009 and that's the same figure we have. So are we basically in agreement on the numbers?

THOMPSON: Yes. Well, I would take exception. I started out with 60,000 in February 2009 but 58,572 is...

TIEFER: Good enough for government work, as we say?

THOMPSON: No, we'll fix SPOT?

TIEFER: OK. And since KBR seems to have been coming down not in violations of any orders but, nevertheless, slowly I want to understand their incentives. Is it the case that KBR which is still working under Task Order 159 and its extension on a cost-plus basis on a non-competed contract that the more of its employees it keeps there and does not demobilize and can still get tasks for, the more it earns.

And that the more it keeps American ex-pats with skilled trades there, and to the extent that it demobilizes does so with Iraqi nationals or third-country natives, the more -- it makes even more money than the 9 percent reduction figure would suggest? THOMPSON: Let me try and take each point that you make. Number one, they have drawdown. It's based on the requirements that we have before us to provide support to the men and women for LOGCAP services. When you say that they would gain more money by keeping their personnel on board, we have restricted the number of administrative contracting letters and are scrutinizing those to make sure the divisions are not coming in with nice to have things; that they are essential.

And so we're scrutinizing that and we do that with MNC-I, predominantly with the MND, the multinational divisions and then we scrutinize the forward operating bases that they're moving to as we consolidate. We don't want any new construction. We don't want those things on the FOBs (ph). It is not essential. So we are scrutinizing those things.

TIEFER: OK. And I understand that your strategy which you're executing is to restrict the amounts of work that they have, but they may succeed nevertheless in keeping their personnel high because one part of my question is, I'll ask again, that they don't have a written, detailed plan for drawdown?

THOMPSON: They -- I was over there, I don't know, a few weeks ago, a month ago and they provided me with a briefing. I think it was September 26th or 27th on the various phases and the basis that we'll be notified of closing or drawing down. And we'll start de-scoping those things. Was there a written plan? We have a normal operational, how do I call this a base kind of plan that they have signed up to early on. So we're watching and scrutinizing that. So whereas the MNC-I decides which bases will close and when, we'll apply that.

TIEFER: There is statement that KBR wrote in its response to DCAA with reference to what it does have called the PAR process, Personal Alignment and Reduction. That their program manager "was asked not to begin the drawdown of KBR as a result of the PAR, their process, until the military plan, the military plan for drawdown is approved. KBR explains that "since that formal approval came months later, KBR couldn't have a workforce management plan before now." They say they are now developing one, but they're trying to explain why they didn't have one. Your statement and your testimony have strongly suggested that you've been pushing them. General (ph) has been pushing them, their contract office has been pushing them to freeze and hopefully to drawdown. If KBR had developed a workforce management plan months ago, would you have thought it a good idea or would you have told them, "wait until the military plan is formally approved?"

THOMPSON: To go to your last point, no, if we knew, for example that certain bases were to close and they had a formalized plan, it was not affecting the services we provide, they would have been directed to drawdown.

TIEFER: Thank you. I'll reserve the balance of my time for the second round.

THIBAUT: Commissioner Henke, please?

HENKE: I'm a little bit, I guess, befuddled here. But Mr. Thompson, I just would like a really short, succinct answer to this. I'm quoting from the DCAA audit. It says, "KBR staffing levels had little correlation to the number of troops supported and further, they said, the contractor has not provided any plan to adjust staff accordingly." If the president announces on February 27th, 2009

the drawdown plan and we're on November 2nd, is it possible that the contractor hasn't provided you any plan to adjust staff accordingly?

THOMPSON: No, it's not possible. And what I mean by that is while the president said draw down 50,000 within the U.S. forces by August 2010 and approximately 50 to 75,000 contractors, we still have to identify which services are provided until that point in time. So until that point in time, they the contractor will maintain the requisite services to provide as we consolidate into bases.

HENKE: So you wouldn't expect a plan from this?

THOMPSON: I would not expect a plan until I'd known what our final decision is in fact going to be. There's a fragmentation order out today asking for the divisions to come back in and tell us the populations based on that and their services that will be provided. We'll take care of it.

HENKE: The thing that jumps out for me from the DCAA audit -- in that number up there, the 58,000 to 53,000 for KBR LOGCAP III was a combination of KBR employees and subcontractors, right? OK. In general, I would assume that KBR employees are more skilled, more expensive than subcontractors? Is that correct?

THOMPSON: Certainly, because we have master electricians that factor (ph).

HENKE: So they're more expensive. I'd like your comment on it. January 2008, KBR LOGCAP staff, 17,034. September '09, 18, 19 months later -- 17,095 -- actually up 61 employees. How is that possible?

THOMPSON: I don't know. They said the overhead. We did increase during that timeframe the skill sets based on the master electricians we wanted. So we did direct them that they needed to get a better staffing, if you will, of ratio of master electricians and...

HENKE: And roughly how many electricians are involved here? Thousands or scores or dozens?

THOMPSON: I couldn't answer that. Probably 1,000 to 1,500 but don't take that for the record. I'll get you that answer.

HENKE: OK. Would you, the figure cited in the report and here at the hearing is potential savings of at least \$193,000,000 if KBR starts to reduce the number of 17,095 by January 2010. And they think that would bring out about 2,800, 2,900 people from the number. Would you actually -- you work for Army Material Command. Right?

Would you as one of the requests from this hearing, would you send us a letter in the first week of January? Would the general C.G. of AMG send us a letter and tell us what is the number of KBR LOGCAP staff that correlates to the 17,095 as of September '09. What's the number on January 1st? Would you take that commitment to send us a letter the first week of January with a number and it will correlate. I want to see if it's going to come down, obviously.

THOMPSON: If I may, commissioner? Remember now, we're competing, it's being analyzed, it could very well be that the incumbent KBR might lose the contract so we'll be in a transition mode as well. Well, I'll explain it in the letter.

HENKE: Be -- no, I want it to be a one-page letter from the C.G. and I simply want to know what's the number of KBR LOGCAP staff in Iraq on January 1st that correlates definitionally to 17,095 on September 1st. If DCAA's analysis is correct, they should be able to pull about 3,000 people out by January 1st. So I'm interested to see what your number is, what your actual number is and if you've taken the recommendation seriously to save \$193 million.

THOMPSON: OK. I will take that tasking but I will submit to you also that we will analyze the DCAA report and have a formal response to that affect and will couple that with an attachment to the first letter to tell you how many people are there at that time.

HENKE: Sure, we can blow it up however you'd like. But I'd still like to see a letter...

THOMPSON: ... I have it.

HENKE: I hope you do...

THOMPSON: ...I have it, sir. I will draft a letter, get a letter from the C.G. of AMC to provide the commission.

HENKE: It really just needs to be a one-liner with the number of KBR employees in Iraq on January 1st.

THOMPSON: Got it.

HENKE: Thanks.

THIBAUT: Commissioner Shays?

SHAYS: Thank you, all three of you, for your testimony.

Admiral Traaen, I'd like to just read some parts of your statement because, bottom line, I feel comfortable that the White House and OMB are focused on

the drawdown. I am confident that the DOD and State is focused on the drawdown, particularly DOD. That Congress is, that the commission is. So I think we're all focused. But I want to read your statement and then I want to ask you a few questions because in a sense we're all putting down a marker today.

You know, we're saying, "OK, what are you going to do?" And then we're going to see you in four months or six months and say, "And our report isn't due now next year. It's going to be due the year after." And so we're going to be following closely this issue. We're not having this hearing and then saying goodbye to it.

You said, "Given the president's decision on troop strengths, reductions in Iraq, the Department of Defense has been proactive in establishing a robust process to ensure the responsible drawdown of troops, contractors, equipment, and material in a manner that addresses the needs of our military, and our obligations to our taxpayers. I think that's a very important point to make. It's a general point, but it's important. You said later in your statement, "the department's directed the parting units to follow a four-step disposition process drawing down excess supplies and equipment.

The four-steps process being executed today is consume, redistribute, transfer and dispose." Later on you talk about, "we recognize throughout the department that maintaining proper contracting oversight is crucial and has been a challenge for a variety of reasons.

DCMA tracks and reports a number of contracting officer representative, COR, in Iraq on a regular basis. And these are the folks that are military folk that are overseeing the contractors.

We do know that there are flaws. Even if you're 100 percent, there are two flaws. One flaw is they came in after the contract was there and in some cases, they're going to leave before they've left. And this isn't their specialty. This is, you know, they may be artillery, they may be something else. This has been handed to them, so we have a real flaw in the general -- the concept of a COR is not -- they're not given the training expertise they need and nor are they there long enough. But you're saying, right now, 86 percent of the required CORs in Iraq are in place compared to 59 percent at the beginning of the year.

Then you say, additionally, we anticipate DCMA joint manning, document JMT, will be sourced to about 90 percent fill rate across the CENTCOM area of responsibility and then you make this point.

The 90 percent fill rate covers the spectrum of contract administrative services, to include subject matter experts. That's what we've been talking about in SMEs. These are folks that have real keen subject matter expert. So you say to

include subject matter experts to assist with oversight. As a department, you're committing to ensuring these critical billets are properly resourced.

When we were there in April, DCMA had zero. They said they needed 57. When we were there -- when our crew was there in July, of the 57, they didn't have any. So why do we have, from July to now, when you say we have been filling the subject matter experts -- how many are there?

TRAAEN: I'd have to go back and look at the JMD and get you that number, sir. I don't have that number off the top of my head.

SHAYS: Do you think there is a number or do you think we are still at zero?

TRAAEN: No. I think there is a number, sir. I don't think we're at zero.

SHAYS: OK. Since that's not a hard thing to get. If that could be given to us in the next week or so...

TRAAEN: Oh, yes, sir.

SHAYS: That would be helpful.

TRAAEN: Absolutely.

SHAYS: One of the things that I wrestle with is we have basically been giving the contractors a free ride. The military go with the standard of ethics. And, you know, if they don't live up to that ethics, then they aren't fulfilling their responsibilities.

There is no ethics right now that says to a contractor, "Hey, we want you to renovate this cafeteria," and then at the same time, someone else has contracted the same contractor to build a new one right next to the one renovated.

There is nothing that says to that contractor, "Hey, are you sure you want me to build this thing? Because we already renovated it and this is more than adequate." They are given a free ride.

I want to know who has the primary responsibility to look for opportunities for efficiency and cost savings. The contractor or the government? And I'd like to ask both you, Admiral, and you, Mr. Thompson.

TRAAEN: Sir, I think the ultimate response -- well, first of all, let me say, I'm not sure I believe in the number 100 percent. That's like always saying "always." I'm not sure you can accurately quantify that because I think there are very few cases where always or 100 percent come in to play.

SHAYS: Who has the primary responsibility to look for opportunities for efficiency and cost savings? The contractor or the government?

TRAAEN: In a perfect world, I think it would be both, sir.

SHAYS: OK, how about you, Mr. Thompson?

THOMPSON: I think it is incumbent upon both, sir.

SHAYS: Can you give me an example of where a contractor has come to either of you and said, "You know, this is a foolish waste of your dollars that you're giving to us, and we would suggest that you save the government money."

THOMPSON: In the examples you have used, no, I can't. But there are times in the award-fee process, we're looking for them to come in with best practices and we are paying for best in class; that they would introduce something to us. I don't have one off the top of my head, but I'd be happy to provide you with that.

SHAYS: Admiral?

TRAAEN: Sir, I don't have an exact example of that.

SHAYS: Yes. And you know what? There must be some but I don't think there are many.

TRAAEN: Sir, I think you bring up a great point in terms of ethics. I think collectively, if we had the issue of ethics down cold, I think every MBA school in America would be teaching that, and quite frankly, they're not teaching.

SHAYS: No, no, I don't -- I don't want -- I got an MBA and I don't think that's a good answer. With all due respect, you're a good man and you're doing a great job, but I don't think that's an adequate answer.

Half of the responsibility of the personnel are contractors, but I think they've washed their hands. And so we've asked the other half who are fighting men and women to come up with the solutions.

We're asking you to come up with solutions. We're asking you, Mr. Thompson, to come with solutions, and I am just throwing this out. I would love you all to wrestle because we're going to wrestle with that.

If -- if half of our war efforts are contractors, darn, they should be having to live up to some of the same needs -- obligations to meet these needs -- and so due - - you know, let me just end with that and I -- if I could just yield the balance of my time to Mr. Tiefer, because I had he went ahead to follow-up and...

THIBAULT: OK. What we're going to do here in terms of time is defending commissioner has a final comment. Certainly, we're going to allow you all for final comments and -- but Commissioner Tiefer had outlined that he had a couple of point-specific questions.

Charles?

TIEFER: I'll try to keep the one and I'll have some question for the record because we didn't get to a topic of property disposition, which was near and dear to my heart.

I only have one question, Mr. Thompson. There is a -- KBR has said in its response to this audit that "KBR has near completion of its workforce management plan." It describes how our planning puts KBR in a position to anticipate and react to government changes and contracted services from scope changes to base closures, transitioning the services to another contractor.

That sounds like they're going to get a plan to you -- not yet, but some time soon. Isn't this -- I've said this in a previous hearing from when KBR was here - - slow rolling the drawdown, if they'd got and knew this workforce management plan earlier, wouldn't there be more effective drawdown of contract personnel?

THOMPSON: Sir, I would say "yes" if we knew the bases for closure. So if we have those now and I have that plan that they presented to me, then we're going to look at the briefing that was presented to me on how they -- what's the population as far as personnel, personnel that are supported and equipment, so we're looking at that and that's -- that's the start of scrutinizing how we're drawing them.

TIEFER: Thank you, sir.

THIBAULT: I have two quick points. One, absolutely would have explored more, Mr. Solis, especially your point that we're going to take a long look at which is the need for maybe more contract oversight specialized talent when in a drawing-down environment because -- or at least on where they're at versus did they go home for the reasons you've laid out.

I only want to recap. You know, I was just sitting there through it -- thinking through this. I always try to think the commercial models versus government models. And I'm thinking that if you got McDonald's in a bitter fight with Burger King and they want reasonably good quality and low cost.

Now, they're not going to wait until their customer tells them, "Oh, I've chosen reasonable quality in lowest cost and that's Burger King" because McDonald's would be out of business. That's the commercial model.

Now, we don't have the commercial model, meaning the competition. So I guarantee you -- you go down and I've just picked two -- and you go down there and you talk to their corporate board and say, "Do you have a plan to look at quality and efficiency?" I mean that -- if that's not number one, it's right up there with number one with consumer safety maybe.

Now, we don't have that marketplace. It's not that law of economics, especially like in this case on LOGCAP III. So I don't think you can wait. There is an expectation, but I just don't think you can wait. And that's the point we're coming at, Mr. Thompson, which is, "All right, let's not talk about how they might be looking at it, using other sources and periodically, they talk." What this commission is all about with companies in our marketplace is let's go to them with an absolute expectation and that's my comment that I'd like to have.

Mr. Zakheim?

ZAKHEIM: I have a very quick question for Mr. Solis. It's been pointed out that there'll be a handoff to state it in AID in a pretty serious way. Do you have the sense that either of those two agencies is taking even as seriously as DOD, the need for more contract oversight in light of this increased activity that they will be undertaking?

SOLIS: We haven't look at it. In our particular work, we are starting to do some work looking at the drawdown with State and AID in terms of some of the implications, to include contractor oversight. And so I -- I can't give you an answer today, but I know we're beginning to look at that. I think obviously, it's going to be a concern whether it's DOD, State or AID. But I think that's going to be more incumbent for those two agencies to really get a handle on that because they have relied in many different ways on DOD support.

TIEFER: Well, I would encourage you to move quickly on that. And I hope we'll be able to review that in the hearing.

THIBAUT: Grant?

GREEN: I don't want to beat the ethics or whatever we want to call it horse to death but to just -- just give you a sense of where I think some of these contractors' heads are, when you talk about ethics and I'm not now talking about the two big mess halls. But during one trip, we were briefed, and they were very proud of the fact -- because I asked the specific question, "What have you done to save money?"

They were very proud of the fact that they had relocated some gravel. Now this isn't at a FOB level. This is at a corporate level. And they were very proud of the fact that they now washed filters for air-conditioners as opposed to buying new

ones. Now, that's down in the weeds as far as I'm concerned and if that is their example of saving the government money, we got a long way to go.

THIBAUT: Are you OK, Bob?

HENKE: Yes, I would like to thank the witnesses for their testimony and hard work and nothing further.

SHAYS: Mr. Chairman, I just like to read the closing points made by Mr. Solis for the record. He said "several unresolved issues may impede effective execution of the drawdown in accordance with time frame set by the president and the security agreement in which are encompassed in the MNF one-phase drawdown plan.

These include contract services that have not been fully identified, potential cause and other concerns of transitioning key contracts that may outweigh potential benefits, longstanding shortages of contract oversight personnel, some key decisions about the disposition of equipment that have not yet been made, longstanding information technology system, witnesses, and the lack of precise visibility over some equipment."

He closes by saying, "without resolution, these issues will -- may inhibit the efficient and effective execution of the drawdown" and I would just modify his word "may" -- it will.

THIBAUT: Thank you.

Do you have any final comments, Admiral?

TRAAEN: No, sir. I appreciate the opportunity to be here before you today and thank you very much for the work that you're doing. As I suggest, it's a balance between those that are executing and those that are overseeing and I think as long as we continue to work through the issue in a mutually beneficial environment, I think we'll get there, sir. THIBAUT: Thank you, sir.

Mr. Thompson?

THOMPSON: Yes, sir. Again the commission, thank you. I know I got a tasker from Commissioner Henke. I got it. On January, you'll get your answer.

The other is my folks overseas, there is an operation orders posted. We do have the timing. They may not like it. That's -- I don't think any of us particularly like it but we are -- we do have a published operations order that they will follow and we will look at the base life support as that nears execution and run a cost-benefit analysis on it, if it's worthy to transition between August 2010 and December 2011.

THIBAULT: Thank you, Mr. Thompson.

Mr. Solis?

SOLIS: Just two real quick points. In terms of where we are, too, with the cycle. I mentioned where we are in terms of these transitions -- contract transitions. If all goes well, the drawdown for the next phase will begin in March.

A lot of these major contract transitions are going to be occurring in December, January, March. And that's why you probably heard from some of your folks in Iraq about LOGCAP III to IV. I'm also talking about other major contracts and this is on top of all the things that are also going on in terms of drawing down - - advise and assist. So I think it's really important that the department really get a handle in terms of when these contract transitions are going to happen and to make sure there are plans in place to deal with that.

I think the second thing, if I could, to maybe play a little bit off this ethics piece. Again, the QDR in 2006 said that the total workforce includes military members, it includes contractors, reserve and National Guard.

I think the culture has got to include contractors, and I don't think the department has done as good job of incorporating that into the culture as of yet. I think when that occurs, then maybe some of these other issues about how do we look for savings won't necessarily just fall to the military in terms -- the military members in terms of trying to find that.

THIBAULT: All right. Well, thank you, gentlemen. Great job. We'll take about five minutes and swap out your names and ask our last panel to come on forward.

(UNKNOWN): Thank you all very much.

END

Source: CQ Transcriptions