

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

Media Briefing:  
**Release of the Final Report to Congress  
of the Commission on Wartime Contracting  
in Iraq and Afghanistan**

Room SVC-202, Capitol Visitor Center, Washington, DC  
9:30 a.m., Wednesday, August 31, 2011

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[As prepared for delivery. Does not reflect extempore additions at event.]

Good morning. Thank you, Senator Webb, for your kind remarks about our work.<sup>1</sup> We appreciate your coming here this morning, and we are grateful for your initiative in creating and supporting the Commission. And thank you, ladies and gentlemen of the press, for attending this briefing on the final report to Congress of the Commission on Wartime Contracting in Iraq and Afghanistan.

I am Michael Thibault, co-chairman of the Commission. With me are co-chairman Christopher Shays and fellow Commissioners Clark Kent Ervin, Grant Green, Robert Henke, Katherine Schinasi, Charles Tiefer, and Dov Zakheim.

After these opening remarks, we'll be happy to take any questions you may have. We've provided a summary sheet on the report. At the end of that summary, you'll find all our names and prior affiliations in case you want to quote anyone. Commissioners will be staying here for a while after the close of the question period if you want to pursue specific topics one on one.

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<sup>1</sup> U.S. Senator James Webb of Virginia opened the briefing with some remarks on his role as an original sponsor of the Commission's authorizing legislation and on the importance of its work.

We are here today because the Commission has now filed its final report with the presiding officers of the U.S. House of Representatives and the U.S. Senate.

That report is called “Transforming Wartime Contracting: Controlling Costs, Reducing Risks.” Its 240 pages include extensive findings of fact and conclusions, plus 15 strategic recommendations for reform.

We believe that implementing our reform proposals will save great amounts of money and—even more importantly—human lives, while improving diplomatic, military, and development outcomes in Iraq and Afghanistan. Equally important, our reforms will do the same for future contingencies, whether they take the form of hostilities or humanitarian interventions overseas, or domestic responses to declared emergencies.

Let me also note that when I said, “We believe,” I really meant “we.” Our report has no dissenting views. Every finding and every recommendation reflects a bipartisan consensus. As my partner Congressman Shays has often, you would truly be hard pressed to tell during our meetings which Commissioners were Democratic appointees, and which were Republican appointees. For almost three years, this has been a collegial and bipartisan effort to serve our country.

Here’s some quick background on that effort. The Commission was established by Congress in the National Defense Authorization Act for Fiscal Year 2008. We are an independent, bipartisan body with eight appointed Commissioners plus supporting staff.

The duties Congress assigned to us include:

- Studying the extent of reliance on contractors for logistics, security, and reconstruction operations in Iraq and Afghanistan, and their performance;
- Determining the amount of waste, fraud, and abuse in the Iraq and Afghanistan operations;
- Examining the appropriateness of Defense and State structures, policies, and practices for managing contracts; and
- Recommending improvements.

We have conducted 25 public hearings, participated in more than 1,000 meetings and briefings, maintained field offices in Kabul and Baghdad, made 20 trips into theater and to dozens of other destinations, and issued two interim and five special reports to Congress.

I'll mention a few highlights of the report, then turn the lectern over to Congressman Shays for some comments on their significance and our recommendations.

Some key points:

- Total spending on contracts and grants in Iraq and Afghanistan from FY 2002 projected through the end of FY 2011 amounts to \$206 billion.
- We estimate that \$31 billion to \$60 billion of that total has been or is being lost to waste and fraud.
- We estimate that waste amounts to 10 percent to 20 percent of total contract and grant spending, and that fraud runs between 5 percent and 9 percent of the total. We base these ranges on hearing testimony, Commission research, and non-public government documents on fraud research in theater.
- We believe *as much or more* waste may develop as U.S.-funded programs and projects turn out to be unsustainable by the Iraqi and Afghan governments.
- Both government and contractors have contributed to waste and fraud.

As to that last point, I want to be clear that this report is not about criticizing contractors. It is about criticizing bad contracting, whether that involves poor planning and management by federal officials, or poor performance and misconduct by companies.

Even if you take the upper end of the range of our waste and fraud estimates, a significant amount of the money spent on contracts and grants in theater appears to have been spent effectively. The troops certainly feel that way. During our extensive travels in theater, we heard emphatic appreciation at all levels for the quality and effectiveness of contractor support for the U.S. effort. Our focus on problems derives from our concern that the cost of contract support has been unnecessarily high, and that government has not effectively managed contracts to promote competition, reward good performance, and

impose accountability for poor performance and misconduct by government and contractor personnel.

Having said that, I yield to the gentleman from Connecticut, Co-Chairman Shays.

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Good morning.

To follow up what Mike was saying, despite some progress, the government remains unable to provide effective, large-scale contract management and oversight. That fact is troubling, because U.S. doctrine has held for more than 20 years that contractors are part of the “total force” that would be deployed in contingencies. Yet the government was not prepared to go into Afghanistan in 2001 or Iraq in 2003 using large numbers of contractors.

Furthermore, senior Defense officials have testified that the United States *cannot* go to war without large-scale contracting support. That fact applies to other contingencies as well, such as response to a major natural disaster or a mass-casualty terror attack.

Our report begins with a chapter describing the ways in which the government has become over-reliant on contractors. By “over-reliant,” we mean:

- Contractors have performed some tasks reserved for federal personnel;
- Contracting out some tasks is inappropriate and unacceptably risky to U.S. interests, even if legally permissible;
- Excessive contracting undermines agencies’ ability to perform core missions; and
- The scope of contracting has outstripped federal ability to manage and oversee it.

The titles of succeeding chapters describe the problems the Commission has identified in contingency contracting:

- 'Inherently governmental' rules do not guide appropriate use of contractors in contingencies.
- Inattention to contingency contracting leads to massive waste, fraud, and abuse.
- Looming sustainment costs risk massive new waste.
- Agencies have not institutionalized contracting as a core function.
- Agency structures and authorities prevent effective coordination
- Contract competition, management, and enforcement are ineffective.

Our final chapter explains that "The way forward demands major reforms."

We offer 15 strategic recommendations for major reforms. Discussions and details appear in various chapters of the report. Appendix A of the report lists these and many other recommendations we have offered.

All of our reports, by the way, can be viewed and downloaded at the Commission website, [www.wartimecontracting.gov](http://www.wartimecontracting.gov).

Here are a few of the recommendations from the final report filed today:

- #3: Phase out use of private security contractors for certain functions.
- #7: Elevate and expand the authority of military officials responsible for contingency contracting on the Joint Staff, the combatant commanders' staffs, and in the military services.
- #8: Establish a new dual-hatted senior position at OMB and the NSC staff to provide oversight and strategic direction.
- #9: Create a permanent office of inspector general for contingency operations.
- # 15: Congress should enact legislation requiring regular assessment and reporting of agencies' progress in implementing reform recommendations.

This last recommendation must not be overlooked. The Commission sunsets on September 30. But the problems in contingency contracting do not. There is still time to make a difference in Iraq and Afghanistan. And there *will* be new contingencies.

Congress has a vital role to make sure that we are better prepared for new contingencies—overseas or domestic—than we were for Iraq and Afghanistan, and to help avoid unnecessary new strains on the federal budget.

Unfortunately, the current stress on the budget may discourage some members of Congress from supporting the investments that some of our recommendations would require. I spent over 21 years in Congress, and can appreciate the difficulty of proposing new spending in a time of revenue constraints.

But some of the reforms require no new spending, and some can be made by simply reallocating existing resources. Yet even for reforms that would involve some costs, holding back would be false economy. With tens of billions of dollars already wasted, with the prospect of more to follow, and with the risk of re-creating these problems the next time America faces a contingency, denial and delay are not good options.

The recommendations in the Commission's final report will repay themselves many times over in terms of money and mission outcomes. The challenge of implementing contingency-contracting reform will continue for years. We have presented our blueprint. Now we can only encourage others to turn our blueprint into a solid structure.

Finally, on behalf of all of Commissioners and staff alike, I want to express our appreciation to the many officials in government, military, academia, and industry who cooperated in the Commission's research, hearings, meetings, and travel. In particular, we are grateful for the long-standing interest and support of U.S. Senators Jim Webb, Claire McCaskill, Susan Collins, and Joseph Lieberman, and U.S. Representatives Darrell Issa and John Tierney. We also appreciate the many members of the media who have followed our work and described it for the public.

Above all, we appreciate and honor the sacrifices of the men and women of America's military forces who have been deployed for years in distant and dangerous settings.

Now, Co-Chairman Thibault and I and our fellow Commissioners will be happy to respond to any questions you may have.

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