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DEPARTMENT OF DEFENSE APPROPRIATIONS FOR 2009

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

SUBCOMMITTEE ON DEFENSE

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NOTE: Under Committee Rules, Mr. Obey, as Chairman of the Full Committee, and Mr. Lewis, as Ranking Minority Member of the Full Committee, are authorized to sit as Members of all Subcommittees.

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SHERRY L. YOUNG, *Administrative Aide*

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Printed for the use of the Committee on Appropriations

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DEPARTMENT OF DEFENSE APPROPRIATIONS FOR 2009

WEDNESDAY, JANUARY 23, 2008.

ARMY CONTRACTING TASK FORCE

WITNESSES

LIEUTENANT GENERAL N. ROSS THOMPSON, MILITARY DEPUTY TO THE ASSISTANT SECRETARY OF THE ARMY, ACQUISITION, LOGISTICS AND TECHNOLOGY

DANIEL M. QUINN, CHIEF OF STAFF, U.S. ARMY CRIMINAL INVESTIGATION COMMAND

INTRODUCTION

Mr. MURTHA. We will welcome the two gentlemen to the Committee. All of us in the Committee are concerned about the stories we have read, but also the reports we have had about the corruption in the sole source contracting that we have seen. So we will be very interested to hear if there has been an improvement. I know I talked to Secretary Gates about it. And he said to me that he had complete confidence in Secretary Geren. I think the same way. I think Secretary Geren really has tried to get it under control. But we need, since we control the money, we need to hear from you what the situation is and how you see improvements.

Last year, at the request of Moran, we put in 500 GSA contracting officers to shift over from GSA to the Army. I don't know whatever happened to it in the bill itself, but we put it in the House side, and whether it got through the conference I don't remember. But at any rate, we knew it was a problem last year, we tried to address it. But we are interested to hear what you have to say about it. But welcome to the Committee, and we will hear from Mr. Young.

Mr. YOUNG. Mr. Chairman, I move that those portions of the hearing today which involve classified material be held in executive session because of the classification of the material to be discussed.

Mr. MURTHA. We will call the role. The question is on the motion. Those in favor say aye. Aye. Opposed, no. The ayes have it. The hearing is closed. Any comments, Mr. Young?

REMARKS OF MR. YOUNG

Mr. YOUNG. Mr. Chairman, I have no opening comments. What we are dealing with today is not a new problem. It didn't start with these gentlemen that are here today. And it may not end with these gentlemen here today. But I think it is important that we do

review the issues thoroughly as we can. So I appreciate your scheduling this hearing this morning.

Mr. MURTHA. Welcome to the Committee, General Thompson. I want you to know that General Cody made sure he told me what confidence he has in you. Colonel McCaleb has the greatest confidence in you. So with that, we will be interested in hearing what you have to say.

SUMMARY STATEMENT OF GENERAL THOMPSON

General THOMPSON. Well, sir, thank you, Chairman Murtha and Congressman Young, distinguished members of the subcommittee.

(Cell phone rings.)

General THOMPSON. The good news is it was not mine, sir. Joining me today is Mr. Dan Quinn.

Mr. MURTHA. I will tell you a story. The first time I ever saw a telephone, a big telephone about this big, Cheney had one. And it was sitting when he was there, and the damn thing rang, and he did not know how to turn it on or off. It was about this big, if you remember the old telephones. Go ahead.

General THOMPSON. Sir, with me today is Dan Quinn, who is the chief of staff for the Criminal Investigation Command in the Army. And he and I will try to address the questions that you have and the members of the Committee have.

Mr. MURTHA. You have to speak right into the microphone, because this room is not the best.

General THOMPSON. Is that better, sir?

Mr. MURTHA. Yeah.

General THOMPSON. Thanks for the opportunity to appear today before the Committee. And I am going to talk about the Army's comprehensive and ongoing efforts to ensure that policies and procedures are in place for all joint, expeditionary contracting operations, not just today, but in the future. I have a written statement that I respectfully request be made part of the record for today's hearing.

Mr. MURTHA. Without objection.

SUMMARY STATEMENT OF GENERAL THOMPSON

General THOMPSON. And my opening remarks this morning will be brief. But Mr. Chairman, before I start, I would like to thank the Committee, its members, and the Committee leadership for your unwavering support of the men and women in uniform. Mr. Chairman, as you know, the Secretary of the Army created a special commission on contracting led by Dr. Jacques Gansler to look at long-term strategic view of the Army's acquisition and contracting system to support expeditionary operations. In parallel with that effort, the Army Contracting Task Force, which I cochaired with Ms. Kathryn Condon, who is the Executive Deputy for the Army Materiel Command, looked together, along with the Gansler Commission, to look at current contracting operations. And we took immediate actions where necessary. The Gansler Commission had 14 recommendations for improvement. And they were consistent with the Army Contracting Task Force's findings. And the

Army is making steady progress in addressing the structural weaknesses and shortcomings identified.

GANSLER COMMISSION RECOMMENDATIONS

In a recent assessment, the Army has taken significant or partial action on 21 of the 27 Gansler Commission recommendations that are specific to the Army. Some of the Gansler Commission recommendations of the total of 40 were specific to OSD. And we are working together with OSD to address those as well. My written statement outlines the major actions taken to date, which include accelerating plans to set up the contracting structure recommended by the Commission, and increase the size of the contracting workforce. The Army has approved a two star-level Army Contracting Command organization under the Army Materiel Command, and there will be two subordinate commands, a one-star expeditionary contracting command and a restructured one-star level installation contracting organization.

ARMY CONTRACTING COMMAND

We have identified the individuals to lead those organizations. And in addition, we plan to grow our military contracting structure and our civilian contracting workforce in line with the Commission recommendations. As a result of the ongoing operations in Southwest Asia, the Army has increased its focus on contingency contracting. Up until a year ago, we did not have a defined structure to support expeditionary operations or to support a modular Army. We began about 3 years ago to identify the need for that structure and put all the processes and procedures in place to establish that structure. I will talk about that today during the hearing. We have got a contingency contracting structure that consists of Contracting Support Brigades. And these are very small brigades in number.

The brigade headquarters is only 19 people. We have got contingency contracting battalions and four-person contingency contracting teams. And these are all military. We are beginning to fill with trained military contracting officers and noncommissioned officers the four brigades, six battalions, and 121 teams that were previously established. In the last 4 months, we have made the case inside the Army, and we are going to expand that structure by adding three more brigades, five battalions, and 51 additional teams. And we believe this will give us the military structure in order to meet the expeditionary contracting requirements.

In the last year in Kuwait, the Army augmented the staff to make sure the commander there had the resources he needed to deal with the present workload. Part of that workload was the orderly transfer of existing and any future major contract actions to the Acquisition Center at Rock Island, Illinois, under the Army Materiel Command. At present, we have transferred from Kuwait contract actions valued at approximately $800 million. The Army has completed a comprehensive review of all of the Kuwait contract files from fiscal year 2003 to fiscal year 2006. And any actions that were found with potential fraud indicators that had not already been under investigation by the Criminal Investigation Command have been turned over to CID for further investigation.

The Army conducted the audits and investigations into the oversight, the execution, and the management of contracting in the theater of operations. And these audits and investigations are ongoing today. The vast majority of our military and civilian contracting personnel who award and manage contracts perform well in extreme conditions, but the auditors and investigators did discover cases of potential fraud, and some of the worst cases originating in Kuwait. Mr. Chairman, upholding the highest ethical standards, while discharging our duties, is of paramount concern to the Acquisition Corps and to the Army.

CONTRACTING WORKFORCE

Even though of we have confidence in the talent and professionalism of the contracting workforce, we must remain vigilant at all times. We are actively engaged with the Department of Defense efforts to eliminate all areas of vulnerability in contracting. A critically important issue is the size, structure, and training of the military and civilian contracting workforce. The acquisition workforce has declined significantly in the last decade. And the workload and the number of dollars associated with that workload have increased significantly. The Army has never fought an extended conflict that required such reliance on contractor support.

We are addressing the need to expand, train, structure, and empower our contracting personnel to support the full range of military operations. We are developing a detailed contracting campaign plan to implement the necessary changes to contracting, incorporating improvements in doctrine, organization, training, leadership, and materiel. We are partnering with the Defense Acquisition University and State and local universities to incorporate the necessary contracting courses into their curriculum. In addition, 12 professional military education courses inside the Army have new or enhanced subject matter on expeditionary contracting, with additional courses under examination for insertion of expeditionary contracting-related material. The Army is putting plans in place to capture expeditionary contracting lessons learned by formally interviewing units and individuals as they return from theater, and incorporating these findings into doctrine, training guides, and user handbooks. Our goal is to bring more qualified, trained individuals into the workforce at an accelerated pace, and ultimately perform at the journeyman level in a shorter period of time. We are working closely with OSD, and are in discussions with the leaders of the contracting communities in the Navy, the Air Force, and the Defense Logistics Agency to look at areas of increased collaboration and workload distribution. Mr. Chairman, this concludes my opening remarks, and I look forward to your questions.

[The statement of Lieutenant General N. Ross Thompson follows:]

RECORD VERSION

STATEMENT BY

LIEUTENANT GENERAL N. ROSS THOMPSON, III
MILITARY DEPUTY TO THE ASSISTANT SECRETARY OF THE ARMY FOR
ACQUISITION, LOGISTICS AND TECHNOLOGY

BEFORE THE

SUBCOMMITTEE ON DEFENSE
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

ON CONTRACTING CORRUPTION IN KUWAIT

JANUARY 23, 2008

NOT FOR PUBLICATION
UNTIL RELEASED
BY THE COMMITTEE
ON APPROPRIATIONS

Introduction

Chairman Murtha, Congressman Young, and distinguished members of the Appropriations Committee: I thank you for the opportunity to report to you on the U.S. Army's comprehensive, ongoing efforts to ensure policies and procedures are in place for all joint, expeditionary contracting operations in Iraq, Afghanistan, and Kuwait, and to better prepare the Army for acquisition and logistical support of combat operations in the future.

The candid and comprehensive report by Dr. Jacques Gansler and the Members of his Commission on Army Acquisition and Program Management in Expeditionary Operations has given us insights for the way ahead. The Commission made four overarching recommendations to ensure the success of future expeditionary operations:

(1) Increase the stature, quantity, and career development of military and civilian contracting personnel, particularly for expeditionary operations;

(2) Restructure organization and restore responsibility to facilitate contracting and contract management;

(3) Provide training and tools for overall contracting activities in expeditionary operations; and

(4) Obtain legislative, regulatory, and policy assistance to enable contracting effectiveness in expeditionary operations.

The Commission's four key recommendations for improvement are consistent with the issues identified by the Army Contracting Study completed in 2005 and the Army Contracting Task Force, which was Co-Chaired by Ms. Kathryn A. Condon, the Executive Deputy to the Commanding General at the U.S. Army Materiel Command, and me. The Army is aggressively addressing the structural weaknesses and shortcomings identified in order to improve current and future expeditionary contracting activities. Our actions stretch across the Army and include an ongoing, comprehensive review of doctrine, organization, training, materiel, leader development, personnel and facilities. In a recent assessment, the Army has taken significant or partial action on 21 of the 27 Gansler Commission recommendations that are specific to the Army.

It is important to emphasize that Dr. Gansler's Commission was chartered to look at the long-term, strategic view of the Army's acquisition and contracting system in support of expeditionary operations. To complement the Commission's strategic review, the Army Contracting Task Force was formed to review current contracting operations and take immediate action where appropriate. The Secretary of the Army has directed Acting Under Secretary of the Army, Nelson M. Ford, to implement specific recommendations of both the Gansler Commission and the Army Contracting Task Force as expeditiously as possible.

While the Army Contracting Task Force does not believe that a separate Army contracting promotion board is necessary, the Army has approved a two star-level Army Contracting Command organization under the Army Materiel

Command, including two subordinate commands; a one-star expeditionary contracting command and a restructured one-star level installation contracting organization. The Army is in the process of identifying the individuals by name to lead these organizations. We plan to grow our military contracting structure in the Active force and our civilian contracting workforce in line with the Commission recommendations. We also realize the need for members of the military contracting workforce to begin their careers earlier. Plans are underway to move the accession point for military officers to immediately following their Branch qualification at the Captain level (five-six year mark) and for Non-Commissioned Officers to transition into the contracting career field after they have achieved the rank of Staff Sergeant (five-six year mark); this is two to three years earlier than at present. In addition, the Army will address, with the Office of the Secretary of Defense, legislative proposals to incentivize civilians to volunteer for expeditionary operations.

U.S. Army Actions

As a result of the ongoing operations in Southwest Asia, the Army has increased the focus on contingency contracting. Up until just a year ago, we did not have a defined contingency contracting structure to support expeditionary operations or support a modular Army. We have now established a contingency contracting structure that consists of contracting support brigades, contingency contracting battalions, and four-person contingency contracting teams. Each contracting support brigade is commanded by a colonel, who assists the Army

Service Component Commander (ASCC), a three star commander, in his contracting support – planning and coordinating contracting operations in a theater of operations. The brigades oversee contingency contracting battalions and teams – Active, Reserve, and National Guard – in executing the ASCC's contracting support plan. The Contracting Support Brigades' battalions and teams are being activated, and they will coordinate and integrate their plans with Army Field Support Brigades. These two new brigade designs are designed to support the Army modular force by developing a single, seamless, fully integrated planning cell to provide quick response and command and control of acquisition, logistics, and technology capabilities across the spectrum of conflict.

As the scope and scale of contracting in Southwest Asia evolved, the Army recognized the need to assess its contract management capacity. The Army conducted audits and investigations into the oversight, execution, and management of contracting in the theater of operations, and these audits and investigations are ongoing. While the vast majority of our military and civilian contracting personnel who award and manage these contracts perform well in extreme conditions, auditors and investigators discovered cases of potential fraud in contracting operations with the worst cases originating in Kuwait. Currently, there are 87 ongoing criminal investigations involving contract fraud committed against the U.S. military in the Iraq, Afghanistan, and Kuwait theater of operations. The Army acted decisively to correct deficiencies specifically identified in Kuwait with the following agencies involved in corrective actions: the U.S. Army Audit Agency (AAA); the U.S. Army Criminal Investigation Command

(CID); the U.S. Army Contracting Agency; the U.S. Army Materiel Command (AMC); and the U.S. Army Sustainment Command, all working in cooperation with the Defense Contract Management Agency.

In 2005, the Army began audits and CID increased investigative activity into allegations of corrupt contracting in Southwest Asia. Deployed commanders also expressed their concerns and requested the Army to send in additional CID Special Agents and auditors from AAA and from CID. In 2005, CID established the Iraq Fraud Detachment and in 2006, CID established the Kuwait Fraud Office – both staffed with specially trained CID Special Agents. Throughout these investigations, the Army has updated Congress and taken corrective actions as warranted.

In February 2007, after then-Secretary of the Army Dr. Francis Harvey was briefed on the matter, he directed further action to correct deficiencies, including an assessment of contracting activities throughout Central Command and implementation of a Corrective Action Plan to address issues.

As a result, in March 2007, a senior Contracting Operations Review Team was deployed to review all contract operations in theater. In April 2007, the Army began implementing a Contracting Action Plan that reorganized the Kuwait Contracting Office, installed new leadership, established a Joint Logistics Procurement Support Board, increased staffing, deployed senior contracting professionals and attorneys to Kuwait, and provided additional ethics training and assigned legal support.

In addition, the Army published the following guidance designed to improve management of service acquisitions and to strengthen oversight, surveillance and documentation of contractor's performance.

(1) The Army's Source Selection Manual was revised and incorporated into our acquisition supplement. It is a comprehensive source selection tool designed to provide flexibility in the source selection process while enabling Army contracting officers to design and execute their source selection plans and Requests for Proposal (RFPs) to provide optimum solutions to meet their customer's needs. Source selection training is now required for every source selection team member to ensure they understand their roles and responsibilities.

(2) In response to Section 812 of the FY 06 National Defense Authorization Act, we adjusted our management framework for review and approval of service contracts at both the strategic and tactical levels. Since 2003, the Deputy Assistant Secretary of the Army for Policy and Procurement, along with other key senior Army leaders, has reviewed and approved service strategies with a combined total value greater than $231B.

(3) Contracting officers have been directed to appoint a trained contracting officer's representative (COR) for every service contract awarded with an estimated value greater than $2,500. To ensure that systematic quality assurance methods are used during contract

administration, quality assurance surveillance plans must also be prepared and implemented.

(4) A standard, minimum training requirement has been established for Army contracting officer representatives (CORs). They must complete the Defense Acquisition University on-line continuous learning module, "COR with a Mission Focus," prior to appointment. As of November 1, 2007, over 4500 Army personnel have completed this course.

(5) Acquisition leadership reiterated the requirement for contractor performance to be adequately documented and performance reports prepared, entered and maintained in our performance assessment systems. We will not allow poor performers to be rewarded with more work.

(6) A reminder was sent to the entire Army Acquisition workforce addressing their responsibilities as public servants and stewards of the taxpayer's investment and exhorting them to ensure that their actions remain above reproach, both in reality and appearance.

Written guidance is of no benefit, unless it is executed by a capable, trained workforce. Recognizing this need, the Army convened the first Army Procuring Contracting Officer (PCO) Training symposium. Over 500 PCOs were trained in critical areas now demanding increased proficiency. A wide range of topics were covered, including cost and pricing and source selection requirements as well as contracting integrity. The Army has also initiated training for our Heads of

Contracting Activities to heighten their awareness of roles and responsibilities associated with supporting the mission of their command in the contracting arena. The Army is also putting plans in place to capture "expeditionary contracting" lessons learned by formally interviewing units as they return from theater and to incorporate findings into doctrine, training guides, and user handbooks. In addition, 12 professional military education courses now have new or enhanced expeditionary contracting subject matter with additional courses under examination for insertion of expeditionary contracting related curricula. And, the U.S. Army Combined Arms Support Command established a Battlefield Contracting Community of Interest on its Logistics Data Network.

Upholding the highest ethical standards while discharging our duties is of paramount concern and while we have confidence in the talent and professionalism of the Army's acquisition workforce, we must remain vigilant to potential compromises of integrity. We are actively engaged in Department of Defense efforts to eliminate areas of vulnerability within Defense contracting. The ASA(ALT) staff is leading a subcommittee effort looking at Sustained Senior Leadership issues and other personnel from the organization are reviewing areas associated with proper contract surveillance. To obtain an Army-wide perspective on procurement operations we recently chartered a corresponding Army Contracting Integrity Panel. We have membership from each Army functional area involved with contracting. The panel will examine contracting integrity drivers that have the greatest impact on vulnerabilities relating to fraud, waste. and abuse in our contracting system.

As previously mentioned, the Army Contracting Task Force mission was to examine current Army operations and future plans for providing contracting support to contingency or other military operations. The Task Force looked at contracting activities across the Army. There is contract authority in many of the commands in the Army, and that contract authority is delegated from the Assistant Secretary position to the head of contracting activities in different organizations and commands within the Army. In addition, the Task Force studied actions of AAA and CID for both insight and lessons learned.

In the short-term, the Army augmented the staff in Kuwait with additional individuals to assist the warfighter in translating their requirements into statements of work and additional contract specialists and contracting officers to facilitate contract execution of those requirements. This augmentation is designed to make sure that the commander there has the resources needed to deal with the present workload. Part of that additional workload is the orderly transfer of existing and any future major contract actions to the acquisition center at Rock Island, Illinois, that supports the U.S. Army Sustainment Command under the Army Materiel Command. We have already transferred contract actions valued at approximately $800 million.

The Acquisition Center at Rock Island established a dedicated team of nine contracting experts with the support of legal experts focused solely on large dollar contracts in support of Kuwait operations. This team is ensuring all past and future contract actions associated with these large dollar contracts are executed in accordance with all laws and regulations. The team is resolving a

number of claim actions, definitizing unpriced actions, and awarding new contracts for requirements such as non-tactical vehicles where we achieved $36 million in cost savings. We expect to keep this team in place for the duration of the conflict.

The Army completed its review of all of the Kuwait contract files from Fiscal Year 2003 to Fiscal Year 2006 to identify any issues that haven't otherwise been addressed by an ongoing investigation by either AAA or CID. During this time period there were approximately 6,000 contracts awarded (totaling about 18,000 contract actions) by the Kuwait contracting office. We used a sampling technique to determine if there are any additional indications of fraudulent activity. This was quite an undertaking, but it was important to ensure we reviewed the files thoroughly. The review of contract actions took place both in Kuwait where contracts under $25,000 were examined and at Army Materiel Command's Acquisition Center in Warren, Michigan, where the review team looked at contracts over $25,000 with the assistance of U.S. Air Force and U.S. Navy contracting experts. We worked with the AAA, CID, and the Assistant Secretary of the Army for Financial Management and Comptroller in reviewing financial data to determine if appropriate disbursement and accounting of payments have been made. All actions found with potential fraud indicators have been turned over to CID for further investigation.

We are increasing Contracting Operation Reviews in both scope and frequency. The Army periodically conducts Contract Operations Reviews looking at contracting organizations to make sure that contracting activities are following

the regulations and procedures and appropriately addressing emerging issues. These reviews are part of the routine examination of contracting activities along with internal review audits by the AAA and the Army and Department of Defense Inspectors General.

A critically important issue is the size, structure, and training of the contracting workforce – both military and civilian. The acquisition workforce has declined significantly in the last decade while the number of dollars that we are executing in the Army has increased by more than 80 percent. The U.S. Army has never fought an extended conflict that required such reliance on contractor support. We are currently addressing the need to expand, train, structure, and empower our contracting personnel to support the full range of military operations. The Army Contracting Task Force does not believe that a separate, centrally-managed Contracting Corps is necessary. We believe that with increases to the generating force, the Acquisition Corps provides the necessary framework for future success. We have increased the number of contracting interns and are pursuing associated increases in training funds. We are partnering with the Defense Acquisition University and state and local universities to incorporate contracting courses into their curriculums. Our goal is to bring more qualified, trained individuals into the workforce at an accelerated pace and ultimately perform at the journeyman level in a shorter period. We are also initiating discussions with leaders of the contracting communities in the U.S. Navy, U.S. Air Force, and the Defense Logistics Agency to explore increased collaboration and workload distribution.

Conclusion

As stewards of the taxpayers' dollars, the Army must do a better job of managing and documenting contractor performance. Service and construction contracts, whether in Iraq, Afghanistan, the United States, or elsewhere in the world, represent an ever-increasing percentage of our overall contract dollars – now surpassing the dollars awarded under major weapon systems programs. Greater emphasis must be placed on the management and oversight of all types of service and construction contracts. This includes documenting the contractor's performance in accordance with policy.

Expeditionary military operations in Iraq and Afghanistan have placed extraordinary demands on the contracting system and our contracting support personnel. As stated before, the vast majority of our military and civilian contracting personnel perform well in tough, austere conditions. Their customers are the warfighters – the men and women who depend on them to do their jobs. In the end, the success of our warfighters is linked directly to the success of the contracting workforce. We are working hard to ensure that policies and procedures are in place for all joint, expeditionary contracting operations in Iraq, Afghanistan, and Kuwait or anywhere else we deploy. The objective is to better prepare the Army for acquisition and logistical support of combat operations in the future.

I look forward to your questions and thank you for the opportunity to address the members of the committee.

Mr. MURTHA. Mr. Quinn.

Mr. QUINN. Mr. Chairman, I don't have any opening remarks. I would just like to say that it is a pleasure to be here today. I am prepared to answer any questions on the ongoing investigations to the best of my ability. And as mentioned in the opening remarks from General Thompson, this is a team effort on auditors, investigators, and in the contracting command. Thank you, Mr. Chairman.

CONTRACT OVERSIGHT

Mr. MURTHA. Let me ask you just a couple questions and then ask Mr. Young. Explain, we talked privately before the hearing started about the three different things that we are interested in, sole-source contracts, the corruption going on, the investigation itself, and you said there are three different things—oh, I know the arms. The arms problem we had with the small arms disappearing, whatever percentage it is. But explain what those three separate investigations are.

WEAPONS ACCOUNTABILITY

General THOMPSON. Yes, sir. The Gansler Commission and the Army internal Contracting Task Force were looking primarily at issues related to the fraud and the investigations. There has been a lot of media interest and congressional interest lately in the weapons accountability. And that is an area that we did not look at that is being looked at separately by the DOD IG, General Kicklighter. And then there was the other issue——

Mr. MURTHA, Let me ask you, were you involved in that, Mr. Quinn, at all?

Mr. QUINN. We assisted General Kicklighter and his folks running leads for him over in theater, but it was really under their auspices that they looked at the weapons side of that, sir.

Mr. MURTHA. How did you find out in the first place that weapons were missing?

Mr. QUINN. Mr. Chairman, CID started seeing weapons coming up missing as there were reported thefts out of depots and warehouses over there. I think we initiated six or seven different cases that showed the weapons losses. The DOD IG then picked up through other channels that there were some weapons leaking across the borders outside of Iraq and into neighboring countries. So they opened the investigation to see where these weapons were coming from. We then assisted them in taking a look and seeing if any of these weapons that were showing up in foreign countries were also weapons that had been stolen from Army depots or depots set up over in theater. That effort is still ongoing. And we have still got agents working with DOD IG.

Mr. MURTHA. You have any idea what the percentage that were missing from the original numbers that were sent over there?

Mr. QUINN. Mr. Chairman. I do not. The DOD IG may have a better handle on it because they are running it down the rabbit hole by serial number trying to get control over where they are at.

CONTRACT OVERSIGHT

Mr. MURTHA. Okay. Go ahead with the three areas.

General THOMPSON. Sir, and the third major area is the issue of the private security contractors and the control of the private security contractors. And there has been a lot of work, collaborative work that has gone on between the Department of Defense and the Department of State to include a formal memorandum of agreement between those two government agencies. In December, enhanced procedures put in place by the Multinational Force Iraq to better get a handle on the private security contractors and their control. And again that is not an area that either the Gansler Commission or the Army looked at internally. That was done at the DOD level working directly with the State Department.

SOLE SOURCE CONTRACTS

Mr. MURTHA. Do we have any idea at this point how many contracts are sole source contracts?

General THOMPSON. No, sir. I could take that for the record. I do know that, looking at the information from the Joint Contracting Command in Iraq that about 25 percent of the contracts that they let in 2007 were sole source contracts. And the procedures were followed, as we do typically when we go—you know, the objective always is to do full and open competition. There are seven exceptions where you can use sole source contracts.

Mr. MURTHA. If you would get for the Committee the percentage and the amount of money that was involved.

[The information follows:]

The Department of Defense has not awarded any Sole Source Private Security Contracts. All contracts have been awarded using full and open competition.

General THOMPSON. All right, sir.

EXAMPLES OF FRAUD

Mr. MURTHA. Mr. Young.

Mr. YOUNG. Mr. Quinn, I think you said there were some 80 indictments so far in this investigation?

Mr. QUINN. Congressman Young, no, we have got currently 87 ongoing investigations that look at Kuwait, Iraq, Afghanistan that go into providing support to the soldiers over there in theater. So 87 ongoing investigations. That is out of 135 that we have initiated. The remainder we have closed. Indictments, I believe the number is 19 individuals have been indicted so far.

Mr. YOUNG. Can you give us a couple of examples of how the Army is being ripped off by these contractors? What type of fraud is being committed? How are they stealing? Give us a couple examples.

Mr. QUINN. Congressman Young, it spans the gamut from what we have seen over there. We have seen bribes as low as $2,500 being taken by individuals. We see double billing. We see product substitution, when we ask for product A and we get product B in. And we get the bid rigging of the contracts going over there because of bribery. The biggest thing that we have seen over there is on the bribery side of the house. It was just so much money, and

a lot of it in cash, that bribery is probably the number one issue that we have looked at.

Mr. YOUNG. Who is bribing and who is getting bribed?

Mr. QUINN. I mentioned, Congressman, that we had 19 individuals so far that have been indicted or arrested. That is military and civilian. That number may grow as high as a hundred that we are looking at over there. We are looking at military officers, enlisted, we are looking at civilians, government employees that have accepted bribes. And then we are also looking at contractors themselves that are offering bribes. And not only to the contracting officials, but also to unit level representatives that are maybe escorting fuel trucks and have them look the other way as fuel is diverted. The actual contracting officials that we are looking at is probably only 20, 25 percent. The rest of them are other individuals over there in the force.

FRAUD PREVENTION

Mr, YOUNG. Well, General Thompson, what is the Army doing to try to prevent this? Any kind of quality control or—I am not suggesting that we put spies on every contractor to see who is doing what, but you know, what the problem is. What is the Army planning to do to correct this?

General THOMPSON. Well, sir, I would say most of the investigations that are ongoing today were investigations that initiated from actions that were taken in the 2003 to 2006 time frame. So a lot of what is being cleaned up today are things that happened in the past. That does not excuse them in any way, shape or form, and I am not here to make excuses for any individual, because in my view, if you violate your ethics and take a bribe you should suffer all the consequences that come with that. In Kuwait in particular, when we saw the issues, the CID stood up a procurement fraud unit in Kuwait when they started to get evidence that there were issues there that came up from audits and from reports from individuals. And then they expanded and stood up a procurement fraud unit in Iraq. And those are permanent organizations.

Mr. QUINN. Vice versa.

General THOMPSON. Vice versa. Iraq first and then Kuwait. Systemically, the checks and balances were there. They were not always being followed. And I am talking particularly in Kuwait. We made sure that the checks and balances are now being followed. In Kuwait we put new leadership into Kuwait, with a colonel that was a certified contracting officer and was one of the best contracting officers we had in the Army. We augmented his staff. We gave him dedicated legal support. We sent augmentation over there to work through the more complex contract actions.

Part of the help that is being done in Kuwait is this reach back support, taking the large dollar value contracts and moving them back to be dealt with at the Large Acquisitions Center at Rock Island. Chairman Murtha asked a question before the hearing started about, you know, does that work? And as long as the requirements are being met for the operational commander, if I can do the contract negotiation, the pricing, you know, the writing of that contract, and I can do that someplace other than in the theater, we will elect to do that. The key for us is making sure that the re-

quirement is being met and then the contract execution, the management of the delivery of that service or product is being evaluated so the government gets what it contracted for.

CONTRACT ADMINISTRATION

Mr. YOUNG. The combat commanders, they are busy fighting a war, and they are busy planning the efforts, they are busy patrolling the situation. They are not the ones that are responsible for overseeing the conduct of these contractors, are they?

General THOMPSON. The responsibility for making sure that the contract is overseen is the contracting officer. But the operational commander has responsibility as well. Once the contract is let, the administration of that contract is done either through a contracting official who has been, you know, trained to do that, but in most cases, it is the contracting officer's representative, who is the compliance officer who is in that unit.

And so if you are contracting for the delivery of water or trash pickup, you have to have a delegated representative on the ground to make sure if you say the trash is getting picked up three times a day, they come and pick it up three times a day. And those are the eyes and ears forward. So the operational commander does have a direct responsibility in making sure that what he or she asks for is what is being delivered. And they are part of the process.

So it is not—and this is one of the educational things in the Army that we are addressing, to change the understanding and the culture that when half of your combat service support is through contractors, you have to pay attention to that, and you have to be involved not just on setting the requirement, but also making sure that what you ask for is what you are getting, and you are getting it at a fair price.

Mr. YOUNG. Well, Mr. Chairman, I think we have a lot of work to do here. And the better job we do in helping the Army get some control over how this is all coming down, we make Mr. Quinn's job a lot easier. And that is what I want to do is make Mr. Quinn's job a lot easier so that he has less of a workload and less corrupt people to be dealing with. And thank you very much, sir.

Mr. MURTHA. General, was your father in the Army?

General THOMPSON. Yes, sir. And as I talked to him last night, as I routinely do, he said to say hello to you today. And he said to thank you for your contribution.

Mr. MURTHA. He led a couple relief efforts which the staff reminds me we funded. So we are great admirers of him.

You are in his tradition. You tell him I said hello.

General THOMPSON. Sir, I will do that.

Mr. MURTHA. Mr. Dicks.

FRAUD INVESTIGATIONS

Mr. DICKS. You talked about 87 investigations?

Mr. QUINN. Yes, sir.

Mr. DICKS. Where did they come from? How did you get those cases?

Mr. QUINN. If I could go back a little bit, Army CID has got a thousand military agents that accompany the force wherever they

go. We police the force when it comes to felony level investigations. So when the force is deployed over into Iraq, Afghanistan, Kuwait, we sent 120, 150 CID agents over with them, but they were all the military Special Agents.

Mr. DICKS. What were the initials? Criminal Investigative Service?

Mr. QUINN. Criminal Investigative Division is how we say it.

Mr. DICKS. CID?

Mr. QUINN. Yes, sir.

Mr. DICKS. Okay.

Mr. QUINN. So we have the got the thousand military that accompany the force. We sent 125, 130 over into Iraq, Afghanistan, Kuwait. They started picking up indicators that there was potentially fraud going on over there. We also got leads coming in from other Federal investigative agencies on money transfers coming into the country, illegal moneys being brought back in. And so in the summer of 2000——

Mr. DICKS. Being brought into Iraq or being brought back into the States?

Mr. QUINN. Into the States, Congressman, yes, sir. In the summer of 2005 then——

Mr. MURTHA. I think—would you go into a little more detail? As I remember, this came from somebody else to us. The fact these weapons and this stuff was missing and there was fraud. Do you remember that?

Mr. QUINN. Mr. Chairman, yes. The bottom line is we get cases from a number of different sources coming in to us. There was a source that was a hotline complaint that went in through DOD IG over to Army, and then we picked up on that. That turned out to be a fraud case. But we have also had the military agents over there that were picking up indicators of fraud. In the summer of 2005—also in Army CID we have 100 special agents that are civilians, and all they do is look at procurement fraud for the Army. We sent them over on two assessment teams in the summer. They did pick up on indicators of fraud in Iraq.

By December of 2005, we established a fraud office in Iraq. And then by the spring, summer of 2006, we saw increased indicators of fraud down in Kuwait. So we have since established an office in Kuwait. And we now have one in Afghanistan as well.

Mr. MURTHA. But didn't we find that the Turks were being killed by weapons that we brought in? Is not that part of it? Just somebody was being killed by weapons that we brought in.

Mr. QUINN, Mr. Chairman, that is correct. There were press reports coming out of Turkey that some of the missing weapons had gone across the border and were showing up on the streets of Turkey, Istanbul. And that is what brought the DOD IG in to look at that side of it. Of course, we in the Army CID were looking more at the thefts out of warehouses on the Army CID side. So it came to us from a number of different sources. As I mentioned, we have in all opened 135 investigations. 87 of them are still open. 60 percent of those cases have been passed from theater back into the United States. In other words, we sit down with Department of Justice on these cases. Department of Justice then works with our agents, and we decide a venue on where the trial is going to take

place, and the investigation is further investigated. And so then it is parceled out to our fraud offices in the states and U.S. Attorneys or Assistant U.S. Attorneys spread throughout the United States. We are working out in Bellingham, Washington, we have got some down in Atlanta, we have got them in Dallas. So we just kind of spread the workload out amongst all those U.S. Attorneys offices.

Mr. DICKS. Is one of your sources the GAO, the General Accounting Office?

Mr. QUINN. Yes, sir. GAO, Army Audit Agency. When we got into Kuwait and the Kuwaiti contracting office and saw where there were some issues down there, we immediately partnered with auditors to come in and start looking at the books. So we do work with GAO and we do work with Army Audit Agency, as well as other Federal investigative agencies, the DOD IG, FBI.

Mr. DICKS. How many of the cases are individuals versus contractors? Is there a percentage or—are these individual cases or—how many times do we have major contractors involved in questionable or illegal activities?

Mr. QUINN. Congressman, the bulk of the cases that we are seeing over there are not the Halliburtons, they are not Brown & Roots, they are not the big major corporations. It is smaller companies, holding companies that started up over in theater, got access to do contracts, they partner with the Kuwaitis or other foreign nationals. They, I think, get some of the business because they speak English, they are able to get in the door. So you have got U.S. folks partnering with foreign-held companies. And so it is—but almost all of them, we have got a U.S. subject in the subject block. In other words, a U.S. Government employee, whether military or civilian that was on the other end of the fraud that took place in theater.

Now, not all 87 that we still have ongoing are exclusively with a U.S. Government official in the subject block or being investigated. Some of them are contractors ripping off contractors. And of course a sub that is defrauding a prime, and then the prime is billing the U.S. Government. So we do go after those.

EXPEDITIONARY CONTRACTING OVERSIGHT

General THOMPSON. Sir, if I can add just one thing, one of the systemic things that we took a look at as we looked at the structure for this, these brigades and battalions, is as we partnered with the auditors and with the criminal investigators to look at the historical files, we realized that there was a real value in having them present not after the fact, but at the beginning. And so we are looking at putting auditors and criminal investigators as part of that deployable structure, both to have that presence there from the beginning, and also to act as a deterrent. And that will be one of the changes that we put in place in the future. And that has been a result of the work that we have done in the last couple of months.

Mr. DICKS. General, you said these cases were from 2003 to 2006?

Mr. QUINN. The bulk of the fraud that we have detected and investigated to date is in that 2003, 2006, maybe into 2007. We still open cases not every day, but every week or two weeks. But when we take a look at the span of when the majority of the incidents

took place in the cases that we have got ongoing, it is back in that 2003–2006 time frame. But we still have folks——

Mr. DICKS. Now, is this because of a lack of personnel to audit or check or investigate? I mean how did we get so far behind the curve?

Mr. QUINN. Fraud habitually comes to us late on investigations. Seldom do we catch it right there at the very start. And that is why we have gone to civilian fraud agents, because they can work these cases for years. Part of the reason why there was so much in that time frame, which were not unusual, was the lack of oversight and being overworked, a small office with just too many contracts to manage, too many contracts to cut.

JOINT CONTRACTING COMMAND FOR IRAQ AND AFGHANISTAN

General THOMPSON. Congressman Dicks, if I could, one of the issues, the Defense Department was not organized to do expeditionary contracting on this scale. You did not have a deployable structure. And that is one of the systemic issues we are addressing not just in the Army, but also in the DOD. And so it was a pickup game. It was a pickup game from the very beginning. They added individuals, they built up a structure. There is about a 200-person structure, the Joint Contracting Command for Iraq and Afghanistan today. But that has been stood up over a number of years. And one of the reasons why we looked at a modular structure for contingency contracting in the Army is so you can get the people to train together. And when you have a contingency, no matter what size it is in the future, you will be able to deploy the right number of people with the right skill set to be able to deal with that issue.

We are putting planners in with the combatant commanders right now in order to plan in the war plans and in the contingency plans how do you structure yourself to make sure that you are contracting what you need. We are working standard A statements of work. So you know, you do not get over there and realize I need dining facilities support. You have already got a scope of work that details, you know, what that is. And so you are not thinking about that after the fact. So the systemic issues from 2003 to 2006 was not organized for it, more complex workload than they anticipated, not enough people over there to deal with it, and it opened up the opportunities that unfortunately led to the fact that the Criminal Investigation Division has got that much workload from that time period.

CONTRACT REVIEWS

Mr. DICKS. Is it possible to go back and review these contracts between 2003 and 2006 to see if we were ripped off? I mean, is there a way to go back? And I know you maybe have statute of limitations issues, but a lot of times the statute does not ring unless somebody knows about it.

General THOMPSON. Sir, that is exactly what we have done. In Kuwait, there was about 6,000 contracts in that time frame. And Secretary Geren wanted to absolutely make sure that there was not a contract that was let during that time frame that may not have been picked up on already by an investigation. So between

August and December, we reviewed on a statistical basis, all of the contracts under $25,000 were reviewed in Kuwait, all the contracts that were over $25,000 during that time frame were shipped back to the Major Acquisition Center in Michigan. And with the auditors and with the criminal investigators, we went through those contracts. About 650 contracts that were selected statistically. Of those 650 contracts, 41 or——

Mr. DICKS. So that means you did not do them all?

General THOMPSON. We did not do them all, no, sir. But every place where we saw an indication that we needed to go look at another contract, we did. And of those 650, there was 41 that had evidence of maybe not fraud, but something as not done right. And those have been turned over to the criminal investigators to take a look at to see if it should lead to opening up a formal investigation.

Mr. DICKS. Mr. Chairman, I know my time has expired, but just one final thing. How many total contracts, the total number were there during that time frame? You picked 650 out of how many?

General THOMPSON. There was about 6,000 contracts let in Kuwait in that 3-year period. And we got with the auditors and looked at the representative sample of those. And that was about 650. So a little more than 10 percent of the historical contracts were looked at. And these were ones that were not already subject to an investigation.

Mr. DICKS. Thank you. Mr. Chairman.

Mr. MURTHA. I am going to be very lenient, because this is such an important subject. So feel free to follow up on your thoughts. Mr. Hobson.

Mr. HOBSON. Thank you, Mr. Chairman. Welcome, gentlemen. I have had a lot of problems with Army contracting before, as you know, General Thompson.

General THOMPSON. Yes, sir.

AMOUNT OF FRAUD

Mr. HOBSON. It was not very good when we started, especially on trucks. But let me say that how much dollar amount do you think we were involved here in the fraud—not in the overall contracts, but just on the fraud part, how much do you think?

Mr. QUINN. Congressman, we think that at least $6 billion in contracts were touched by the fraud. But we do not believe there was that much fraud involved in it. But a portion of $6 billion in contracts we think there was some fraud involved in it. Now, that may have been the sergeant out there looking the other way as the fuel trucks were being delivered, but that is the size.

Mr. HOBSON. Is it in certain areas more prevalent than others, like the fuel?

Mr. QUINN. Congressman, I do not think I could put it in one area, whether it was fuel. It is goods, it is services, it is hauling contracts, it is food coming into theater, it is port-a-potties being cleaned. It is just that whole gamut of services that it takes.

General THOMPSON. But Dan, one of the things, the total dollar amount of bribes that are part of the investigations to date is what?

Mr. QUINN. $20 million. We think $20 million in bribes was taken by different individuals.

MISSING WEAPONS

Mr. MURTHA. Let me focus on just the arms thing, because I have heard figures as high as 50 percent disappeared. Now, do we have any idea of what percentage at this point of your investigation actually disappeared from the time they got to Kuwait until the time they got out in the field?

Mr. QUINN. Mr. Chairman, I do not. I know the DOD IG is working that. Occasionally, we will get a report.

Mr. MURTHA. We will get a report?

Mr. QUINN. Yes, sir.

Mr. MURTHA. What time frame was that?

Mr. QUINN. The DOD IG was looking over the last 6 or 7 months when he went into theater and——

Mr. MURTHA. What was the time frame the arms went missing?

Mr. QUINN. It went all the way back into 2003 time frame, when we were pushing weapons in to stand up Iraqi units.

Mr. MURTHA. Mr. Hobson.

Mr. HOBSON. That is another point. Were these arms going—the arms that were done, were arms going to the Iraqi Army being contracted for to them? Is that where it happened?

General THOMPSON. The arms were being purchased in order to stand up Iraqi Army and Iraqi police forces. When we looked at the contracts, the receipt of those weapons, we can go back through the contract files and show who received those weapons on what date and at what location. It is the accountability of those weapons after they were received by an Army individual or a U.S. Government representative, it is the accountability of those weapons from that point on that is the subject of the investigation of the DOD IG.

CONTRACT SUPPORT SERVICES

Mr. HOBSON. Well, part of this, that is not new in a way. But part of what happened in the Army is—in the big Army overall, is that you got rid of, over a period of time, support services within the Army. You do not carry the same kind of capabilities that you carried in previous conflicts. So this idea that it would be smart to change and not carry these, and it would be cheaper to contract out with contractors all these support services. You did not used to have all those. Now we do. The problem is that apparently the Army or the Defense Department did not set up, when they contracted those out, a new set of controls. You had to look at how that was going to work. Apparently we did not learn any lessons in Bosnia and Kosovo, because that is what we did there, where we contracted out.

We bought arms elsewhere in the world for other people, maybe not in this environment, but in other environments, we did. We did not seem to set up, until after the fact, the controls that we needed to have on that type of services, whether it be the chow hall services and those contracts. I ran into a problem when I tried to build a bakery once over there because KBR did not like it. KBR also stopped at one point, until I complained to the Secretary of Defense, about more fast food operations. Apparently, they were cut-

ting into the contracts that they had to supply food. There are some big people pushing back. I think you started to allude to this, that the Army, when it shifted from carrying these types of services, did not set up enough control. There was no idea of how that would work in the field when you got into a real conflict versus an operation like Bosnia and Kosovo?

General THOMPSON. Sir, in the 90's there was two things that happened. And it was not just in the Army. There was a philosophical shift in providing a lot of the services via contract. You know, not having soldiers in uniform of whatever service to do some of those things. Because it was looked at as a better value, so you could turn on that contracted support when you needed it and turn it off. You can argue both sides of that, but that was the general philosophical shift.

ACQUISITION WORKFORCE DOWNSIZING

Mr. MURTHA. Why didn't it work then? For instance, if you agreed with that, it seemed like——

General THOMPSON. Well, that is the second piece of it, Congressman Murtha. Simultaneously with that was there was a major downsizing in the acquisition workforce. And so you have got more contracted services and the acquisition workforce going down. So in the big picture, and it is a very simple conclusion, but you did not have enough people to be able to do that. So the workload that was contracted out went up, the contracting workforce went down. And that is one of the issues that we are facing today. And that is one of the reasons why the Army is going back, and the Gansler Commission recommended that the Army, the Army grow its military and civilian contractor workforce to be able to handle the workload.

Mr. MURTHA. And have you budgeted for that in this budget?

General THOMPSON. Not completely. Part of it, Mr. Chairman, is working that into the program, which is 10 and out. We have gone back on the military side and we have added since August 301 military spaces for the contracting brigades and battalions and teams. And we are in the process of adding another 167.

Mr. MURTHA. I understand. But is this because you can not get qualified people or because you are worried about the money because OMB cut you back?

General THOMPSON. I think we can get qualified people, but it just takes—it just takes time. I do not——

Mr. MURTHA. Well, the question I am asking, do you have enough money to accomplish what you think needs to be accomplished in your request so that we can fund it? For instance, the supplemental. Is there funding that would help you with this problem in the supplemental, either CID or yourself?

General THOMPSON. In the near term in the supplemental, there is not a request to do some of the training——

Mr. MURTHA. I am not asking if there was a request. Is there enough money, can we put money in the supplemental? Should we put money in the supplemental? This is our business here.

General THOMPSON. Yes, sir.

Mr. MURTHA. This Committee is in the forefront of so many different programs. We are way ahead of the military, or OMB, I guess you would call it. So you tell us—maybe you can not tell us

offhand, but you need to tell the staff if you need more money because we are right now negotiating with the Defense Department about what we are going to do for the supplemental.

General THOMPSON. We will go back, and we will look at what is in the 2008 supplemental request and the 2009 supplemental request and make sure the things we need in the near term are in there.

[The information follows:]

The Army Contracting Task Force and DASA (P&P) identified funds for three major areas, Workforce Initiatives, Virtual Contracting Enterprise, and cost to hire 1000 1102's. FY 08 costs for the three areas: Workforce Intiatives—$1,860,300, Virtual Contracting Enterprise—$5,795,000 and Hiring Costs—$164,225,649.

The attachments provide a detailed analysis of the Workforce Initiatives, Virtual Contracting Enterprise, and cost to hire 1000 Contracting Professionals.

SECTION 852 TEMPLATE FOR WORKFORCE INITIATIVES

Title: Senior Leadership Development Program Cohort for Contracting Professionals (CP-14)- (Provide training and leadership opportunities for the Contracting workforce to ensure solid leadership skills and career broadening opportunities that will prepare our Contracting workforce to be future leaders).

Category of Initiative: 1.Training 2. Leadership Development 3.Developmental Assignments

Select best fit -- __ Recruiting __ Hiring _X_ Development __ Retention __ Workforce Analysis

Drivers/Influences: The success of the United States Army and the Contracting Mission is directly affected upon how well we train and develop our leaders. The Deputy Assistant Secretary of the Army for Policy and Procurement, the Office of Procurement Policy and Support and the Contracting Career Program Office partnered with the Office of Personnel Management's Federal Executive Institute (FEI) to develop the Senior Leadership Development Program. This program targets Army contracting professionals in the grades of GS -14, GS -15 and equivalent broad/pay bands. The goal of this program is to prepare our Contracting professionals for leadership roles, which are important because this initiative is part of the Army Acquisition Corps, and the Assistant Secretary of the Army for Acquisition Logistics and Technology Initative of promoting leadership development through relevant and ready training and development opportunities.

Component and DoD Strategic Objectives: This initiative is directly related to the Army Acquisition Corps and the Assistant Secretary of the Army Acquisition Logistics and Technology objectives.) Promote workforce professional development and Ensure Relevant and ready training and development opportunities. Develop and implement an Acquisition Corps Leadership Strategy as well as Promote Acquisition Corps Leadership Development.

Description: With nearly two-thirds of the Army's contracting workforce eligible for retirement over the next 5 years, leader development is critical and one of the hottest topics in human resource planning. Developing a cadre of trained and ready professionals to assume key leadership positions is an integral component of maintaining the Army's strategic readiness. To meet this need, the Contracting and Acquisition community launched a career program-oriented Senior Leadership Development Program.

Funding: **(Dollars in Thousands)**
Estimate based on 20 students per year (18 month program) @20,000 with $5,000 increase factored in per year

FY08	FY09	FY10	FY11	FY12	TOTAL
$800,000	$900,000	$1,000,000	$1,100,000	$1,200,000	$5,000,000

Execution Strategy: SF182, MIPRS, and IMPAC

Expected Outcome/Results (Metrics/Key Performance Indicators):
Developing a cadre of trained and ready professionals to assume key leadership positions

Point of Contact: Chandra Evans-Mitchell, 703-905-1257, Chandra.Evansmitchel@us.army.mil

SECTION 852 TEMPLATE FOR WORKFORCE INITIATIVES

Title: (Generic Title Reference) – (Include Short Expected Endstate of Initiative led by Action Verb). Future Acquisition Student Training (FAST) TRACK Program for the Contracting and Acquisition Career Program (CP-14) workforce

Category of Initiative: 1. Recruitment, 2. Training, 3. Career Development and 4. Experience (A recruitment program designed to develop future contracting and acquisition leaders by introducing college students into the CP-14.

Select best fit --

X Recruiting __ Hiring __ Development X Retention __ Workforce Analysis

Drivers/Influences: The FAST TRACK program is designed under the authority of the Student Career Experience Program (5 Code of Federal Regulation 213.3202(b)) and serves as a feeder program for Department of the Army and local CP-14 intern programs.

Component and DoD Strategic Objectives: This initiative is directly related to the Assistant Secretary of the Army Acquisition Logistics and Technology objectives. Ensure relevant and ready acquisition workforce.

Description: With nearly two-thirds of the Army's contracting workforce eligible for retirement over the next 5 years, recruitment and training development is critical and one of the hottest topics in human resource planning. A recruitment program designed to develop and retain future contracting and acquisition leaders early on also serve as a feeder program for Department of the Army and local CP-14 intern programs.

Funding: **(Dollars in Thousands)** Funds are requested for 200 FAST TRACK students estimate $8,000.00 per year with some escalation minor per the chart below.

FY08	FY09	FY10	FY11	FY12	TOTAL
$160,000	$164,800	$169,744	$174,834	$180,079	$849,457

Execution Strategy: The funding will be executed monthly via a MIPR during the fiscal year.

Expected Outcome/Results (Metrics/Key Performance Indicators):
Developing a stream of trained and ready professionals to assume future leadership positions

Point of Contact: USA Acquisition Support Center, Ronnett Walton, 703-805-1254, ronnett.walton@us.army.mil

Note: This template is related to Section 852 which is not law; it provides a pre-planning outline of considerations for potential ideas for use of the funds should it become law in the future.

SECTION 852 TEMPLATE FOR WORKFORCE INITIATIVES

Title: (Generic Title Reference) – (Include Short Expected Endstate of Initiative led by Action Verb). Student Loan Repayment Program for the Acquisition, Logistics and Technology (AT&L) Workforce.

Category of Initiative: 1. Recruitment, 2. Retention (A retention and recruitment program/tool designed to facilitate and incentivize the future highly qualified AT&L workforce members.

Select best fit --

X Recruiting __ Hiring __ Development X Retention __ Workforce Analysis

Drivers/Influences: The Student Loan Repayment Program is designed under the authority of Title 5, U.S. Code Section 5379, and Title 5, Code of Federal Regulations Part 537.

Component and DoD Strategic Objectives: Ensure relevant and ready acquisition workforce.

Description: The Student Loan Repayment Program is designed and developed to facilitate, incentivize and retain new highly qualified AT&L workforce members.

Funding: **(Dollars in Thousands)** Funds are requested for 200 new hire students estimate up to $10,000.00 per year per the chart below.

FY08	FY09	FY10	FY11	FY12	TOTAL
$200,000	$200,000	$200,000	$200,000	$200,000	$1,000,000

Execution Strategy: The funding will be executed quarterly via direct payment to the Federal Direct Loan grantors.

Expected Outcome/Results (Metrics/Key Performance Indicators):
Recruit and retain a cadre of highly qualified and ready professionals to assume key leadership positions

Point of Contact: USA Acquisition Support Center, Mitchell Colston, 703-805-1245, Mitchell.colston@us.army.mil.

Note: This template is related to Section 852 which is not law; it provides a pre-planning outline of considerations for potential ideas for use of the funds should it become law in the future.

SECTION 852 TEMPLATE FOR WORKFORCE INITIATIVES

Title: Advanced Issues in Source Selection (Federal Publications Seminars, Inc.), Managing Performance-Based Contracts (JRZ Acquisition Training & Consulting), and Training for Improved Performance of Services Upgraded/Proposal Evaluation (JRZ Acquisition Training & Consulting).

Category of Initiative: Training and Education

Select best fit --

__ Recruiting __ Hiring _X_ Development __ Retention __ Workforce Analysis

Drivers/Influences: In the constantly changing environment of Government contracting, the availability of training, and education for contracting professionals is invaluable. It is important that the CP-14 workforce members maintain currency in whatever area of contracting the employee is assigned.

Component and DoD Strategic Objectives:
This initiative is directly related to the Balanced Score Card Initiatives – Promote Workforce Professional Development and Ensure Relevant and Ready Training and Development Opportunities.

Description:
The goal of this initiative is to provide functional level training to enhance the employee's business skills by implementing techniques and lead students through team exercises that reinforce learning objectives. Employees will learn how to rapidly anticipate and resolve the complexities that have been created by "simplification" - to make streamlining actually work as well as how to benefit from the latest, most advanced developments in evaluation factors, communications, experience requirements, oral presentations, past performance analysis, and more

Funding: **(Dollars in Thousands)**

FY08	FY09	FY10	FY11	FY12	TOTAL
$129,500	$129,500	$129,500	$129,500	$129,500	$647,500

Execution Strategy:
Two funding methods will be used: SF 182s and 1610s. Courses are conducted throughout the fiscal year.

Expected Outcome/Results (Metrics/Key Performance Indicators):
This initiative will promote use throughout the Army and DoD acquisition community to institutionalize contract management initiatives and the source selection process.

Point of Contact:
USAASC, Acquisition Career Development Division, Christine Rimestad, 703-805-1246

Note: This template is related to Section 852 which is not law; it provides a pre-planning outline of considerations for potential ideas for use of the funds should it become law in the future.

SECTION 852 TEMPLATE FOR WORKFORCE INITIATIVES

Title: Harvard Senior Executive Fellowship, Leadership for a Democratic Society (FEI), Leadership for Extraordinary Performance (Darden), Power and Leadership (Darden), and Foundations of Leadership (Eckerd)

Category of Initiative: Training, Education, and Leadership Development

Select best fit --

__ Recruiting __ Hiring _X_ Development __ Retention __ Workforce Analysis

Drivers/Influences: In the constantly changing environment of Government contracting, the availability of training, education, and development for contracting professionals is invaluable. It is important that the CP-14 workforce members maintain currency in whatever area of contracting the employee is assigned.

Component and DoD Strategic Objectives:
This initiative is directly related to the Balanced Score Card Initiatives – Promote Workforce Professional Development and Ensure Relevant and Ready Training and Development Opportunities.

Description:

The goal of this initiative is to provide functional level and leadership training to enhance the employee's business skills through problem solving and strategic analysis. These executive level training courses are designed for successful DoD managers and upper level acquisition specialists interested in gaining the skills to be effective leaders in an ever-changing government.

Funding: **(Dollars in Thousands)**

FY08	FY09	FY10	FY11	FY12	TOTAL
$100,800	$100,800	$100,800	$100,800	$100,800	$504,000

Execution Strategy:
Two funding methods will be used: SF 182s and 1610s. Courses are normally conducted twice in a fiscal year – in the 1st and 3rd quarters of the FY.

Expected Outcome/Results (Metrics/Key Performance Indicators):
This initiative will promote development and will increase the employee's business and leadership skills. The courses provide the essentials of leadership and allows the employees to improve their leadership skills and behaviors.

Point of Contact:
USAASC, Acquisition Career Development Division, Christine Rimestad, 703-805-1246

Note: This template is related to Section 852 which is not law; it provides a pre-planning outline of considerations for potential ideas for use of the funds should it become law in the future.

Title: National Contract Management Association (NCMA) World Congress

SECTION 852 TEMPLATE FOR WORKFORCE INITIATIVES

Category of Initiative: Training and Education

Select best fit --

__ Recruiting __ Hiring _X_ Development __ Retention __ Workforce Analysis

Drivers/Influences: In the constantly changing environment of Government contracting, the availability of training, education, and development for contracting professionals is invaluable. It is important that the CP-14 workforce members maintain currency in whatever area of contracting the employee is assigned.

Component and DoD Strategic Objectives:
This initiative is directly related to the Balanced Score Card Initiatives – Promote Workforce Professional Development and Ensure Relevant and Ready Training and Development Opportunities.

Description:
The goal of this initiative is to provide functional level training to enhance the employee's contracting and business skills. This premier annual event focuses on the needs and challenges of the federal and commercial contracting industry. High profile panelists and speakers, various high quality educational programs, and unparalleled networking opportunities address the leading issues and requirements that all contract professionals deal with daily.

Funding: **(Dollars in Thousands)**

FY08	FY09	FY10	FY11	FY12	TOTAL
$70,000	$75,000	$80,000	$85,000	$90,000	$400,000

Execution Strategy:
Various methods will be used: SF 182s, MIPRs, IMPAC, and DD 1610s. Funding will be executed in the 2nd and 3rd quarters of the FY.

Expected Outcome/Results (Metrics/Key Performance Indicators):
This initiative will promote development and will increase the employee's knowledge and skills in contracting.

Point of Contact:
USAASC, Acquisition Career Development Division, Christine Rimestad, 703-805-1246

Note: This template is related to Section 852 which is not law; it provides a pre-planning outline of considerations for potential ideas for use of the funds should it become law in the future.

Title: Darden, Commercial Business Environment - A Primer for Department of Defense Managers and the U.S. Army Advanced Program in Acquisition Excellence

SECTION 852 TEMPLATE FOR WORKFORCE INITIATIVES

Category of Initiative: Training, Education, and Leadership Development

Select best fit --

__ Recruiting __ Hiring _X_ Development __ Retention _ _ Workforce Analysis

Drivers/Influences: In the constantly changing environment of Government contracting, the availability of training, education, and development for contracting professionals is invaluable. It is important that the CP-14 workforce members maintain currency in whatever area of contracting the employee is assigned.

Component and DoD Strategic Objectives:
This initiative is directly related to the Balanced Score Card Initiatives – Promote Workforce Professional Development and Ensure Relevant and Ready Training and Development Opportunities.

Description:
The goal of this initiative is to provide functional level and leadership training to enhance the workforce member's contracting and business skills. These senior contracting level training courses are designed for successful DoD managers and contracting and acquisition specialists interested in gaining the commercial business and change management skills to be effective leaders in an excellence-driven government. Through the use of case studies, guest speakers, and team projects, the personnel learn about the changing environment of contracting and their increased knowledge directly benefits the contracting customers and Warfighters.

Funding: **(Dollars in Thousands)**

FY08*	FY09	FY10	FY11	FY12	TOTAL
$400,000	$830,000	$850,000	$870,000	$890,000	$3,840,000

* One course has been conducted in FY08. Funds requested are for the second offering of the courses. FY09 – FY12 amounts based on two courses each per FY.

Execution Strategy:
Two funding methods will be used: SF 182s and 1610s. Courses are normally conducted twice in a fiscal year – in the 1st and 4th quarters of the FY.

Expected Outcome/Results (Metrics/Key Performance Indicators):
This initiative will promote development and will increase the employee's contracting and business skills, especially in the area of commercial business, change management, and acquisition excellence. The courses provide a broader view of what is current in contracting and acquisition initiatives and ensure that we have a more informed workforce in the business environment and acquisition excellence.

Point of Contact:
USAASC, Acquisition Career Development Division, Christine Rimestad, 703-805-1246

VIRTUAL CONTRACTING ENTERPRISE COST BREAKOUT

$$ in thousands

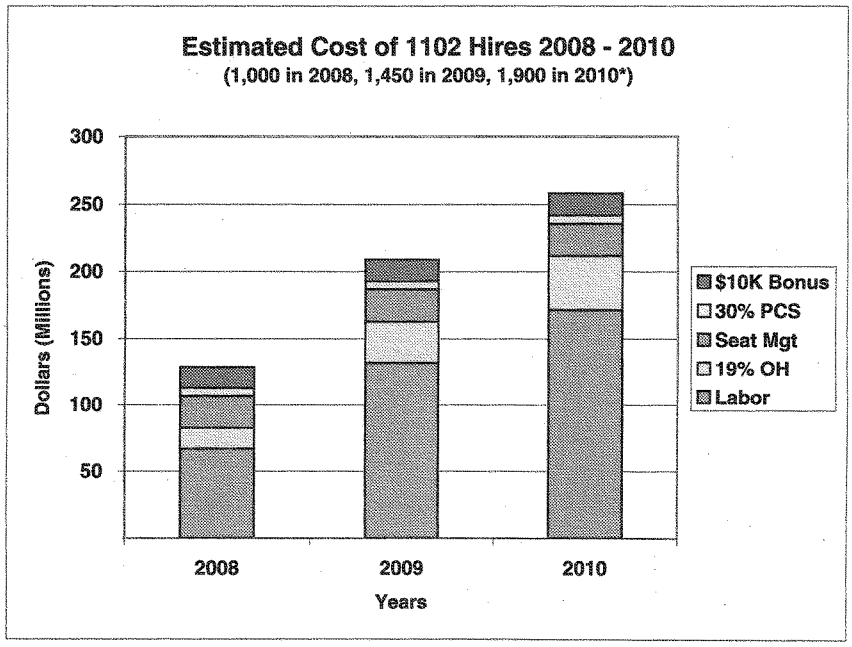
	FY08	FY09	Total Deployment FY08 & 09	Annual Sustainment Beginning FY09
Commercial Software Costs	$725	$0	$725	
Oracle 10G	$225	$0		
Business Objects 5 CPU*	$500	$0		
Business Objects 3 CPU (Funded by AMC)	$0	$0		
Software Expansion Costs (expanding number of users)	$2,170	$1,834	$4,004	
Software FTEs (7) @ $214.25K / Year	$1,500	$1,500		
Software ASSIST 3 FTEs: FY08, 1.5 FY09	$670	$334		
Hardware (Production) - Includes Network Hardware	$2,000	$0	$2,000	
Sun V490 App Servers (6)	$360	$0		
Dell Windows 6850 App Servers (4)	$160	$0		
Sun Spark M5000 Database Server Fully Configured	$1,000	$0		
Dell Windows 2950 Windows Servers (2)	$60	$0		
Cisco Router/Load Balancer (6)	$90	$0		
SANs Array (SUN 6320)	$230	$0		
1 SunV490 and 1 Windows 6850	$100	$0		
Hardware (COOP) - Includes Network Hardware	$1,150	$0	$1,150	
Sun V490 App Servers (3)	$180	$0		
Dell Windows 6850 App Servers (2)	$80	$0		
Sun Spark M5000 Database Server Minimally Configured	$715	$0		
Cisco Router/Load Balancer (3)	$45	$0		
Dell Windows 2950 Windows Servers (1)	$30	$0		
1 SunV490 and 1 Windows 6850	$100	$0		
Hardware (Staging/Development) Provided by AMC (Sunk Costs)	$0	$0	$0	
Hardware Installation & Set-Up (Production & COOP):	$120	$0	$120	
Project Management	$300	$300	$600	
Travel	$100	$100		
FTE Support (1 FTE)	$200	$200		
TOTAL Deployment	$5,795	$1,800	$8,599	
Sustainment Costs				
Annual Software License Upgrades				$184
Annual System Maintenance				$2,047
1 DBA				$180
1 Business Objects Administrator				$185
2 Business Intelligence Report writers				$270
2 JAVA Developers				$380
1 PCF Administrator				$175
Help Desk				$500
ASSIST Maintenance (2 FTE)				$357
Hardware Hosting				$546
2 FTEs (Windows & Solaris/Unix)				$205
Facilities Cost				$85
Server Maintenance				$120
ASSIST Hosting				$136
TOTAL Sustainment				$2,777

Contracting Professional Cost

(30% PCS + $10K Bonus)

	2008	2009	2010
Labor	66,828,247	131,872,010	171,416,597
19% OH	15,675,762	30,932,941	40,208,832
30% PCS	6,000,000	6,000,000	6,000,000
40% PCS	8,000,000	8,000,000	8,000,000
50% PCS	10,000,000	10,000,000	10,000,000
Seat Management	24,000,000	24,000,000	24,000,000
$10,000 Bonus	15,860,820	16,185,150	16,511,410
$20,000 Bonus	17,860,820	18,185,150	18,511,710
Total	**164,225,649**	**245,175,250**	**294,648,549**

	Labor	19% OH	Seat Mgt	30% PCS	$10K Bonus		Total
2008	66,828,247	15,675,762	24,000,000	6,000,000	15,860,820	$	**128,364,829**
2009	131,872,010	30,932,941	24,000,000	6,000,000	16,185,150	$	**208,990,100**
2010	171,416,597	40,208,832	24,000,000	6,000,000	16,511,410	$	**258,136,839**
					3 Year Total	$	**595,491,768**



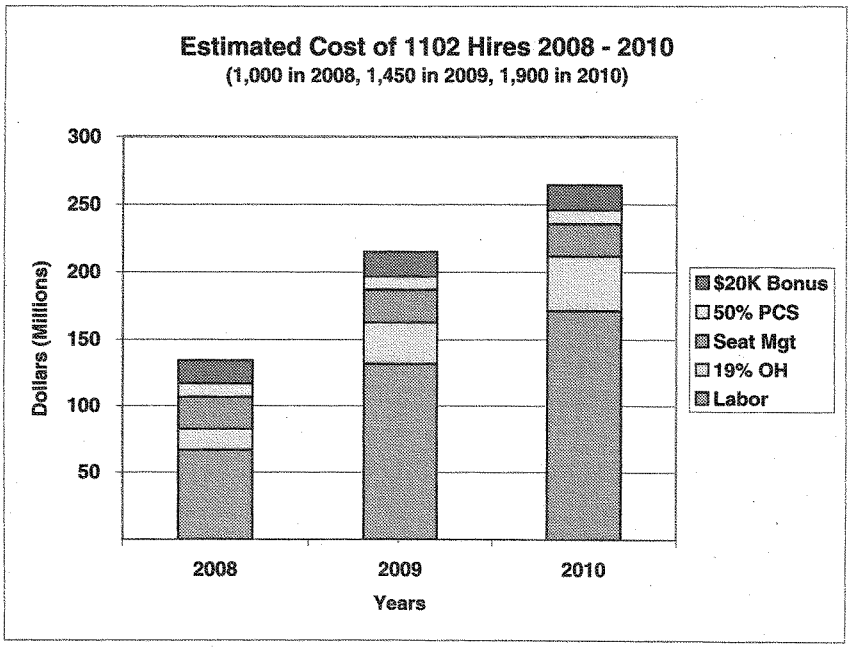
* Note: In Year 1 (2008/initial year) 450 interns will be hired. In Year 2 (2009) another 450 interns will he hired and the original 450 interns will be "carried over" to Year 2. In Year 3 (2010) another 450 interns will be hired and 450 interns from Year 1 will be "carried over" to Year 2 and 450 interns from Year 2 will be "carried over" to Year 3.

Contracting Professional Cost

(50% PCS + $20K Bonus)

	2008	2009	2010
Labor	66,828,247	131,872,010	171,416,597
19% OH	15,675,762	30,932,941	40,208,832
30% PCS	6,000,000	6,000,000	6,000,000
40% PCS	8,000,000	8,000,000	8,000,000
50% PCS	10,000,000	10,000,000	10,000,000
Seat Management	24,000,000	24,000,000	24,000,000
$10,000 Bonus	15,860,820	16,185,150	16,511,410
$20,000 Bonus	17,860,820	18,185,150	18,511,710
Total	**164,225,649**	**245,175,250**	**294,648,549**

	Labor	19% OH	Seat Mgt	50% PCS	$20K Bonus	Total
2008	66,828,247	15,675,762	24,000,000	10,000,000	17,860,820	**$ 134,364,829**
2009	131,872,010	30,932,941	24,000,000	10,000,000	18,185,150	**$ 214,990,100**
2010	171,416,597	40,208,832	24,000,000	10,000,000	18,511,710	**$ 264,137,139**
					3 Year Total	**$ 613,492,068**



Note: In Year 1 (2008/initial year) 450 interns will be hired. In Year 2 (2009) another 450 interns will he hired and the original 450 interns will be "carried over" to Year 2. In Year 3 (2010) another 450 interns will be hired and 450 interns from Year 1 will be "carried over" to Year 2 and 450 interns from Year 2 will be "carried over" to Year 3.

Mr. MURTHA. Thank you.

Mr. HOBSON. I have one last question. Right now you are talking about the Army, but you also alluded to the fact that that the other services, the Marine Corps, Navy, others may have a similar-type problem. Maybe you cannot speak for this, but is this something, Mr. Chairman, we should look at? If it is systemic here, is the Marine Corps facing the same problem in service contracts? Maybe not in supplying the military stuff. But what about the Navy? Is anybody looking at that?

General THOMPSON. Yes, sir, we are. As a matter of fact, yesterday I spent 2 hours in a meeting with the senior officials in the Defense Department across all the services. And one of the things that the Gansler Commission recommended, and it is a requirement in the law, is that DOD report back in 120-days, as well as the Army reporting back in 120 days, on what they are doing to address the systemic issues. There are eight groups in the Defense Department right now with representation across all of the services looking at all of the systemic issues to make sure that we fix not just the Army, but all of the services. And that report will come back over to the Congress within the 120-day period from the time of the enactment of the Authorization Act.

TRUCK CONTRACTS

Mr. HOBSON. Just one last comment. I am still concerned that we are just automatically renewing truck contracts for billions of dollars and not competing them. Because the last time not at the Army's request, but at this Committee's request that trucks be competed, we saved a lot of money. Still do not like the truck, but we saved a lot of money. We are not doing that today. I understand you people are going to do another, or already have done another $2 or $3 billion contract, noncompete rebuy on the FMTV trucks. And in my personal opinion, that is not good for the taxpayer. Thank you, Mr. Chairman.

Mr. MURTHA. Mr. Moran.

CONTRACT PERSONNEL

Mr. MORAN. Thank you, Mr. Chairman. The frustrating thing is that it is now 2008, and the problems we are talking about have been going on for almost 5 years. And what I want to underscore is that the authorizing Committee primarily drove this reduction in acquisitions personnel. Acquisition personnel were cut by almost 50 percent, not because of the Appropriations Subcommittee, but because of the authorizing committee. And yet there was not a squawk from any witness before this Committee until the subcommittee initiated the questioning.

Even though this kind of stuff was going on and there was fraud, there was just incompetence, there was an enormous waste of money. And now we look back and we see, well, gosh, contract actions increased by almost 650 percent since the Clinton administration, the dollar value of contracts went up by 330 percent, and yet the number of contract personnel went down by 50 percent. And yet the military never asked for more people. I mean, you can look back in the testimony, and not that you are that young, General, but you know, you are relatively new to the scene, so I am not

holding you personally responsible, but it is frustrating that this stuff has been going on.

And now we look back and say, oh, gosh, here is the Gansler report that says the obvious, and now we are starting to deal with it. Now that we should have already concluded this mess in Iraq. And the subcommittee has always been willing, the subcommittee, in fact, has always granted whatever was requested. Now, I know I am kind of lecturing here on a harangue; but that is the frustrating aspect of it. We look back, and the Gansler recommendations are pretty obvious. You need to increase contract personnel by 1,400 people. And you look back, well, what has the Congress done? You find that this subcommittee has done everything that has been done.

It has not been enough. But you know, we added almost $50 million for the audit agency. We added—the staff can tell us—but I think all told, a few hundred million into contracting. And now you are responding. And that is the troubling thing, that it is so much after the fact, and this money has been wasted, and morale of the troops has been affected accordingly.

For 4 years now, this subcommittee, and particularly in the last 2 years, has asked how many contractors are there in Iraq? And we were given what, a round number of about 100,000 or something. But you would think, and I am sort of hoping that this is brought back to the folks who are still there now in their 8th year, that they would have gotten us an accurate number. I still don't think we have an accurate number. And you tell us about this fraud, some of these people who committed the fraud are still getting contracts. And I do not know that we have a system for saying, look, there is accountability here. If you were involved in any kind of fraud in your contract, you do not get any more contracts. Do we have a policy like that?

General THOMPSON. We have a system to do that. A couple of points, sir.

SUSPENDED AND DEBARRED CONTRACTS

Mr. MORAN. Has it been implemented? Has anybody been actually blacklisted as a result?

General THOMPSON. Yes, sir.

Mr. MORAN. Who?

General THOMPSON. Once an organization or a contractor is identified, they can go on the suspended or debarred list. And then the other thing that happens is before they get on the suspended and debarred list, which, in some cases, takes some time, their performance is evaluated by the existing contracts that they have got. And if they are bidding for a new contract, the contracting officer that is looking at them as a potential source for the new contract looks at their performance. And that is part of the consideration in whether they should be awarded a subsequent contract.

Mr. MURTHA. That is a hypothetical answer. How many has that happened to?

General THOMPSON. I would have to take that one again for the record, sir, to give you the specifics. But there are companies that are on the debarred and suspended list. There are companies whose past performance is not good, and that is known to the con-

tracting community as they look to let future contracts. And we can go back and give you on an annual basis how many those numbers are that get added to that list.

Mr. KINGSTON. Would the gentleman yield?

Mr. MORAN. Yeah.

Mr. KINGSTON. I just want to ask, when you bar somebody, is that as an individual or as a company? Because so many of these people work through a shell of different corporations.

General THOMPSON. It can be either/or. It can be either/or.

Mr. KINGSTON. So you can actually follow the individual?

General THOMPSON. Yes.

Mr. MORAN. Let me say, Mr. Chairman, first of all, it is what we should be doing, but in many ways this is subjective. You know, it is one of the considerations to take into—it is one of the factors to take into consideration. The reality, unless we can be shown otherwise, is that these very same firms are still getting contracts. Maybe, you know, they took it into consideration and they were not the prime contractor, but the fact is they are still getting the contract. There has got to be some accountability. And I just do not see it coming internally.

No offense to the witnesses, but you have got—I think you have got to show us some proof that you have gotten tough on these folks, because unless there is proof, they are going to continue. Because the message, the contractors know who has been abusing the system. And if they continue to get contracts, that is a message that is sent that the contracting officer is going to look the other way.

Now, a lot of them have come to us and said, now, look, it is not so much they are looking the other way, but there are not contractors looking anywhere because there are not enough of them. And the really good ones we wind up hiring anyway, and we can pay them three times as much. And that is the other thing the Gansler report said, it is not just the quantity that we are missing, we are missing the quality. And there is not enough training and not enough compensation. And if we want to—and that is one of the things that was underscored in the Committee's report last—that was released with the '08 bill.

[The information follows:]

A number of persons and companies have been suspended or debarred. The attachment provides the most current list.

Suspension and Debarment Action

Name	Position	Suspension and Debarment Action Taken	Reason for Action	Loss to Government	Case Status
Powell, Glenn Allen	LOGCAP Contractor Employee	17 Sep 05 - Suspended; 13 Dec 05 - Proposed for Debarment; 16 Feb 06 - Debarred	Bribery of Government Official	$113,000	Awarded contract to KBR subcontractor under LOGCAP III contract in exchange for 20% kickback of contract price. Employer unaware of actions. On 19 August 2005, pled guilty to a two-count criminal information charging him with fraud. **Case Closed.**
DXB International	LOGCAP Sub-Contractor	25 Jul 05 - Suspended; 25 Jul 05 - Proposed for Debarment; 29 Sep 05 - Debarred	Allegations of Failure to Perform a Contract	$41,311,936.00	Failure to perform a contract for the delivery of ice to Army troops in Iraq. **Case Closed**
Sidney Loggins	Employee - DXB International	25 Jul 05 - Suspended; 25 Jul 05 - Proposed for Debarment; 29 Sep 05 - Proposal for Debarment Terminated	Allegations of Failure to Perform a Contract	See case status	SDO determined that debarment was not appropriate based on lack of substantiation of allegations. **Case Closed.**
Ludwig, Steven	Employee - DXB International	25 Jul 05 - Suspended; 25 Jul 05 - Proposed for Debarment; 29 Sep 05 - Debarred	Allegations of Failure to Perform a Contract	See case status for DXB International	Failure to perform a contract for the delivery of ice to Army troops in Iraq. **Case Closed.**
Jasmine International Trading and Service Company	Contractor - Area Support Group Kuwait	27 Feb 06 - Proposed for Debarment; 2 Jun 06 - Debarred	Allegations of Bribery of Government Official	No known loss to the Government.	Provided payments to Army finance office personnel at Camp Arifjan, Kuwait, for expedition of payments due on Army contracts. Kuwaiti Company - no DoJ action. 9 Month Debarment. **Case Closed.**
Salem, Diaa Ahmen Abdul Latif	Director, Jasmine International Trading and Service Company	27 Feb 06 - Proposed for Debarment; 2 Jun 06 - Debarred	Allegations of Bribery of Government Official	No known loss to the Government.	Provided payments to Army finance office personnel at Camp Arifjan, Kuwait, for expedition of payments due on Army contracts. Kuwaiti National - no DoJ action. 9 Month Debarment. **Case Closed**
Eagle Global Logistics, Inc.	Sub-Contractor - LOGCAP III	27 Feb 06 - Suspended; 2 Mar 06 - Administrative Compliance Agreement Signed	Allegations of Violation of the False Claims Act; False Statements	No known loss to the Government.	Claimed surcharges for air-freight forwarding services of transport of U.S. military equipment between Dubai and Baghdad. Administrative compliance agreement signed with Army on 2 Mar 06.
Cahill, Christopher Joseph	Employee - Eagle Global Logistics, Inc.	27 Feb 06 - Suspended; 15 Sep 06 - Proposed for Debarment; 9 Nov 06 - Debarred	False Claims Act; False Statements	See case status	Pled guilty to adding an illegal surcharge to Government contracts while employed by a shipping company in the Middle East. Sentenced by the U.S. District Court, Central District of Illinois to 30 months confinement, 2 years supervised release, and a $10,000 fine. **Case Closed.**

Suspension and Debarment Action

Global Business Group S.R.L.	Contractor - CPA-SC	28 Nov 05 - Suspended; 26 Jun 07 - Proposed for Debarment; 8 Aug 07 - Debarred	Money Laundering; Bribery; Wire Fraud; Interstate Transport of Stolen Property; Conspiracy	$2,982,610	Contractor based in Romania used by Philip H. Bloom to procure fraudulent contracts. Also doing business as Global Business Group Logistics, GBG Holdings and GBF Logistics Division. Debarred for a period of approximately 7 years and 4 months, ending on 28 Nov 14. **Case Closed**.
Bloom, Philip H.	Owner, Global Business Group S.R.L.	28 Nov 05 - Suspended; 26 Jun 07 - Proposed for Debarment; 8 Aug 07 - Debarred	Money Laundering; Bribery; Wire Fraud; Interstate Transport of Stolen Property; Conspiracy	See case status for Global Business Group S.R.L.	Pled guilty to conspiracy, bribery and money laudering on 10 Mar 06 in U.S. District Court for the District of Columbia. Sentenced 16 Feb 07 to 46 months confinement, 24 months supervised release and (with co-conspirators) forfeiture of $3,600.000. Debarred for a period of approximately 7 years and 4 months, ending on 28 Nov 14. **Case Closed**.
Merkes, Steven	Former Contracting Officer - SOCEUR	24 Jan 07 - Suspended; 15 Aug 07 - Proposed for Debarment; 27 Sep 07 - Debarred	Acceptance of Illegal Gratituties	$24,000.00	Accepted position with Global Business Group S.R.L. while a US Gov't employee. Agreed to provide GBG with assistance in receiving SOCOM contracts in Eastern Europe and Iraq. Sentenced 1 Jun 07 to 12 months confinement.
Stein, Robert J., Jr.	CPA-SC Civilian Comptroller and Funding Officer	2 Dec 05 - Suspended; 2 Jul 07 - Proposed for Debarment; 16 Aug 07 - Debarred	Allegations of Money Laundering; Bribery; Wrongful Conversion; Possession of Machine Gun; Non Registration of Weapon; Wire Fraud; Interstate Transport of Stolen Property; Conspiracy	$434,348 plus $69,620 worth of weapons	Pled guilty to conspiracy, money laundering, bribery, possession of a machine gun and aiding/abetting in the U.S. District Court for D.C. Sentenced on 29 Jan 07 to 9 years confinement, 36 months supervised release, and (with co-conspirators) forfeiture of $3,600,000. Debarred for a period of approximately 7 years and 4 months, ending on 5 Dec 14. **Case Closed**.
Wheeler, Michael B., LTC, USAR	Civil Affairs Team Leader, 432nd CA BN, USA	7 Dec 05 - Suspended	Allegations of Money Laundering; Bribery; Wrongful Conversion; Possession of Machine Gun; Non Registration of Weapon; Wire Fraud; Interstate Transport of Stolen Property; Conspiracy	$100,000	Indicted 7 Feb 07 in the U.S. District Court for the District of New Jersey. Awaiting Trial.

Suspension and Debarment Action

Harrison, Debra M., LTC, USAR	Assistant CPA-SC Comptroller and Funding Officer, 358th CA BDE, USA	20 Dec 05 - Suspended	Allegations of Money Laundering; Bribery; Wrongful Conversion; Possession of Machine Gun; Non Registration of Weapon; Wire Fraud; Interstate Transport of Stolen Property; Conspiracy	$330,000 plus assorted bribery gifts: weapons, airline tickets and a Cadillac Escalade	Indicted 7 Feb 07 in the U.S. District Court for the District of New Jersey. Awaiting Trial.
Hopfengardner, Bruce D., LTC, USAR	Civil Affairs Advisor, Iraqi Police, Al-Hillah Iraq	19 Jul 06 - Suspended; 8 Aug 07 - Proposed for Debarment; 20 Sep 07 - Debarred	Wire Fraud, Money Laundering, Interstate Transport of Stolen Property, Conspiracy, Wrongful Conversion	$22,400 cash, $3,121 investments, Harly Davidson Motercycle, and GMC Yukon Denali	Pled guilty to conspiracy to commit money laundering and wire fraud 26 Jun 07. Sentenced to 21 months confinement, 36 months supervised release, $144,500 fine, and (with co-conspirators), forfeiture of $3,600,000. **Case Closed.**
Salam, Faheem Mousa	Contractor - MNSTC-I	13 Apr 06 - Suspended; 13 Apr 07 - Proposed for Debarment; 28 Jun 07 - Debarred	Attempted Bribery of Government Official	No known loss to the Government.	Accused of offering cash payments to Iraqi police officials in exchange for contracts to supply the Civilian Police Assistance Training Team, Multi-National Security Transition Command - Iraq, with 1,000 protective vests and other equipment. Sentenced 7 Feb 07 to 36 months confinement, 24 months supervised release, 250 hours community service and $100 SA. **Case Closed.**
Faiq, Alwan	Contractor Employee - GRD Baghdad	20 Jun 06 - Proposed for Debarment; 28 Dec 06 - Debarred	Allegations of Bribery, False Claims	No known loss to the Government.	Alleged attempted bribery of a USACE-GRD contracting officer in exchange for procurement sensitive information and favorable treatment on future contracts. **Case Closed.**
Danube Engineering and General Contracting	Contractor - GRD Baghdad	20 Jun 06 - Proposed for Debarment; 28 Dec 06 - Debarred	Allegations of Bribery, False Claims	No known loss to the Government.	Debarred based on unauthorized delegation of contract performance to a subcontractor resulting in attempted bribery of a contracting officer for procurement sensitive informaton. Debarred for one year. **Case Closed**
Qussay, Abdullah Hady	President, QHA Mechanical and Electrical Works	8 Mar 07 - Proposed for Debarment; 27 Jun 07 - Debarred	Allegations of Bribery, False Claims	No known loss to the Government.	Accused of misrepresenting to USACE-GRD that he was a director of Danube Engineering and General Contracting. **Case Closed.**

Suspension and Debarment Action

QAH Mechanical and Electrical Works	Subcontractor, Baghdad, Iraq	8 Mar 07 - Proposed for Debarment; 27 Jun 07 - Debarred	Allegations of Bribery, False Claims	No known loss to the Government.	Debarred based on affiliation with Mr. Abdullah H. Qussay. **Case Closed.**
Zahed, Mohamed Abdel Latif	Contractor Employee (Linguist), Camp Victory, Iraq	9 Feb 07 - Proposed for Debarment	Allegations of False Claims	No known loss to the Government.	Contractor provided reimbursement of $31,985. Current whereabouts unknown.
Parsons Corporation, d/b/a Parsons Global Service, Inc.	Contractor, Iraq Reconstruction Projects	See Case Status	See case status	See case status	Show cause letter sent on 27 Mar 07 to determine compliance with DFARS 203.7000 based on allegations made by SIGIR during congressional testimony and in audit reports. Response currently under review by SDO.
Moore, Keith, SFC, USA	Mayor, FOB Union III, Iraq, HUB, 2-77 FA	30 Mar 07 - Proposed for Debarment	Allegations of Bribery, Theft, Extortion	$7,360	Allegedly accepted cash payments from contractors at FOB Union III in exchange for cash and personal items. Threatened to have contractors removed from FOB for failure to provide payments demanded. Awaiting court-martial, Ft. Hood, TX.
Balisi, Anthony O, SSG, USA	Provost, FOB Union III, Iraq, HHB, 2-77 FA	30 Mar 07 - Proposed for Debarment	Allegations of Bribery, Theft, Extortion	Unknown	Allegedly accepted cash payments from contractors at FOB Union III in exchange for cash and personal items. Threatened to have contractors removed from FOB for failure to provide payments demanded. Awaiting court-martial, Ft. Hood, TX.
Whiteford, Curtis G, COL (Retired) USA	Chief of Staff and Deputy Regional Advisor, CPA-SC, Al-Hillah, Iraq	30 Mar 07 - Suspended	Allegations of Money Laundering; Bribery; Wrongful Conversion; Possession of Machine Gun; Non Registration of Weapon; Wire Fraud; Interstate Transport of Stolen Property; Conspiracy	Nissan 350z Sports Car, cash, airline tickets, jewelry, tactical gear, and an offer of employment with co-conspirator's company	Indicted 7 Feb 07 in the U.S. District Court for the District of New Jersey. Awaiting Trial.
Pappen, Gheevarghese	Contracting Officer - ASG Kuwait	30 Mar 06 - Suspended; 1 May 07 - Proposed for Debarment; 28 Jun 07 - Debarred	Bribery of Government Official; Racketeering	Approx. $28,900 in cash	Allegedly received approximately $28,900.00 and attempted to receive an additional payment of approximately $19,000.00 from a Kuwaiti national, for contracts to provide apartments in Kuwait City for Army personnel. **Case Closed.**

Suspension and Debarment Action

Seamans, Stephen Lowell	Employee, LOGCAP III Contractor	27 Apr 06 - Suspended; 5 Jan 07 - Proposed for Debarment; 27 Jul 07 - Debarred	Wire Fraud, Money Laundering	$380,130	Sentenced 1 Dec 06 to 12 months and 1 day confinement, 3 years supervised release, $380,130 restitution, $200 Special Assessement. **Case Closed.**
Palm Springs General Trading and Contracting Company	Contractor, Camp Arifjan, KU	1 Dec 06 - Proposed for Debarment; 18 May 07 - Proposed Debarment Terminated	Allegations of False Claims, False Statements	No known loss to the Government.	SDO determined that debarment was not appropriate based on lack of substantiation of allegations. **Case Closed.**
Green Valley Company	Contractor, Camp Arifjan, KU	1 Dec 06 - Proposed for Debarment; 18 May 07 - Debarred	Allegations of False Claims, False Statements	Allegations of $1,367,891 in false claims.	Fact based debarment action based on substantiated allegations that contractor willfully caused the submission of false claims related to the removal of black/gray water from Camp Arifjan, Kuwait. **Case Closed.**
Gutierrez, Marshall Angelo, LTC, USA	Active Duty Army Officer	5 Sep 06 - Suspended	Allegations of offering to disclose contractor bid, proposal and source selection information and soliciting contractors for illegal gratituties.	$27,103	Arrested 18 Aug 06. Died 5 Sep 06. Suspension Terminated. **Case Closed.**
Barnes, Thomas Nelson	Contractor Employee, MNF-I	4 Nov 05 - Suspended; 16 Nov 06 - Proposed for Debarment; 24 Jan 07 - Debarred	Theft	Loss valued at less than $1000	Pled guilty to one count of theft of public property for improperly issuing badges to contractor employees resulting in unauthorized access to the International Zone, Baghdad. Sentenced 11 May 06 to 30 days home confinement, 1 year supervised probation and $25 special assessment. Debarred for 4 years. **Case Closed.**
Lee Dynamics International	MNSTC-I Contractor	9 Jul 07 - Suspended	Allegations of Bribery of Government Official and Money Laundering	Between $11,400,000 and $25,000,000 in Government contracts	Fact based suspension action based upon information received from the International Contract Corruption Task Force. Alleged to have made payments to two contracting officers in exchange for the award of warehouse management contracts in support of the Iraqi police and armed forces.
Lee Defense Services Corporation	Subonctrctor and affiliated company, Lee Dyanamics International	9 Jul 07 - Suspended	Allegations of Bribery of Government Official and Money Laundering	No known loss.	Fact based suspension action based upon information received from the International Contract Corruption Task Force. Suspended as an affiliated company of Lee Dynamics International and Justin W. Lee.

Suspension and Debarment Action

George H. Lee	CEO and Chairman, Lee Dynamics International	9 Jul 07 - Suspended	Allegations of Bribery of Government Official and Money Laundering	See entry for Lee Dynamics International	Fact based suspension action based upon information received from the International Contract Corruption Task Force.
Justin W. Lee	Consultant and Former Marketing Manager, Lee Dynamics International	9 Jul 07 - Suspended	Allegations of Bribery of Government Official and Money Laundering	See entry for Lee Dynamics International	Fact based suspension action based upon information received from the International Contract Corruption Task Force.
Oai Lee	Agent, Lee Dyanamics International	9 Jul 07 - Suspended	Allegations of Bribery of Government Official and Money Laundering	See entry for Lee Dynamics International	Fact based suspension action based upon information received from the International Contract Corruption Task Force.
Rivard, John Allen, MAJ, USAR	Contracting Officer, LSA Anaconda, Iraq	10 Aug 07 - Suspended; 27 Nov 07 - Proposed for Debarment; 14 Jan 08 -Debarred.	Allegations of Conflicts of Interest, Bribery, Bid-Rigging and False Official Statements	Unknown	Allegedly awarded $8,000,000 in contracts for housing trailers at LSA Anaconda in return for gratituties from contractors.
Raggio, Robert A., Dept of the Army Civilian	Former Finance Manager, Joint ASG, Baghdad, Iraq and President, RMI	10 Sep 07 - Proposed for Debarment	Allegations of Conflicts of Interest	Unknown	Fact based proposal for debarment resulting from allegations that post-Government employment restrictions for federal employees and restrictions may have been violated.
Reviewer Management International Limited (RMI)	Contractor, JCC-I/A, Baghdad, Iraq	10 Sep 07 - Proposed for Debarment	Allegations of Conflicts of Interest	Allegedly awarded contracts valued at $1,025,000	Fact based proposal for debarment resulting from allegations that RMI recieved a Governemnt contract as a result of a violation of restrictions on post-Government employment of federal employees.
Key, Austin, CPT USA	COR, 10th Mountain Division, Victory Base Complex Regional Contracting Center, Iraq	27 Aug 07 - Suspended	Allegations of Bribery	Accepted $50,000 payment from CI - Seized by DCIS immediately after receipt. No loss to Government.	Allegedly requested a 125,000.00 payment from a contractor in return for safeguaring the company's interests. Accepted a $50,000.00 payment from an informant in exchange for a promise of procurement sensitive information. Taken into custody in New York, NY.
Cockerham, John L, MAJ, USA	Former Contracting Officer, Camp Arifjan, Kuwait	15 Aug 07 - Suspended	Allegations of Bribery, Wire Fraud and Money Laundering	Approx. $15,000,000.00 in payments from contractors in Kuwait	Indicted in WD TX on 27 Jul 07 on allegations of bribery, money laundering and wire fraud based on the award of multiple contracts for goods and services while deployed to Kuwait.

Suspension and Debarment Action

Cockerham, Melissa	Spouse, MAJ John Cockerham	15 Aug 07 - Suspended	Allegations of Wire Fraud and Money Laundering	Unknown	Indicted in WD TX on 27 Jul 07 on charges of money laundering and wire fraud. Allegedly recieved and concealed payments from contractors in Kuwait made as a result of the fraudulent contracts awarded by MAJ Cockerham.
Blake, Carolyn	Sister, MAJ John Cockerham	15 Aug 07 - Suspended	Allegations of Wire Fraud and Money Laundering	Unknown	Indicted in WD TX on 27 Jul 07 on charges of money laundering and wire fraud. Allegedly recieved and concealed payments from contractors in Kuwait made as a result of the fraudulent contracts awarded by MAJ Cockerham.
Eric W. Barton	Contractor Employee, IZ. Baghdad	14 Sep 07 - Proposed for Debarment; 19 Dec 07 - Proposal for Debarment Terminated	Allegations of violations of the Procurement Integrity Act	Unknown	Accused of obtaining information in violation of the Procurement Integrity Act to influence the award of convoy security delivery orders. Determined to be presently responsible by Suspension and Debarment Official as a result of materials submitted for consideration in writing and at an oral hearing.
EOD Technology, Inc.	Private Military and Explosive Ordnance Disposal Contractor, MNSTC-I and JCC-I/A	See Case Status	See Case Status	See Case Status	Show cause letter sent on 14 Sep 07 regarding allegations that the company recieved convoy security delivery orders as a result of misconduct by an employee of the company. On 16 Jan 08 The Army Suspension and Debarment Official Determined that the company is presently responsible and did not intend to take suspension or debarment action in this matter.
Ward, Wallace	Employee, LOGCAP III Contractor	11 Oct 07 - Suspended	Allegations of false claims	Unknown	Allegations of preparing fraudulent DD 250 forms for contractors supplying fuel to Bagram AB, Afghanistan.
Sellman, James N.	Employee, LOGCAP III Contractor	11 Oct 07 - Suspended	Allegations of false claims	Unknown	Allegations of preparing fraudulent DD 250 forms for contractors supplying fuel to Bagram AB, Afghanistan.
Crenshaw, Joseph, CW2, USA	COR, 10th Mountain Division, Victory Base Complex Regional Contracting Center, Iraq	3 Dec 07 - Suspended	Allegations of larceny and bribery	Unknown	Allegedly received cash payments in return for escorting contractor fuel tankers into Camp Victory, Iraq, for the purpose of stealing fuel.

Suspension and Debarment Action

Al Qabandi United Company WLL	Construction Materials Supplier, Camp Arifjan, Kuwiat	See Case Status	See Case Status	See Case Status	Show cause letter sent on 31 Dec 07 in response to allegations that the company deliverd gravel and getch to Camp Arifjan in inadequate amounts that failed to meet contract requirements.
Yuksel Insaat	JCC-I/A Prime Contractor and LOGCAP III Subcontractor	8 Nov 07 - Proposed for Debarment	Allegations of false claims	See Case Status	Contractor for construction of a barracks in Taji, Iraq, valued at $19,800,000. After contract was terminated contractor was accused of submitting numerous claims to the Government in the amount of $2,598,941, of which it is alleged that $2,497,440 were false. Proposed for debarment by USAREUR Suspension and Debarment Official.

CONTRACTORS IN IRAQ

Mr. MORAN. And then it is accountability and getting some specifics. You know, if we asked you now how many contractors are in Iraq, I do not know that we would get any better an answer than the 100,000 we have been told before.

General THOMPSON. The number today is about 133,500. There is a contractor accountability system in place now. It is called the Synchronized Predeployment Operational Tracking System, which is a database where contractors are put into, and they are also put into that database when they move inside of theater. Now is it perfect? I will not tell you it is perfect, Congressman Moran, but there is a system in place today to account for not just the number, but also the physical location of the contractors in theater.

Mr. MORAN. So it is 133——

General THOMPSON. 133,500 in Iraq today.

Mr. BISHOP. Would the gentleman yield?

Mr. MORAN. Sure.

Mr. BISHOP. That is 133,500 contractors for DOD. What about other agency contracts that overlap? For example, security contracts at the industries that are paid for out of other agencies like State? What about those? Do you have any way of interactive accountability for contractors that are working in theater alongside DOD contractors?

General THOMPSON. That were hired by Agency for International Development (AID).

Mr. BISHOP. That were hired by other agencies?

General THOMPSON. Yes, sir. I do not know about their specific systems. But one of the things that the Defense Department and the State Department have worked out as part of this December memorandum of agreement is to work together to account for the total contractor population that is in the theater. And I do not know where that specifically is, Congressman.

Mr. BISHOP. But in addition to State, there is also Interior. There are Interior contracts. From the various agencies and——

Mr. MURTHA. Let me interrupt here. I want to make sure I am getting clear. The last I heard was 126,000. Now, we are not pulling troops out and putting more contractors in.

General THOMPSON. I do not think. we are doing that, Mr. Chairman. I would expect that as the number of troops come down, the number of contractors there to support the troops would also come down. But there may be some cases where you replace troops with a contractor to do something that needs to be done. But in the aggregate, I would expect the proportion of contractors to come down as the troop level comes down.

GSA CONTRACTING ASSISTANCE

Mr. MURTHA. I worry about the same things Mr. Hobson and Mr. Moran outlined. This subcommittee last time said take 600 people from GSA because we were so concerned about this problem. Well, I find out that in conference that we said, "we encourage" you to do that. Then we find out GSA was livid about it. They could not—what are you telling us about put some of our people over there in a combat area? We just can not do that. So in the end we put

money in. We can not solve this problem, General Thompson. You have got to tell us what you need to help you solve the problem.

Now, if you, in your professional opinion, think it is better to have contract officers that you can surge—which did not seem to work—or you need more people in uniform or working for you, we need to know so we can fund it. That is our problem. I mean, I do not know what the OMB does over there. But every time we run into something it is always OMB's fault. But you need to tell us so we can address the problem. At least help you with the solution. That is what we are trying to do.

General THOMPSON. Yes, sir.

FUNDING FOR CONTRACTING OFFICERS

Mr. MURTHA. And CID the same way. If you need more money, you need to tell us.

Mr. QUINN. Mr. Chairman, you had asked earlier about money needs, personnel needs. The Army is giving us what we need. As I mentioned, we had 100 agents. They have authorized us to grow to 136. They are going to use the supplemental to pay for those additional 36 agents. And then in the next 2 months, we will be putting it into the Program Objective Memorandum and I have every assurance that we are going to get what we need when it comes to agents to investigate this.

General THOMPSON. The biggest need——

Mr. DICKS. 5 years late. That is the problem.

CONTRACTING PROCESS

Mr. MORAN. Yes, it is. And the chairman expressed what I was trying to say. You got the message. We have been trying to be responsive, and we are going to be held accountable here, for all this money that is spent and all this fraud that has taken place. And yet, I do not see that there is the kind of cleanup, fix-up, and confidence in moving forward that this situation is not going to continue. One problem is there is just too many contractors contractors over there. There is too much money being poured into it. And there is too little accountability. And so the Committee is interested in how you are going to fix this. I know that the leadership is determined to give you whatever you say will help fix the problem. But I am not sure we are hearing enough right now with the Gansler report. If it is being implemented is certainly a step in the right direction.

General THOMPSON. Yes, sir. I do think it is a step in the right direction. I will share your concern that you have to appreciate contracting. And it is not just the contracting officers, it is the whole process from end to end. From setting a requirement on what you need, to contracting for it, to making sure it is delivered properly, to making sure it is properly paid for. You know. culturally. I will speak just for the Army, not across all of DOD, contracting was not valued as much as it should have been. I will tell you that Secretary Geren is dead serious about fixing this. I have spent probably 50 percent of my time over the last 6 months addressing these issues. Secretary Geren personally briefed the Secretary of Defense a week ago, I was there, to make sure the Secretary of Defense knew how seriously we were taking this.

I told you about the two-hour session I had yesterday with all the senior officials across the Defense Department. We are briefing the Gansler Commission this afternoon to show them the things that we are doing. I think we are on the right path to address this. I agree it should have been fixed a while ago. But, you know, I think we are on the right path.

Mr. MORAN. Let me just say there is a bigger issue here that transcends this. And that is, should we really have as many contractors fighting a war as we have uniformed personnel?

Mr. ROTHMAN. Will the gentleman yield?

Mr. MORAN. I want to finish my statement.

Mr. MURTHA. Wait. Let us go to Mr. Frelinghuysen.

Mr. MORAN. That contractors are getting paid more money. And it has got to be undermining the morale of our troops. And it is not the way to carry out a military action. But that is a larger issue. And it is not the policy issue you are responsible for. But I think the subcommittee is increasingly aware that that issue needs to be addressed as well. I am sorry, Steve.

FUNDING FOR CONTRACTING OFFICERS

Mr. MURTHA. Let me mention in conjunction with this, you know, the budget process goes on, last year at somebody's recommendation, I do not remember who it was, we put $21 million in for this particular area. It went to the Senate, they took it out. I mean, we had to come to agreement on a lot of different things. If you folks need money, you need to step in and tell the staff on the Senate side, hey, this is important. Because you know, we have so many things, when we are dealing with $459 billion, if somebody would step up and tell us, tell them it is important, we drop out some issues, I am sure, important to them, and they drop out some issues that are important to us.

So you need to watch what we do and then tell the Senate staff so that we do not have a problem—I mean, $21 million is a lot of money in your field. So we do the best we can do. And it comes because subcommittee members themselves make the suggestions. So Mr. Frelinghuysen.

CONTRACTING SUPPORT BRIGADES

Mr. FRELINGHUYSEN. Thank you, Mr. Chairman. Gentlemen, thank you for you what you do. I am an optimist by nature. Just taking a little look back here, we have now joint contracting commands. In the future with these new Contracting Support Brigades, have they actually been activated?

General THOMPSON. Yes, sir. There are four brigades that have already been activated. There are five battalions that have been activated. And there are 120 four-person teams. Not all of them have been activated yet.

Mr. FRELINGHUYSEN. So they report to the existing military structure that is there?

General THOMPSON. Yes, sir, they do.

Mr. FRELINGHUYSEN. They do?

General THOMPSON. They do.

Mr. DICKS. Would the gentleman yield for just one quick question?

Mr. FRELINGHUYSEN. Yeah.

Mr. DICKS. Is there 3,000 people in a brigade?

General Thompson. No, sir. That is the point I made earlier. This contracting brigade, headed by a colonel, has a staff of 19 people. It is going to grow a little bit. So it is not like a Stryker brigade or an infantry brigade.

Mr. FRELINGHUYSEN. But inherent in the brigade is they will be working side by side with qualified civilians in a variety of auditing and other types of capacities. Is that what we are led to believe?

General THOMPSON. In that brigade staff structure are the legal support necessary, the contracting expertise, the audit expertise, we will add the investigative expertise from the CID. So he has got what he needs. And you have a colonel—the military understands brigades and battalions. And so that is one of the reasons we structured it that way, so it was not a pickup game in the future.

Mr. FRELINGHUYSEN. So we are going to have Contracting Support Brigades, battalions, they are activated, they are going to be working side by side——

General THOMPSON. There is going to be more of them.

Mr. FRELINGHUYSEN. More of them, side by side with their civilian counterparts. Is it true that only three percent of the Army contracting personnel are in military today?

General THOMPSON. That is true.

GROWING THE ACQUISITION WORKFORCE

Mr. FRELINGHUYSEN. So you are talking about depending upon a relatively small portion of the Army. And it has been drilled into me by all the Army chiefs that the Army actually brings to the battlefield everybody else that is responsible for the logistics and the overall footprint. Do you have enough people coming through the military, going through the training process? Are you yanking people out of the Pentagon? How are you actually building up these brigades?

General THOMPSON. The acquisition workforce in the Army today, the military acquisition workforce is about 1,540. We are going to grow that by about 400 people. In addition to that, we also——

Mr. FRELINGHUYSEN. You have the resources to do that?

General THOMPSON. Yes, sir. We do.

Mr. FRELINGHUYSEN. You have the money to do that?

General THOMPSON. We have the money to do that. It is part of the Army's overall authorization on the active component side of 547,000.

Mr. MURTHA. Wait a minute. He asked you do you have the money to do that. You said something about supplemental.

Mr. QUINN. CID. Yes, sir.

General THOMPSON. I was coming to that. In the supplemental, Mr. Chairman, what we need to look at is do we have the money to hire the civilians. Because the military personnel account is adequate to pay for the military structure. It is do we have the O&M funds to pay for the increase in the civilians?

Mr. MURTHA. You are going to tell the staff what money you need in order to fix this problem.

General THOMPSON. Yes, sir.

Mr. FRELINGHUYSEN. Wait a second. You are confident that you have enough people in uniform with these types of military occupations and backgrounds and others in the pipeline to populate these Contracting Support Brigades?

General THOMPSON. Congressman, I am not confident that I have got enough people today. But over the next few years as we stand up this structure and recruit the people, we will have what I think is an adequate structure to do that. But it is not there today.

Mr. FRELINGHUYSEN. Mr. Rothman wants to go in order and I will yield to him.

Mr. ROTHMAN. Thank you Mr. Frelinghuysen. You mentioned the word "culture," and it is related to Congressman Frelinghuysen's question, but some earlier questions and comments too. The war has been going on for almost 5 years. Hundreds of thousands of our troops have been in and out of theater; maybe a million have been in and out of the theater. Why did it take 5 years for this stuff to come to light? And is it a problem of a culture of the services if in fact, for example, rank-and-file folks saw these things going on and did not report them——

Mr. FRELINGHUYSEN. I would like to reclaim my time, and maybe he can in your time be more——

Mr. ROTHMAN. It is related to whether this fix is going to be sufficient with adding a few thousand in the mix.

Mr. FRELINGHUYSEN. Reclaiming my time. I am interested in, obviously, the military component. But as others have pointed out, the DOD acquisition force has been reduced by 50 percent. The issue we have discussed is, from last year's report and discussion, between now, or I think between 2006 and 2010, half of the Federal acquisition workforce will be eligible to retire. So not only do you have the issue of military institutional memory, you have the issues related to the DOD.

Mr. MURTHA. What was that again? Half of what? What is that?

Mr. FRELINGHUYSEN. We were told in another hearing that half of the Federal acquisition workforce will be eligible to retire between now and 2010. And so if that is the case, you know, how are you going to marry this new initiative, which we compliment you on, with the reality of a workforce that is aging, that may want to get out and may not want to even go into theater; are you going to work on like the military recruiting retention bonuses, higher salaries? How are you going to marry all that? And more importantly, how are you going to pay for it?

General THOMPSON. Yes, sir, There are a number of programs, intern programs, recruiting programs, and Ms. Ballard, who sits behind me, is the head of contracting inside of the Army and works on the Army Secretariat. But we have got those programs in place.

One of the things I will commit to, Mr. Chairman, is go back and make sure they are adequately funded either in the base program or in the supplemental. Those numbers that you quoted, Congressman Frelinghuysen, on the members of the acquisition workforce that are eligible to retire, are accurate. We typically don't see that number that actually do retire, but it is a concern out there. And we know we need to recruit over the next couple of years an adequate bench in order to replace those people.

JOINTNESS IN CONTRACTING

Mr. FRELINGHUYSEN. Well, if they have to go to Afghanistan or Iraq, I am sure, like other Federal agencies, there is probably some reluctance.

In my last question, since the time is limited, since you carry the burden in many ways for the other military services, getting them into the theater, you know, the overall footprint of all the contracting services, this is a pretty enormous workload. The structure that you are setting up here, is it going to be mirrored in any way? I know you have sort of answered that question by an equal number, equal contribution from the other services. Are the Marines going to have a small—I assume they have some sort of contracting contingent now. Navy does. Air Force. Is there going to be jointness in this initiative across the services?

General THOMPSON. Very much so. One of the things that they are doing is making sure that the planning for joint expeditionary contracting is done at the combatant commander level, and that as you go into a theater, you use Iraq or Afghanistan or some other theater in the future, that you understand what that need is; and the actual workforce that does that contracting would come from all the services. And so there is that deployable structure not just in the Army but in the Navy, the Air Force, and the Marines as well. And we are sharing the doctrine.

There is joint doctrine that is being developed right now. It is in the final stages. One of the things—and I brought this along. This is the Contingency Contracting Joint Handbook that has been developed across all the services in the last year to standardize those procedures as we go forward. And this is now being published and is given to all the contingency officers across all the services.

The joint doctrine has been years in development. Arguably that takes too long, but it is in the final stages right now, and that will be published as a joint publication here within the next couple of months. But it is a joint effort, Congressman. And that is the way we are approaching it in the future.

Mr. FRELINGHUYSEN. I didn't know you brought that with you. But it obviously speaks volumes of the issue of whether the services are working together on this issue. It can't just be the Army doing the heavy lifting here. It needs to be shared.

General THOMPSON. This is primarily an Air Force document that all the services then got together and said, This is really pretty good, let's make sure we get all those thoughts in there.

And this is just being published. As a matter of fact as I talked to members of the Senate staff last week, I had another copy, and I gave it away because they were interested in it.

And the Army has the lead on the development of the joint A doctrine contributed to by all, of the services. So it is very much a joint effort and that is the recognition across the DOD.

Mr. BISHOP. Would the gentleman yield?

Mr. FRELINGHUYSEN. I would be happy to. And then I will yield back.

DEFENSE ACQUISITION UNIVERSITY

Mr. BISHOP. To follow up on what Mr. Frelinghuysen was discussing, what is the role of the Defense Acquisition University in trying to address this age imbalance? And is it a cross-service effort? Have you all done any kind of assessments to determine whether or not there is sufficient personnel at the Defense Acquisition University to meet the demand for the new trainees, to address the retiree situation?

General THOMPSON. The Defense Acquisition University, Congressman Bishop, has got the responsibility for training the acquisition workforce across the DOD. They also have responsibility to look at all the workforce trends in the acquisition across the DOD. They have expanded their course offerings and increased the course content for contingency contracting. They have got lessons learned, they are always looking at lessons learned and incorporating that into course content. And one of the things that works across the DOD is, looking at those workforce trends to do some of the things we talked about, is bringing in enough people with the right skill set to replace those that may retire in the next few years. But they have a very active role in that.

ACQUISITION WORKFORCE RETIREMENTS

Mr. MURTHA. The time of the gentleman has expired. I am going to read something about Joint Contract Command. I am sure you have read this. "The Gansler Commission reports the Army is the DOD executive agent for contracting Iran, Iraq. and Afghanistan but is unable to fill military-civilian contract billets in either quality, quantity, or qualification."

What Mr. Frelinghuysen said worries me. You can contract out and it takes you a while to train your folks to do this business. And that is part of the problem we had in Iraq. If you have got that many people retiring, you had better give us a plan.

You know personally. I think one of the big problems we have is we are living day to day. We are not living ahead. You need to give us a plan, so we don't run into this problem down the road. I know personally, when it comes to health care, the Army does a hell of a lot better job than the Air Force does. The Air Force doesn't know which end is up when it comes to contracting for health care, but the Army does a lot better job.

General THOMPSON. Sir, just to give you some assurance that when we send this 120-day report back, part of how seriously Secretary Geren has taken this, he has got the Under Secretary of the Army, Mr. Ford, pulling together the action plan, the campaign plan to address this thing into the future. And it will address things doctrinally, organizationally, training, the materiel solutions. It is very comprehensive.

Mr. MURTHA. This says here the Air Force is handling most of the complex contracting actions. Is that true?

General THOMPSON. In Iraq and Afghanistan, in the Joint Contracting Command, about 25 percent of the presence there are Army. And then the others are shared across the services. A lot of the Air Force, because they have about 2,000 military contracting professionals in the Air Force, which is——

CONTRACTING EXECUTIVE AGENCY FOR IRAQ AND AFGHANISTAN

Mr. MURTHA. If you are the executive agency coordinating it, and yet 67 percent of the money comes from the Air Force, which provides 67 percent of the Joint Contracting Command, according to the Gansler report.

General THOMPSON. Yes, sir. And that is accurate. But then again, that is because we treat contracting as a joint operation. And so the Air Force has got more qualified and trained people. And therefore they are filling those requirements in the Joint Contracting Command.

Mr. MURTHA. Should you not change the Air Force being an executive——

General THOMPSON. One of the things that we are discussing with OSD right now is, should the Army be the executive agent? If it is going to be treated joint, should DOD be the executive agent for contracting in the joint operation rather than delegated down to a service? That is under discussion right now.

Mr. MURTHA. Okay. Ms. Kaptur.

Ms. KAPTUR. Thank you, Mr. Chairman.

General Thompson, thank you and your family for your service to our country.

General THOMPSON. Thank you, ma'am.

CONTRACTED SECURITY FORCES

Ms. KAPTUR. Thank you, Mr. Quinn, for your service as well. We appreciate your being here with us today. My interest, my greatest interest is in—I guess I feel like I am running after a herd of elephants that is stampeding across the plains and I am running after them and I can't catch them. They are always ahead of me. And they are doing things that I can't stop.

My interest is in contracting, and in those members of the contracted forces who carry guns. The most troubling thing you have said this morning, more than once, is that there is an agreement being worked on between the State Department and the Department of Defense regarding contracted security forces, which is still not signed.

General THOMPSON. No, ma'am, it is signed.

Ms. KAPTUR. It is signed?

General THOMPSON. It was signed in December.

Ms. KAPTUR. Signed in December.

General THOMPSON. And in December also were a comprehensive set of instructions put together by the multinational force in Iraq to pull together all the pieces to get their hands around the contracted security guards and the accountability of those: who is allowed to carry weapons, and all those procedures. And I don't know if Mr. Quinn has got anything else to add to that. But those documents are there and can be made available to the Committee.

Mr. QUINN. Yes, ma'am. The memorandum between the Deputy Secretary of Defense and the Deputy Secretary of State was signed on 5 December; and then later in December, on the 22nd, is when the multinational forces-Iraq put out their instructions. They had instructions prior out there, but they pulled all these different agreements together and issued a fairly comprehensive set of in-

structions on how to get control over all the different agencies over there that may have private security contractors.

Ms. KAPTUR. All right. Who has more under contract. DOD or Department of State? How many are there? And who has more under contract—which agency, which department?

General THOMPSON. Private security contractors? I don't have the answer to that, ma'am. We can again take that one for the record. That is a fairly easy question.

[The information follows:]

The Department of Defense is not privy to the number of Private Security Contractors employed by the Department of State.

As of the end of the 1st Quarter 2008 (December 31, 2007), CENTCOM reported 12,950 DoD-funded private security contractors; 9,952 in Iraq and 2,998 in Afghanistan.

Private Security Contracts
(Iraq)

Place of Performance - Iraq				February 1, 2008	
FY	Type of Competition	Number of Records	Actions	Obligated Amount	%
2003	Competed*	76	93	$792,894,538.00	26.19%
2003	Follow-on to Competed Action	1	1	$2,026,229.00	0.07%
2003	Not Competed	82	82	$2,232,815,197.00	73.75%
	Urgency	73	73	$2,231,577,127.00	99.94%
	Null value	9	9	$1,238,070.00	0.06%
2003	2003 TOTALS	159	176	$3,027,735,964.00	100.00%
2004	Competed*	657	657	$7,237,635,827.00	78.08%
2004	Not Available for Competition	11	11	$2,233,177.00	0.02%
2004	Follow-on to Competed Action	6	6	$3,884,956.00	0.04%
2004	Not Competed	197	197	$2,025,252,428.00	21.85%
	Follow-on	6	6	$546,425.00	0.03%
	Only One Source - Other	10	10	$1,569,437.00	0.08%
	Authorized by Statute	1	1	$40,000,000.00	1.98%
	Unique Source	3	3	$1,278,327.00	0.06%
	Urgency	118	118	$1,975,161,790.00	97.53%
	Null Value	59	59	$6,696,449.00	0.33%
2004	2004 TOTALS	871	871	$9,269,006,388.00	100.00%
2005	Competed*	1,690	1,693	$7,952,966,909.69	94.22%
2005	Not Available for Competition	18	18	$3,088,931.00	0.04%
2005	Follow-on to Competed Action	11	11	$4,289,225.00	0.05%
2005	Not Competed	448	448	$480,531,794.00	5.69%
	Follow-on	12	12	$16,820,164.00	3.50%
	Only One Source - Other	42	42	$47,894,409.00	9.97%
	Authorized by Statute	1	1	$5,669,600.00	1.18%
	Unique Source	18	18	$16,724,575.00	3.48%
	Urgency	111	111	$352,869,166.00	73.43%
	Null Value	264	264	$40,553,880.00	8.44%
2005	2005 TOTALS	2,167	2,170	$8,440,876,859.69	100.00%
2006	Competed*	1,937	1,942	$7,419,821,456.42	98.47%
2006	Not Available for Competition	11	11	$1,098,091.00	0.01%
2006	Not Competed	269	269	$114,337,062.00	1.52%
2006	Follow-on	6	6	$3,069,715.00	2.68%
2006	Only One Source - Other	24	24	($3,526,450.00)	-3.08%
2006	Authorized by Statute	4	4	$1,321,134.00	1.16%
2006	Unique Source	18	18	$31,804,066.00	27.82%
2006	Urgency	77	77	$69,714,502.00	60.97%
2006	National Security	4	4	$3,548,060.00	3.10%
2006	Patent/Data Rights	1	1	$45,286.00	0.04%
2006	Null Value	135	135	$8,360,749.00	7.31%
2006	2006 TOTALS	2,217	2,222	$7,535,256,609.42	100.00%
2007	Competed*	2,269	2,269	$7,358,279,838.74	97.90%
2007	Not Available for Competition	7	7	$459,883.00	0.01%
2007	Follow-on to Competed Action	1	1	($199,500.00)	0.00%
2007	Not Competed	200	200	$157,269,124.78	2.09%
	Follow-on	6	6	$12,539,518.00	7.97%
	Only One Source - Other	32	32	$35,960,567.84	22.87%
	Authorized by Statute	4	4	$2,552,429.00	1.62%
	Unique Source	28	28	$16,461,775.00	10.47%
	Urgency	104	104	$86,203,710.94	54.81%
	National Security	4	4	$2,257,280.00	1.44%
	Public Interest	1	1	$32,000.00	0.02%
	Standardization	1	1	$9,900.00	0.01%
	Null Value	20	20	$1,251,944.00	0.80%
2007	2007 TOTALS	2,477	2,477	$7,515,809,346.52	100.00%

*Competed includes Full & Open plus Full & Open After Exclusion of Sources.

Private Security Contracts
(Afghanistan)

Place of Performance - Afghanistan				February 1, 2008	
FY	Type of Competition	Number of Records	Actions	Dollars	%
2003	Competed*	209	209	$394,231,991.00	99.26%
2003	Not Competed	16	16	$2,942,834.00	0.74%
	Only One Source - Other	1	1	$294,904.00	10.02%
	Urgency	10	10	$1,404,122.00	47.71%
	Null Value	5	5	$1,243,808.00	42.27%
2003	2003 TOTALS	225	225	$397,174,825.00	100.00%
2004	Competed*	336	336	$781,853,889.00	94.81%
2004	Not Available for Competition	19	19	$36,010,020.00	4.37%
2004	Not Competed	35	35	$6,785,188.00	0.82%
	Only One Source - Other	2	2	$25,099.00	0.37%
	Urgency	6	6	$3,095,541.00	45.62%
	Null value	27	27	$3,664,548.00	54.01%
2004	2004 TOTALS	390	390	$824,649,097.00	100.00%
2005	Competed*	508	508	$1,388,188,598.00	88.91%
2005	Not Available for Competition	36	36	$164,136,231.00	10.51%
2005	Not Competed	99	99	$9,000,424.00	0.58%
	Only One Source - Other	7	7	$810,181.00	9.00%
	Urgency	7	7	$2,630,579.00	29.23%
	Null Value	85	85	$5,559,664.00	61.77%
2005	2005 TOTALS	643	643	$1,561,325,253.00	100.00%
2006	Competed*	849	849	$1,988,116,636.00	95.62%
2006	Not Available for Competition	46	46	$31,693,497.00	1.52%
2006	Follow-on to Competed Action	23	23	$37,975.00	0.00%
2006	Not Competed	141	141	$59,319,647.00	2.85%
	Only One Source - Other	16	16	$23,006,696.00	38.78%
	Authorized by Statute	7	7	$24,437,317.00	41.20%
	Urgency	7	7	$11,430,302.00	19.27%
	Null Value	111	111	$445,332.00	0.75%
2006	2006 TOTALS	1,059	1,059	$2,079,167,755.00	100.00%
2007	Competed*	1,313	1,313	$2,083,576,942.94	91.93%
2007	Not Available for Competition	19	19	$69,036,031.35	3.05%
2007	Follow-on to Competed Action	36	36	$80,127.00	0.00%
2007	Not Competed	172	172	$113,733,009.00	5.02%
	Follow-On	4	4	$253,143.00	0.22%
	Only One Source - Other	58	58	$50,271,720.00	44.20%
	Authorized by Statute	22	22	$46,326,256.00	40.73%
	Unique Source	1	1	($100.00)	0.00%
	Urgency	15	15	$16,461,209.00	14.47%
	Null value	72	72	$420,781.00	0.37%
2007	2007 TOTALS	1,540	1,540	$2,266,426,110.29	100.00%

*Competed includes Full & Open plus Full & Open After Exclusion of Sources.

Ms. KAPTUR. What is so interesting to me, is that we are in theater 5 years and some of us even went to Iraq to try to figure out under whose command and control some of these individuals were. We are now 5 years. That is why I feel the elephants are stampeding across the plain and I can't catch up to them. I am wondering what this contract will provide, or this agreement. What will it tell us that we don't—we don't have answers now on how many they are. Will it tell us which countries these people are from? What percent of these contractors who carry guns aren't U.S. citizens? Do we know?

Mr. QUINN. No, ma'am.

Ms. KAPTUR. Five years into a war, we don't know that.

Do we know how much——

Mr. QUINN. I don't know, ma'am. The contracting organizations over in theater may very well. But I am speaking from the investigative side of the house where we go out and investigate any of these allegations. I am just not aware of those numbers.

CONTRACTOR DISCIPLINE

Ms. KAPTUR. We don't know how many are under State, we don't know how many are under DOD. The two of them weren't cooperating until last December. And I am not sure what this agreement will actually cover.

I don't have much time this morning, but it is troubling to me, you know, that we have to get to the fifth year in the war before we even begin to think about this. The Washington Post had a—and it isn't that some of us haven't tried. We have tried very hard to get this information. And I have asked myself about the decrease in contracting staff while the expenditures have exploded or the fact that you don't have the staff you need, is that accidental or intentional? I don't know the answer to that. But if you want to have certain things happen and you don't want to have anybody look at it, you don't provide the people to do the oversight. So the way I am looking at this world, it is intentional, it is not accidental.

In The Washington Post in April, a year ago, there was an article entitled "A Chaotic Day on Baghdad's Airport Road." And the article said not a single case has been brought against a security contractor. And that confusion is widespread among contractors in the military over what loss, if any, applied to their conduct.

Let me ask you. General, to your knowledge, who in the Army chain of command monitors contractor performance and takes action if the contractor's conduct is inappropriate or illegal?

General THOMPSON. Well, the operational chain of command monitors that, and the contracting officer also monitors the contractor's performance. And part of what is in place in this agreement and in the instructions from the Multinational Force-Iraq are the accountability issues, both with the UCMJ and with the Federal statutes and with the military extraterrestrial jurisdiction and what they can and cannot do with the contractors.

Ms. KAPTUR. But these 5 years now, none of this has gone on. None of it. It says not a single case has been brought against a security contractor. That means no case was brought under State—of course, we don't know about State because the agreement is new so. You haven't had a chance to really look at that, right?

And what about DOD? Any case been brought against a security contractor under DOD to your knowledge?

General THOMPSON. Ma'am, I don't know. Like I indicated earlier, that is an area that I did not personally look at. I know it is being looked at inside the DOD and with the State Department.

Ms. KAPTUR. Do you have any idea how many contracted forces are under DOD's purview within Iraq today? Do you know?

General THOMPSON. Yes. That is the number that I quoted earlier.

Ms. KAPTUR. Kaptur. 133,500. But of that, how many of them carry guns? Who are the security contractors? How many?

General THOMPSON. I don't know the answer to that.

TRAFFICKING IN ARMS AND OIL

Ms. KAPTUR. The fact that we can't get answers to this, and many of us have been trying, is very troubling. And it tells me, it leads me to believe that there are certain individuals in our government who are tying to set up a different type of operation over there down the road, largely based with contracted forces and not regular military. And that bothers me a great deal.

Let me just ask—and my time may be up here. I am very interested in trafficking in arms and oil. I would like to know if any of the criminal investigations that are underway are targeted at the oil sector, and how much has been moved out of that country illegally? Who is doing it? Is there any way to get at that in the work that you are doing? And the same with arms. The Chairman referenced the U.S. arms, that have leaked up into Turkey. That isn't the only shipment, obviously, that got out of the country. How do you get your hands on oil and arms and illegal trafficking out of Iraq?

Mr. QUINN. Ma'am, Army CID does not have any open investigations ongoing on trafficking and oil. The closest that we have on the trafficking of oil would be deliveries that aren't delivered to base stations or base camps out there where contractors, in collusion with the military members or somebody else, are taking bribes not to deliver it. But I think the oil you are talking about is the major movement of oil, out of the—out of Iraq. And we are not——

Ms. KAPTUR. Who would that be, Mr. Quinn? Who would have responsibility of oversight of criminal activity——

Mr. QUINN. Ma'am I believe that would probably be the FBI in conjunction with State Department. I don't know that for certain. And it probably goes—ties back to the dollars involved, on any dollars moving back and forth that touch U.S. hands. If it is purely Iraqi oil and sovereign Iraqi movement of oil, then that—that would not probably be the FBI either, to be quite honest.

Mr. DICKS. Would the gentlelady yield briefly for a second? Would the Iraqi Government be looking into this? Do they have any investigating——

Mr. QUINN. Congressman, they do. They do have investigators. They may very well look at it. They have got courts over there that they have established. We are working some cases with the Iraqi officials where they have been ripped off by contractors not delivering garbage trucks to Baghdad, et cetera.

Mr. DICKS. Thank you for yielding.

Ms. KAPTUR. Thank you. I think my time has expired.

General THOMPSON. Ma'am, before——

Ms. KAPTUR. Yes, General.

General THOMPSON. To your points about the jurisdiction. I am looking at my notes here. And back as early as 2004, they expanded the military Extraterrestrial Jurisdiction Act, which is anybody that commits a Federal offense outside the U.S. soil. They expanded that to contractors working for all Federal agencies, not just DOD.

And then in 2006, there was a statute change that made contractors in Iraq and Afghanistan subject to prosecution for courts-martial violations of the UCMJ.

So the changes have been put in place over the last few years to hold the contractors accountable. I don't know how many have been prosecuted or how many are under investigation right now.

Mr. QUINN. I think The Washington Post may have it right as far as private security contractors actually prosecuted. They are getting ready to do some prosecutions in the not-too-distant future, but the fact that there was no prosecutions——

General THOMPSON. At that point in time.

Mr. QUINN. I would not want to infer that we didn't go out and investigate. We did investigate maybe about a half dozen shootings out there conducted by private security contractors. Most of them got to the point on the use of force that we did not have enough information to actually go forward with the criminal indictment through either U.S. courts, or, in one case we even tried to go through the British courts because it was a British citizen. But again, it turned on the fine point of protecting one's self. And it wasn't an incident where, just flat on its face, you had a murder of Iraqi civilians by contractor guards.

Ms. KAPTUR. Is it possible for you to provide for the record, to the best of your knowledge and as a result of this agreement total, contracted workers inside of Iraq: and of that number, both from DOD and from State, which of them are involved in armed activities, security, whatever-it-is-force, in each of those departments? Is that information available to you to provide us?

[The information follows:]

As of the end of the 1st Quarter 2008 (December 31, 2007) CENTCOM reported that there are approximately 163,590 DoD-funded contractor personnel in Iraq. There are approximately 12,950 DoD-funded private security contractors in Iraq, of which 9,212 are armed.

The Department of Defense is not privy to the number of Private Security Contracts awarded by the Department of State.

General THOMPSON. Ma'am, I think the information is available.

Mr. QUINN. This agreement with—that the multinational forces-Iraq published, it gets down to the point where when maybe a Department of State private security contractor is out there moving around, they have to notify the multinational forces that are in the area. If there is an accidental—if there is a discharge of a weapon that has to be reported, they have to do a spot report on it. So they are tightening it down to the point where we should have visibility across each other's lines between Department of State and Department of Defense.

Mr. MURTHA. So the report is part of the defense report to the Army commander?

Mr. QUINN, Yes, yes, sir. Reports go up both lines of the chain of command, Department of State. And we actually have a U.S. military over in Department of State's emergency operations center, and they have one over in ours too.

Ms. KAPTUR. I would like to request for the record just the numbers. Then I want to know how much they are paid versus regular force. I want to know their pay scale.

Mr. MURTHA. I don't understand the question. The question for what?

Ms. KAPTUR. All right, Mr. Chairman. I would like to know from this agreement that was signed with the State Department back in December, I want to know for DOD and for the State Department how many total contractors are working in Iraq for each of those departments. All right.

Then I want to know what subset of that total is armed force in any form, whether it is involved in some type of security operation, working with the Iraqi military, whatever. I want to know who they—I want to know how many there are, and then I want to know how much they are paid compared to regular personnel, regular force that we have in theater.

Mr. MURTHA. Part of the problem is when I was there a year ago, they were falling all over each other, Blackwater people. And this is in the Green Zone, inside the military command. So I assume the Defense Department pays for that. Or does State Department pay for that?

General THOMPSON. It is a combination.

Ms. KAPTUR. See, that is what you can never find out.

And then, Mr. Chairman, I would like to know how many are not U.S. citizens and where they are from. That is something else I would like to know. And I want to know the dollar amounts of those contracts. I want to know that. You would be the first people in the world that would give this member that information. Thank you.

[The information follows:]

The total dollar amount for contracts in Iraq for FY06 was $71,496,222, and in FY07 the amount was $179,465,170, resulting in a total of $250,961,392.

As of 27 Feb 08, JCCI/A has 4,218 Iraqi businesses in the vendor database. The total dollars to Iraqi businesses for March 06–Jan 08 was $5.1B.

As of the end of the 1st Quarter 2008, CENTCOM reported that there are approximately 163,590 DoD-funded contractors in Iraq. Of these, 132,266 or 81% are either third country nationals or host country nationals. There are 31,325 U.S. citizens employed as DoD contractors in Iraq accounting for 19% of the total.

Mr. MURTHA. Mr. Tiahrt.

ARMY CONTRACTING TASK FORCE

Mr. TIAHRT. Thank you, Mr. Chairman. Thank you all for serving the country. We have heard from earlier testimony that you could be doing something else for more money. So I am glad you are serving the country. And I appreciate it very much.

General Thompson, you have been tasked with the Army Contracting Task Force. I heard you earlier say you have developed a plan to implement this. Is that plan complete? Has it been approved? And is it available?

General THOMPSON. No, sir. It is not complete yet. It will be complete, because that plan will be either referenced or attached to the report that we need to submit back to the Congress in 120 days. And whether we had that requirement in the authorization act or not, we would have done that because it is the right thing to do.

ARMY CONTRACTING COMMAND

Mr. TIAHRT. And as part of our staff's notes to us, it says that the action that has already been taken in response to the Gansler Commission was that you have established a two-star level command. And is one the expeditionary and one operational?

General THOMPSON. There is a two-star level contracting command. And underneath that——

Mr. TIAHRT. One star.

General THOMPSON. One star to focus on installation contracting, and then a one-star level focused on expeditionary contracting, and the one focused on expeditionary contracting will have the command and control of all the deployable brigade battalions and teams.

Mr. TIAHRT. Also, there is a commitment to increase the Active Duty contracting personnel by 400 and the civilian by a thousand. Is there a timeline when you hope to achieve those goals?

General THOMPSON. Yes, sir. The exact numbers for the military, 301 have been approved, another 167 have been recommended. I am optimistic they will be approved. And the exact number of civilians that we think we need to grow is not 1,000, it is 801. And it is the 801 that is the subject of are there the dollars there to pay for those? And that is what I owe the answer to the Chairman.

Mr. TIAHRT. So there are two ways to look at this. One is how much can I afford. And the other is how much do I need. Are your numbers based on what you believe you need, or is it based on what you think——

General THOMPSON. No, sir. It is based on what I think we need.

TRAINING OF CONTRACTING PERSONNEL

Mr. TIAHRT. Okay. Where will you set up the training for all these personnel? And will you train the Active Duty alongside with the civilian?

General THOMPSON. Yes, sir. The training is already there. It is there in the Defense Acquisition University and it is also there with the internal Army training. We do a lot of the training——

Mr. TIAHRT. Will this be a surge coming through—I hate to use that term because it is kind of confused, like the pig going through the anaconda.

Is there more than normal going through your education system because of this?

General THOMPSON. We will expand the course offerings and, the class sizes as we need to, to be able to handle the growth of people.

Mr. TIAHRT. But you have the physical——

General THOMPSON. Physical space to do that? Yes, sir.

Mr. TIAHRT. Okay. The other thing is that the Gansler Commission thought you were not adequately staffed. It said that part of the experience of being deployed was lacking. Are you going to change your curriculum to match some of the things that they have

pointed out and some of the things you have experienced in Iraq and Afghanistan?

General THOMPSON. Yes, sir. Like I said earlier, we are actively interviewing both the individuals and the unit leadership as they come back. And we are adjusting course content for all of our courses. The 12 in particular that I referenced earlier, that course content is being adjusted based on the lessons learned.

Mr. TIAHRT. I am sorry. I missed that part of your testimony. I didn't mean to make you repeat yourself. The other thing is part of the training is supposed to be contracting, going out and establishing the contract, the terms and conditions, making sure that it meets the requirements. And the other part is contract management, which is really a different task.

But is your training going to train people separately where you have two different job descriptions? Or will they be the same individual that does the contracting, and then follows on and manages the contract? Because if you look in private sector, quite often they treat that as two different job codes, if I can use that term, and they make them two different specialties.

General THOMPSON. It is a full-time job to be involved in contracting. On the military side, that is a 51 Charlie, either officer or NCO. It is an 1102 series code for the civilian workforce. The contracting officer representative is not a full-time job, but it is an important job. We have trained 4,700 contracting officer representatives over the last year time frame. I just want to make sure I have the time frame right. And those are the eyes and ears on the ground for the operational commander to make sure that the trash is picked up, the water is delivered, the fuel is delivered.

There is an online course—online is not necessarily the answer to everything—that the Defense Acquisition University offers, that it would require all our contracting officer representatives to take. And in addition to that, we have augmented that with on-the-ground training that is specific to the job that they are going to do.

So, for example, if I am the contracting officer representative, I am Lieutenant Thompson out there, and I have got to make sure the dining facility trash is getting picked up three times a day, I have to know what the specifics of that contract are. And that is an important responsibility for me. And one of the things we have to get across to the operational commanders and the individuals out there, it is not just an extra duty. It is a very important extra duty.

One of the strategic points I would like to make to the Committee is my cochair on this Army Contracting Task Force, Ms. Conden, and the head of contracting for the Army Materiel Command, Mr. Jeff Parsons, a two star, SES, are over in theater today, meeting with the new three-star operational commander in Kuwait, who is very interested in making sure he understands what his roles and responsibilities are so he can become actively involved in making sure that the U.S. Army gets what it is supposed to get, and he fulfills his responsibilities as the senior mission commander in Kuwait.

It is not to say that the previous commanders weren't interested. I mean, I give general Wickham great credit as the previous commander in Kuwait for raising a lot of the issues to the senior lead-

ership level to be addressed. And General Wickham did a really tremendous job, in my view, of making sure that we understood that there were issues out there that needed to be addressed.

The seriousness that the Army has taken is Secretary Geren and the Chief of Staff are now going to have the general officers go through a course for a week focused on business issues. The inaugural course for the general officers is going to be the second week in February, and the 4-hour block on why contracting is important is going to be taught by me to the one stars, soon to be two stars. And that is a significant change in the way we viewed this from the past. and I think a positive change; and, to me, an indication of the seriousness that the civilian and military leadership and the Army are taking this.

Mr. TIAHRT. I think it is very important that you are setting up the contract command, because in the past, it was just sort of a square to be filled by most officers on the way to the top. And so they filled their 2 years in contracting, however long it was. That made them available for promotion to something outside of contracting. And there was never a career path. So a lot of the Active Duty personnel didn't see that as a way for them to move up. And so it was never treated, I think, with the seriousness that it needs to be treated with, as we are seeing with all this problem of fraud now.

So I think it is the right path. I hope that the other services will, follow a similar path as well. In the way that you are first over the hill here, I think it is very important we do that across the services so we can keep the taxpayer dollars from being as part of fraud and part of the abuse that we have seen in the past.

General THOMPSON. One of the things that the Secretary of the Army did is he gave specific guidance to the last brigadier general promotion board to select an individual for the general officer ranks that had a contracting background. And when that list is sent, over to the Congress and approved, you will see the name of that officer who has been selected—and also gave specific guidance to the colonel-level command selection board that just adjourned to pick the right people to fill these contracting brigade positions. And I know, because I worked it with the secretary. He personally made sure that those words reflected his intent to make sure this gets addressed and to create that leadership opportunity at the top, so it is a valued career field, so people will come in at the bottom and recognize it is not a dead-end career field. It is a career field that has got service in the service.

Mr. TIAHRT. Thank you, General. Thank you, Mr. Chairman.

Mr. MURTHA. Mr. Rothman.

REPORTING FRAUD

Mr. ROTHMAN. Thank you, Mr. Chairman.

General Thompson, Mr. Quinn, thank you for your service to our country and thank you for taking on this important job. And I want to commend all my colleagues for great questions.

I want to go at something completely different, though. I understand that we are fighting a war, and when we send our troops into battle it is to win a war, and we are sending warfighters. But I wonder is there a role or not for the private, the sergeant, the cap-

tain, the major, if they see ammunition, guns and the rest of that stuff being stolen or diverted and they know it is happening? Is there a role for them to play? There are 100,000 of them over there. They are seeing this stuff. I understand they want to complete their mission, they want to stay alive.

Is there any role for them, however, in this system of reporting abuse, fraud? And what happened? I am sure some of these rank-and-file folks reported in since 2003 that they saw stuff going on. What happened to their complaints or their observations?

Mr. QUINN. I would say, Congressman, that they have a responsibility to report when they see fraud, waste and abuse. And that is something that the Army preaches to soldiers. Some of the cases that we investigated did in fact come from soldiers coming to us and said, hey, I just think I got offered a bribe by a contractor down here. Are you all interested? And, of course, we are interested.

So it is a responsibility. They have a means, with the CID agents actually out there with units. Now, we are not at every forward operating base. But commanders know how to get hold of our agents. But, yes.

Mr. ROTHMAN. Is this something that has just recently been brought to the attention of the troops? Or hate they always had this as part of their ethos as an American fighting person?

General THOMPSON. Yes, sir. It has always been a part of their ethos.

Mr. QUINN. Exactly.

Mr. ROTHMAN. But again, if it has always been part of the ethos of the American fighting person, then again, they want to complete their mission, they want to stay alive, and maybe it is too much to ask of them to do much more than that. This has been—this went on to some large degree for years. Did they not report in numbers? And I think it is important to know whether this instructing of the ethos has been effective.

Maybe you need to beef up that part of the training. Unless you say, "Steve, they can't do it. They have got enough to do their job and stay alive." Which I will accept that if you tell me that that is the truth. But if you say it is important, it is in the mix for them to be doing, did they do it? And if not, you need to beef up your curriculum maybe to the troops and their training and the majors and sergeants and lieutenants and colonels all the way up, in addition to the separate thing that you are building to manage the contractors.

So if they didn't need to beef up the curriculum, and if they did report this, what happened to their complaints? And why were their observations/complaints buried?

General THOMPSON. Sir, I don't know what happened to their complaints. I would say that hearing from the DOD Inspector General who was looking at all of the issues related to the weapons accountability and complaints that were made and how those were investigated, I mean, that is something that, if the Committee desires, could be followed up on with the DOD Inspector General. I mean, that is the way I would answer that question.

Mr. QUINN. Congressman, I would just like to add on, a lot of this wasn't out in the open. I mean, these folks that were stealing

money or taking bribes, they didn't advertise the fact. We are not seeing a lot of collusion between multiple individuals that all got in on this sweet deal to rip off the government.

Mr. ROTHMAN. I am not saying there was collusion. And again—can't say it enough—they need to complete the mission and stay alive. And I am not sure how much more capacity they have to be observers. But if it is supposed to be part of their responsibility, they must have seen this stuff going on.

Ms. KAPTUR. Would the gentleman yield?

Mr. ROTHMAN. Sure.

Ms. KAPTUR. I just wanted to state that, remember when General Shinseki said we weren't sending enough into theater at the very beginning, we wouldn't be able to hold down Iraq? I would probably argue a lot of the theft and fraud that I am talking about on oil and arms occurred outside the sight of our soldiers and our commanding officers. And, in fact, if you looked at some of the contracts that have been signed like the AEGIS contract, for example, the logistical commands that are being handled by private contractors, our folks aren't there.

Mr. ROTHMAN. I think the gentlelady may well be correct on that category. I am wondering—and I think perhaps, Mr. Chairman, if you and the Ranking Member agree, we need to find out, did the rank-and-file folks have an opportunity to observe weapons being transferred, gasoline shipments not making it and seeing somebody get a—something. Just to find out if it occurred, and if it occurred and it wasn't reported, do we need to beef up our curriculum for the rank and file?

Mr. BISHOP. Would the gentleman yield?

Mr. ROTHMAN. And if it was reported, what happened to it? And what in our structure allowed their complaints and reports to be ignored for so many years?

General THOMPSON. One of the things that a contracting officer representative does—and I will give you two recent examples here in Kuwait. And that is that person is not a professional, but has that additional duty. We had two staff sergeants that were trained as contracting officer representatives. One of them observed that the fuel delivery records didn't match the fuel they were seeing delivered. They reported that to the contracting officer. It was a subcontractor that was cheating the prime contractor. And the subcontractor is now being dealt with as a result of an investigation.

There was another staff sergeant that said, we have too many copying machines for the mission, reported it to the contracting officer, and there was $100,000; $100,000 is not a lot of money, but it is an indication of——

Mr. ROTHMAN. It is to Mr. Tiahrt and I.

General THOMPSON. In the big scheme of things. It is a big deal of money to me. And the point I would make to you, sir, is that the great majority of our people recognize right and wrong. And they know when they see something wrong that they need to report it through their chain of command and whatever the appropriate authority is.

Mr. ROTHMAN. What happened when they reported it in 2003, 2004, 2005, 2006, 2007, what happened to that?

Thank you.

Mr. BISHOP. Mr. Chairman.

Mr. ROTHMAN. Can I yield to the gentleman from Georgia, Mr. Chairman?

SECURITY CONTRACTORS

General THOMPSON. Can I answer the question to Representative Kaptur? And this is a little bit dated information, but we will update this for you. But this is as of July 2007, there were 6,400 private security contractors in Iraq. Approximately 5 percent were U.S. citizens, 54 percent were third-country nationals, and 41 percent were host country nationals. That doesn't add up to 100 percent. But those are the approximate numbers. So that information is available, and we will update that.

Ms. KAPTUR. Are you saying 64 as of when? 6,400.

General THOMPSON. July: 6,400 as of July.

Ms. KAPTUR. Did you say contracts or contractors?

General THOMPSON. Private security contractors,

Mr. DICKS. That is an individual, isn't that correct, sir? One person.

General THOMPSON. Yes, sir. That is an individual. One person.

Ms. KAPTUR. Under DOD? Or is this State?

General THOMPSON. DOD.

Ms. KAPTUR. So we don't know how many States?

Mr. QUINN. But part of this fragmentory order (FRAGO) that went out——

Mr. MURTHA. We will ask the Foreign Operations Committee to give us that information. We may have to go to the other committee to get that information.

Mr. QUINN. Quarterly they are required to report numbers, whether they are third-country U.S. national. That was part of that implementing instructions that just went out in December that pulls together all these numbers for us.

Mr. ROTHMAN. May I yield to the gentleman from Georgia? Thank you.

REPORTING FRAUD

Mr. BISHOP. Thank you very much. Mr. Rothman was asking about the privates, the sergeants, and their participation in helping you reveal the fraud. Do you have built in and do you train your folks with encouragement to report fraud, waste, and abuse? And I say that because in my casework, I have had an occasion to have a civilian employee who was working on the base, who was inventorying. Part of his job was to inventory weapons parts. And he came in from outside, came into a situation, and he noticed that there were parts that were going out the door for various weapons, the rifles, a magazine here, so many dozens of various other parts, which were sufficient if they put them together to put rifles together.

And he reported it to his civilian chain of command. And he was told to mind his own business. He continued to—he also discovered some live grenades that were coming back from recycled equipment from Iraq, that he also reported they were live and disabled. He got an award for that.

But he was subsequently disciplined, and he was determined to be, during his probationary period, unsuitable for continued deployment and therefore he was recommended for discharge. He was livid about that, simply because he was not going along with the status quo and looking the other way like he was encouraged to do.

Consequently, it ended up in my office as a complaint, and we had to follow through with case work, ultimately getting this guy reassigned from the people he was working under, but also having that situation corrected.

Do you have anything in place that will not allow disincentives like that, so that the people who are actually in charge will punish or retaliate against employees who do travel, do the right thing to stop fraud, waste, and abuse?

General THOMPSON. Everybody who is seeing something not done properly is encouraged to report that to their chain of command. And in addition to that, if they don't get the satisfaction, there are a number of hotlines. There are fraud hotlines, there are IG hotlines. And so if you don't feel you are getting the proper action taken, there are those venues available, too. And a lot of the leads that come to the CID for investigation come from hotlines. And there is also law and policy out there that will punish the leadership if they take retribution against somebody for trying to report and do what is right.

So those checks and balances are out there in the legal system to address that. I am very confident that that is there.

Mr. BISHOP. This guy ultimately got pushed away and he just left. He resigned because of the pressure that he was put under because of those situations.

Mr. MURTHA. Mr. Kingston.

PATTERN OF FRAUD

Mr. KINGSTON. Thank you, Mr. Chairman.

Mr. Quinn, in the $6 billion, is there a breakdown or a pattern of where the fraud typically takes place?

Mr. QUINN. No, sir. As I mentioned, it just runs the gamut with—whether it is double-billing for product substitution or bribery. In the past we have not seen an awful lot of bribery. It does take place out there. But that probably is the biggest area that we have seen in the investigations that we have opened so far, is bribery of government officials so that contractors can do the product substitution or things of that nature. Get the bid, double bill, things of that nature.

Mr. KINGSTON. How much of that bribery is cultural?

Mr. QUINN. Very good point, Congressman. And that is one of the issues that was brought up over there. When you are dealing with local nationals in Kuwait, Far East, Middle East—and I don't know what the name of the term was—but, you know, you kind of grease the skids a little bit to get the contract, to get the introductions, to know the people involved. So some of it should be—may very well be cultural, but then when you focus on the U.S. citizen, the soldier, the DA civilian, they know better than that. They honestly do.

Mr. KINGSTON. What would be the breakdown between this being the American citizen's corruption versus people within an organization who are non-Americans?

Mr. QUINN. I couldn't break that down for you, Congressman, because we do see third-country nationals involved. We see local nationals involved in the process. As I look over the personnel that we have got listed as the subjects of our investigations, it just seems that on both sides, whether it is the U.S. Government side or the contractor side, there is just an awful lot of Americans falling on both sides.

Mr. KINGSTON, Is there a head of the snake—is there a beginning? Or is it just a circle? Can you tell if it is, say, American contractors leaping into this thing enthusiastically? Or is it Americans who are getting swept away by it?

Mr. QUINN. I think on the government side, I think it is the being swept away with it. On the contractor side over there, in an effort to grab the money, you know, they were pushing it, they were pushing the dollars.

Mr. KINGSTON. Is it low pay? Did you have to feel like you made your money on the side? Or is it just pure greed?

Mr. QUINN. Congressman, I don't know that we know.

Mr. KINGSTON. I don't know the justification.

Mr. QUINN. I don't know that we know. We have had a few plea agreements. I guess we could go back to try to see what their motivation was. But I just chalk it up to greed. The massive amounts of money involved, most of the bribes weren't in the $2,500 range. Most of them were in the $100,000, $50,000, $250,000, things of that nature.

Mr. KINGSTON. Are they squirreling the money away in a Swiss bank account? Where does this money go to?

Mr. QUINN. Congressman Kingston, we are seeing all of the above. We are seeing them ship money back through the U.S. Postal Service, then going in, making deposits of $9,990, thinking that the banks aren't going to report them. We are seeing safe deposit boxes over in third countries, Kuwait, that we are dealing with the Kuwaiti Ministry of Interior so that we can get search warrants over there. And we have even seen some of it moving into offshore accounts.

Mr. KINGSTON. Aren't most of these contractors former and recently retired military personnel, particularly Army?

Mr. QUINN. I don't think we can say that.

Mr. KINGSTON. I saw the General—I don't want to stop you if you want to say something.

General THOMPSON. He can give you the specifics. But I wouldn't draw that conclusion. I don't think you can draw that conclusion. The facts don't bear it out.

Mr. KINGSTON. Not necessarily the corrupt ones. I am just saying, aren't most of the contractors former military personnel? That is not the case?

General THOMPSON. That is not the case.

Ms. KAPTUR. Will the gentleman yield? How about CIA?

General THOMPSON. Ma'am, I don't know. I have no idea.

FRAUD DETECTION

Mr. KINGSTON. Then my last question is, it has been asked several times in several different ways, but I am still perplexed why we haven't been catching this along and along and early on, and really cracking down. It seems to me that we are hearing action today which should have been going on the whole time anyhow. There has always been corruption, and particularly in purchasing, and particularly overseas. And it just seems to me like we are almost inventing the wheel that has already been thought of, and I know it had been.

Mr. QUINN. I think part of the reason we didn't catch some of this earlier is because I didn't have my fraud agents over there in theater. And we probably should have known that because we see fraud in natural disasters in the United States. Hurricanes come through, and it is that rush to provide services to people so that they get shelter, they get food. And contractors then will try to rip off the government.

We have made some improvements there by pushing out CID agents, because we support the Corps of Engineers in natural disasters in the United States. And we have dealt with contracting offices in Germany and in Korea. And it just—this amount of fraud just caught us by surprise, Congressman. We just did not expect something like that to happen.

Mr. QUINN. Now, we are going after them, and we are going to get them, and we are going to get money back to the U.S. Government. Since 2000, in our fraud investigations, whether it is in the States or overseas, we brought back a billion dollars to the government on fines, forfeitures, renewal of contracts, things like that.

Mr. KINGSTON. I think that might be the most surprising thing to me, and maybe other Committee members, that we are bewildered and somewhat shocked that you didn't anticipate this and haven't been cracking down on it the whole time, particularly since the President's statement and, you know, the end of major conflict in Iraq, that would signal a time where——

Mr. DICKS. Mission accomplished.

Mr. KINGSTON. Yeah. Mission accomplished. We are rebuilding, we are shifting into another gear during that period of time. I agree we should have been ready at Katrina. We have put in $120 billion in the Gulf. Certainly we knew, and there has always been corruption with an infusion of government cash on anything that is being rebuilt. But it seems to me that particularly armed services, of all groups, should be proactive on the front end.

Mr. QUINN. Sure.

General THOMPSON. I know. And that is one of the reasons why I think we are actually putting the fraud investigators and the auditors out there at the beginning and not after the fact. I mean, that is one of the lessons learned.

PENALTY FOR FRAUD

Mr. KINGSTON. And I will yield back. But I think from a bipartisan standpoint, if you really made some examples of people who were stealing money potentially—because that is money for bullets or money for fuel, for a tank, money for some medicine for a

wounded soldier—we feel that you really should be very severe on anybody who is——

General THOMPSON. And I personally hope that those that are beyond the investigation stage that have been indicted, when they are prosecuted and, if found guilty, I hope that the sentence they get is more than appropriate to the crime. Because I want it to send a message to the entire workforce.

To me, I just don't understand how anybody can think that they can cheat the United States government and get away with it. Because to me, it is just not a question of if you will get caught, it is just a question of when. So I just don't understand how people can even think they will get away with it, even for a short period of time.

Mr. QUINN. And the courts have made examples out of some of these individuals. We have had 12 sentenced to date. A Lieutenant Colonel got 21 months confinement, a Major got 10 years confinement, a civilian working for CPA got 9 years confinement. So they are cracking down on them hard when we catch them.

And DOJ, we have gotten great support out of Department of Justice (DOJ) on it with U.S. attorneys to prosecute these cases. So it truly is a joint effort on this between the investigators, the auditors, and then the lawyers to take them to court.

SOLE-SOURCE CONTRACTS

Mr. BISHOP. Thank you very much.

I have got one brief line of questions I would like to explore and that has to do with the sole-source contracts. I know that there have to be situations where sole-source contracting is appropriate, particularly when you have got an emergency and you have got unexpected needs that have to be met on a short-term basis. But the GAO reported in April of 2006 that DOD had awarded contracts of security guard services supporting 57 domestic bases. And of that 57, 46 of them were authorized on a sole-source basis. And it also reported that those 46 sole-source contracts that were awarded by DOD recognized that they were paying 25 percent more than previously paid for contracts that were awarded competitively.

Why would DOD contracting officials approve sole-source contracts that cost the taxpayer considerably more than those same services if they were competitively bid? And I am talking about not the theater deployment sole-source contracts, but I am talking about for domestic bases like Fort Benning or the Marine base in Albany, or various other of our bases here in the States.

General THOMPSON. Sir, there are in statute seven provisions that allow other than full and open competition. The first recourse always is to do full and open competition. But there are the seven provisions, and I will quickly read them to you from my notes here.

The first one is there is only one responsible source, and no other supplies or services will satisfy the requirement. Unusual urgency. Industrial mobilization or a research development engineering capability that only that individual organization or company has. An international agreement. It is authorized by statute. National security or the public interest.

You cannot commence a negotiation for sole-source contract until you determine that that action is justified. You have to justify the

accuracy of that justification statement, making sure that you have got all the information. And you have to get the required approvals. And depending upon the dollar amounts of the contract action, those approvals, depending upon the dollar amounts, go up. And the dollar amounts specifically for anything not exceeding $550,000, the contracting officer can do that certification themselves. Between $550,000 and $11.5 million, they have to go to the competition advocate for that procuring agency. Above $11.5 million and less than $57 million, you have to go to the head of the procuring activity for that organization. And then above that level it goes all the way up to the agency. In this case, the agency would be the Department of the Army. So there are—you have to justify it. You have to document it. And then depending upon the dollar value, you have got to go get approval from higher for those sole-source justifications.

Mr. BISHOP. I understand very well that all of this has to be documented, and it has got to be approved, but apparently these things are being approved. And I am trying to understand why it is necessary for them to happen, particularly at a cost of 25 percent more. From what I observe with the security guard contracts, the majority of the activity that they perform, the majority of the contractors and employees are basically at the gate checking IDs for people who enter the base. And, you know, for those services, which, you know, are minimal, why would we be paying 25 percent more for that? And why could not that be competitively bid?

It seems like there is a culture where if the local contractor has that kind of authority, that they have a good-old-boy system where they have preferred contractors. and so they just justify it in the paperwork. And there does not appear to be much oversight in that regard.

General THOMPSON. In that particular case, those awards were made to Alaska Native corporations to replace military members that were deploying, and so it was done on an urgent basis. And then those competitions, those contracts were recompeted with full and open competition later. And there is where you saw the 25 percent savings that were quoted in the GAO report.

Mr. BISHOP, Not savings; it was 25 percent excess, not savings.

General THOMPSON. Well, when the contracts were renegotiated, they were negotiated at a price that was 25 percent less than they were paying when they were non-sole-source. I am not excusing the fact that it is 25 percent more.

Mr. MURTHA, Mr. Young.

CASH PAYMENTS

Mr. YOUNG. Thank you, Mr. Chairman.

Something has been bothering me all the way through this hearing, because at the beginning of the hearing, and I had asked several questions, and one of the responses that Mr. Quinn made was that part of the problem is there is so much cash in this system. Where does the cash come from? Do we pay a contractor in cash?

Mr. QUINN. Congressman Young, in Kuwait it is not so much the problem on the cash side, but it was up in Iraq, where there were no banks, or the banks were nonfunctional. A lot of the personnel up there, either the contractors or the third-country nationals that

were working for us, were being paid in cash. There is a lot of dollars floating around over there. And that is what I was talking about. You get down into Kuwait and the contract actions in Kuwait, then they are going through banking process. I am sorry I misled you on that.

Mr. YOUNG. Is this cash American currency, or is it Kuwaiti, or is it Iraqi?

Mr, QUINN. Much of the bribes that we saw up in—well, to include Kuwait, but up in Iraq, it is $100 U.S. bills.

Mr. YOUNG. When the Army awards a contract, in the case of the Kuwaiti, Iraqi, the whole region, do you pay them up front, or do you pay them based on bills for services rendered?

General THOMPSON. Generally it is paid bills for services rendered.

Mr. YOUNG. So you do not advance a lot of cash?

General THOMPSON. I mean, there are cases on specific contracts where money is advanced. On weapons systems contracts, mostly you advance money to buy, you know, long-lead materiel so you can begin to build something. But for service contracts, for the most part it is paid for services rendered, Congressman.

Mr. YOUNG. Okay. If we pay contractors in cash, who is responsible for that? Who actually handles the money? Who is responsible to make sure that it is not siphoned off into a bribe or siphoned off into a pouch going back home to go in somebody's personal bank account?

General THOMPSON. There are disbursing officers that work under the comptroller that are responsible for the actual payment. The Defense Finance and Accounting Service has the responsibility for making payment to contractors. Once the contracting officer representative certifies that they delivered the product or service and authorizes that payment, then it is done by a separate organization, the Defense Finance and Accounting Service. Where there are cash payments, it is done by an individual that does the financial transaction that is separate from the contracting officer for the most part.

Mr. YOUNG. Are there any of the disbursing officers in the list of investigations ongoing or the indictments?

Mr. QUINN. I do not know of any, Congressman Young. I can go back and take a look at to see if any of them were disbursing officers. We do have one case where some DFAS employees figured out how to rig the codes and were paying themselves, and I think they have been court-martialed. But the actual interaction between contractors and disbursing officers I will have to check for you, sir.

Mr. YOUNG. Well, when there is cash around, there is always a concern about where it goes.

Mr. QUINN. Yes, sir. It is a full-time business for us.

TRACKING DELIVERY OF SUPPLIES

Mr. YOUNG. I keep thinking about food deliveries that were not made and did not get to the right place, and weapons and ammunition. And Mr. Murtha and I had a briefing quite some time ago on a very closed—just the two of us were involved—about something very similar to what we are talking about here. And this strikes me FedEx, UPS and companies like them deal with millions and

millions of articles and items and packages, and they very, very seldom ever lose one. And you can almost trace it minute by minute.

Should the military be talking to somebody at FedEx and asking them how they do it and how they keep track of everything without losing or having something misplaced? Very simple question, a rhetorical question. I do not even necessarily expect an answer, but it is something that goes through my mind. If FedEx can do it, why cannot the United States military?

Thank you, Mr. Chairman.

Mr. MURTHA. Ms. Kaptur.

AEGIS CONTRACT

Ms. KAPTUR. Thank you. Mr. Chairman, I just wonder if the general was aware of a company called Aegis, which apparently is on contract to the DOD to provide logistical coordination for all security contractors inside of Iraq. Was that part of the 6,400 number you gave me, gave us?

General THOMPSON. Ma'am, I do not know. I am aware of a company called Aegis. I am not aware of the specifics of what contracts they have won.

Mr. QUINN. Aegis does have some, or did have some, private security contractors working for them, because one of the investigations we did was on one of their subs. So they do have some. Now, whether they still have the contract business or they extended the contract, ma'am, I do not know.

Ms. KAPTUR. As I understand it, this was a very important contract. And it was—I do not know the amount of it, but it was large compared to others. I am curious as to whether it was sole-source or not. And I am surprised the number you gave, 6,400. I would like to know what portion of those are Aegis contractors. The numbers you gave, over half are third-party nationals in 41 host country. That would mean Iraqis, I guess.

General THOMPSON. Right. Or—yes, ma'am.

Ms. KAPTUR. But what would be the nature of that Aegis contract? And who signed it at DOD? Could you find that out for me, General?

General THOMPSON. As we look at the updated information from the information I gave you that was as of July, we can look at what Aegis has got as far as DOD contracts today.

[The information follows:]

The Department of Defense has not awarded any sole source Private Security Contracts. All contracts have been awarded using full and open competition.

Ms. KAPTUR. And, Mr. Quinn, what was the nature of the investigation that went on relative to Aegis?

Mr. QUINN. It was a shooting incident, ma'am, as part of a security of a convoy. We investigated to determine if it was within the rules of force or was not in the rules of force. I know it did not go to prosecution. And I do not know that we were able to establish that they violated the rules of force.

Mr. MURTHA. Mr. Dicks.

DELIVERY OF INFERIOR SUPPLIES

Mr. DICKS. You mentioned in our discussion today making certain that the contractors supplied the equipment that was actually requested, that there was sometimes contractors provided things that were not asked for——

Mr. QUINN. Yes, sir.

Mr. DICKS [continuing]. In an attempt to satisfy the contract. How big a problem is that?

Mr. QUINN. We did not see that in a number of instances. We did see it—there was a contract for cell phones to be provided. They provided inferior cell phones. There was a logistics contract to move equipment, and they were required to give us a truck that was capable of carrying X amount of pounds, and they gave us lower quality. I do not know of any instance where they provided us something that put soldiers' lives at risk. It was more on the logistical side of the house.

CONTRACTING OFFICER REPRESENTATIVE

Mr. DICKS. Is that still a problem, or has that improved?

Mr. QUINN. It has improved, sir.

General THOMPSON. I think that is much less of a problem, especially when I go back to the comment I made about training 4,700 contracting officer representatives to make sure that we are getting what we asked for. So I think that is probably significantly——

Mr. DICKS. Do they do inspections?

General THOMPSON. Yes.

Mr. DICKS. They go out to see whatever it is arrives, check to see that this is what we have ordered?

General THOMPSON. Yes, sir.

Mr. DICKS. Do they do that in Kuwait?

General THOMPSON. They do that everywhere.

Mr. QUINN. That was the COR responsibility to some degree, and that is a unit-level responsibility. And General Thompson mentioned the intensive effort over the last 6 months or so to get those CORs trained on what to look for out there, what kind of indicators of fraud so they can spot this. And they have spotted it and reported it to us.

Mr. DICKS. Thank you, Mr. Chairman.

Mr. MURTHA. Mr. Kingston.

NUMBER OF PROSECUTIONS

Mr. KINGSTON. Mr. Quinn, you gave me the number of people who had been prosecuted earlier. Could you repeat that? I think you said 21 or 12 were in——

Mr. QUINN. No, sir, I think it was 19 that have been indicted or charged, government employees, and then I think it was 13 that have gone to court, both government employees and nongovernment employees.

Mr. KINGSTON. That seems a little low for $6 billion.

Mr. QUINN. Well, the $6 billion is the amount of the contract that was touched, not the amount of fraud that took place. And in the prosecution, the investigative side, moving into the prosecution side, we are still greatly in the investigation side. And there will

be a number of prosecutions over the next year or 2 years; as we move this mountain, as somebody mentioned, the pig through the snake, we will be processing all these through to completion.

Mr. KINGSTON. How would you characterize the corruption? Is it widespread, or is it a persistent problem that is there, but, you know——

Mr. QUINN. Congressman, I would say persistent. You are always going to have some fraud and corruption out there. We saw a couple pockets of it, the Kuwait contracting office that was required to do so much with so few without the oversight. But persistent. As American dollars and contractors are involved, you are just going to have somebody take the bite at the apple.

Mr. MURTHA, Mr. Hobson.

COMMANDERS EMERGENCY RESPONSE FUND

Mr. HOBSON. I do not know whether this still goes on or not, but when we first went over there, a lot of the generals and colonels liked this commanders' funds they had. These were moneys that they had——

Mr. MURTHA. Was that cash, or how do they handle it?

Mr. FRELINGHUYSEN. It is cash.

Mr. MURTHA. Cash?

General THOMPSON. Cash. Yes, sir. Commanders' Emergency Response Fund.

Mr. HOBSON. Well, and some of it was more—they found money, too, and they confiscated money, and they kept it. And they felt that they were very expeditious and cost-effective in passing that money out. However, the Army did not like it because they had all these other procedures, and some of the procedures were not followed.

What I was trying to get at was how much of that is in any of this stuff that we are prosecuting or looking at? Was that a more efficient way of doing it and a better way of getting the services than going through all the bureaucracy? Just what worked and did not work? Because they liked it, but I know the Army pushed back on it. So I do not know what happened finally. And are any indictments going to be on those guys?

Mr. QUINN. To my knowledge, no, sir. I do not know of any of our investigations that came out of the CERF funds, the emergency funds that were available to commanders. Most of what we are seeing is all on the contracting side of the house.

Mr. HOBSON. Okay. Thank you.

Mr. MURTHA. Mr. Frelinghuysen.

Mr. FRELINGHUYSEN. The money for the different commanders was if they wanted to build a water purification thing, the locals are not going to take a check. They wanted cash if somebody is going to put their shoulder behind the plow to do something about it. I think that they were pretty convincing that that money was pretty well spent and accounted for. The money that went in bundles to the ministries to sort of pay people who did not get a check to sort of keep those various ministries over, I think that is probably where most of that money disappeared. In other words, if it is the Oil Ministry, it is not to say somebody might not have taken it, but I assume a lot of it was to keep the operations open.

What exists now I do not know, but I assume when we first got there, things would have catapulted even worse if there had not been some money going out of the door. And I presume most of those were $100 bills. Do I presume right? I assume cash was king, probably still is.

General THOMPSON. Yes, sir.

Mr. MURTHA. You audited CERF funds, though. You are making sure—you know, when any type of cash is around, we do not want to get behind the eight ball there, because they are asking for more and more money in that particular area.

Mr. QUINN. Yes, sir. That is an item of interest on Army audit side of the house. And the Army has also made a big push lately on getting the lay people trained on what the law is on how to use the CERF funds and proper appropriation of funds.

HIRING CONTRACTING PROFESSIONALS

Mr. MURTHA. Here is some advice. You are going to hire a lot more civilians than you are military. You say you are hiring those civilians because of the surge capability: You can get rid of them any time you want to. Here is the problem. They cost a hell of a lot more for civilians than it does for military personnel.

Let us balance this out. When you come to us for a request, make sure you have a request that makes sense. Do not just add a lot of contractors because you can get them sooner. Because we have not done that now when we should have. In other words, the idea of this hiring contractors was we can surge when we need to, right?

General THOMPSON. Yes, sir.

Mr. MURTHA. And yet we did not surge. So we are paying a lot more money, and we did not have—for some reason we did not surge. Now, what I am saying to you is you are going to hire two to one, it sounds like to me, for contractors, meaning civilian contractors versus military, which would be permanent. It costs a lot more. We need to know the difference in cost and the reason for that, and if you are going to get rid of them next year or the year after that as this thing winds down. Okay?

General THOMPSON. Yes, sir.

Mr. MURTHA. Okay. Thank you very much. The hearing is adjourned until this afternoon at 3:30.

[CLERK'S NOTE.—Questions submitted by Ms. Kaptur and the answers thereto follow.]

AEGIS CONTRACTS

Question: I want listing and detailed info on ALL contracts let by DoD to AEGIS for ANY purpose during the Bush Administration.

Answer: According to the DoD Federal Procurement Data System and queries with the existing Joint Contingency Contracting System (JCCS) database in Iraq, the following contracts have been let to AEGIS during the Bush Administration:

Contract Number: W91GY007D0008

Awarded: 21 Feb 2007

Agency that advertised/signed contract: JCC–I/A

CO that signed contract: Lt Col Bradley Riddle

AEGIS CO that signed contract: William Curan, Deputy Program Manager

Contract Value: $12M

Period of Performance (Duration): 29 Feb 2008, Option 1 goes through 30 Aug 2008

Total number of Employees: 47

US: 6 TCN: 41 LN: 0
Services Performed/Deliverables: Provides transportation and security to Iraqi military forces throughout Iraq, to include government vehicles and equipment from sites within the borders of Iraq, Kuwait, and Jordan.
Sole Source: No
Type of Contract: Fixed Price, Indefinite Delivery, Indefinite Quantity

Contract Number: W91GY007C0004
Awarded: 14 Feb 2007
Agency that advertised/signed contract: JCC–I/A
CO that signed contract: Capt Jeffrey Hooley, USAF
AEGIS CO that signed contract: J.P.A. Day, Director
Contract Value: $9.6M (w/option periods)
Period of Performance (Duration): 28 Jan 2008, 2 six-month options remaining
Total number of Employees: 25
US: 0 TCN: 25 LN: 0
Services Performed/Deliverables: Provides personal security for up to 5 principals from MNSTC–I.
Sole Source: No
Type of Contract: Firm Fixed Price

Contract Number: W91GDW07D4021
Awarded: 31 Jan 2008, Task Order 0001
Agency that advertised/signed contract: JCC–I/A
CO that signed contract: June Olmsted
AEGIS CO that signed contract: Robert Lewis
Contract Value: $475,000,000.00
Period of Performance (Duration): 10 Sep 2010
Total number of Employees: 1,372
Services Performed/Deliverables: Provides security services, such as Reconstruction Operation Centers, personal security details, and static guards for the U.S. Army Corps of Engineers, Gulf Regional Division.
Sole Source: No
Type of Contract: FFP with Cost Reimbursable CLINs

Contract Number: W91GDW07D4025
Awarded: 27 Sept 2007
Agency that advertised/signed contract: JCC–I/A
CO that signed contract: Maj Damon Coon, USAF
AEGIS CO that signed contract: J.P.A. Baker, Director
Contract Value: $45,000,000.00
Period of Performance (Duration): 27 Sep 2010
Total number of Employees: 0 (currently no taskings have been issued on this contract)
Services Performed/Deliverables: Provides theater-wide internal security services, such as entry control points, perimeter manning, tower security, and security of select facilities.
Sole Source: No
Type of Contract: Firm Fixed Price, Indefinite Delivery, Indefinite Quantity

Contract Number: W911S04C0003
Awarded: 25 May 2004
Agency that advertised/signed contract: Army Contracting Agency, Northern Region Contracting Center
CO that signed contract: Robert Winne
AEGIS CO that signed contract: Unknown
Contract Value: $447M
Period of Performance (Duration): Base plus 2 one-year options (01 Jun 2004–31 May 2007) contract extended one year to 31 May 2008 due to protest on the follow-on contract.
Total number of Employees: 1,035
US: 32 TCN: 675 LN: 328
Services Performed/Deliverables: Provides security to reconstruction contractors and physical security protection to fixed facilities and personnel.
Sole Source: No
Type of Contract: Cost Plus Fixed-Fee
Question: Is contractor or any subcontract, let with a non-U.S. Firm?
Answer: AEGIS is a British Firm. Subcontracts are allowed on all AEGIS contracts, but AEGIS has privity of contract with its subcontractors and the US Government has privity of contract only with the Prime Contractor, AEGIS. Con-

sequently, pricing data on competed contracts is not broken out by a percentage of the contract that has been subcontracted.

Question: What due diligence was done prior to signing to assure reputability of contractor/subcontractor, and any of their employees?

Answer: The contracting officers determined on each contract that AEGIS was responsible IAW Federal Acquisition Regulation (FAR) Part 9, by ensuring that AEGIS was neither a debarred nor suspended contractor, verifying financial capability and evaluating applicable past performance in the source selection process.

AEGIS CONTRACTS

Question: Who screened employees of contractor/subcontractor?

Answer: AEGIS is required to submit the following documentation to the Contracting Officer Representative (COR):

—Completed DD Form 2760 (or equivalent documentation) for each armed employee, indicating that the employee is not otherwise prohibited under U.S. law from possessing a weapon or ammunition.

—One copy of a business license from the Iraq Ministry of Trade and one copy of an operating license from the Ministry of Interior.

—An acceptable plan for accomplishing background checks on all contractor and subcontractor employees who will be armed under the contract. The contractor shall, at a minimum, perform the following (which will be specifically addressed in its plan and which will be documented and furnished to the COR upon completion):

- Use one or more of the following sources when conducting background checks: Interpol, FBI, Country of Origin Criminal Records, Country of Origin U.S. Embassy Information Request, CIA records, and/or any other records available;
- Verify with MNC–I Provost Marshall that no employee has been barred by any commander within Iraq. Additionally, Local Nationals are required to have background checks and must be vetted through a local hire vetting program. The contractor will utilize the standards within the MNF–I Access Control Policy to properly vet all Local Nationals as well as conduct a prescreening interview, in coordination with the Human Intelligence Support Teams, of potential employees to determine if any condition is present to preclude them from being hired.

The contractor is screening and performing its own background checks on its employees and flowing down the same requirements to its subcontractors. The COR is verifying that the background checks were performed and validates the submitted paperwork, but does not actually perform the background checks.

Question: What security checks were done?

Answer: AEGIS is required to submit the following documentation to the Contracting Officer Representative (COR):

—Completed DD Form 2760 (or equivalent documentation) for each armed employee, indicating that the employee is not otherwise prohibited under U.S. law from possessing a weapon or ammunition.

—One copy of a business license from the Iraq Ministry of Trade and one copy of an operating license from the Ministry of Interior.

—An acceptable plan for accomplishing background checks on all contractor and subcontractor employees who will be armed under the contract. The contractor shall, at a minimum, perform the following (which will be specifically addressed in its plan and which will be documented and furnished to the COR upon completion):

- Use one or more of the following sources when conducting background checks: Interpol, FBI, Country of Origin Criminal Records, Country of Origin U.S. Embassy Information Request, CIA records, and/or any other records available;
- Verify with MNC–I Provost Marshall that no employee has been barred by any commander within Iraq.

Additionally, Local Nationals are required background checks and must be vetted through a local hire vetting program. The contractor will utilize the standards within the MNF–I Access Control Policy to properly vet all Local Nationals as well as conduct a prescreening interview, in coordination with the Human Intelligence Support Teams, of potential employees to determine if any condition is present to preclude them from being hired. The contractor is screening and performing its own background checks on its employees and flowing down the same requirements to its subcontractors. The COR is verifying that the background checks were performed and validates the submitted paperwork, but does not actually perform the background checks.

Question: Do any of them have criminal records?

Answer: All contractor employees may not have been convicted of a felony or misdemeanor involving moral circumstances during the 5 year period preceding the date of the contract proposal. Additionally, employees may not have been declared incompetent by reason of mental defect by any court of competent jurisdiction.

Question: Who performed them at DoD and for contractor/subcontractor?

Answer: AEGIS is required to submit the following documentation to the Contracting Officer Representative (COR):

—Completed DD Form 2760 (or equivalent documentation) for each armed employee, indicating that the employee is not otherwise prohibited under U.S. law from possessing a weapon or ammunition.

—One copy of a business license from the Iraq Ministry of Trade and one copy of an operating license from the Ministry of Interior.

—An acceptable plan for accomplishing background checks on all contractor and subcontractor employees who will be armed under the contract. The contractor shall, at a minimum, perform the following (which will be specifically addressed in its plan and which will be documented and furnished to the COR upon completion):

- Use one or more of the following sources when conducting background checks: Interpol, FBI, Country of Origin Criminal Records, Country of Origin US Embassy Information Request, CIA records, and/or any other records available;
- Verify with MNC–I Provost Marshall that no employee has been barred by any commander within Iraq.

Additionally, Local Nationals are required background checks and must be vetted through a local hire vetting program. The contractor will utilize the standards within the MNF–I Access Control Policy to properly vet all Local Nationals as well as conduct a prescreening interview, in coordination with the Human Intelligence Support Teams, of potential employees to determine if any condition is present to preclude them from being hired. The contractor is screening and performing its own background checks on its employees and flowing down the same requirements to its subcontractors. The COR is verifying that the background checks were performed and validates the submitted paperwork, but does not actually perform the background checks.

Question: Where are all those employee records available from contractor and subcontractor?

Answer: AEGIS and its subcontractors are required to maintain administrative files, which must, at a minimum include personnel records, investigative records, and training records on all employees, for at least 6 months following the expiration of the contract. The contractor and its subcontractors shall make these records available to the Contracting Officer within 72 hours of a request.

Question: Who performed and cleared their background checks?

Answer: The agency performing background checks on its employees will depend on the country that the employee is from; however, the requiring activity/Contracting Officer Representative is responsible for verifying that a background check was completed.

Question: Type of bidding process conducted for contract/subcontract?

Answer: All contracts were awarded using Full and Open Competition with a Best Value Source Selection using technical, price, and past performance evaluation factors.

Question: What oversight has there been for performance of the contracts?

Answer: Each contract has, at a minimum, one appointed COR that evaluates the performance of each contract.

Question: Which nations do non US citizens come from? What is their citizenship?

Answer: The nationalities for AEGIS Defense Services active arming authorizations are as follows:

Australia, Bosnia, Canada, Columbia, Denmark, Estonia, France, Germany, Iraq, Ireland, Nepal, Poland, Romania, South Africa, Sweden, United Kingdom.

Question: Give me the compensation of each employee under contract and the death benefits for each.

Answer: This type of specific company proprietary data, if at all releasable, would only be submitted when certified cost and pricing data was required for the acquisition. Certified cost and pricing data generally is required on non-competitive actions over $650K, but there is an exception when prices are based on adequate price competition, which is what occurred with the AEGIS contracts. Those contracts were competed on a full and open competition basis, and as such, cost or pricing data was not required.

Question: What percent of the contract and subcontract is for administrative expenses vs. Employee compensation?

Answer: This type of specific company proprietary data, if at all releasable, would only be submitted when certified cost and pricing data was required for the acquisition. Certified cost and pricing data generally is required on non-competitive actions over $650K, but there is an exception when prices are based on adequate price competition, which is what occurred with the AEGIS contracts. Those contracts were competed on a full and open competition basis, and as such, cost or pricing data was not required.

[CLERK'S NOTE.—End of questions submitted by Ms. Kaptur. Questions submitted by Mr. Murtha and the answers thereto follow.]

CONTRACT OVERSIGHT IN KUWAIT

Question: The Committee has seen press reports of fraud and corruption at the Army's Kuwait contracting center and that as a result nearly $4 billion in Iraq war contracts has been shifted to the contracting office of the Army Sustainment Command at Rock Island Arsenal, Illinois. Does this remote contracting procedure comply with current contingency contracting doctrine?

Answer: Yes. All Army contracting organizations share the same common vision of providing the best possible contracting support to their Warfighting customers. Exactly how each organization accomplishes that mission varies based on mission and resources. The Defense Logistics Agency (DLA) does not forward deploy any contracting resources and instead relies on dedicated CONUS contracting personnel to provide reach-back support. Some organizations send contracting support teams forward on a periodic basis (e.g., quarterly) to provide short-term support in theater and to better understand how things operate in the area of operation, (AOR), which should improve their ability to provide reach-back support when they return to their home station. The Army Material Command (AMC), Army Special Operations Command, and the Army Corps of Engineers primarily forward deploy their contracting resources. They have determined that is the best and most efficient way to provide contracting support to the Warfighter in an expeditionary environment.

ARMY NEAR-TERM ACTIONS TO IMPROVE CONTRACTING

Question: The Secretary of the Army established the Gansler Commission in September 2007, to perform a strategic review of Army acquisition and contracting. Concurrently the Army Contracting Task Force was formed to review current contracting operations and recommendnmediate action where appropriate. What recommendations of the Army Task Force or the Gansler Commission has the Army implemented?

Answer: Reforms and completed actions are as follows:

- Established reach back capability at the Army Material Command to manage over $4B in active contracts.
- Doubled the number of trained Contracting Officer's Representatives (CORs) in Kuwait.
- Establishing Army Contracting Command (ACC); a two-star level contracting command including two subordinate one-star level commands: Expeditionary contracting command and installation contracting command under the Army Material Command (AMC) to enhance Warfighter support, leverage resources, capitalize on the synergy of contracting personnel, and establish uniform policies.
- Establishing the Army Contracting Campaign Plan (ACCP) under the A/USA.
- Incorporating lessons learned into doctrine, training guides and user activity handbooks to include: Joint Publication (JP) 4–10, Army Field Manual 4–10, Commander's Guide to Contracting, and Contracting Handbook for Requiring Activities (under development).
- The Army worked with the Army Audit Agency (AAA), Criminal Investigation Division (CID), and the Assistant Secretary of the Army for Financial Management and Comptroller in reviewing financial data to determine if appropriate disbursement and accounting of payments have been made. All actions found with potential fraud indicators have been turned over to CID for further investigation.
- The Army is working with the Office of the Secretary of Defense (OSD) to develop several legislative proposals candidates where we will need legislative assistance from Congress to resolve certain issues.
- Distribution of the new Joint Contingency Contracting Handbook as well as field manuals for Contracting Support Brigade (CSB)s and a Commanders' Guide to Contracting and Contractor Management.

• Developed the Contracting Government Training Aid card on 15 November 2007. This TRADOC/CASCOM generated training tool provides unit level contracting/contractor situational awareness.

• Published and distributed 5,000 copies of the Joint Contingency Contracting Handbook to the Air Force, Army, Navy, Marine Corps, National Guard, Silver Flag and service courses and schools. This joint document was finalized on 1 December 2008, is a single pocket-sized handbook that captures the joint contingency contracting environment and provides contingency contracting officers with the necessary tools for joint-service operations.

Question: What recommendations have not been fully implemented and why?

Answer:

a. As recommended in the Gansler Commission report the Army should establish a separate Army Contracting Officer promotion board. The Army has determined that it is neither necessary nor required to establish a separate board just for contracting officers since each board can be tailored as required to meet the needs of the Army by establishing "floors" in order to ensure a sufficient, minimum quantity of highly qualified officers are selected to fulfill the Army's needs.

b. The Army has elected not to establish a separate, centrally managed; contracting Corps because the needs of the Army and the Acquisition Corps are best met though the existing Army Acquisition Corps. A separately managed Contracting Corps would require additional, redundant, administrative oversight that would not be necessary or cost effective.

c. Increase Army Contracting personnel by 400 military and 1000 civilians is only partially agreed to. Further analysis is needed but it appears that a structure of 301 military expeditionary plus 167 institutional military coupled to 804 civilian personnel is required to fulfill the recommendations made by the Gansler Commission.

U.S. ARMY CONTRACTING COMMAND

Question: The Army has approved a two-star level Army Contracting Command under Army Material Command. The new organization has two subordinate one-star commands: One focused on expeditionary contracting; and the other focused on installation contracting. Who are the general officers selected for the new commands and what are their contracting credentials?

Answer: The selections for these positions have not been made, but their credentials will be commensurate with the roles and responsibilities of these positions. On January 30, 2008, the Secretary of the Army directed the realignment of the Army Contracting Agency under the AMC and the establishment of the Army Contracting Command (ACC); a two-star level contracting command including two subordinate one-star level commands: Expeditionary contracting command and installation contracting command to enhance Warfighter support, leverage resources, capitalize on the synergy of contracting personnel, and establish uniform policies. On February 8, 2008, the AMC established the ACC as a provision unit with the mission of providing responsive and effective contracting services to meet the Army's requirements.

Question: Please describe the structure and the number of people: Military, civilian, and contractor that will be in each command? Where will the new general officer commands be located? Will the general officers be "dual-hated" with responsibilities other than their contracting commands?

Answer: The details are being discussed and a decision is forthcoming.

ADDRESSING ARMY CONTRACTING PROBLEMS

Question: The Army Contracting Task Force examined current Army contracting operations and identified a number of serious problems. The Army has been working for several months to address these problems. High personnel turn over has been identified as a problem at forward deployed contracting organizations. Has the turn over problem been solved?

Answer: It will remain difficult to attract and retain qualified personnel in any austere OCONUS environment. Such a situation exists in the CENTCOM AOR. There will be a continued need to provide rotational forces to supplement the Kuwait staff and to provide reach-back to CONUS based operations. Bottom line is only time will tell if additional benefits to attract and retain skilled contracting personnel are approved and indeed to help with retention before issues associated with manning shortfalls and an inexperienced contracting workforce are in fact alleviated.

Question: Are you confident that the necessary numbers of properly trained and certified contracting officers' representatives have been appointed and are in place performing their duties?

Answer: Contracting officers have been directed to appoint a trained Contracting Officer's Representative (COR) for every service contract awarded with an estimated value greater than $2,500. To ensure that systematic quality assurance methods are used during contract administration, quality assurance surveillance plans must also be prepared and implemented. Additionally, a standard, minimum training requirement has been established for Army CORs. CORs must complete the Defense Acquisition University (DAU) on-line continuous learning module, "COR with a Mission Focus," prior to appointment. As of November 1, 2007, over 4,500 Army personnel have completed this course. Also, acquisition leadership reiterated the requirement for contractor performance to be adequately documented and performance reports prepared, entered and maintained in our performance assessment systems. We will not allow poor performers to be rewarded with more work. A reminder was also forwarded to the entire Army Acquisition workforce addressing their responsibilities as public servants and stewards of the taxpayer's investment and exhorting them to ensure that their actions remain above reproach, both in reality and appearance.

JOINT CONTRACTING COMMAND IRAQ/AFGHANISTAN

Question: The Gansler Commission reports that the Army is the DoD executive agent for contracting in Iraq and Afghanistan, but is unable to fill military or civilian contracting billets in either quantity or qualification. Although providing contracting support to the Army or Marine Corps is not an Air Force mission, an Air Force major general currently is in command of the Joint Contracting Command—Iraq/Afghanistan. The Air Force also provides over 67 percent of the Joint Contracting Command contracting personnel supporting ground forces, and the Air Force is handling most of the complex contracting actions. How have you changed the career path for Army contracting officers so that they spend enough time in contracting billets to be truly qualified as a contracting officer; to be a contracting expert?

Answer: Changes to the Army Contracting Officer career path are being implemented. Army contracting officers will be accessed at the 5–6 year mark after their basic branch qualification. The goal is to have all officers complete the Army Acquisition Basic Course (8 weeks) and the Army Acquisition Intermediate Contracting Course (4 weeks) prior to their first contracting assignment. In addition, during their first year of assignment at a Directorate of Contracting an Acquisition Center, contracting officers will be ineligible for deployment. This action will help them acquire valuable acquisition experience before being placed in a deployed situation.

INCREMENTAL FUNDING OF CONTRACTS

Question: The Gansler Commission Reported that contracts in Iraq and Afghanistan have been incrementally funded causing unnecessary work load and inefficient operations plus often limiting the contracting officer in efforts to achieve a better deal. Why are some contracts funded only monthly or at even shorter intervals?

Answer: The incremental funding of contracts is generally a factor of the availability of funding. Incremental funding is most frequently used at the beginning of a new fiscal year when appropriations have not been enacted and DoD is operating under a Continuing Resolution (CR) or in advance of supplemental funding for contingency operations. A contract can be funded only for the duration of the CR and a contract modification must be issued adding incremental funding for the period of each subsequent CR.

Question: Who makes the decision to incrementally fund contracts?

Answer: The decision to incrementally fund contracts is based on the provisions of Continuing Resolution and/or the availability of funding. A CR generally establishes that no new projects or services can begin, and that continuing efforts can be funded only for the duration of the CR. The Contracting Officer cannot fund contracts without the appropriate funding available.

Question: How can the Army solve the incremental funding problem?

Answer: The Army cannot solve the incremental funding problem, since the requirement to have funds available is a fundamental tenet of government fiscal law. Incremental funding will continue to be a problem every fiscal year for which appropriations are not enacted and funds distributed prior to the start of the year.

CONTRACTING OFFICERS' REPRESENTATIVES

Question: Army contracting officers have been directed to appoint a trained contracting officer's representative (COR) for every service contract awarded with an

estimated value greater than $2,500. Who are the people who serve as contracting officers' representatives?

Answer: "Defense Federal Acquisition Regulation (DFAR)" 201.602–2 requires that an individual who is to be designated a contracting officer's representative (COR) must be a Government employee, unless other authorized in Agency regulations; must be qualified by training and experience commensurate with the responsibilities to be delegated in accordance with department/agency guidelines; and must be delegated in writing with the COR responsibilities clearly delineated and accepted in writing by the designee. Typically, the COR is nominated and is required to provide the Contracting Officer information concerning all relevant training and experience. COR's training is offered by the Defense Acquisition University (DAU) as well as by a variety of private training sources. Army CORs can be Army military or civilian personnel.

Question: During contingency operations, how often do the typical CORs rotate or get replaced?

Answer: The rotation or replacement of a COR (military or civilian) is not linked to their COR roles and responsibilities. CORs are rotated based on the normal rotational process for assigned soldiers or civilians. There are advantages and disadvantages to either extending or reducing rotations for. A COR should be familiar with the contract, the work requirements, and the contract history may provide a more experienced eye on contractor operations and performance; however, too much familiarity with an operation may make some CORs more complacent with the status quo. Generally speaking, the rotational rate does not, in and of itself, dictate the effectiveness of a COR.

Question: In the cases of fraud researched by the Army Contracting Task Force, how many of those cases were reported by the COR, and in how many cases were the CORs complicit?

Answer: The Army Contracting Task Force did not research the cases of fraud committed in theater as many of the investigations are still open. However, a review by Army CID of the 93 ongoing and 51 closed investigations of procurement fraud impacting operations in Iraq, Kuwait and Afghanistan, found that 5 CORs reported suspected misconduct and 21 CORs have been, or are currently being looked at, for offenses associated with the fraud. It should be noted that many of the cases are still ongoing and misconduct on the part of the 21 has not been proven.

EXPANDING THE ARMY CONTRACTING WORK FORCE

Question: The Army acquisition work force has declined in numbers over the last decade, while the dollar amount of contacts being managed has grown by more than 80 percent. Now the Army is attempting to grow the contracting work force. Please describe the Army program to increase the contracting officer work force, both military and civilian? What progress has been made?

Answer: The decline in the acquisition work force and the potential losses of trained and experienced procurement personnel in the next few years due to anticipated retirements is an issue faced by DoD and the civilian workforce. The Gansler Commission recommended growing the non-deployable contracting workforce by 167 Military and 804 Civilian positions which is being pursued. However, the level of trained and experienced contracting officer personnel currently in both the military and civilian workforce is a finite resource coupled with all of the government departments and contractors vying for the same individuals. Creative solutions must be developed to retain experienced personnel while recruiting and training new contracts professionals to replace and enhance the current numbers. Among the proposed innovations are changes to the current "rehired annuitant" restrictions, additional partnerships with colleges and universities to enhance the recruitment of graduates into the government workforce, and the development of more robust contracting internship programs.

GROWTH IN CONTRACTOR PROVIDED SERVICES

Question: The Committee understands that the Department of Defense obligates more for service contracts than it does for supplies and equipment, including major weapons systems. In many cases, contractor personnel end up working along side of military personnel, doing much the same work, but the contractor costs the government three or four times the pay of a lower ranking enlisted soldier. How does that make fiscal sense?

Answer: The pay of a Soldier and the total cost of a contract is not the appropriate comparison. The cost of the contractor is the complete cost to the government, but the Soldiers' pay is only one cost component. The full cost of a Soldier includes: Non-taxable basic allowance for housing, Non-taxable basic allowance for subsistence,

health care costs, the GI bill, re-enlistment bonuses, the cost to train and recruit a Soldier, permanent change of station moves, and retirement accrual.

The specific difference in cost of a contractor and a Soldier will vary depending on the type of work performed, but comparing pay of a Soldier to cost of a contract will always overstate the difference, and fails to consider operational priorities and limitations.

The decision to use contractor personnel as opposed to military personnel is based on long-term cost rather than per hour cost, as well as availability of military personnel. When the decision was made to reduce the size of the standing Army and institute a volunteer force, it reduced the viability of the Army to operate in an armed conflict without the support of contractor personnel. Since the national defense cannot be contracted out, the majority of the support and logistics functions had to be contracted to free military enlisted and officers for the war effort. Each enlisted or officer performing an administrative function reduce's the available forces.

The fiscal analysis to employ as a comparative tool would require the comparison of the cost to sustain an Army on war footing throughout peacetime, to ensure that the capability exists to perform both the military and the administrative functions at the time of greatest need.

CONTRACTOR DISCIPLINE IN COMBAT THEATERS

Question: The Washington Post reported in an April 15, 2007, article entitled "A Chaotic Day on Baghdad's Airport Road", that "Not a single case has been brought against a security contractor, and that confusion is widespread among contractors and the military over what laws, if any, apply to their conduct." Fortunately, there appears to be a significant reduction in the number of reports of out-of-control use of deadly force by security contractors. Is this a result of better oversight of contract security personnel, or is it simply related to an overall reduced level of terrorist activity?

Answer: It is impossible to ascertain with any certainty the reason for a reduction in reports of "out of control" use of deadly force by security contractors. However, in the past several months, several changes have been implemented to facilitate greater oversight over Private Security Contractors (PSC).

On December 12, 2007, the Deputy Secretaries of Defense and State Department signed a Memorandum of Agreement (MOA) regarding United States Government (PSC). The MOA defines the authority and responsibility for the accountability and operations of private security contractors in Iraq. Consistency in the treatment and oversight of PSC should provide better understanding of the roles and responsibilities of all the parties to these contracts.

Further, the Combatant Commander provided specific guidance on arming contractor personnel and private security contractors in the USCENTCOM AOR. PSC personnel are not authorized to participate in offensive operations and must comply with Rules on the Use of Force (RUF). Also, they must be properly licensed to carry arms in accordance with host nation law and must receive USCENTCOM/Coalition Forces' approval of their operations.

On November 5, 2007, the Joint Contracting Command-Iraq/Afghanistan (JCC–I/A) promulgated a mandatory special provision to be inserted in all JCC–I/A's PSC contracts. The local provision, IA 25–3, "Compliance with Laws and Regulations" states: "The contractor shall comply with, and shall ensure that its personnel and its subcontractors and subcontractor personnel at all tiers obey all existing and future U.S. and Host Nation laws, Federal or DoD regulations, and Central Command orders and directives applicable to personnel in Iraq and Afghanistan, including but not limited to USCENTCOM, Multi-National Force and Multi-National Corps fragmentary orders, instructions and directives."

On January 10, 2008, the "Defense Acquisition Regulation System (DARS)" issued a proposed rule to amend the "Defense Federal Acquisition Supplement (DFARS)" to address requirements for DoD contractors to institute effective programs to prevent violations of "Law of War" by contractor personnel authorized to accompany U.S. Armed Forces deployed outside of the United States.

Finally, the National Defense Authorization Act of FY08 (Public Law 110–181) will allow the Secretary of Defense to define the "area of combat operations;" require standard the FAR language to be inserted in each PSC contract; and require specific contractor reporting requirements for discharge of weapons, training, and other related requirements.

Question: What military or civil laws govern the conduct of contractors operating in Iraq and Afghanistan?

Answer: The DoD contractor personnel (regardless of nationality) accompanying U.S. armed forces in contingency operations are subject to Uniform Code of Military Justice (UCMJ) jurisdiction. Commanders can disarm, apprehend, and detain DoD contractors suspected of having committed a felony offense in violation of the rules for the use of force (RUF), or outside the scope of their authorized mission, and conduct the basic UCMJ pretrial process and trial procedures currently applicable to the courts-martial of military service members.

Also, under the Military Extraterritorial Jurisdiction Act (MEJA), federal jurisdiction exists over felony offenses committed outside the U.S. by contractor personnel of any federal agency or provisional authority whose employment relates to supporting the DoD mission. Implementing guidance under this Act is included in Department of Defense Instruction (DoDI) 5525.11, "Criminal Jurisdiction Over Civilians Employed by or Accompanying the Armed Forces Outside the United States, Certain Service Members, and Former Service Members," and military department regulations. This instruction requires DoD to coordinate with the Department of Justice for the return of contractor personnel subject to MEJA to the U.S. for prosecution.

Contingency contractor personnel are subject to the domestic criminal laws of the host nation, absent a status of forces agreement or international agreement to the contrary.

Question: Who in the Army chain of command monitors contractor performance and takes action if the contractor's conduct is inappropriate or illegal?

Answer: It is the responsibility of all military and civilian personnel to ensure that any perceived illegal actions on the part of contractors or other government personnel is reported to the appropriate organization for investigation.

However, the Contracting Officer (CO) is responsible to ensure compliance with the terms and conditions of the contracts. Generally, the CO will appoint a Contracting Officer's Representative (COR) to provide closer monitoring of service contracts. The CORs serve as the "eyes and ears" for the CO. The responsibilities and limitations of authority of the COR are stated in an appointment letter issued by the Contracting Officer. Based on the Army's procurement policy, COs are required to validate the CORs' contract records every 12 months and document the results of their review. The CORs' responsibilities generally include verifying that the contractor performs the technical contract requirements in accordance to its terms, conditions, and specifications; maintaining direct communication with the contractor. A contract administration office is also assigned to provide oversight of the contractor's performance. In addition to CORs, Ordering Officers may be appointed by a CO when appropriate. Advance training is also required for these appointments. Appointment of an Ordering Officer is generally limited to placing orders against contracts that contain ordering clauses. Ordering Officers are responsible for ensuring that all contract terms and conditions are met on the orders that they have issued and reporting any performance deficiencies to the CO.

Question: How many individuals are performing contract services for the Department of the Army in Iraq, Kuwait and Afghanistan?

Answer: Based on the 1st Quarter, 2008 CENTCOM Census Report (December 31, 2007), there are 163,591 DoD-funded contractors in Iraq and 36,520 in Afghanistan. There are an additional 23,110 DoD-funded contractors in the rest of the CENTCOM Area of Responsibility.

Question: How many contracts have been let to provide these individuals?

Answer: The number of FY07 contract actions performed in Iraq was 2,477 that totaled $7,515,809,346. The number of FY07 contract actions performed in Afghanistan was 1,540 that totaled $2,266,426,110.

Question: How many of the contracts are sole source?

Answer: None. The DoD has not awarded any sole source contracts to PSCs in Iraq or Afghanistan (source: Testimony of LTG N. Ross Thompson III on January 23, 2008 before the HAC). Competitive procedures were used for the award of 1,313 of 1,540 (85 percent) of the total contracting actions in support of Afghanistan. A total of 1,937 out of 2,477 (78 percent) contract actions were awarded in support of Iraq operations.

Question: What percentage of the individuals are U.S. National; Iraqi; Afghan; Kuwaiti; third country?

Answer: The 1st Quarter USCENTCOM Census Report reflects the following for the private service contracts in Iraq and Afghanistan:

- U.S. Citizens = 849 (6.5%)
- Third Country Nationals = 7,620 (59%)
- Local Host Country = 4,481 (34.5%)
- Total: 12,950

Question: How many of the individuals are security guards?

Answer: The USCENTCOM's 1st Quarter, 2008 Contractor Census Report, dated December 31, 2007 reflects the following:

• Iraq: 9,952 private security contractors of which 6,467 (65 percent) are armed.

• Afghanistan: 2,998 private security contractors of which 2,745 (91.5 percent) are armed.

Question: What percentage of the security guard personnel carry weapons?

Answer: According to the 1st Quarter, 2008 CENTCOM Census, 65 percent of the DoD-funded private security contractors in Iraq and 91.5 percent of the DoD-funded private security contractors in Afghanistan are armed.

CONTRACT OVERSIGHT PERSONNEL IN COMBAT THEATERS

Question: According to a recent GAO report, a common problem is the lack of adequate contract oversight personnel at deployed locations. Why does the Army not assign sufficient contract oversight personnel to the combat theaters?

Answer: In 2004 and again in 2005, GAO reported that DoD did not have a sufficient number of trained personnel in place to provide effective oversight of its logistics support contractors on the battlefield, citing inadequate surveillance on 26 of 90 contracts audited. In FY05, DoD obligated nearly $270 billion on contracts for goods and services which represented an increase of over 331 percent in dollars and over 650 percent in contract actions from FY00. At the same time DoD experienced a tremendous growth in workload associated with support for the GWOT, they also experienced a dramatic reduction in the capability to meet the contract oversight challenge. Due to the huge increase in contracting workload added to a significant shortfall of skilled professionals in the civilian and military acquisition workforce and difficulties in attracting more civilians to forward deploy, the Army has had to assume a greater risk for post award processes like contract quality assurance of service contracts until such time as the Army can attract and position more administrative contracting personnel into the combat theater of operations.

Question: What is the deployment rotation policy for contracting oversight personnel?

Answer. Deployment rotation policy: The Army, Air Force, Marines and Navy all employ different deployment rotation strategies for their military acquisition personnel based on service organization and mission requirements. Air Force and Navy deployments are typically for 6 months or less, while Army deployments are normally 12 months or longer. Army civilians are typically deployed on 6 month orders, but 3, and 6 month extensions are encouraged. The United States Army Corps of Engineers (USACE) offers an option of a 6 or 12 month deployment with a higher incentive bonus for longer commitments.

The DCMA who performs the preponderance of contract oversight on the battlefield typically deploy their military service members for 6 months, but rotate them home and back again for another 6 months within a two year period. The DCMA civilians deploy similar to Army Civilians in 6 and 12 month increments.

Question: What if any changes are needed?

Answer: Military members have recommended that Air Force and Navy service members should all be on 12 month deployments. Longer deployments would make for smoother operations and would relieve those who stay for 12 months from the burden of training a continually changing workforce.

An increase in the number of civilians could also improve oversight processes by increasing the number of people available to cover the gaps when troops rotate in and out.

Based on discussions conducted by the Gansler commission the following legislative proposals have been submitted to increase incentives to attract more civilians to deploy and improve contract policy on the battlefield:

• *Optional Life Insurance Election Opportunity for Certain Federal Civilian Employees*. This proposal will provide adequate life insurance benefits to next-of-kin of DoD civilian employees who are killed while serving in a combat zone. Benefits would be commensurate with those provided to members of the Armed Forces.

• *Authority to Waive Annual Limitation of Premium Pay and Aggregate Limitation on Pay for Federal Civilian Employees*. This proposal will make permanent authority for the Secretary of Defense to increase the limitation on premium pay and the limitation on aggregate pay for DoD employees who perform work in connection with a contingency operation, national emergency declared by the President, or other emergency.

• *Expedited Hiring Authority for Defense Acquisition Positions*. This proposal will authorize expedited direct hire authority for acquisition personnel.

• *Requirement for Use of Express Option for Deciding Protests of Contracts and Task and Delivery Orders in Support of Emergency Operations*. This proposal will

allow for the use of the express option by the Comptroller General to adjudicate any protests registered in the case of such contract actions.

• *Authority to Acquire Products and Service Produced in a Contingency Theater of Operations Outside the United States*. This proposal will authorize the Secretary of Defense to establish a preference for the acquisition of products and services in Iraq and Afghanistan.

• *Exceptions for National Security and Emergency Operations*. This proposal would retain the fundamental domestic preference requirements of the law, yet, it would provide the flexibility needed for the Department of Defense (DoD) and its suppliers to better respond to fulfill the needs that arise in cases of national security and defined cases of emergency operations using either competitive procedures or other than competitive procedures, as may be appropriate.

All of these proposals address weaknesses identified by the Gansler Commission and advance important Army and DoD legislative priorities. These proposals are urgently needed to provide the Army and the Department the tools needed to address the contracting challenges we face in a complex wartime operational environment. We have requested that these proposals be staffed within the Department of Defense and forward to the Office of Management and Budget for Congressional consideration in the FY09 legislative cycle.

PLANNING FOR THE USE OF CONTRACTOR SUPPORT

Question: Although the use of support contractors at deployed locations has expanded, the military departments have struggled to capture lessons learned and to pass on those lessons learned in order to assist commanders in subsequent deployments. How does the Army capture lessons learned in providing battlefield contractor support, and how are lessons learned provided to new commanders as they prepare for deployment?

Answer: We are capturing "expeditionary contracting" lessons learned by formally interviewing units as they return from Iraq/Afghanistan, incorporating lessons learned into doctrine, training guides and user activity handbooks. The Army Acquisition, Logistics and Technology Integration Office is developing mission specific Contingency Contracting Officer courses and incorporating lessons learned into mission rehearsal exercises.

Question: How does the Army represent contract security and support personnel in the training scenarios during pre-deployment exercises at locations such as the National Training Center?

Answer: Oversight in the Army is distributed: The activity awarding an individual contract has responsibility for oversight of that contract. Head of the Contracting Activity (HCA) authority resides in individual commands, generally at the two-star level. Contract administration can be delegated to DCMA at the discretion of the contracting activity, but they retain overall responsibility as Procuring Contracting Officer. In the case of a service contract, a Contracting Officer's Representative (usually a technical expert from the customer's organization) is appointed by the Contracting Officer in writing to oversee quality control and ensure that the work is performed satisfactorily. This individual reports to the Contracting Officer and has no authority to change the contract's terms and conditions or request work other than spelled out in the contract.

For acquisition approvals with higher dollar thresholds, and for general policy oversight, the Assistant Secretary of the Army (Acquisition, Logistics & Technology) and the Deputy Assistant Secretary of the Army (Policy and Procurement) have cognizance. Compliance audits are performed by the Army Audit Agency, the Defense Contract Audit Agency, and Inspectors General at all levels can investigate contracts along with other matters. In recent years, the DASA P&P has revitalized the operational review function in the form of Contract Operations Reviews in order to provide closer oversight and assistance to contracting offices Army-wide. These reviews are done by teams of procurement professionals, with a goal of reviewing each contracting office every two years. A system of issuing formal reports and following up through Corrective Action Plans is being implemented.

[CLERK'S NOTE.—End of questions submitted by Mr. Murtha.]

WEDNESDAY, JANUARY 23, 2008.

GOVERNMENT ACCOUNTABILITY OFFICE

WITNESS

DAVID M. WALKER, COMPTROLLER GENERAL OF THE UNITED STATES

INTRODUCTION

Mr. MURTHA. We want to welcome the distinguished American GAO comptroller and his support staff. We see that we are starting to get—we put in reported language. For a while we weren't getting what we had hoped we would get because you were so busy with other things. Not you necessarily, but different agencies. So we are now getting what we feel are more adequate reports on some of the suggestions or requirements that we make.

I have been very concerned about the balance between contractors and between Federal employees. We had a contracting officer, acquisition officer—whatever we call them—this morning, Lieutenant General Thompson. And I voiced my concern that we have got too many contractors, and I worry that the reason they had the contractors is because—because they then would have a surge capability. You know, they had gotten rid of acquisition people, then they had the surge capability and it hasn't worked is what it amounted to. But at any rate, we had a good hearing this morning, but I know we will be enlightened by your presence. I know that we will be scintillated by your presentation, and we will learn much from what you have to say. And I welcome you to the Committee and ask if Mr. Hobson has any opening statements.

Mr. HOBSON. No, sir. I will pass.

Mr. MURTHA. Do we have to close this thing or not? Do you have anything that is going to be classified?

Mr. WALKER. No, Mr. Chairman. We have some material that hasn't been released yet, but it is not classified.

Mr. MURTHA. That is all right. We will leave it open. We will tell the news media, well, you didn't—they will ask me a question, I will say it was open. Just a little thing between me and the news media. They complain because we have too many closed hearings. We had an open hearing; we just didn't tell them.

Mr. HOBSON. I apologize. I have to leave at 4:00 to catch an airplane.

Mr. MURTHA. At 4:00? That is all right. Frelinghuysen will be here. Oh, this guy is the best. He doesn't miss a trick. This may be a little longer than we would like.

Okay. Go forward with your condensed statement and then we will get into questions.

SUMMARY STATEMENT OF MR. WALKER

Mr. WALKER. Thank you, Mr. Chairman. I appreciate the opportunity to be back before the subcommittee. As you know, I have a full statement. Hopefully it will be submitted for the record. I will just summarize some of the highlights if I can.

I share your concern with regard to what is happening in the government.

Mr. MURTHA. Mr. Moran is here.

Mr. MORAN. I want to hear particularly from Mr. Walker.

Mr. WALKER. I share your concern with regard to what is going on with regard to the use of contractors. As we all know, the government has to be able to achieve its many missions and important functions and activities through the combined efforts of what is referred to as the total force. In the case of the Department of Defense, the total force would include civilian, military and contractor personnel. We have seen a significant increase in the utilization of contractors. In some cases, that makes sense because it is a noncore function, or it is something that may be a one-time or temporary need. It may also be a situation where, because of government policies and practices, you can't attract and retain enough people to be able to do the work. Finally, it could be a circumstance where otherwise it makes either sense to do it or for various reasons you have to do it.

DECISION TO USE CONTRACTORS

However, one of the concerns that I have, Mr. Chairman, is we have seen a tendency to use contractors possibly as a first resort rather than through a considered process. Now, sometimes that is because there is a need that arises because of a contingency operation. For example, Iraq or Katrina. And because the government hasn't taken enough steps to be able to deal with those kinds of situations, they are pretty much forced to have to use contractors.

In other circumstances there is a tendency to use military personnel, frankly, instead of civilian personnel, because you can get people to a particular location to do a particular function very quickly, because you can order them to do that, whereas you may not be able to do that with civilian personnel.

INCREASE IN OBLIGATIONS FOR CONTRACTORS

There has been a huge increase in the amount of contracting obligations since 2000. You are aware of what those numbers are. There has been a significant increase in the nature of services contracts, which are even more difficult to be able to help assure economy, efficiency, effectiveness; and to fight fraud, waste, abuse and mismanagement. Why? Because you need to do a much better job of pinning down what you are seeking, setting the requirements up front and making sure that there is adequate oversight as to cost, quality, performance. If you don't do that, you can end up incurring a tremendous amount of waste.

CONTRACT COMPLEXITY

We have other factors that are complicating this area because, as you know, while the amount of contracting activity has gone up

dramatically, the number of acquisitions and oversight personnel in many regards has gone down at the same time. And yet the complexity of some of the types of contracting arrangements that we are entering into today are much greater than they have been in the past. So that contributes to the possibility of additional waste, which is, frankly, a much bigger problem than fraud.

My view is the time has come that we need to step back and reassess what type of functions and activities should be performed by contracting personnel versus government personnel. We also need to keep in mind with the Department of Defense, that part of that equation needs to be which types of functions and activities ought to be done by military personnel versus civilian personnel.

PLANNING FOR CONTINGENCIES

I think we also have to think about what can be done to help preplan for contingency operations that we know will occur. We just don't know when they will occur. An example would be if an operation like Iraq, an operation like Katrina—they are both contingency operations. One is a military conflict. One is responding to a natural disaster. We know things are going to happen from time to time. And there is a lot more that can and should be done to prepare for those contingencies, such that we engage in appropriate, competitive bidding up front and we have appropriate types of contracting arrangements up front. We can then draw down on those when those contingencies occur.

FLEXIBILITY IN HIRING

We also need to think about whether or not the personnel rules can be changed to provide some additional flexibility for agency heads to be able to hire people on a temporary basis to perform certain critical functions and activities in lieu of automatically going out and contracting for it.

And let me give you a perfect example. The Comptroller General of the United States, my position, has the ability to hire up to one-half of 1 percent of our workforce at any time, at any level, for up to 3 years, to do whatever I think needs to be done.

Mr. MURTHA. Is that the law?

Mr. WALKER. That is the law. Now, in our case it says 15 persons, which is roughly one-half of 1 percent of our workforce. But that concept is a concept that I think has a lot of intellectual merit because there are occasions, such as the Iraq situation, such as Katrina, where it would have been nice for people to be able to acquire some talent and to do it expeditiously. Under the normal personnel rules for the Federal Government, that is virtually impossible. As a result, many times what ends up happening is you default to military personnel or you default to contractor personnel because you can get things done quickly. It may or may not be the right answer. But once you end up entering into that contract, we need to structure the arrangements properly, to balance risk and reward between the government and the contractor, and we need to have an adequate number of acquisition and oversight personnel to make sure that we are managing cost, quality and performance.

One of the reasons that the government historically has used contractors is not just for noncore functions—which is a policy

issue—but also to try to save money. We are doing work right now to try to ascertain whether—and to what extent it in fact does result in saving money. And while we have more work to do, our preliminary findings——

Mr. MURTHA. Could you say that again?

Mr. WALKER. We are doing work at the present point in time in order to test the assumption that it might be more cost effective to hire contractors to perform certain functions rather than hiring additional civilian employees to perform the function. And we are finding on a preliminary basis that such savings are not necessarily the case.

Let me summarize by saying this: I manage an agency, and I will tell you what my philosophy is with regard to contractors, just to help the discussion. If it is a function that involves the discretion of government authority or discretion of government resources, then that needs to be done by a civil servant. If it is a function that is more of a support function, that is a noncore function, it is something that needs to be done but it is not integrally tied to mission, then that is something that I think we ought to be looking for contracting possibilities in order to benefit from economies of scale, in order to be able to benefit from investments in technology that can be leveraged by the private sector. The government hasn't done a very good job of that.

Furthermore, if it is a one-time need or a temporary need, then in that circumstance it may make sense to use a contractor, because you don't necessarily want to build up your force with all the related overhead costs and infrastructure costs that result. Or if it is a situation where because of the classification or compensation policies of the Federal Government, you can't attract and retain enough people with the requisite skills and knowledge—because we can't pay them what they need to be paid—then in that circumstance, you may have to hire contractors. And in our case, we use contractors in such circumstances but only in one of these circumstances.

In summary, I think that the time has come to step back and relook at when it is appropriate to use contracting, how to use it, and that it shouldn't be something that we do as a first resort. Something should be done as a considered process, as part of a broader strategy for achieving the government's mission in an economical, efficient, and effective manner. Thank you, Mr. Chairman.

[The statement of Mr. Walker follows:]

United States Government Accountability Office

Briefing to the
Subcommittee on Defense
Appropriations Committee
House of Representatives

DEFENSE ACQUISITIONS: DOD's Increased Reliance on Service Contractors Exacerbates Longstanding Challenges

David M. Walker
Comptroller General of the United States

January 23, 2008

Summary of Briefing to the Subcommittee on Defense, Appropriations Committee, House of Representatives

WHY GAO IS PROVIDING THIS BRIEFING

The Department of Defense's (DOD) spending on goods and services has grown significantly since fiscal year 2000 to well over $314 billion annually. GAO has identified DOD contract management as a high-risk area for more than decade. With awards to contractors large and growing, DOD will continue to be vulnerable to contracting fraud, waste or misuse of taxpayer dollars, and abuse. Prudence with taxpayer funds, widening deficits, and growing long-range fiscal challenges demand that DOD maximize its return on investment, while providing warfighters with the needed capabilities at the best value for the taxpayer. In this briefing, GAO discusses. (1) The implications of DOD's increasing reliance on contractors to fill roles previously held by government employees. (2) The importance of the acquisition workforce in DOD's mission and the need to strengthen its capabilities and accountability. (3) Concerns over anticipated cost savings that have been assumed to accrue when using contractors. This statement is based on work GAO has ongoing or has completed over the past several years covering a range of DOD contracting issues.

WHAT GAO FOUND

DOD has increasingly turned to contractors to fill roles previously held by government employees and to perform many functions that closely support inherently governmental functions, such as contracting, intelligence analysis, program management, and engineering and technical support for program offices. This trend has raised concerns about what the proper balance is between public and private employees in performing agency missions and the potential risk of contractors influencing the government's control over and accountability for decisions that may be based, in part, on contractor work. Further, when the decision is made to use contractors in roles closely supporting inherently governmental functions, additional risks are present. Contractors are not subject to the same ethics rules as government even when doing the same job, and the government risks entering into an improper personal services contract if an employer/employee relationship exists between the government and the contractor employee.

DOD's increasing reliance on contractors exacerbates longstanding problems with its acquisition workforce. GAO has long reported that DOD's acquisition workforce needs to have the right skills to effectively implement best practices and properly manage the acquisition of goods and services. Weaknesses in this area have been revealed in recent contingency situations, but they are present in non-emergency circumstances as well, with the potential to expose DOD to fraud, waste, and abuse. It is important to note that the role of the acquisition function does not end with the award of a contract. Continued involvement of the workforce throughout contract implementation and closeout is needed to ensure that contracted services are delivered according to the schedule, cost, quality, and quantity specified in the contract. GAO has in the past several years reported wide discrepancies in the rigor with which contracting officer's representatives perform these duties, particularly in unstable environments such as the conflict in Iraq and the aftermath of Hurricane Katrina.

A key assumption of many of the federal management reforms of the 1990s was that the cost-efficiency of government operations could be improved through the use of contractors. GAO recently reported that sufficient data are not available to determine whether increased service contracting has caused DOD's costs to be higher than they would have been had the contracted activities been performed by uniformed or DOD civilian personnel. GAO recently probed, in-depth, the cost of contractor versus government contract specialists at the Army's Contracting Center for Excellence and found that the Army is paying up to 26 percent more for the contractors as compared to their government counterparts.

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss challenging issues relating to the Department of Defense's (DOD) increasing reliance on contractors for services to support its mission. Over the past decade, DOD has experienced dramatic changes in its mission, accompanied by a significant infusion of funds, with fiscal year 2008 base appropriations of $449 billion. The president has also requested $189 billion for fiscal year 2008 war costs. Much of this money is spent buying goods and, increasingly, services from the private sector. Enhancing governmentwide acquisition and contracting capability is one of the major areas that we have identified as necessary for improving the government's capacity to address 21st Century challenges and deliver real and sustainable results.[1] In examining our defense work, we have observed 15 systemic acquisition challenges facing DOD, which I have included in appendix I. These challenges have been long-standing and are becoming more apparent in recent years as the department's reliance on contractors has grown in both size and scope. Overall trends indicate that DOD's spending continues to increase. We reported to you in 2006 that, in fiscal year 2005, DOD's reported contracting obligations totaled $270 billion. This amount increased to $314 billion in 2007, representing a 136 percent increase over fiscal year 2000 spending. I note that the Congress took action to improve DOD's accountability and management of services by adding fiscal year 2008 funding for more robust staffing of contractor management and oversight personnel.

The acquisition of services differs from that of products in several key respects and can be particularly challenging in terms of defining requirements and assessing contractor performance. DOD's service acquisitions range from basic services such as landscaping and janitorial services to those that are more complex, like intelligence analysis, acquisition support, security services, and program office support. We have reported that the department needs to do a much better job managing its service acquisitions, and last year made a number of recommendations to put the department in a position to proactively do so.[2] Congress, too, has imposed requirements over the past several years intended to improve DOD's service acquisition practices. For example, in January 2006, Congress required DOD to take a number of actions, including identifying the critical skills and competencies needed to procure services.[3]

I will address three important points today:

- DOD's increasing reliance on contractors to fill roles previously held by government employees: This trend has raised issues as to what the proper balance is between public and private employees in performing agency missions, as well the need for a greater attention given to decisions to contract for services and the risks associated with these decisions on work that closely supports inherently government functions. DOD has three different options in terms of

[1] GAO, *A Call for Stewardship: Enhancing the Federal Government's Ability to address Key Fiscal and Other 21st Century Challenges*, GAO-08-93SP (Washington, D.C.: December 2007).
[2] GAO, *Defense Acquisitions: Tailored Approach Needed to Improve Service Acquisition Outcomes*, GAO-07-20 (Washington, D.C.: Nov. 9, 2006).
[3] Pub. L. 109-163 § 812.

who will perform its functions, namely military, civilian, or contractor. Today I will focus on the role of contractors at the department.

- The importance of the acquisition workforce to DOD's mission and the need to strengthen its capabilities and accountability: Weaknesses in this area—such as the need to strengthen the workforce's capabilities and accountability—have been revealed in recent contingency situations, but they are present in non-emergency circumstances as well, with the potential to expose DOD to significant fraud, waste, and abuse. There may also be opportunities to provide additional authorities to strengthen the acquisition workforce, such as the use of term appointments.

- The anticipated cost savings that have been assumed to accrue when using contractors: The savings may not be realized in actual practice, as some of our current work begins to indicate.

My comments today are based on work that GAO has completed over the past several years and, in some cases, on ongoing work. All of our related performance audits were conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

DOD'S GROWING RELIANCE ON CONTRACTORS

Contractors have an important role to play in the discharge of the government's responsibilities, and in some cases the use of contractors can result in improved economy, efficiency, and effectiveness. However, in many cases contractors are used because the government lacks its own personnel to do the job. Long-standing problems with the lack of oversight and management of contractors are compounded by the growing reliance on them to perform functions previously carried out by government personnel.

The government is relying on contractors to perform many tasks that closely support inherently governmental functions, such as contracting support, intelligence analysis, security services, program management, and engineering and technical support for program offices.[4] We recently surveyed officials from 52 of DOD's major weapons programs, who reported that over 45 percent of the program office staff was composed of individuals outside of DOD. Some program officials expressed concerns about having inadequate personnel to conduct their program office roles. In a prior review of space acquisition programs, we found that 8 of 13 cost estimating organizations and program officials believed the number of government cost estimators was inadequate and that 10

[4] The program office is responsible for and authorized to accomplish the objectives of federal programs of jurisdiction. As such, program offices are the recipients of contractor support.

of those offices had more contractor personnel preparing cost estimates than government personnel.[5]

In general, I believe there is a need to focus greater attention on what type of functions and activities should be contracted out and which ones should not. Inherently governmental functions require discretion in applying government authority or value and risk judgments in making decisions for the government; as such, they are required to be performed by government employees, not private contractors. The closer contractor services come to supporting inherently governmental functions, the greater the risk of contractors influencing the government's control over and accountability for decisions that may be based, in part, on the contractor's work. This situation may result in decisions that are not in the best interest of the government and American taxpayer, while also increasing overall vulnerability to waste, fraud, or abuse. The Federal Acquisition Regulation provides 19 examples of services and actions that may approach the category of inherently governmental because of the nature of the function, the manner in which the contractor performs the contracted services, or the manner in which the government administers contractor performance. These include acquisition support, budget preparation, engineering and technical services, and policy development.

One way in which DOD has expanded the role of contractors is its use of a lead systems integrator for major-weapons development. This approach allows one or more contractors to define a weapon system's architecture and then manage both the acquisition and the integration of subsystems into the architecture. In such cases, the government relies on contractors to fill roles and handle responsibilities that differ from the more traditional prime contractor relationship, a scenario that can blur the oversight responsibilities between the contractor and federal program management officials. For example, the Army's Future Combat Systems program is managed by a lead systems integrator that assumes to some extent the responsibilities of developing requirements, selecting major system and subsystem contractors, and making trade-off decisions among costs, schedules, and capabilities. While this management approach has some advantages for DOD, we found that the extent of contractor responsibility in many aspects of the Future Combat Systems program management process is a potential risk.[6] Moreover, if DOD uses a lead systems integrator but does not provide effective oversight, DOD is vulnerable to the risk that the integrator may not make its decisions in a manner consistent with the government's and taxpayers' best interests, especially when faced with potential organizational conflicts of interest.

Potential Risks Associated with Use of Contractors

When the decision is made to use contractors in roles closely supporting inherently governmental functions, additional risks are present. Defense contractor employees are not subject to the same laws and regulations that are designed to prevent personal conflicts of interests among federal employees. Moreover, there is not a departmentwide

[5] GAO, *Space Acquisitions: DOD Needs to Take More Action To Address Unrealistic Initial Cost Estimates of Space Systems,* GAO-07-96, (Washington, D.C.: Nov.17, 2006).
[6] GAO, *Defense Acquisitions: Role of Lead Systems Integrator on Future Combat Systems Program Poses Oversight Challenges,* GAO-07-380 (Washington, D.C.: June 6, 2007).

requirement for DOD offices to employ personal conflict of interest safeguards for contractor employees, although new governmentwide policy implemented in November 2007 requires that certain contractors receiving awards worth more than $5,000,000 and four months of work have an ethics program.[7] A separate proposed rule was recently published at the request of the Justice Department to amend the regulation to require that companies holding certain types of contracts disclose suspected violations of federal criminal law in connection with the award or performance of contracts, or face suspension or debarment. Public comments are due in January 2008.[8] We will be issuing a report on personal conflicts of interest, as they pertain to defense contractor employees, shortly.[9]

In addition, personal services contracts are prohibited, unless authorized by statute.[10] The government is normally required to obtain its employees by direct hire under competitive appointment or other procedures required by the civil service laws. GAO bid protest decisions also have determined that a personal services contract is one that, by its express terms or as administered, makes the contractor personnel appear to be, in effect, government employees.[11] Whether a solicitation would result in a personal services contract must be judged in the light of its particular circumstances, with the key question being whether the government will exercise relatively continuous supervision and control over the contractor personnel performing the requirement.

The Federal Acquisition Regulation lists six elements indicative of a personal services contract, which are shown in table 1.

Table 1: Elements Suggesting Personal Services Are Occurring

1. Performance on site
2. Principal tools and equipment furnished by the government
3. Services are applied directly to the integral effort of the agency or an organizational subpart in the furtherance of its assigned function or mission.
4. Comparable services, meeting comparable needs, are performed in the same or similar agencies using civil service personnel.
5. The need for the type of service provided can reasonably be expected to last beyond one year.
6. The inherent nature of the service, or the manner in which it is provided, reasonably requires, directly or indirectly, government direction or supervision of contractor employees in order to – (i) adequately protect the government's interest (ii) retain control of the function involved; or (iii) retain full personal responsibility for the function supported in a duly authorized Federal officer or employee.

Source: FAR Subpart 37.104(d).

[7] 72 Fed. Reg. 65873-82 (Nov. 23, 2007), effective date Dec. 24, 2007.
[8] 72 Fed. Reg. 64019-23 (Nov. 14, 2007).
[9] In addition, the National Defense Authorization Act for Fiscal Year 2008 requires us to report on the ethics programs of major defense contractors. National Defense Authorization Act for Fiscal Year 2008, H.R. 4986, 110th Cong. § 848 (as passed by the House, January 16, 2008).
[10] Federal Acquisition Regulation 37.104.
[11] Encore Management, Inc., B-278903.2, Feb. 12, 1999, 9901 CPD ¶ 33 at 3.

When contractors work side by side with government employees and perform the same mission-related duties, the risk of such contracts can be particularly great.

CONTINGENCY SITUATIONS REVEAL ACQUISITION WORKFORCE SHORTFALLS

In July 2006, we reported[12] that DOD's acquisition workforce is subject to certain conditions that increase DOD's vulnerabilities to contracting fraud, waste, and abuse, including

- growth in overall contracting workload
- pending retirement of experienced government contracting personnel, and
- a greater demand for contract surveillance because of DOD's increasing reliance on contractors for services.

Fraud is any intentional deception taken for the purpose of inducing DOD action or reliance on that deception. Fraud can be perpetrated by DOD personnel—whether civilian or military—or by contractors and their employees. Trust and access to funds and assets that come with senior leadership and tenure can become a vulnerability if the control environment in an organization is weak. We also need to target waste in government spending. Government waste is growing and far exceeds the cost of fraud and abuse. Several of my colleagues in the accountability community and I have developed a definition of waste, which is contained in appendix II. Although waste does not normally involve a violation of law, its effects can be just as profound. In response to our July 2006 report, DOD's Panel on Contracting Integrity reported this month that it has identified 21 initial actions for implementation in 2008 that it expects will address areas of vulnerability in the defense contracting system that allow fraud, waste, and abuse to occur.

Some amount of vulnerability to mismanagement, fraud, waste, or abuse will always be present when the government contracts with the private sector, even with rules and regulations in place to help prevent it. These vulnerabilities are more dramatically revealed in contingency situations, such as the conflicts in Iraq and the aftermath of Hurricane Katrina, when large amounts of money are quickly made available and actions are hurried. One very significant weakness is the condition of the government's acquisition workforce. We and others have reported for a number of years on the risks posed by a workforce that has not kept pace with the government's spending trends. The Acquisition Advisory Panel, for example, recently noted the significant mismatch between the demands placed on the acquisition workforce and the personnel and skills available within that workforce to meet those demands.[13] To put it another way, at the same time that procurement spending has skyrocketed, fewer acquisition professionals are available to award and—just as importantly—administer contracts. Two important aspects of this issue are the numbers and skills of contracting personnel and DOD's ability to effectively oversee contractor performance.

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[12] GAO, *Contract Management: DOD Vulnerabilities to Contracting Fraud, Waste, and Abuse,* GAO-06-838R (Washington, D.C.: July 7, 2006).

[13] The Acquisition Advisory Panel was authorized by Section 1423 of the Services Acquisition Reform Act of 2003, which was enacted as part of the National Defense Authorization Act for Fiscal Year 2004. The Panel was tasked with reviewing laws, regulations, and government-wide acquisition policies.

Acquisition Workforce Shortfalls

In its January 2007 report, the Acquisition Advisory Panel stated that the government's contracting workforce was reduced in size in the 1990s, with DOD's declining by nearly 50 percent due to personnel reductions during that time. Despite recent efforts to hire acquisition personnel, there remains an acute shortage of federal procurement professionals with between 5 and 15 years of experience. This shortage will become more pronounced in the near term because roughly half of the current workforce is eligible to retire in the next four years. We have long noted that DOD's acquisition workforce needs to be made a priority. We have reported that DOD needs to have the right skills in its acquisition workforce to effectively implement best practices and properly manage the acquisition of goods and services. We have also observed that the acquisition workforce continues to face the challenge of maintaining and improving skill levels to use alternative contracting approaches introduced by acquisition reform initiatives of the past few decades.

Recent developments indicate that the tide may be turning, with actions underway to address what is generally agreed to be a problematic state of the acquisition workforce. For example, DOD's Panel on Contracting Integrity, in its 2007 report to Congress, identified the following focus areas for planned actions, all of which focus on acquisition workforce issues:

- reinforce the functional independence of contracting personnel
- fill contracting leadership positions with qualified leaders
- determine the appropriate size of the contracting workforce and ensure that it has the appropriate skills; and
- improve planning and training for contracting in combat and contingency environments.

Also, the Commission on Army Acquisition and Program Management in Expeditionary Operations issued a report in November 2007, entitled "Urgent Reform Required: Army Expeditionary Contracting."[14] The Commission found that the acquisition failures in expeditionary operations require a systemic fix of the Army acquisition system and cited the lack of Army leadership and personnel (military and civilian) to provide sufficient contracting support to either expeditionary or peacetime operations. It noted that only 3 percent of Army contracting personnel are active duty military and there are no longer any Army contracting career General Officer positions. It found that what should be a core competence—contracting—is treated as an operational and institutional side issue. One General Officer told the commission that "this problem is pervasive DOD-wide, because workload continues to go up while contracting and acquisition assets go down–there is a cost to these trends that is paid in risk, and we don't realize how big the bill is

[14] The report uses the term "expeditionary" to include operations outside of the U.S. as well as domestic emergency operations.

until there's a scandal." The Commission recommended increasing the stature, quantity, and career development of military and civilian contracting personnel. In response to the Commission's report, the Army approved the creation of an Army Contracting Command, which will fall under the Army Materiel Command and be led by a two-star general officer. The Army also plans to increase its contracting workforce by approximately 400 military personnel and 1,000 civilian personnel.

We believe that, while there is no way to completely prevent fraud, waste, abuse, or poor decision-making, increasing the numbers and skills of the acquisition workforce is critical to lessening the likelihood of future problems and affecting positive change. We must address this soon in order to prevent additional waste and increased risk.

Monitoring Contractor Performance

The role of the acquisition function does not end with the award of a contract. It requires continued involvement throughout contract implementation and closeout to ensure that contracted services are delivered according to the schedule, cost, quality, and quantity specified in the contract. In DOD, oversight—including ensuring that the contract performance is consistent with the description and scope of the contract– is provided by both contracting officers and the Contracting Officers Representative (COR), typically a government employee with technical knowledge of the particular program.

We have reported wide discrepancies in the rigor with which contracting officer's representatives, or CORs, perform their duties, particularly in unstable environments. For example, in the aftermath of Hurricanes Katrina and Rita, the number of government personnel monitoring contracts was not always sufficient or effectively deployed to provide adequate oversight.[15] Instability—such as when wants, needs, and contract requirements are in a state of flux—requires greater attention to oversight, which in turn relies on a capable government workforce. Unfortunately, attention to oversight and a capable government workforce has not always been evident in a number of instances, including during the Iraq reconstruction effort. We have reported that, particularly in the early phases of the conflict, the Army lacked an adequate acquisition workforce in Iraq to oversee the billions of dollars for which it was responsible.[16] Further, Army personnel who were responsible for overseeing the performance of contractors providing interrogation and other services were not adequately trained to properly exercise their responsibilities.[17] Contractor employees were stationed in various locations around Iraq, with no COR or assigned representative on site to monitor their work. An Army investigative report concluded that the lack of training for the CORs assigned to monitor contractor performance at Abu Ghraib prison, as well as an inadequate number of assigned CORs, put the Army at risk of being unable to control poor performance or become aware of possible misconduct by contractor personnel.

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[15] GAO, *Hurricane Katrina: Improving Federal Contracting Practices in Disaster Recovery Operations*, GAO-06-714T (Washington, D.C.: May 4, 2006).
[16] GAO, *Rebuilding Iraq: Fiscal Year 2003 Contract Award Procedures and Management Challenges*, GAO-04-605 (Washington, D.C.: June 1, 2004).
[17] GAO, *Interagency Contracting: Problems with DOD's and Interior's Orders to Support Military Operations*, GAO-05-201 (Washington, D.C.: April 29, 2005).

DOD's Panel on Contracting Integrity raised similar concerns, noting that contracting personnel forward in a combat/contingent environment do not always have functional independence. Contracting personnel, including CORs, are sometimes placed in positions where their direct supervisor is not in the contracting chain of command, thus possibly injecting risk into the integrity of the contracting process. The report found that CORs are not sufficiently trained and prepared, and sometimes lack support from their operational chain of command, to perform effectively. The Commission on Army Acquisition and Program Management in Expeditionary Operations also expressed concern about this issue, stating that after contract award there are "no resources trained" to monitor and ensure that the contractor is performing and providing the services needed by the warfighter. It stated that the inability to monitor contractor performance and enforce contracts is a critical problem in an expeditionary environment and cited an example: "When the critical need is to get a power station running, and there are no resources to monitor contractor performance, only the contractor knows whether the completed work is being sabotaged nightly."

In December 2006, we reported that while DOD has taken some steps to improve its guidance on the use of contractors to support deployed forces, addressing some of the problems we have raised since the mid-1990s, it continues to face long-standing problems that hinder its management and oversight of contractors at deployed locations. DOD has not allocated the organizational resources and accountability to focus on issues regarding contractor support to deployed forces. While DOD's new guidance is a noteworthy step, a number of problems we have previously reported on continue to pose difficulties for military personnel in deployed locations.[18]

- Lack of visibility by senior leaders into number and location of contractors and services provided at deployed locations
- Inadequate number of oversight personnel at deployed locations
- No systematic collection and sharing of DOD's institutional knowledge on using contractors to support deployed forces.
- Limited or no training for military personnel on the use of contractors as part of their pre-deployment training or professional military education.

COST OF CONTRACTORS

A key assumption of many of the federal management reforms of the 1990s was that the cost-efficiency of government operations would be improved. In addition to a desire for cost savings, the need to meet mission requirements while contending with limitations on government full-time equivalent positions and a desire to use contractors' capabilities and skills in particular situations were factors in increasing the use of contractors. We recently reported that sufficient data are not available to determine whether increased

[18] GAO, *Military Operations: High Level DOD Action Needed to Address Long-standing Problems with Management and Oversight of Contractors Supporting Deployed Forces,* GAO-07-145 (Washington, D.C.: Dec. 18, 2006).

service contracting has caused DOD's costs to be higher than they would have been had the contracted activities been performed by uniformed or DOD civilian personnel.[19]

To learn more about role and cost of contractors providing contracting support services, we have recently undertaken new work to look at contractors providing contract specialist services to the Army Contracting Agency's Contracting Center for Excellence (CCE). This agency currently provides contracting support to 125 DOD customers in the National Capitol Region, including the Joint Chiefs of Staff, Tricare Management Activity, Defense Information Systems Agency, DOD Inspector General, Pentagon Renovation Office, and Office of the Judge Advocate General. During fiscal year 2007, the agency awarded about 5,800 contract actions and obligated almost $1.8 billion. CCE is one of many government agencies that have turned to contractors to support their contracting functions.

As a part of our review, we examined how the costs of CCE's contractor contract specialists compared to those of its government contract specialists. Our analysis indicates that the government is paying more for the contractors. At CCE, the contractors are performing the same duties as their government counterparts and have been used in this role since 2003. We compared the costs of the government employees at the GS-12 and GS-13 levels to their equivalent contractor counterparts (referred to as contract specialists II and III) and found that, on average, the Army is paying up to 26 percent more for the contractors, as depicted in table 2.

Table 2: Comparison of the Average Cost of CCE's Government and Contractor Contract Specialists

GS equivalent	Average hourly cost of a government contract specialist	Average hourly cost of a contractor contract specialist	Percent difference between the hourly cost of a government employee and a contract employee
GS-12 equivalent	$59.21	$74.99	26.65
GS-13 equivalent	$72.15	$84.38	16.95

Source: GAO analysis based on government information and contract files.

Key elements of our analysis were:

- The loaded hourly cost of a government employee includes their salary, costs of the government's contributions to the employee's benefits, the costs to train the employee, the employee's travel expenses, and the costs of operations overhead—which are the costs of the government employees that provide support services, such as budget analysts or human capital staff.

[19] DOD does maintain data from its competitive sourcing, or A-76, program. However, the number of A-76 public/private competition contracts is relatively small and the results from this program may not be representative of the results from all services contracts for new or expanded O&M work. See GAO, *DOD Budget: Trends in Operation and Maintenance Costs and Support Services Contracting*, GAO-07-631 (Washington, D.C.: May 18, 2007).

- Government employee salaries and benefits were based on actual data from one pay period. These data were then compared to hourly cost of contractors ordered during the month of that pay period. The cost of a contractor employee is the fully loaded hourly rate the government pays for these services. We reported the weighted average of those hourly rates because the agency used two contractors at two different rates during the month of August 2007.
- We excluded the costs that the government incurs for both government and contractor-provided specialists. These include the costs of supplies, facilities, utilities, information technology, and communications costs.

This example is one illustrative case. In another example, officials at the Missile Defense Agency told us last year that, according to their calculations, the average cost of their government employees was $140,000, compared with an average cost of $175,000 for their contractors—who accounted for 57 percent of their 8,186 personnel positions.[20] We will, however, continue to do work in this area.

CONCLUDING POINTS

In closing, I believe that we must engage in a fundamental re-examination of when and under what circumstances we should use contractors versus civil servants or military personnel. This is a major and growing concern that needs immediate attention. Once the decision to contract has been made, we must address challenges we have observed in ensuring proper oversight of these arrangements—especially considering the evolving and enlarging role of contractors in federal acquisitions.

And we must elevate the acquisition function within the department. I would like to emphasize the critical need for actions to be taken to improve the acquisition workforce. The acquisition workforce's workload and complexity of responsibilities have been increasing without adequate agency attention to the workforce's size, skills and knowledge, and succession planning. DOD is experiencing a critical shortage of certain acquisition professionals with technical skills related to systems engineering, program management, and cost estimation. Without adequate oversight by and training of federal employees overseeing contracting activities, reliance on contractors to perform functions that once would have been performed by members of the federal workforce carries risk. As a final note, we are continuing to explore acquisition workforce issues in ongoing work and we hope to be making recommendations on these issues.

Mr. Chairman and Members of the subcommittee, this concludes my statement. I would be happy to answer any questions you might have.

[20] Government employees accounted for 33 percent of the personnel positions, with the remainder filled by employees of federally-funded research and development centers and university and affiliated research centers that were under contract or other types of agreements to perform missile defense tasks.

1. Service budgets are allocated largely according to top line historical percentages rather than Defense-wide strategic assessments and current and likely resource limitations.

2. Capabilities and requirements are based primarily on individual service wants versus collective Defense needs (i.e., based on current and expected future threats) that are both affordable and sustainable over time.

3. Defense consistently overpromises and underdelivers in connection with major weapons, information, and other systems (i.e., capabilities, costs, quantities, and schedule).

4. Defense often employs a "plug and pray approach" when costs escalate (i.e., divide total funding dollars by cost per copy, plug in the number that can be purchased, then pray that Congress will provide more funding to buy more quantities).

5. Congress sometimes forces the department to buy items (e.g., weapon systems) and provide services (e.g., additional health care for non-active beneficiaries, such as active duty members' dependents and military retirees and their dependents) that the department does not want and we cannot afford.

6. DOD tries to develop high-risk technologies after programs start instead of setting up funding, organizations, and processes to conduct high-risk technology development activities in low-cost environments, (i.e., technology development is not separated from product development). Program decisions to move into design and production are made without adequate standards or knowledge.

7. Program requirements are often set at unrealistic levels, then changed frequently as recognition sets in that they cannot be achieved. As a result, too much time passes, threats may change, or members of the user and acquisition communities may simply change their mind. The resulting program instability causes cost escalation, schedule delays, smaller quantities and reduced contractor accountability.

8. Contracts, especially service contracts, often do not have definitive or realistic requirements at the outset in order to control costs and facilitate accountability.

9. Contracts typically do not accurately reflect the complexity of projects or appropriately allocate risk between the contractors and the taxpayers (e.g., cost plus, cancellation charges).

10. Key program staff rotate too frequently, thus promoting myopia and reducing accountability (i.e., tours based on time versus key milestones). Additionally, the revolving door between industry and the department presents potential conflicts of interest.

11. The acquisition workforce faces serious challenges (e.g., size, skills, knowledge, and succession planning).

12. Incentive and award fees are often paid based on contractor attitudes and efforts versus positive results (i.e., cost, quality, and schedule).

13. Inadequate oversight is being conducted by both the department and Congress, which results in little to no accountability for recurring and systemic problems.

14. Some individual program and funding decisions made within the department and by Congress serve to undercut sound policies.

15. Lack of a professional, term-based Chief Management Officer at the department serves to slow progress on defense transformation and reduce the chance of success in the acquisitions/contracting and other key business areas.

Mr. MURTHA. I will go to Mr. Hobson since he has to leave at 4:00.

FUNCTIONS OF THE ACTIVE-DUTY FORCE

Mr. HOBSON. Thank you, Mr. Chairman. I think I agree with most of everything you said. It seems to me—and I would like to know how you feel about what I am going to say here—it seems to me that the Army and the military in general made a decision—I don't know exactly when—that there were certain types of functions that they weren't going to carry in the Active-Duty force.

Let me give you an example: Construction of large military bases, the funding of the support operations for those, such as carrying certain types of skill sets that they would have. A real example is they put a lot of stuff in the Reserve and the Guard that have historically been in the Active Duty, which they have now changed. For example, military police. Military police changed almost totally from Active Duty into the Guard and Reserve.

PLANNING FOR CONTINGENCIES

There are other types of specialties, MOSes, that that has happened to. They did some, apparently, preplanning of equipment and materiel and putting it in various sites around the world in case there were contingencies. They also entered into some very large contracts with some very large people such as Brown and Root and Halliburton and a couple of these other people that they could guide all these things under in the beginning. That apparently wasn't planned well, because they have already now changed a lot of those MOSes back into the service. But the planning side of these large contracts seemed to get out of whack. And that is where they then found out that they need—and what I am really wondering, all this comes back to one thing—we challenged the administration bipartisanly about the number of people that they were putting into Iraq in this Committee, time and time again at the beginning. And the more I think about this, I am wondering if part of this whole problem with all of these contractors goes back not only to that base set thing that they did at the time, but the fact that they didn't put enough people into Iraq in the beginning and therefore subcontracted a lot of things out that they might have otherwise been able to do.

LACK OF SKILL SETS AND PERSONNEL

So it is twofold. One, did they early on before this war, way back, probably even in the previous administration, make a statement to themselves—and this goes back to Bosnia and Kosovo—we are not going to carry—before that—we are not going to carry these sets. We are going to contract that out. And that, then, is exacerbated by the fact that they didn't put enough people into Iraq to perform a lot of the services and then went out and hired a bunch of subcontractors to do things that they hadn't done before, such as all these guards. And not just the Army, but the State Department has done this. A lot of other agencies have gone out and contracted out things that would have normally been theirs.

That is a rambling question. But do you agree with the premise that, one, they did change the concept? And, two, did we put enough people in? And did that cause some of this problem? And third, about those big——

Mr. WALKER. Sure. Well, I think you noted some of the problems that have manifested themselves over the passage of time because of actions that have been taken where people have had to do something different than what they planned because either, A, they didn't plan or, B, the plan didn't turn out to be effective.

HUMAN CAPITAL STRATEGIC PLAN

Let me suggest this. Having been in the human capital business for a lot of years in the private sector, basically I think what needs to be done here is there needs to be a human capital strategic plan. Let's take the Defense Department, which this subcommittee is concerned with, you have a mission. And you have certain things that have to be done to accomplish that mission. You then identify which ones of those activities are core and which ones are non-core. You then determine what type of skills and knowledge are necessary in order to achieve those functions. If they are non-core, then you are probably going to go to the private sector as a first resort. But if the concern is the core or something that is close to core, what kind of skills and knowledge are necessary? Is it a recurring need? In that circumstance, you need to make sure that you have civilians doing it as long as—or the military, depending on the circumstance—as long as our policies are adequate to be able to attract and retain enough people. I don't think that has been done.

You know, it is understandable, if you have an Iraq or a Katrina, that you may have a temporary need and you may have to surge up for a temporary period of time. On the other hand, I don't think that we have done enough planning with regard to the basic recurring need. And as a result, in some circumstances people have defaulted to using the military to the extent that they can—of course, the size of the force has been contracted considerably in the last 10 to 20 years. And in some cases, they have used contractors, because you can order the military and you can get a contract done fairly quickly, a lot quicker than you can hire people in the Federal Government.

REDUCTION IN ACQUISITION WORKFORCE

Mr. HOBSON. Well, this morning we heard that they didn't have enough people to contract out. As we cut back in the military, one of the places they figured out they would cut back was in acquisition. I assume you would agree with that?

Mr. WALKER. Yes. We have noted that there has been a significant reduction in the acquisitions workforce. I think you have to look at two issues there. Not just how many people but what kind of skills and knowledge did those people have? Do they have the right kind of skills and knowledge to deal with the current and prospective type of contracting we are going to be doing, rather than what we may have been doing 10 or 20 years ago. What we are contracting for is a lot different now. There are a lot more services arrangements than in the past.

MANAGEMENT OF CONTRACTING OFFICERS

Mr. MURTHA. Let me say the impression I got this morning. The Air Force hires contract officers, and they keep them in that line their whole career. The Army, on the other hand, puts officers in contracting for a while, then they go into the line, they go into different jobs, and then they come back to be contract officers.

Now, we learned this morning that 67 percent of the contract officers in Iraq are Air Force. And the balance is the Army. And yet the Army is the executive director or agency for contractors. Now, it makes no sense to me that if the policy is we go to contracting in order to take care of a temporary situation, and yet when the temporary situation comes up, we don't have enough people to oversee what is necessary. Now, General Thompson this morning admitted that they were slow in responding to these problems. But the point is that was what it was all about.

Now my concern is, it costs—at least in my estimation—it costs more to hire civilians than it does to do the work in-house. I mean, that is——

Mr. WALKER. You mean the contractors. It costs more to hire contractors.

COST OF CONTRACTORS

Mr. MURTHA. Right. I'm sorry. It costs more to hire contractors rather than civilian employees. And those civilian employees are dedicated, and, as you say, to do the core thing. But if you look at the circular from OMB, it says the policy of the Federal Government has been to rely on private sector for needed commercial services. Now, you can interpret that any way you want to. And I think that is part of the problem. I think they just—whether it is easier, don't know. You have got people who retire from the service and then they go to work as a contractor. They get retirement pay in many cases and yet they are contractors. And it costs us more, usually, to hire contractors.

We heard last year that the Budget Office was going to hire contractors to prepare a budget for us. I mean, they weren't going to do it themselves. They were going to hire a contractor to prepare a budget. That is the Defense Department.

Mr. WALKER. I would call that core myself.

Mr. MURTHA. I would call that core.

FUNDING FOR FEDERAL CONTRACTING OFFICERS

Mr. HOBSON. Mr. Chairman, one last comment on that. I felt a reluctance by him this morning, and I just wanted the rest of the Committee to hear it, as to whether he has asked for enough money or if he is getting pushback from OMB on asking for the right number to fix this. And I don't know whether this is the right forum to discuss that or not. But this is something that you might be helpful in in helping the administration or others to come to the right number. Because I got the impression that there is some—we find this all the time at OMB. But there seems to be—I sensed the hesitancy for him to give us a number where he felt comfortable that he was going to be able to hire the right number of people.

Mr. MURTHA. I think what Mr. Hobson is saying is true. Here is the thing. Mr. Moran said this morning the authorizing committee cut back. Well, they are quick to say we are going to veto a bill if the administration is not happy with it. So the authorizing committee would not have done that without the administration being satisfied with what they were doing; in other words, cutting back the number of acquisition people. It shows you how complicated this business is when we couldn't find people. And now they are saying, okay, we are going to hire x number of civilian employees and we are going to hire x number of contractors. The contractors are double what they are going to hire in civilian employees, which is much more expensive during this period of time.

So we need some work here. We need some advice about how we handle this so that the fraud and abuse that we see, the cash that was flowing over there, as Bill Young said this morning, that we stop that and we have better oversight over these things before it is too late.

One of the minor things I talked about today is the surge money—or CERF money we give to the commanders. Now they say they have been auditing that. They say it is no problem. Let me tell you something. If there is cash flowing around, there could be a problem. So I suggest to them now to watch that very carefully.

DECISION TO CONTRACT FOR SERVICES

Mr. WALKER. Well, Mr. Chairman, I come back to something I touched on before. First, what is the Department doing with regard to making the determination of when is it appropriate to use military versus civilian versus contractor personnel for ongoing recurring types of functions and activities, excluding contingency operations?

Secondly, what plans are they making to be able to be in a position to respond in a more timely and effective manner when a contingency operation occurs, which they will from time to time, of different types?

And then thirdly, recognizing that, if there is a temporary need, and it truly is temporary, it doesn't necessarily make sense to hire or to use civilian personnel if it is truly temporary.

On the other hand, we ought to be figuring out ways in which where the answer is we really ought to be using civilian personnel rather than contractors, we ought to be figuring out ways that we can end up doing it a lot quicker than we can right now, because I can tell you that there is little question in my mind that one of the reasons that military is used on occasion and contractors are used on occasion is because you can get it done quicker. And not necessarily better and not necessarily more cost-effective. It is quicker.

Mr. MURTHA. Well, we would like you to give us some advice as we go through the legislative process about what guidance we can give to the various departments of the Army or services.

LOGISTICS HEALTH INC. CONTRACT

Mr. WALKER. We will be happy to, Mr. Chairman.

Mr. MURTHA. Mr. Dicks.

Mr. DICKS. One of the concerns that we have had up here, and I know you have gotten into this. I believe the GAO is reviewing the Logistics Health Inc. contract. Are you involved in that one?

Mr. WALKER. My understanding is we have a bid protest on that. I apologize, Mr. Dicks—we have dismissed it because the company that protested it was a subcontractor to——

Ms. COFFEY. Yes. Logistics Health was the contract subcontractor to the company that protested.

Mr. WALKER. Okay. Logistics Health was the subcontractor to the company that protested.

Ms. COFFEY. So it was dismissed.

Mr. WALKER. So there wasn't a third party involved to protest.

Mr. DICKS. Okay. We were told that on September 25, Logistics Health was awarded an $800 million contract despite the fact that at least one other company bid $100 million less. The award of the contract has been put on hold and pending—I guess it isn't on hold.

Dina Rasor, the author of Betraying Our Troops, talked about the destructive results of privatizing war, said it was likely—Dr. Winkenwerder was at the DOD and he left in June of 2007 to go to work with this Logistics Health Inc. And on June 30, DOD began accepting bids for a contract to give soldiers medical and dental exams before being deployed. Before leaving DOD, Dr. Winkenwerder had been in charge of the office that wrote the contract.

So does anybody look into these kind of things? Or does the DOD IG have to look into this?

Mr. WALKER. They would be on the first line of response to something like this. As you know——

Mr. DICKS. They don't have a 1-year rule I take it, like we do?

Mr. WALKER. A cooling-off period? Yes, there are cooling-off periods applicable to certain executive branch——

Mr. DICKS. So the question would be whether he was actually involved or not.

Mr. WALKER. Whether he was directly and substantially involved is probably what the test is.

Mr. MURTHA. I will tell you, if a Member of Congress were involved, it wouldn't make any difference whether he was involved or not. The perception would have been and the perception is that he had something to do with it. That is part of the problem. I don't—listen, I don't want to stop anybody from making money. But when a sole-source contract is given, it makes it look to all of us like there is somewhat of a problem. But where are we with the contract, do you know?

Mr. WALKER. No, I don't, Mr. Chairman. I will try to find out something for the record.

[CLERK'S NOTE.—A response was not provided.]

Mr. WALKER. Let me just say, Mr. Dicks, that I have said quite frequently that the law represents the floor of acceptable behavior. You definitely don't want to violate the law. But there are moral, ethical, and other standards that rise above the law. And sometimes, one shouldn't do something, even though it is not illegal.

Mr. DICKS. Yeah. Well, again, I know Winkenwerder and I have met with him several times. I would be surprised, honestly, if he

would do anything that would be—that would not have been acceptable under the current rules.

Mr. MURTHA. The point, Mr. Dicks, is that was an $800 million contract?

Mr. DICKS. $800 million contract.

Mr. MURTHA. And it is a sole-source contract. That is the thing that worries this Committee when we hear so much about competition with small contracts.

Mr. DICKS. It says here—I don't know if this is in the background from the staff—on September 25 Logistics Health was awarded the $800 million contract despite the fact that at least one other company bid $100 million less. So I think there is a question whether—if the awarding of the contract has been put on hold pending GAO review.

Mr. WALKER. That was previous, prior to the dismissal.

Mr. DICKS. Does this happen quite often where somebody that doesn't bid—I am not always for giving contracts to the lowest bidders, because we have seen over and over again in the defense industry where people bid low, then they get the contract and then the prices escalate. I mean, I have seen some go up two or three times over what they bid. So I hope that somebody looks at——

I am thinking more of TRW and Lockheed, if you want to know the truth. You have your examples, I have mine, okay?

CONFLICT OF INTEREST RULES

Mr. WALKER. Mr. Dicks, I think it would be of interest to you and the other members of the subcommittee that we have two engagements under way right now that we plan to issue in March and April, respectively, that deal somewhat with this issue. The first has to do with conflicts of interest, which we are doing work for the Senate Armed Services Committee to provide more information on the conflict rules that exist within the Department of Defense and those that apply to the contractors, and the differences between those two.

REVOLVING DOOR

And then, secondly, we are doing some work, as required by statute, on the revolving door issues. And, to what extent do you have people who leave the Defense Department and end up going to work for major contractors where you could have either real or perceived conflicts of interest along the lines of what you are referring to?

The first will be issued in March and the second will be issued in April, and we will make sure this Committee receives copies.

SOLE-SOURCE CONTRACTS

Mr. DICKS. This morning we were also talking about sole-source contracts. And how do you view that? I mean in what situations are these justified? And when should there be competition?

Mr. WALKER. Typically the circumstance in which you would expect to see a sole-source contract is where you have a critical need that is very time-sensitive, in which there is prior experience that can help inform that decision. Sometimes what will happen is you

might end up having to issue a sole-source contract when all of those criteria are met, but you then may want to compete it, you know, shortly thereafter. So, in other words, you might give it sole-source——

Mr. DICKS. You don't give it to them forever.

Mr. WALKER. You don't give it to them forever. You might do it initially. That happened in Iraq. There were circumstances where there were initially sole-source contracts that were granted. But it wasn't forever. And then they were recompeted after a period of time. One of the things you have to be careful of is you don't end up issuing sole-source contracts in circumstances where, if you had done planning that I mentioned before—like in the case of Katrina. If there are certain contingency operations that apply, if you know you are going to need certain services and capabilities at that time, then one of the things that I think the government needs to be doing more of is to anticipate that, to have a competitive process where you enter into a process whereby the government can issue task orders and draw down on that contract when that contingency occurs. We should be doing that to a greater extent than we are now. And that is something that we have noted not just with regard to the Defense Department but also with regard to the Department of Homeland Security in relation to the Katrina contingency.

CONTINGENCY CONTRACTING

Mr. DICKS. So in other words, you could even stockpile; there are some situations where we have done this in the Defense Department. You have prepositioned ships. You could have prepositioned reserves of things that you know you are going to need around the country. I think we are doing that now, I believe.

Mr. WALKER. Well, there are two issues, Mr. Dicks. I am saying two things. One, you are correct, we have "prepo" for military and for nonmilitary purposes, if you will. I am talking about something different from that. I am talking about where you don't necessarily want to buy a lot of things and store it, because that costs money.

Mr. DICKS. Right.

Mr. WALKER. In some cases, Some things have a longer shelf life than others things. But what I am talking about is in addition to "prepo" in appropriate circumstances, to enter into competitive bidding arrangements. Conduct competitive bids so that people can bid on certain types of products and services that we know we will need if a contingency happens. Therefore, you don't actually buy it.

Mr. DICKS. Give us an example.

Mr. WALKER. Okay. Let me give you an example. Remember how we bought all these trailers of which we didn't use many? Since we know that hurricanes happen, floods happen, tornadoes happen, et cetera, it might be nice if we thought about entering into a competitive bid arrangement among all the different potential providers that could provide trailers and have them bid against each other such that we have the right to buy trailers at a pre-stated price, if and when that contingency occurs. What happens is if you have a contingency occur, then you have a critical need, you may not have time to do competitive bidding. Since the contractor then knows you have a critical need, they don't have a great incentive

to negotiate a great price in that circumstance. So we need to recognize that reality and think about employing some planning and contingency contracting-type approaches that historically we haven't.

ACQUISITION WORKFORCE

Mr. DICKS. In your judgment, did they cut back the acquisition force too far? And are they right now to put more people back into this?

Mr. WALKER. What we have said is that we believe that the acquisition workforce is going to need more people with different skills and knowledge. We have not rendered a judgment on how many that might be. We have expressed concern.

Mr. DICKS. And they have got this new plan.

Mr. WALKER. We are looking at that plan at the present point in time, Mr. Dicks.

Mr. DICKS. Thank you. Thank you, Mr. Chairman.

Mr. MURTHA. Mr. Frelinghuysen.

ARMY CONTRACTING COMMAND

Mr. FRELINGHUYSEN. Good afternoon. You said in your concluding remarks we must elevate the acquisition function within the Department. So you are not familiar with the Gansler Commission, obviously.

Mr. WALKER. I am.

Mr. FRELINGHUYSEN. You are intimately familiar with their goals and objectives? I assume you are familiar with their recommendations.

Mr. WALKER. I am somewhat familiar with the Gansler Commission, and I know that there have been steps that have been taken since 2006 in order to try to deal with some of the issues that we have raised and the subcommittee has been concerned about.

Mr. FRELINGHUYSEN. I sort of wondered, you know, we had some testimony from General Thompson this morning. They are sort of moving ahead with these contracting brigades which have, you know, a military top leadership, and then underneath is positions that are occupied by, you know, I won't say people of your ilk, but people who are extremely knowledgeable about accounting and——

Mr. WALKER. Financial matters, contracting matters.

Mr. FRELINGHUYSEN. Things of that nature. But you actually haven't had a chance to sort of review that, where they are going with this new structure here?

Mr. WALKER. I haven't had a chance to review it personally. No, I have not. My staff has had a chance to look at some of it. My understanding from the Gansler Commission is they talked about four things that need to be done: to increase the stature quality and career development of military and civilian contracting personnel, especially for expeditionary operations; to restructure the organization and restore responsibility, facilitate contracting and contract management in expeditionary and CONUS operations; to provide training and tools for overall contract activities and expeditionary operations; and to obtain legislative, regulatory, and policy assistance to enable contracting effectiveness in expeditionary operations.

As you know, sir, we have noted ourselves that in the training area, the Army really is lacking there; whereas the Air Force, which takes a more professional approach and has people really dedicated to this MOS and therefore spends a lot more time on training, tends to have a lot better results in this area.

CONDUCT OF STUDIES IN THE COMBAT THEATER

Mr. FRELINGHUYSEN. It is interesting that the Air Force has more people, while the Army, as we have discussed this morning, is really responsible for bringing everybody to the combat theaters, you know, is really responsible for much of the logistics footprint and basically the administration.

I sort of would like to get your view of how you actually conduct your GAO studies in the combat theater. I know over the years we have been privileged to have your remarks. They are usually pretty much on target. How do you actually conduct your studies in the combat theater to arrive at the conclusions you have reached?

Mr. WALKER. Well, first, I think it is important to keep in mind that we are one of many players ——

Mr. FRELINGHUYSEN. You are there with sort of the regular IG, and then you have got sort of another IG that we SIGig set up, SIGIR, and then you have got CID. There are quite a lot of operatives. And where do you come off in the overall scheme of things?

Mr. WALKER. As you know, there is a Special Inspector General for Iraq. The DOD IG, the State IG, the USAID IG, lots of people on the field. The IGs and the Special Inspector General, including the Special Inspector General for Iraq, have more people in theater, on the ground on a recurring basis than we do. We just deployed three people to stay there for a full-time basis for up to 3 months, and we will rotate teams in and out, and then we project teams to go in to do audit work, as necessary, typically for a period of several weeks in order to be able to do our work.

Most of the frontline contracting audit work, is being done by either SIGIR or by an inspector general. We do, however, do supplemental work that takes a broader look and doesn't drill down as deep on individual contracts. That is what they are doing, but where we look more from the standpoint of the overall process and how it has been approached by the respective departments and agencies from a planning and execution standpoint overall, rather than drilling down on individual contracts.

Mr. FRELINGHUYSEN. Do you do surveys of soldiers? Do you do surveys of DOD people in the field? I mean, I sort of—you know, I just sort of wonder how you, you know, how you gather your data and——

Mr. WALKER. With regard to acquisitions and contracting, is that what you are saying?

Mr. FRELINGHUYSEN. Yes. I know you reached some fairly weighty conclusions, and actually in the public's mind the most egregious problems relating to contracting generally, people can complain about sole-source contracts. But in a contingency emergency situation, as you have emphasized, you have got to act pretty damn quickly.

Mr. WALKER. Correct.

Mr. FRELINGHUYSEN. Even though we may have problems with these independent operators who were providing security, if they weren't providing security—and God only knows some of them, I am sure, have crossed the line—probably a much larger contingent of soldiers would be required to provide that degree of security. So I just wondered who you have been talking to.

Mr. WALKER. We have talked to people in theater, on the ground. I don't believe we have conducted surveys per se. But we do talk to people in theater, on the ground, with responsibility in this area.

And let me note—I think one of the biggest challenges is not just that not enough work was done in anticipation of the needs, but also in many cases the government has not been as specific as it should be in defining what its requirements are. One example of that would be the LOGCAP arrangement where you are contracting for a range of food and other support services for our troops. One of the things that one has to do is to try to define what the requirements are. What are you actually looking to get? And in the absence of doing that, then you are ceding certain authorities to the contractor to do it for you. And in that circumstance, there obviously can be additional costs incurred that may or may not make sense.

But you are correct in also saying that sometimes we have to go to contractors because we don't have enough force. We don't have enough military to be able to do the job, and a job needs to be done. Therefore, what are your alternatives? And that is an example of where you may have to default to contractors, because you don't have other viable options.

Mr. FRELINGHUYSEN. Well, the arguments around this table—and I don't want to mischaracterize them—is why are we going to contracts, contractors, when in some cases many of those contractors—and it depends on what they are doing—are former military? And you know, compared to the soldier who has his or her life on the line, they are earning about six times more for that particular responsibility

Mr. WALKER. I understand. And you see that in Iraq.

Mr. FRELINGHUYSEN. Thank you, Mr. Chairman.

MRAP CONTRACT

Mr. MURTHA. Have you evaluated the MRAP contract at all?

Mr. WALKER. We are looking at it at the present point in time, Mr. Chairman, but we haven't reported on it.

Mr. MURTHA. I would be very interested because here was a priority contract that seemed to be handled very well. And it is the biggest contract, I think, we ever dealt with, $21 billion, at one time. So I would be very interested when you get done to evaluate that and let us know what you think. It was very competitive, a lot of people involved with it. My advice to a lot of companies was don't get involved, because it is not going to last very long. But the point was, we had enough contractors to get involved that they seemed to have done a pretty good job. Mr. Moran.

Mr. MORAN. That is interesting. I was at an awards ceremony for businesses in Northern Virginia. It turns out every single one of them was a government contractor. These were the businesses that had done the best over the last year. That is why I was late for

the hearing, actually. There were more than 100 of them that had done so well. One of them had just gotten a contract for $12.5 billion for MRAP.

Mr. MURTHA. One just got a contract for $12.5 billion?

Mr. FRELINGHUYSEN. I am in the wrong place.

Mr. MORAN. I had never met the guy. He had worked for DARPA. And you know, he had worked on that type of technology. And then he had somebody else that worked in another part of the government. They seemed to know what they were doing. But enormous contract. And it has come down to give him this Ideal Innovation Concepts or something. And BAE, British Aerospace Systems, is the other that is going to develop a phase 2 of MRAP.

But the most striking thing about this, these government contractors, was that I—and it is not necessarily the case with the one I am talking about—but I talked to a great many of them. I was there for almost 3 hours. And invariably they were working on contracts to provide goods and services that they had previously been involved in when they were part of DOD. In other words, they knew the personnel at the Pentagon. They had been involved themselves, and they simply decided that it is time to, you know, make some money. We will set up a company. We know the folks that we are going to be dealing with. So they had an inside track.

It doesn't mean it wasn't competitive. It didn't mean it was the best product and service. But they did know exactly what their buddies were looking for. And now, again, it is not this group that I am referring to. But I talk to a lot of folks that—kind of neighbors in Northern Virginia who work for the Federal Government. And they tell you that over the last several years, there has been a real antipathy towards working for the—or toward Federal employees on the part of a lot of the political appointees in the Federal Government. And the idea is that we are going to reform the government by privatizing it. And so there is clearly a bias on the part—but I am saying particularly political appointees—a bias to contract out whatever can be, to really turn as much of the Federal Government over to the private sector. And I think we are seeing a lot of this because some of it just doesn't make sense.

For example, the cost estimated. You would think cost estimating of a contract is inherently governmental. I mean, if it is not, then you put the fox in the chicken coop. And yet you have done a report that showed us that 64 percent of space acquisition, for example—let me see, I have got the actual numbers, and you did a report on it. But 64 percent of the people who were doing the cost estimating were contractors.

CONTRACTOR COST ESTIMATING PERSONNEL

Now, when you think about it, why should contractors be determining what the appropriate cost for a contract is? And yet we have contracted out the cost estimating function.

Here it is. The GAO report on DOD Space Acquisition noted that at 11 of the offices in the Pentagon, contractors accounted for 64 percent of cost-estimating personnel. That is one of your findings. Now, obviously, I am not being critical of you for finding it out. But it is kind of mind-boggling that—and in your report you said that they downsized the number of Federal civilian employees who were

performing the cost estimating function, and then contracted out for those same cost-estimating services.

One of your colleagues is nodding their head. This is the stuff we are trying to get at. I mean, that is inherently governmental.

CONTRACT OVERSIGHT

Another inherently governmental function that GAO has been very much involved in is contractor oversight. Of all the things that are inherently governmental, is the oversight of the contracts. And yet we are contracting with contractors to oversee other contractors. And then doing reports.

Now I would like to ask you, I have several questions. Let me just break in at this point. Within DOD, are there private contractors performing contract management, the management of private contracts or oversight over those contractors?

Mr. WALKER. There are. And also on the other issue, Mr. Moran, you talked about cost estimation. There are portions of the Defense Department that view that as inherently governmental and they don't contract it out. You talk about one example where they didn't view it as inherently governmental and they have contracted it out. So there are even differences of opinion within a particular government department.

COST ESTIMATION

Mr. MORAN. Well, Mr. Chairman, just kind of an aside.

There may be some of these functions that we may want to say, look, this is inherently governmental. You don't contract this out. You don't contract out the estimation of the cost of contracting this out and you don't contract out the oversight of the contract. Otherwise——

Mr. MURTHA. Let me ask you, Mr. Walker, what do you think about that?

Mr. WALKER. First, I think ultimately the responsibility for cost estimation needs to be the government's responsibility. The question is whether or not you might have to contract for——

Mr. MURTHA. As a core responsibility?

Mr. WALKER. I think the ultimate responsibility and accountability, I would say, is core. The question is, in certain unique circumstances, might you need to have some additional skills and knowledge to help in that process, to provide input to that process, but not to be responsible for it and not to it make the final decision? So in other words, you may have most of the people being government employees. You may occasionally have to hire somebody with a high degree of expertise in a particular area that you don't have enough expertise internally in some cases, because you can't pay them enough money to be able to keep it internally. And we do that at GAO.

We have certain circumstances where we have to hire some outside specific expertise because we can't hire them in the government. But the function itself, I think, is core. Most of the duties and responsibilities ought to be done by a government worker, absent the ability to hire people with those types of skills and knowledge. But if you are going to use a contractor there, they should

not make the judgments. They should be providing input, and ultimate judgments should be made by a civil servant.

Mr. MORAN. I agree with you. But in your civil service report, you noted DOD fired the cost estimators, let them go, and then contracted out. You can always say, well, we didn't have cost estimators. But if the reason is is because you let them go, I mean, that doesn't hold a lot——

Mr. WALKER. I understand what you are saying.

Mr. MORAN. This Committee, time and time again, has asked the simple question, how many contractors are there in Iraq? And after about 3 years, DOD set up this synchronized predeployment and operational tracker system, SPOT. And it is supposed to tell us how many contractors and subcontractors there actually are. It is supposed to track them. Is it doing that? Is it actually working?

Mr. WALKER. We cannot attest to the reliability, because of financial management and other records problems at the Defense Department. But my understanding is, their latest estimate is 129,000.

Mr. MORAN. Okay. We were told 133,000 today. But that is close enough for government work.

Mr. WALKER. Well I wouldn't want to use that saying.

Mr. MORAN. That is the result of the SPOT system.

Mr. WALKER. That is my understanding.

Mr. MORAN. 100,000 because of SPOT. We now figure it is 129,000 or 133,000.

Mr. WALKER. Around 130,000. Correct.

Mr. DICKS. Is it 129,000 individuals? Or 129,000——

Mr. WALKER. Individuals. Correct.

Mr. MORAN. The point we have been making, there are almost as many contractors there as military. I mean, who is fighting the war?

Mr. DICKS. Maybe we will have a surge of contracts.

CONTRACTING FOR SERVICES

Mr. MURTHA. Let me remind members, this all started with Gore's initiative. Gore believed—and this is in the Clinton administration. Well, but I am just telling you this is where it started. I think we have gone too far. I think we have gotten to the point where we have to draw back. And, I don't know how far along we were before this administration. But I see evidence that we are spending more money for contractors than we should be, because it is not balanced.

Now, whether it is easy to hire them, whether it is poor planning, I don't know what it is. But I certainly see evidence that we need to—we need advice from you as you go through your studies so that we can make recommendations and the subcommittee can look at it and say, okay, we need to look at this contract. We need to give direction to the agency.

For instance, the Army said, we are actually studying whether we should have the executive agency in Iraq be the Air Force because they have 67 percent of the people are Air Force people, and they have more experts in the field. But that is the kind of stuff we need advice on because this is a big area, and I think we need to turn it around a little bit.

Mr. WALKER. Mr. Chairman, as you know, I believe it was President Eisenhower who, might have preferred to be called "General," as General Washington did, who first had the concept that the government should not be competing with the private sector in circumstances where it does not involve an inherently governmental or core activity.

But what has happened over the years is, different departments and agencies have approached that differently, some in circumstances where there were contingency operations and they had to do certain things because of the circumstances. In others, they just have not done enough planning and proper execution even for ongoing activities.

Mr. MURTHA. We do not argue with that. What I argue with is the planning process itself. They have not planned ahead in case something like this happened, whether it is Katrina or the war in Iraq. That is the problem we face.

Mr. WALKER. We are in agreement, Mr. Chairman. There are two categories, one, what are we doing—steady state normal functions and activities for the Federal Government? Secondly, what are we doing for contingency operations? I think both are important, and we need to do both.

COST OF CONTRACT EMPLOYEES

Mr. MORAN. It is not good management practice to have a civilian employee, a Federal employee, doing exactly the same job as a contract employee standing right side by side or sitting side by side with the exact same responsibilities, where the contract person is making two or three times the amount of the civilian employee. And the response is for the civilian Federal employee to simply go into the private sector and make the money. But you cannot manage a government that way; it is wrong. And we are finding more—I know of any number of examples.

Incidentally, Mr. Frelinghuysen, the 133,000 is DOD contract personnel. It is not the foreign folks that—and it is not the other agencies. That is 133,000 DOD contract personnel.

Mr. FRELINGHUYSEN. Why do we not get that other figure? Do we have the other figures?

Mr. WALKER. Their system does not have the other figure. I will check and see if there is anything else available.

[CLERK'S NOTE.—a response was not provided.]

GENERAL SERVICES ADMINISTRATION CONTRACTING SUPPORT

Mr. MORAN. Just one last question; and if the Chairman asked it sufficiently, then you do not need to go into it. But GSA, we tried to get GSA to pick up the contractor slack, and they said they could not do it, they did not—because they did not want to do it. They did not want to go to Iraq and all that kind of stuff.

But you mentioned that there is opportunity for one agency to borrow from another agency when it has a shortage of skills. In your opinion, could GSA meet some of this need?

Mr. WALKER. It is possible. We have not explored that directly, I do not believe.

That is correct; we have not explored that directly. But I think that one of the things that we need to keep in mind is, as we look

at performing the functions of government, we have mission activities that are program related—and we have functional activities that are horizontal. Acquisitions and contracting, human capital, financial management, those are issues that are horizontal; they go throughout all of government.

To the extent that we recognize that reality, when we face a need in one part of government, especially if it is a temporary need, one of the things we ought to be looking at is to what extent can we draw on other parts of government in order to meet that temporary need.

Again, that is in a temporary circumstance. You cannot sustain that over the long term. But that is an example of contingency planning that needs to be pursued.

Mr. MORAN. So you are agreeing, it was not unreasonable for us to look to GSA to see if they could not meet that contractor gap?

Mr. WALKER. No. That is not unreasonable.

Mr. MORAN. Okay.

Thank you, Mr. Chairman.

Mr. MURTHA. Any time Mr. Frelinghuysen has any questions, just let me know, because you are outnumbered by the guys on our side.

Mr. FRELINGHUYSEN. I do not feel outnumbered.

Mr. DICKS. We are all on the same team.

Mr. FRELINGHUYSEN. Since he brought up Eisenhower and you brought up Gore, I think we are even.

Mr. MURTHA. Mr. Cramer.

COST OF CONTRACTING FOR SERVICES

Mr. CRAMER. All right. Thank you, Mr. Chairman. And this is a very valuable hearing for us. I want to, hopefully, just play off of what has been brought up already.

I am curious and challenged by how we all perform oversight of contracting out: How you do it, what you do with what you do, and then how we find out what we want to find out. I come from a community that has a long contractor history with DOD, NASA, on the intel side as well. But with my committee assignments both here and on the Intelligence Committee, it is hard for me to get a straight answer from our agencies, especially intel agencies—NSA, CIA, and now even DIA—much less on the DOD side of the roster as to how much are we spending on contractors.

And while the number of contractors is a challenge to get to know, also the amount of money that we are spending on those and how those cycles work. I would be interested in knowing that, too.

But I would assume that one of the first—if not the first priority, one of the priorities for contracting out is cost savings or that—in that a particular set of personnel may be so temporarily used that you are motivated to look to contractors to provide those, mainly so that you will eventually save money.

How much scrutiny of that are you giving toward a bottom line as to how much we had expected to save versus what we are saving? Because I think we are finding out the hard way that we are really not saving money.

Mr. WALKER. Right.

Several things: First, there is not enough oversight going on with regard to contracting in the Intelligence Community. We can talk about that separate issue, and more needs to be done there.

Secondly, some contracting is intended to save money. No question about that. And one of the things that we are doing right now is, we have some work under way right now that we will be issuing within the next several months to test that assumption in connection with certain types of contracting activities involving the Army's contract agencies, Contracting Center for Excellence, and our preliminary findings are that they are not resulting in savings.

So again, I think it really depends upon the facts and circumstances. And I will give you an example. In the Federal Government, my personal experience, having spent 21 years in the private sector and now about 16 in the Federal Government, is that there are certain functions and activities where you actually can make more money over time in the Federal Government than you can in the private sector because of the way the Federal Government ends up grading jobs and how it ends up paying its people.

So there are certain support functions, noninherently governmental functions, in which the private sector found many years ago it is better to contract those out to achieve economies of scale, to leverage technology; and in many cases the government has not done that and should consider doing that, and it can result in savings.

That is very different, though, than when you are talking about highly skilled and knowledgeable needs—scientific, technical, whatever else—where because of those same classification and compensation systems you just cannot hire the kind of people you want to hire for the money that you are willing to pay.

And so, you know, it is individual facts and circumstances. You cannot expect, in some situations to save money. In some situations you should not expect to save money, because you need specialized skills and knowledge, and you are going to have to pay what it takes to get it.

Mr. CRAMER. Well, as you review the functions and activities that should be contracted out, and as you look at what has been done, surely you can draw conclusions about certain activities that no longer make any sense to contract out, that they are and should be more inherently governmental operations.

Mr. WALKER. Yes. And I think that is something—we can help provide some additional guidance, and we can provide some information to this Committee that might help you in your legislative process, especially in circumstances where we see differences between definitions of inherently governmental in different parts of government or within the same department, and especially in circumstances where we have seen, based upon our audit work, where there has been waste or abuse that has occurred as a result of engaging in certain types of contracting activities.

Mr. CRAMER. Well, DOD's obligations on service contracts rose from $92 billion from 1996 to $183 billion in the year 2006. Does that make sense to you? Service contracts.

Mr. WALKER. No. I understand service contracts are the fastest growing type of contract; I would expect them to go up. But that is a very dramatic increase. In some cases, we have talked about

circumstances in which they have gone up, where you have people go from being, a military person or civilian person, and gone on the other side of the street to be a contractor doing essentially the same thing and making more money. That does not make sense in my opinion.

Another concern that I have is we do not always enter into appropriate service contracting arrangements to be able to nail down what we expect to get to have an appropriate sharing of the risk and reward between the government and the contractors, and we do not have an adequate amount of oversight with regard to a number of those contracting arrangements.

So those would be several factors that we are concerned about in services, especially given their tremendous growth.

Mr. CRAMER. Thank you.

Thank you, Mr. Chairman.

Mr. MURTHA. Mr. Dicks.

LOGCAP CONTRACT.

Mr. DICKS. Early in our involvement in Iraq, contractor-provided services were delivered under the LOGCAP contract, a contingency support arrangement. How long was the LOGCAP contract used before a competition was held for contractor support as the U.S. involvement in Iraq continued over multiple years?

Mr. WALKER. It has always been competed.

Mr. DICKS. From the start?

Mr. WALKER. LOGCAP has always been competed.

Mr. DICKS. There was never any time when it was sole sourced?

Mr. WALKER. That is my understanding.

Mr. DICKS. Was it done before the war in Iraq started?

Mr. WALKER. Yes, it was, 2001.

Mr. DICKS. So, it was.

Is a LOGCAP or other contingency contract device necessary, and what would be the preferred practice for transitioning to regular order contracting procedures?

You are saying that they followed the regular order here. Is that right? Are they necessary?

Mr. WALKER. In the case of LOGCAP.

But there are other circumstances in which there were needs that arose because of a contingency operation that they had not already engaged in a competitively bid contract.

As you know, LOGCAP is for forces that are stationed in various parts of the world. I mean, we still have people in Bosnia, we have people in Germany, we have people in other parts of the world.

Mr. DICKS. Korea.

Mr. WALKER. And so you can take an existing contract, and it just happens to apply in Iraq. There are other circumstances, however, where we have new needs that resulted from a contingency operation; and there are some situations in which they were done via sole source, but may have been bid later, after the passage of a period of time.

Mr. DICKS. Use of contractors in a theater of operations allows the release of military units for other missions or to fill support shortfalls. Was that done here? Was that one of the reasons why they were using the contractors? Because of——

Mr. WALKER. You mean for LOGCAP?

Mr. DICKS. Yeah.

Mr. WALKER. I think the military had made the decision they wanted to use contractors to perform those functions and activities, not just in Iraq, but in other parts of the world. And so I think it was merely an extension of what they had already decided to do in other parts of the world.

As you know, Mr. Dicks, the force structure——

Mr. MURTHA. This started in the Balkans. And it was a conscious decision by the military——

Mr. WALKER. Correct.

Mr. MURTHA [continuing]. That they would provide these services.

Mr. WALKER. In the Balkans.

Mr. MURTHA. Yeah.

REQUIREMENTS SPECIFICITY

Mr. WALKER. Right. And so it was taking that concept and just using it in Iraq, because it started there. As you know, Mr. Chairman and Mr. Dicks, we have issued reports in the past that highlighted potential problems with regard to these types of contracts where the government does not specify adequately what it is seeking from the contractor. We have had those problems in the Balkans, and we have had those problems in Iraq as well.

Mr. DICKS. So you have got to be careful about the specificity, or you will get something you did not ask for.

Mr. WALKER. Absolutely, Mr. Dicks. It is not just a matter of entering into a competitive bid, it is a matter of being very specific about what you want them to provide—in what quantities, in what relative time frames—because if those issues are not nailed down and if that discretion is left to the contractor, it can result in additional acquisitions and additional costs that may or may not make sense.

Mr. MURTHA. Now, let me ask you this question. Now, we talked about contractors making estimates for contracts. Now, is it possible that these contractors would also set up the specifications for the bidding that goes on in the LOGCAP contract?

Mr. WALKER. Well, we know for a fact that people work together, between the government and the private sector, to try to come up with the statement of work. And one of the areas that I think one has to be concerned about is, who makes the ultimate judgments on that. All right. I mean, it is one thing if you end up getting input, but ultimately the responsibility and accountability for making the decisions needs to rest with a civil servant.

Mr. MURTHA. And do you feel that in this case that is happening in LOGCAP?

Mr. WALKER. Division of responsibility.

Ms. COFFEY. It has gotten better, but—originally it was a bad situation, but it has gotten better.

Mr. MURTHA. In what time frame——

Mr. WALKER. Just to restate for the record, Mr. Chairman, we had serious concerns. We had concerns early on as to whether or not there was an appropriate balance. It has gotten better in the case of LOGCAP.

Mr. MURTHA. What is the time frame you are talking about, from the Balkans on or from the Iraq war on?

Mr. WALKER. Yes, from the Iraq war. We are talking about the Iraq war, from the beginning of the Iraq war.

Mr. MURTHA. And again, I assume that came from poor planning.

Mr. WALKER. Inadequate planning.

Mr. MURTHA. Inadequate planning.

A–76 PROCESS

Mr. DICKS. Let me ask you one other thing just briefly, and then we will get Mr. Frelinghuysen.

What about the A-76 process? This is, you know, something that has been discussed over the years on contracting out. Do you think it works? Is it effective?

Mr. WALKER. My understanding is, A–76 involves—less than 5 percent of the jobs that have been contracted out. In other words, there has not been a whole lot of A–76 activity in recent years. As you know, what A–76 is about is competitive sourcing.

Mr. DICKS. Right.

Mr. WALKER. It is where the jobs are currently being done by civil servants, and you enter into a competition as to whether or not they should continue to be done by civil servants or contracted out. It does not cover new needs. It does not cover certain types of issues.

Frankly, I think one of the things the Federal Government needs to do—and this is based upon my experience as being chairman of the Commercial Activities Panel at the request of the Congress several years ago—we need to figure out mechanisms where we can try to achieve most efficient organizations on an ongoing basis without having to go through an A–76 competition. It is really rather ridiculous that we have a system that only tries to achieve most efficient organizations through forcing a competitive process——

Mr. DICKS. And by the way——

Mr. WALKER [continuing]. Which does not get used very much.

Mr. DICKS [continuing]. I think that is what Vice President Gore was trying to do.

Mr. WALKER. I agree with that.

Mr. DICKS. Not contract out necessarily. I think what his objective was was to try to get a more efficient organization of some of the elements of the government, which is totally understandable.

Mr. WALKER. Yes. We need to do that, but we need to do it in much broader circumstances than just in circumstances where somebody is competing to be able to keep their job.

Mr. DICKS. Okay.

Mr. WALKER. Because the vast majority of government will never go through an A–76 competition, and because the vast majority of government is performing inherently governmental functions.

Mr. DICKS. Thank you.

Mr. MURTHA. Mr. Frelinghuysen.

LEAD SYSTEMS INTEGRATOR

Mr. FRELINGHUYSEN. Thank you, Mr. Chairman. I would like to explore just for a few minutes the fairly recent phenomenon, that

of the lead systems integrator. I think you have some comments in your report. I mean, this is where contractors define the weapons system's architecture, and then they manage the acquisition, and they integrate a variety of unbelievable technology, Future Combat Systems, Navy's littoral ship.

I know the Committee had some language in our bill relative to—LSIs. What are your views, pro and con?

Mr. WALKER. Well, the lead systems integrator, I think to a great extent it depends upon to what extent are there known technologies out there in other words, how much discretion are you, in effect, really giving the contractor?

In the case of the Coast Guard and Deepwater, the contractor was given a great degree of discretion, the lead systems integrator, because they were designing capabilities that did not exist, and also trying to help develop technologies that did not exist. The government did not have an adequate number of people with the right kind of skills and knowledge to be able to effectively manage or oversee the contractor.

On the other hand, when you talk about some of the things that are going on on the border right now with regard to helping secure our border, there is a lead systems integrator effort going, underway at the Department of Homeland Security, with regard to that initiative; and in that situation, there are a lot of technologies that already exist.

For example, the Marine Corps—which, Mr. Chairman, you are familiar with and I am familiar with—uses some technologies in order to be able to keep people off places where it tests weapons and does live-fire exercises.

And so I think, you know, clearly the risk goes up when you employ that approach. It goes up even more when you are, in effect, having the contractor have to try to be able to make judgments about things that do not exist, and you do not have enough people to be able to oversee and effectively manage what they are doing.

Mr. FRELINGHUYSEN. So you would weigh in with where the Committee was providing some direction?

Mr. WALKER. That is an affirmative.

Mr. FRELINGHUYSEN. That is probably a good idea in these quarters here. No, I mean the complexity. I mean, I support the Future Combat Systems, and obviously, we have been through the drill relative to the littoral combat ship and the two main, you know, the designs.

But I mean, some of this stuff is so incredibly complex. To some extent you have made a case for, you know, having, you know, that—somebody has that body of knowledge. Who does it? If we cannot—no one wants to be wholly dependent on the contractor, but surely somebody has to have the knowledge to make sure that whatever we have is fully integrated and working.

Mr. WALKER. Whatever you decide to contract out, you need to have an adequate number of people with the requisite skills and knowledge to oversee what the contractor is doing. And if you do not, then everybody is at risk in many different ways. And in many cases, the government has not done that.

So, even when you determine that it is not an inherently governmental function and, for whatever reason, it is appropriate to con-

tract out, you have to have enough people to be able to effectively oversee what they are doing.

And there is two other issues here. You know, there are issues dealing with defining requirements. That is something the government has to decide. And we have to look at Webster's dictionary more than we have as to what "requirements" means. "Requirements" does not mean "wants"; "requirements" means "needs". And you have to make sure the government is defining those requirements based upon real needs, and then turning those over to the contractor. Because if the contractor, in effect, has the ability to define "requirements," you have a problem that has occurred from time to time in contracting.

Mr. FRELINGHUYSEN. Okay. Thank you.

Thank you, Mr. Chairman.

COST AS A FACTOR

Mr. MURTHA. I think there is one other consideration, particularly, the gentleman mentioned the FCS. My big concern has been long term and the ability of us to respond to the needs because of the cost.

For instance, $140 or −50 billion, there is no question in my mind it saves money long term; no question in my mind it is less maintenance, it is more sophisticated, more integrated.

But I am convinced that the budget will go down, whoever is elected next time, the defense budget will go down. And I have said to the military over and over again, be very careful, make sure you are integrating these new systems into the equipment you are fixing up, because if you do not, we are not going to have any equipment at all that is up to the standards you want.

So it is a combination, not of technology, but also the money that we have available. And we are not going to have the money available. Our fleet of aircraft have gone from 8 years old when I came out of Vietnam to 24. Just on and on with the F–15s, a big percentage of them were grounded and so forth because of the age; the ships, we are never going to get to 313.

So cost is such an important factor in this. I think you folks help us integrate that in. But one little thing that you mentioned, you have one half of 1 percent leeway in hiring temporary people. Would that help if we got that changed by talking to the authorizing committee or doing it ourselves? What would you recommend——

Mr. WALKER. Well, Mr. Chairman, my point is, I think it is okay for us, what I am suggesting, and we use it.

Mr. MURTHA. Yeah.

Mr. WALKER. What I am suggesting is, that is a concept that I think makes sense across government. It makes sense, for example——

Mr. MURTHA. What concept?

Mr. WALKER. The concept of giving the agency head the ability to hire up to one half of 1 percent of their head count on a noncompetitive basis for up to 3 years.

Mr. MURTHA. No. What I am asking is, do you believe it should be higher than that? That is what I am asking.

Mr. WALKER. I think it is adequate. It is adequate for us. We use it.

Think what could have happened, for example, the Defense Department had that authority before Iraq. Think what could have happened if the Department of Homeland Security had that authority before Katrina.

Mr. MURTHA. Mr. Moran, do you have any questions?

CONTRACTING CENTER KUWAIT

Mr. MORAN. Did you adequately cover, Mr. Chairman, the Army's contracting center in Kuwait and all the evidences of fraud and criminal conduct?

No? Well, I would like to ask a few questions about that, because that is one of the most extreme examples. And I am not sure that the solution is the best one either.

About $4 billion in Iraq war contracts has now been shifted to the contracting office of the Army Sustainment Command in Illinois, so the decisions are being made in Illinois with regard to contracts in Iraq. But it is because the press reported that there are 87 criminal investigations ongoing, and so far, 24 people have been charged with contract fraud. Have you looked into that?

Mr. WALKER. We have not looked into that directly. No, we have not, Mr. Moran.

Mr. MORAN. No one has asked you to?

Mr. WALKER. To my knowledge, no. Not for fraud. Not to conduct a forensic audit or to look specifically for fraud there.

Now, my question would be to what extent is one or more of the IGs looking into that at the present time?

Mr. MORAN. Well, what I question—and, you know, I am not surprised there was fraud; $4 billion of contracts is a lot of money to be involved in this, so, you know—and I question these contracts. And 87 criminal investigations under anybody's perspective is a whole lot of criminal investigations.

But I question how you can oversee those contracts in Illinois. I mean, that is the kind of thing I would like to look at. So basically we have decided we cannot trust anybody down there in Kuwait or Iraq, so let us have the folks in Illinois.

Now, granted, they are undoubtedly traveling to Kuwait.

Mr. MURTHA. Let me say the way I understood it: They have administrative oversight, but the people on the ground still have the responsibility. And the people in Rock Island, the way they portrayed it, at least I think, was that they would have adequate oversight from there because they would do the administrative work there. I mean, that is—and it would be better, they felt, more efficient.

Now, I do not know——

Mr. WALKER. I think it depends to a great extent whether we are talking about contract surveillance and oversight, where you need to have more of a forward presence, you need to be there, versus contract award. If it is contract award, then you do not have as much of a need to be on the front line.

On the other hand, if it is contract surveillance and oversight, then obviously—you have obviously more of a need to be there. There is a certain amount of information you can gain electroni-

cally, but there is certain information you can only gain by being forward deployed.

Mr. MURTHA. Does anybody remember what they said about that?

Mr. MORAN. It is oversight. The word they use is "oversight."

Mr. DICKS. The DOD Inspector General is looking at possible criminal investigations on that.

Mr. MURTHA. Yeah, but I think we have to go back and ask. I think that is a good point.

AFFORDABILITY

Mr. WALKER. Mr. Chairman, you mentioned one thing that is very important, and that is the crunch is coming on the budget; and the Defense Department needs to do a much better job of reconciling wants, needs, affordability, and sustainability.

They have way more in the pipeline than we can ever possibly buy. And one of the greatest concerns that I have is, when the crunch comes, we will have a lot of things that people wanted, but not enough of what we as a nation needed.

Mr. MURTHA. We have been trying to address that. What we are trying to do is do two things. One is, rectify the shortages of equipment that we have at home, because we have no unit that can be deployed from home.

Mr. WALKER. Right.

Mr. MURTHA. The second thing, we are trying to look beyond Iraq, doing the things that we need to do to prevent a war or to sustain a deployment outside of Iraq and Iran.

Now, we tried to start that last year with shipbuilding, and we are trying to buy at a rate where we get the most for our money at the earliest possible notion. That is why I have been so concerned about FCS, because it is such a long, you know, 4 or 5 billion a year for 10, 15 years. And they do not even deploy anything for, I think—what is it, 2013? 2015.

Mr. MORAN. Future Combat Systems he is asking.

Mr. MURTHA. So I agree with you, and I think we have—I have told the contractors over and over, I have told every industry group I talked to, I have said to them, folks, do not think this is going to go on because it ain't going to go on. I have never seen it go on in all the years that I have studied or been here.

So you and I have the same concerns, that it is going to come down dramatically, and we are going to be buying smaller quantities with a hell of a lot more money, or we are going to have to buy more efficiently, buying more and getting it as quickly as we can.

These last 2 years I think are critical, because whoever is elected—the public wants to change direction of this country, there is no question in my mind about it, and it is going to happen.

Personnel is our biggest problem, because the cost is so—you know, it is now 60 percent personnel. That leaves us no money for procurement.

HEALTH CARE COSTS

Mr. WALKER. Well, health care costs are out of control, including in the Defense Department. As you know, Mr. Chairman, we for

the first time—I think it was 2 years ago—issued a report on the composition of compensation costs for the military. And it was shocking. I mean, we have an all-volunteer force, and it costs a lot of money to have an all-volunteer force.

Mr. MURTHA. Two of us voted for the draft, so ain't much chance of us getting a draft.

No, I agree, we started in this Committee with a demonstration project for TRICARE; and yet when I announce this to any kind of a military audience, they get loud applause because—they like TRICARE, because it takes care of them.

But it has gone from $10 billion, I think, to $40 billion now in a very short period of time. And so we are going to have to reduce personnel as well as buy less. At least that is the way I see it.

Mr. WALKER. Yes. As you know, the Congress expanded eligibility for TRICARE benefits several years ago in ways that any employer who was thinking would encourage their employees who are members of the Guard and Reserve to get onto TRICARE. And obviously, you know, any of us as human beings would like something where we pay little to no of the cost. I mean, that is——

Mr. MURTHA. Some things——

Mr. WALKER. But somebody is going to pay.

Mr. MURTHA. Some things the Congress cannot resist. It is like us trying to change Social Security now, when it should be changed. It is going to be a while before we get to it, I will tell you that.

But thank you very much, Mr. Walker. We appreciate your coming, and your indulgence and your service to the country.

Mr. WALKER. Thanks to all of you.

[CLERK'S NOTE.—Questions submitted by Mr. Murtha and the answers thereto follow:]

MANAGEMENT AND OVERSIGHT OF EQUIPMENT MAINTENANCE CONTRACT IN KUWAIT

The military services rely on contractors for a variety of logistical support functions in deployed location. Contractors at the Army's Camp Arifjan in Kuwait refurbish and repair vehicles such as the Bradley Fighting Vehicle and the HMMWV. However, in a report dated January 23rd, 2008, the GAO reported that supposedly repaired equipment often failed acceptance inspection and extensive rework was often required. From July 2006 to May 2007, 18 to 31 percent of equipment presented for acceptance failed government inspection. Since May of 2005 an additional 188,000 hours or rework was required.

Question: Administration and oversight of this contract is the responsibility of the Contracting Officer located at the Army Sustainment Command in Rock island, Illinois. What caused oversight to be lacking in this case?

Answer: Inadequate oversight of this contract is the result of a fragmented chain of command, an insufficient number of oversight personnel, and delays in communications caused by the distance between personnel in Kuwait and the Contracting Officer located in Rock Island, Illinois. The following three sections describe the oversight process and issues we have identified.

Oversight hampered by fragmented structure

Numerous personnel and offices provide oversight of this contract; however, the Contracting Officer, who has ultimate responsibility for oversight, has not effectively consolidated the oversight results that have been documented. Having so many organizations involved in oversight of the contractor, along with the lack of centralized control over the various oversight organizations by the Contracting Officer, makes it difficult to monitor the overall status of the contract. The Contracting Officer, located at the Army Sustainment Command in Rock Island, has ultimate responsibility for oversight of this contract and has delegated contract administration to the Administrative Contracting Officer (ACO) and has contracting officer's representatives (COR) located at Army Field Support Battalion-Kuwait (AFSBn-KU). For the

High Mobility Multipurpose Wheeled Vehicle (HMMWV) refurbishment effort under this contract, the ACO, with acknowledgment of the contracting officer, delegated contract administration to a Defense Contract Management Agency (DCMA) ACO. Day-to-day monitoring of the contractor's performance is by on-site government personnel, including CORs and quality assurance inspectors; however, according to the Army, this oversight organization is not adequately staffed.

A dual chain of command for ACOs in theatre has led to inadequate contract oversight. The Contracting Officer delegated limited oversight authority to the ACO. However, according to the Army, once in theatre, the ACO was under both the Contracting Officer's and the AFSBn-KU Battalion Commander's chain of authority. The ACO reports to the Contracting Officer on the contract but operationally reports to the Battalion Commander. It is difficult for the ACO to provide complete contract oversight because he reports to both the command and the contracting office, which have different priorities.

There is also an Army officer who serves as the Contract Management Officer (CMO) and provides direct contract oversight. The CMO provides oversight of CORs in their functional areas and interprets the statement of work (SOW). He is responsible to the ACO and the Battalion Commander. He translates mission requirements from the Battalion Commander into specific tasks within the SOW and recommends any mission changes as needed. If there are any conflicts that arise between the mission and the SOW, the CMO modifies the requirements so that they fit within the scope of the contract. He also advises the Battalion Commander on the contract.

Insufficient number of oversight personnel

The Army has not filled all of its oversight positions. There are currently two ACO positions in Kuwait that are filled by the battalion and DCMA. In addition to the ACOs, the battalion uses both military and civilian personnel to provide contract oversight. Battalion officials told us that there were not enough trained oversight personnel to effectively oversee and manage the maintenance contract in Kuwait. At the time we visited the battalion in April 2007, two military quality assurance inspector positions, a civilian quality assurance specialist position, and a civilian property administrator position had been vacant and remained vacant as of September 2007. The vacancies included the quality assurance specialist responsible for such activities as performing analysis of quality processes and procedures, tracking and coordinating training for quality assurance personnel, updating quality assurance surveillance plans, and ensuring productive interaction between Army and contractor quality personnel.

Distance between Kuwait and Rock Island, Illinois, affects communications

Although the ACO communicates with the Contracting Officer through biweekly teleconferences, e-mails, and phone calls, the ACO told us that there are problems with the Contracting Officer being located away from the contract activity. On numerous occasions, decisions on the contract that needed immediate action were delayed because of time differences between Rock Island, Illinois, and Kuwait. As a result, personnel in the field have had to wait on the Contracting Officer to administer contract actions. For example, broken equipment needed to be replaced in order to commence with needed work. Since the ACO didn't have the authority to add a contract modification for the replacements, the command had to wait on the Contracting Officer to approve the modification. According to the ACO, the Contracting Officer has been reluctant to give more authority to the ACO because of frequent turnover in ACOs.

Question: In Kuwait, contract oversight and quality assurance personnel billets for support of this contract were vacant. Why did the Army not fill these positions?

Answer: Command officials were unsure why the military quality assurance positions had not been filled and told us that the vacant civilian positions were advertised but the command had not been able to fill the positions with qualified candidates. An ACO told us that the quality assurance specialist position was filled for a short time in December 2006; however, the person was deemed unqualified and was assigned to another position. The Army solicited volunteers to fill critical positions with deployments up to 179 days and requested volunteers from the U.S. Army Reserve/U.S. Army Guard. Further, a "20 percent relocation incentive" was requested and approved for two of the critical table of distribution and allowance positions: the industrial property management and quality assurance specialist positions. Selections for both of these positions are currently being processed by the Civilian Personnel Advisory Center. The Army also has attempted to fill the positions by offering off-post housing to Department of the Army civilians in exchange for a 1-year assignment, requested tax-exempt status for Department of the Army civilians serving in the Southwest Asia theatre of operation, and augmented military re-

quirements with the mobilization of the U.S. Army Reserve Multi-Functional Support Command.

Question: In May 2006, the Army awarded the contractor a major HMMWV refurbishment contract valued at $33 million, even though numerous incidents of poor performance had been documented. Why did the Army select a contractor that had performed poorly?

Answer: According to the Army, the HMMWV refurbishment was awarded to the contractor in May 2006 as a contractually expedient response to the theatre's need for refurbished HMMWVs. The Army said that no concerns were raised regarding the contractor's capability to meet HMMWV refurbishment requirements, and the contract was initiated with confidence that the government was replacing a nonperforming contractor with a contractor with a good history of performance in theater. According to the Contracting Officer,- issues with-the contractor that replaced the nonperforming contractor have been experienced in the areas of supply, maintenance, operations, and accountability of government-furnished equipment/government-furnished property as well as in meeting monthly production for the HMMWV refurbishment. While it is true that this contractor was issued a Letter of Concern in March 2006 on another effort, which cited concerns with its ability to ramp up to full personnel strength and its QC processes, the government said that it had every reason to believe that the contractor was fully engaged in correcting the deficiencies.

Currently, the only performance measure used to assess the contractor's performance is the Contractor Performance Annual Report (CPAR) in which the Contracting Officer assesses different aspects of the contractor's performance based on what each command reports to her. The CPAR results for the base year showed nothing less than a "satisfactory" rating in any element. The CPAR results for option year 1 (September 30, 2005, through September 29, 2006) were "pending" and not yet a part of the official record. However, the CMO was surprised at the good rating that the Contracting Officer gave the contractor in the draft option year 1 CPAR because AFSBn-KU did not give an overall favorable report. The Contracting Officer was reviewing the contractor's extensive rebuttal to the battalion's assessment.

For further information, see:

Defense Logistics: The Army Needs to Implement an Effective Management and Oversight Plan for the Equipment Maintenance Contract in Kuwait. GAO–08–316R. Washington, D.C.: January 22, 2008.

FEDERAL EMPLOYEE VERSUS CONTRACTOR MIX

Question: Please define a proper balance between federal and contractor employees in performing DOD missions?

Answer: There is no one definition of a proper balance between federal and contractor employees. Agencies must determine the nature of the activity and available resources to provide effective oversight. However, there are several factors that agencies should use in determining the proper balance between government and contractor employees. Factors to consider include, but to which agencies are not limited, are the following:

- Government's policy that positions that are inherently governmental—those activities that are intimately related to the public interest—must be staffed by government employees;
- Extent to which the activity is critical to the agency's core mission;
- The current agency capacity relative to the long-term demand for the activity and the time sensitive nature of the work;
- Cost of government versus private sector employees and the availability of funding;
- Match between the activity's requirements and available workforce skills and the competitiveness of the agency as an employer for a service that is in high demand or requires an exceptional capability not available in the agency;
- Government's policy that new requirements for commercial services should generally be performed by contractors;
- Extent to which the options under consideration would require adjustments to the agency's budget, workforce and staffing plans, and authorized levels of full-time equivalent (FTE) government positions; and
- Potential for organizational conflicts of interest created by a contractor's role in the activity and the associated risk to the integrity and control of sensitive information.

The number and capability of government employees to provide effective oversight of a contractor's performance are important. For example on the Department of Defense's (DOD) space acquisition programs, we identified concerns about whether the

numbers and qualifications of DOD personnel are sufficient to provide oversight of and insight into contractor cost estimates.

For further information, see:

Defense Contracting: Army Case Study Delineates Concerns with Use of Contractors as Contract Specialists. GAO–08–360. Washington, D.C.: March 26, 2008.

Defense Contracting: Additional Personal Conflict of Interest Safeguards Needed for Certain DOD Contractor Employees. GAO–08–169. Washington, D.C.: March 7, 2008.

Competitive Sourcing: Greater Emphasis Needed on Increasing Efficiency and Improving Performance. GAO–04–367. Washington, D.C.: February 27, 2004.

Forest Service: Better Planning, Guidance, and Data Are Needed to Improve Management of the Competitive Sourcing Program; GAO–08–195. Washington, D.C.: January 22, 2008.

Government Contractors: Measuring Costs of Service Contractors versus Federal Employees. GAO/GGD–94–95. Washington, D.C.: March 10, 1994.

Question: Why has there been such growth in the percentage of the DOD budget for contracted personnel and a decline in the budget for federal personnel?

Answer: DOD's civilian workforce and its spending on service contractors have both grown since fiscal year 2001, while the active duty military has begun to shrink again after growing from 2001 through 2003. From fiscal years 2001 through 2008, the total DOD budget for civilian pay has increased from $54.1 billion to $60.3 billion and the civilian workforce provided for by the budget has increased from 687,000 to 709,000. DOD active military personnel have decreased from 1.5 million in fiscal year 2003 to 1.4 million in fiscal year 2008. While DOD does not report similar data on the number of contractors in its workforce as a whole, we have reported that DOD has become increasingly reliant on contractors to fulfill its mission and support its operations. For example, after September 11, 2001, increased security requirements created an increased demand for personnel to perform security-related tasks at DOD installations and facilities. Initially, these requirements were filled at military installations with active duty and reserve component personnel. DOD reported that contracting for security guard services was deemed necessary and practical to allow it to simultaneously support increased demands for military forces and to meet heightened security requirements. In Iraq, contractors provide deployed U.S. forces with an almost endless array of services and support, including communication services; interpreters who accompany military patrols; base operations support (e.g., food and housing); maintenance services for both weapon systems and tactical and nontactical vehicles; intelligence analysis; warehouse and supply operations; and security services to protect installations, convoys, and DOD personnel.

Factors that have contributed to the increase in contractors supporting deployed forces include recent reductions in the size of the military, an increase in the number of operations and missions undertaken, the need to fill positions for contingency operations, a lack of organic military capabilities, and DOD's use of increasingly sophisticated weapons systems.

For further information, see:

Military Readiness: Impact of Current Operations and Actions Needed to Rebuild Readiness of U.S. Ground Forces. GAO–08–497T. Washington, D.C.: February 14, 2008.

Defense Acquisitions: Improved Management and Oversight Needed to Better Control DOD's Acquisition of Services. GAO–07–832T. Washington, D.C.: May 10, 2007.

Defense Budget: Trends in Operation and Maintenance Costs and Support Services Contracting. GAO–07–631. Washington, D.C.: May 18, 2007.

Military Operations: High-Level DOD Action Needed to Address Long-standing Problems with Management and Oversight of Contractors Supporting Deployed Forces. GAO–07–145. Washington, D.C.: December 18, 2006.

Contract Security Guards: Army's Guard Program Requires Greater Oversight and Reassessment of Acquisition Approach. GAO–06–284. Washington, D.C.: April 3, 2006.

Question: What steps should DOD take to better assure a balance between federal and contractor employees in meeting DOD missions?

Answer: DOD needs to position itself to have the right skills in all disciplines, including the acquisition workforce, to ensure that the highest quality of goods and services are obtained at the best value for the government and the American taxpayer and to properly manage the acquisition of those goods and services. To do so, DOD needs to take several steps. One key step is to assess the skills and capabilities of its current acquisition workforce as well as the critical skills and competencies needed in the future workforce over the next several years.

DOD's recent human capital plan includes a list of mission-critical occupations needed for the current civilian workforce, but this list does not constitute the required assessment of skills of the existing workforce. DOD has begun taking steps to build data in preparation for such an assessment for its acquisition workforce. However, DOD also needs to identify gaps in the skills and capabilities it needs to fulfill its mission. DOD must determine whether it will fill those gaps through repositioning and retraining current employees, hiring new federal employees, or using contractor employees. The decision to hire federal employees or hire contractor employees for any particular activity should consider the issues discussed above. When contractors are used to provide services, DOD needs to take a proactive approach to managing strategic- and transactional-level service acquisition elements. The strategic level requires the leadership, processes, and information necessary for mitigating risks, leveraging buying power, and managing outcomes across the enterprise. At this level, we identified four key factors for improving outcomes: Strong corporate leadership and vision, results-oriented goals and metrics, defined responsibilities and support structures, and improved knowledge of spending. The strategic level also sets the context for the transactional level, where individual service acquisitions are executed. Key factors for good outcomes at the transactional level include clearly defined requirements, sound business arrangements, and appropriate contract management and oversight processes. At both levels, risks exist that can impair an organization's ability to get desired service acquisition outcomes. A comprehensive management approach tailors the strategic and transactional factors to address these risks.

GROWTH IN CONTRACTOR PROVIDED SERVICES

Question: The Committee understands that the Department of Defense obligates more for service contracts than it does for supplies and equipment, including major weapons systems.

• Is the transition to contractor provided services the result of a strategic decision or is it more of a piecemeal response to downsizing that occurred in the military?

For further information, see:

The Department of Defense's Civilian Human Capital Strategic Plan Does Not Meet Most Statutory Requirements. GAO–08–439R. Washington, D.C.: February 6, 2008.

Defense Acquisitions: Tailored Approach Needed to Improve Service Acquisition Outcomes. GAO–07–20. Washington, D.C.: November 3, 2006.

Answer: The growth in DOD service contracting is the result of practical considerations, policy decisions, and new requirements on DOD. In May 2007, we reported that DOD and military service officials cited several factors as having contributed to the increased use of contractors for support services. These factors included (1) increased operations and maintenance requirements for the global war on terrorism and other contingencies, which DOD has met without an increase in active duty and civilian personnel; (2) federal government policy, which is to rely on the private sector for needed commercial services that are not inherently governmental in nature; and (3) DOD initiatives, such as its competitive sourcing and utility privatization programs.

To a large extent, the growth in DOD's use of service contracts has not been a managed outcome. In November 2006, we recommended that DOD adopt a proactive approach to managing acquisition of services that leverages strategic and transactional elements. This approach should include establishing a normative position of how and for what services acquisition dollars are currently and will be spent (including volume, type, and trends); ensuring that decisions on individual transactions are consistent with DOD's strategic goals and objectives; and providing a capability to determine whether the acquisition of services is meeting DOD's cost, schedule, and performance objectives.

When DOD identifies new requirements for services that can only be met with additional personnel, it should first determine the nature the service that will need to be performed, that is, whether the service is inherently governmental or commercial. If the services are inherently governmental in nature, they should be performed by government employees. If the services are commercial in nature, generally, DOD should expect to obtain those services by contract. However, there will be circumstances where the service in question, though it may be available in the commercial marketplace, may warrant performance by DOD employees for strategic reasons, for example, its criticality to DOD's mission, the necessity for DOD to maintain it as an in-house core capability, or the role it plays in DOD's decision-making processes. When this is the case, DOD should engage in a deliberate strategic assessment of its current capabilities, its new requirements, and the pros and cons

of its options before deciding between obtaining the service by contract or with government employees. DOD should determine whether it has the in-house workforce to perform the service, both in terms of skill set and the number of FTEs. If DOD determines the nature of the service warrants performance by government employees, but it does not have sufficient government personnel, part of DOD's strategic planning should include criteria for identifying those instances in which it would request authorization of additional FTEs. Such criteria should include a comparison of the cost and time to obtain the services by contract with the cost and time to hire and train new government employees. Information necessary to make such a comparison is not routinely sought by DOD officials, even though when we asked agencies were able to generate relevant estimates for the few case studies we have conducted. Our limited work in this area demonstrates that the government incurs a higher cost for contract employees.

For example, in a case study we did at the Army Contracting Agency's Contracting Center of Excellence (CCE), we found that CCE has relied on contractor contract specialists since it began hiring them in 2003. In August 2007, contractors—who work side by side and perform the same functions as their government counterparts—made up 42 percent of CCE's contract specialists. CCE is paying almost 27 percent more for its contractor-provided contract specialists than for similarly graded government employees. This comparison took into account government salary, benefits, and overhead and the loaded hourly labor rates paid to contractors. CCE officials cited difficulties hiring and retaining government personnel in light of the competition from government and the private sector for this competency. While CCE officials said that they prefer to use government employees, they have not considered the appropriate balance of contractor versus government contract specialists. The CCE example delineates a concern in today's environment: Hiring contractors for sensitive positions in reaction to a shortfall in the government workforce rather than as a planned strategy to help achieve an agency mission.

Similarly, we reported in 2007 that at DOD's Missile Defense Agency (MDA) about 8,186 positions—not counting prime contractors—currently support the missile defense program. Only about 33 percent of the positions are set aside for government civilian personnel. Another 57 percent are support contractors supplied by 44 different defense companies. The remaining 10 percent are positions either being filled, or expected to be filled, by employees of Federally Funded Research and Development Centers and university and affiliated research centers that are on contract or under other types of agreements to perform missile defense tasks. MDA officials explained that the utilization of support contractors is key to its operation of the Ballistic Missile Defense System because it allows the agency to obtain personnel with specialized expertise when needed, allowing them to develop weapon systems more quickly. Additionally, the officials told us that MDA's approach is consistent with federal government policy on the use of contractors. MDA officials estimate that while the average cost for each of the agency's government employees is about $140,000 per year, a contract employee costs about $175,000 per year.

For further information, see:

Defense Contracting: Army Case Study Delineates Concerns with Use of Contractors as Contract Specialists. GAO–08–360. Washington, D.C.: March 26, 2008.

Defense Budget: Trends in Operation and Maintenance Costs and Support Services Contracting. GAO–07–631. Washington, D.C.: May 18, 2007.

Defense Acquisitions: Missile Defense Acquisition Strategy Generates Results but Delivers Less at a Higher Cost. GAO–07–387. Washington, D.C.: March 15, 2007.

Defense Acquisitions: Tailored Approach Needed to Improve Service Acquisition Outcomes. GAO–07–20. Washington; D.C.: November 9, 2006.

Question: How does DOD achieve oversight of contracting that is accomplished at field locations around the world?

Answer: Several long-standing and systemic problems continue to hinder DOD's management and oversight of contractors at deployed locations, including the failure to follow planning guidance, have an adequate number of contract oversight personnel, systematically collect and distribute lessons learned, and provide predeployment training for military commanders and contract oversight personnel on the use and role of contractors. In order to perform adequate surveillance, regardless of where the work is located, oversight personnel must be properly trained in how to conduct surveillance, be assigned at or prior to contract award, be held accountable for their surveillance duties, and perform and document surveillance throughout the period of the contract.

One of the reasons DOD contract management is on GAO's high-risk list is because DOD's oversight of its contractors is, at times, wanting. Our work has documented weaknesses in this area, including in field locations. We have identified instances where personnel who were responsible for overseeing the performance of

contractors were not adequately trained to properly exercise their responsibilities and instances where no CORs were on-site to monitor contractor employees' work. In addition, as we discussed in our briefing, DOD has not allocated the organizational resources or assigned accountability to ensure that contractors effectively support deployed forces. There continues to be inadequate numbers of oversight personnel at the deployed locations and wide discrepancies in the rigor with which CORs perform their duties, particularly in unstable environments.

These oversight challenges, along with others related to the management of contractor support, have led to negative impacts at deployed locations. For example in Iraq, to award contracts and begin reconstruction efforts quickly, DOD used undefinitized contractual actions; however, because DOD failed to definitize them within 180 days, as required by the Federal Acquisition Regulation (FAR), DOD's risk of paying higher costs was greater. Undefinitized contractual actions, which are authorized acquisition procedures, allow contractors to begin work before key contract terms and conditions, such as the scope of the work and its price, are fully defined and negotiated. Ideally the government negotiates the terms of a contract based on a contractor's proposal; however, when the contractor performs work prior to the conclusion of price and scope negotiations related to that proposal, the government finds itself negotiating scope and price based on the actual work performed and the actual cost incurred by the contractor. The longer the undefinitized period last, the more work the contractor will complete prior to reaching a final agreement as to specific scope and price terms. The more work the contractor completes the less flexibility the contracting officer has to negotiate for lower prices or different contract terms using the contractor's proposal; rather, the basis for finalizing the negotiations becomes the actual costs incurred by the contractor for actual work performed. In a September 2006 report, we found that DOD contracting officials were less likely to negotiate those parts of a contractor's proposal that the Defense Contract Audit Agency (DCAA) had questioned, in those situations where the contractor then performed the work before the government finalized the negotiation. To the extent the contracting officer was able to use DCAA's assessments of the contractor's proposal in negotiations, before the contractor performed the work and incurred actual costs, the contracting officer had more flexibility and opportunity to control the contractor's costs and conditions of performance. For this reason, in the few instances in which the government negotiated the terms before starting work, the portion of DCAA questioned costs which the contracting officer was able to negotiate out of the proposal was substantial. For example, in three audits related to a logistics support contract, DCAA questioned $204 million of the contractor's proposal cost. Since the government and the contractor negotiated the terms prior to the onset of the work, the contractor had not performed any work or incurred any actual costs at the time of negotiations. This afforded the contracting officer total flexibility to change through negotiations the terms of the contractor's proposal. DCAA calculated that $120 million of the $204 million in questioned proposal costs were removed by the contracting officer through negotiations as a result of its findings.

We have made a number of recommendations aimed at strengthening DOD's management and oversight of contractor support at deployed locations, and the department has agreed to implement many of those recommendations. However, we have found that DOD has made limited progress in implementing some key recommendations.

For further information, see:

Defense Management: DOD Needs to Reexamine Its Extensive Reliance on Contractors and Continue to Improve Management and Oversight. GAO–08–572T. Washington, D.C.: March 11, 2008.

Iraq Contract Costs: DOD Consideration of Defense Contract Audit Agency's Findings. GAO–06–1132. Washington, D.C.: September 25, 2006.

Contract Management: DOD Vulnerabilities to Contracting Fraud, Waste, and Abuse. GAO–06–838R. Washington, D.C.: July 7, 2006.

Contract Management: Opportunities to Improve Surveillance on Department of Defense Service Contracts. GAO–05–274. Washington, D.C.: March 17, 2005.

OMB CIRCULAR A–76

Question: OMB Circular A–76 states: "The longstanding policy of the federal government has been to rely on the private sector for needed commercial services." It seems that federal policy encourages contracting out of services, rather than encouraging finding the right balance between federal and contractor personnel. Do you agree?

Answer: When the services being sought by the government are commercial in nature, it is true that federal policy, founded in law, has established a preference for

obtaining such items and services by contracting with the private sector. The theory underlying this policy is that the forces of competition at play in the marketplace have already determined what the best price for a commercial service would be; therefore, the government should fulfill its requirements for commercial services, to the greatest extent practicable, on the same terms as the private sector. The idea is that by not using government employees to perform commercial services readily available in the private sector, government employees would be more available to perform an agency's core missions and carry out activities that are inherently governmental in nature or so closely related as to warrant performance by government employees: Office of Management and Budget (OMB) Circular A–76 contains provisions, implementing the Federal Activities Inventory Reform Act, that require each agency to annually prepare two inventories to categorize all activities performed by government personnel as either commercial or inherently governmental. The circular provides agencies an opportunity to justify why certain commercial activities performed by government personnel should be exempt from private sector performance if a written determination is prepared by the agency competitive sourcing official.

At GAO's 2006 forum on federal acquisition challenges and opportunities, some participants noted that it might be more appropriate for agencies to develop guiding principles or values to determine which positions could be performed by contractors and which should be performed in-house. Forum participants further noted that many corporate organizations carefully deliberate up front and at the highest management levels about what core functions they need to retain, what noncore functions they should buy, and the skill sets needed to procure noncore functions.

For further information, see:

Highlights of a GAO Forum: Federal Acquisition Challenges and Opportunities in the 21st Century. GAO–07–45SP. Washington, D.C.: October 6, 2006.

Competitive Sourcing: Implementation Will Be Challenging for Federal Agencies. GAO–03–1022T. Washington, D.C.: July 24, 2003.

Questions for Competitive Sourcing Hearing Record. GAO–04–155R. Washington, D.C.: October 3, 2003.

Competitive Sourcing: Greater Emphasis Needed on Increasing Efficiency and Improving Performance. GAO–04–367. Washington, D.C.: February 27, 2004.

Question: How is the term commercial services defined? How should it be defined?

Answer: Both Congress and the FAR have used the term commercial item, defining it to include both commercial products and many commercial services. Congress provided in law that services are commercial items if they are of a type offered and sold competitively in substantial quantities in the commercial marketplace based on established catalog or market prices for specific tasks performed under standard commercial terms and conditions. Congress required the FAR to include a list of laws that are inapplicable to contracts for the procurement of commercial items (both products and services), generally on the theory that when the government is buying commercial items it should be able to rely on competitive market forces to get the best value for the taxpayer. The Acquisition Advisory Panel[1] in its final report found the following:

"The current regulatory treatment of commercial items and services allows goods and services not sold in substantial quantities in the commercial marketplace to be classified nonetheless as "commercial" and acquired using the streamlined procedures of FAR Part 12. The panel recommended that the definition of standalone commercial services in the FAR should be amended to delete the phrase 'of a type' in the definition. Only those services that are actually sold in substantial quantities in the commercial marketplace should be deemed 'commercial.' The government should acquire all other services under traditional contracting methods."

In the National Defense Authorization Act for Fiscal Year 2008 (Pub. L. No. 110–181, Section 805), Congress addressed the issue by stating that "of a type" services may be deemed to be commercial items but only if sufficient information has been submitted by the offeror to allow for a price reasonableness determination for the services.

Circular A–76 does not contain a definition of commercial services. Rather, the circular uses the term commercial activity, which it defines as a "recurring service that could be performed by the private sector . . . and is not so intimately related to the public interest as to mandate performance by government employees." This definition of commercial activity recognizes that there are some services, even commercial ones, that should be performed by government employees.

[1] The Acquisition Advisory Panel was authorized by Section 1423 of the Services Acquisition Reform Act of 2003, which was enacted as part of the National Defense Authorization Act for Fiscal Year 2004.

For further information, see:

Report of the Acquisition Advisory Panel to the Office of Federal Procurement Policy and the United States Congress. Washington, D.C.: January 2007.

Question: Does DOD, in making decisions to contract for services, have sound decisionmaking processes to ensure that savings will result from using contractors to meet a mission requirement? If not, what should be done by Congress to get DOD to put such safeguards into place?

Answer: Criteria that come into play when DOD is deciding whether to contract for services depend on the nature of the work. With regard to work that is inherently governmental in nature performance should be provided by government employees, and consideration of cost savings is not a determining factor. When considering work that is commercial in nature, and currently performed in-house to meet an existing requirement, a Circular A–76 competition is the process by which DOD determines whether to convert that work to performance by a contractor, and generally, the requirement to realize a particular cost savings is paramount. With regard to new requirements for services that are commercial in nature, DOD should generally obtain such services by contract awarded pursuant to the federal acquisition procedures. Because the requirement is a new one, not currently performed by government employees, there is no baseline by which to measure whether contracting for that requirement will realize a cost savings, per se. Rather, by contracting for commercial services using the federal acquisition process, ideally, DOD will take advantage of the competitive market forces to get the best value for the taxpayer. The likelihood of DOD realizing this benefit is increased when it uses an acquisition strategy that ensures robust competition, and when the commercial services it contracts for are in fact services commonly competed in the commercial marketplace.

For further information, see:

Stabilizing and Rebuilding Iraq: Actions Needed to Address Inadequate Accountability over U.S. Efforts and Investments. GAO–08–568T. Washington, D.C.: March 11, 2008.

Competitive Sourcing: Greater Emphasis Needed on Increasing Efficiency and Improving Performance. GAO–04–367. Washington, D.C.: February 27, 2004.

Competitive Sourcing: Implementation Will Be Challenging for Federal Agencies. GAO–03–1022T. Washington, D.C.: July 24, 2003.

Questions for Competitive Sourcing Hearing Record. GAO–04–155R. Washington, D.C.: October 3, 2003.

Question: The line separating contractor from government employees can be blurry and not well-defined on work that closely supports inherently government functions. What risks does DOD face with its growing reliance on contractors, and what steps can Congress take to reduce contracting vulnerabilities especially in contingency situations, such as occurred in Iraq when large amounts of money flow quickly to address pressing needs?

Answer: When contractors perform work that closely supports inherently governmental functions, there is a risk that government decisions may be inappropriately influenced by, rather than appropriately independent from, contractor judgments. It is a challenge for agencies to define the roles and responsibilities of contractors vis-à-vis government employees. Defusing the relationship between contractors and government employees is particularly important when contracting for professional and management support services since contractors often work closely with government employees to provide these services. This definition should begin during the acquisition planning process when contract requirements are determined. We have recommended that agencies define contract requirements to clearly describe roles, responsibilities, and limitations of selected contractor services. Well-defined contract requirements can also help minimize the risk of contractors performing inherently governmental functions. Yet contracts, especially service contracts, often do not have definitive or realistic requirements at the outset. Because the nature of contracted services can vary widely, from building maintenance to intelligence, a tailored approach should be used in defining requirements to help ensure that risks associated with a requirement are fully considered before entering into a contract arrangement. Equally important is the need to properly administer the contract and ensure that the distinction between the contractor employees and government personnel is maintained.

Our work over the past 5 years has shown that well-defined requirements—matched with adequate resources, sound business arrangements, and the capacity to properly manage and oversee contractor performance—were often missing during specific Iraqi and Hurricane Katrina reconstruction efforts, in contracts to support deployed forces, and in our efforts to equip Iraqi security forces. The absence of these elements often contributed to unmet expectations, schedule delays, or higher-

than-necessary costs, underscoring both the need to hold agencies and contractors accountable for outcomes and the challenges of doing so. Such issues are not unique to Iraq but reflect some of the long-standing and systemic issues confronting DOD. They are, however, magnified in a contingency situation such as Iraq or Hurricane Katrina. Furthermore, in our recent review of the Department of Homeland Security's service contracts, we found that some contracts included requirements that were broadly defined and lacked detail about activities that closely support inherently governmental functions. We found instances in which contractors provided services that were integral to the department's mission or comparable to work performed by government employees, such as a contractor directly supporting the department's efforts to hire federal employees, including signing offer letters.

Conditions such as these need to be monitored to ensure that the government does not lose control over and accountability for mission-related decisions and that it has the personnel and resources necessary to perform oversight. Congress can play an important role in reducing such risks by providing timely and persistent oversight and by asking if DOD's authorized FTE levels are sufficient and, if not, whether DOD has a strategic plan identifying how the additional resources will be utilized.

For further information, see:

Stabilizing and Rebuilding Iraq: Actions Needed to Address Inadequate Accountability over U.S. Efforts and Investments. GAO–08–568T. Washington, D.C.: March 11, 2008.

Defense Management: DOD Needs to Reexamine Its Extensive Reliance on Contractors and Continue to Improve Management and Oversight. GAO–08–572T. Washington, D.C.: March 11, 2008.

Department of Homeland Security: Improved Assessment and Oversight Needed to Manage Risk of Contracting for Selected Services. GAO–07–990. Washington, D.C.: September 17, 2007.

SIZE OF FEDERAL CIVILIAN CONTRACTING WORKFORCE

Question: In your opinion, is the current DOD acquisition or contracting workforce adequate to the task in terms of number of employees and the skill level of those employees?

Answer: If you look at the increase in spending on DOD contracts since 2001 and the size of the acquisition workforce, one could easily conclude that the size of the workforce has not kept up with spending. However, overall, DOD does not collect the type of data that would allow for a broader assessment of the adequacy of the workforce. For example, DOD is aware of specific gaps but does not know how many contractors are supporting the acquisition function. Without data on the size and skills of this contractor workforce, DOD cannot conduct a realistic assessment to determine the right size and shape for its entire acquisition workforce. Even without a comprehensive assessment of its contracting workforce, DOD can take actions in the interim to address urgent workforce issues, such as those identified by the Gansler Commission. For instance, in line with the commission's recommendations, the Army could take steps to increase the stature, quantity, and career development of the Army's military and civilian contracting personnel, especially for expeditionary operations. Several of our reviews of DOD's major space programs have cited shortages of government personnel as a key challenge that increases risk for the program, specifically in technical areas. In addition, during our review of DOD's space cost estimating function, Air Force space cost-estimating organizations and program offices said that they believed their cost-estimating resources were inadequate to do a good job of accurately predicting costs. Because of the decline in in-house cost-estimating resources, space program offices and Air Force cost-estimating organizations are now more dependent on support contractors.

For further information, see:

Space Acquisitions: Major Space Programs Still at Risk for Cost and Schedule Increases. GAO–08–552T. Washington, D.C.: March 4, 2008.

DOD Acquisitions: Contracting for Better Outcomes. GAO–06–800T. Washington, D.C.: September 7, 2006.

Defense Acquisitions: Role of Lead Systems Integrator on Future Combat Systems Program Poses Oversight Challenges. GAO–07–380. Washington, D.C.: June 6, 2007.

Defense Acquisitions: Missile Defense Acquisition Strategy Generates Results but Delivers Less at a Higher Cost. GAO–07–387. Washington, D.C.: March 15, 2007.

Human Capital: Key Principles for Effective Strategic Workforce Planning. GAO–04–39. Washington, D.C.: December 11, 2003.

Question: How does the DOD contracting workforce compare with the contracting workforce at large private sector companies, in terms of the number of workers and the skill level of those workers?

Answer: We do not have comprehensive data on the number and skill level of DOD's contracting workforce or the contracting workforce at large private sector companies. More important, DOD does not have data on its contracting workforce. DOD is currently in the process of collecting data on its contracting workforce to identify skill needs and gaps. While we cannot compare the number and skill level of the DOD contracting workforce and large private sector companies, several important distinctions are clear. Successful commercial companies invest in maintaining a state-of-the-art acquisition workforce because they have come to realize its contribution to outcomes; in their case, it is the bottom line. Leaders from private sector organizations testified before the Acquisition Advisory Panel that their organizations employ highly sophisticated, highly credentialed, and highly trained business managers to carry out sourcing, procurement, and contract management functions. The panel noted that the government lacks comparable resources for these functions. To take advantage of the acquisition practices used by successful commercial organizations, the panel said that the government needs to close the gaps between these workforces by recruiting, training, and retaining sufficient numbers of procurement professionals with appropriate capability. We have ongoing work on the practices leading commercial organizations use to manage their acquisition workforces that may provide further insight on this question at a later date.

For further information, see:

The Department of Defense's Civilian Human Capital Strategic Plan Does Not Meet Most Statutory Requirements. GAO–08–439R. Washington, D.C.: February 6, 2008.

Question: Please comment on the so called "age imbalance" in the DOD contracting workforce.

Answer: As mentioned by the Acquisition Advisory Panel, there appears to be a governmentwide shortage of contracting personnel with 5 to 15 years of experience. Data for DOD's acquisition workforce show a similar picture. However, DOD's current acquisition workforce tends to stay in their positions longer than the DOD workforce as a whole. Therefore, DOD may have a grace period within which it can hire and train the replacement workforce that it will need for that inevitable point in the not too distant future when its aging acquisition workforce will retire. It may have an opportunity to mitigate some of the risks posed by the age imbalance by continuing to retain key personnel in its existing workforce.

Question: How can DOD manage its contracting workforce to achieve a better distribution by age?

Answer: DOD must take some fundamental steps with regard to its human capital efforts before it can effectively address this and other workforce issues. For instance, in February 2008, we reported that DOD's civilian human capital strategic plan does not include an assessment of current mission-critical competencies, future critical skills and competencies needed, gaps between the current and future needs, or specific recruiting and retention goals. Once an agency identifies the critical skills and competencies that its future workforce must possess, it can develop strategies tailored to addressing gaps in the number, skills and competencies, and deployment of the workforce and the alignment of human capital approaches that enable and sustain the contributions of all critical skills and competencies needed for the future. Strategies include the programs, policies, and practices that will enable an agency to recruit, develop, and retain the critical staff needed to achieve program goals. In short, developing such strategies creates a road map for an agency to use to move from the current to the future workforce needed to achieve its goals. During this process, it is also important for agencies to consider the full range of flexibilities available, such as recruitment and retention bonuses and allowances, special hiring authorities to recruit employees with critical skills, and the ability to hire retired annuitants to fill critical vacancies in the acquisition field. The Defense Acquisition University's 2007 report on defense acquisition structures and capabilities also recommended the establishment of student or intern programs to help mitigate the impending departure of individuals in the acquisition workforce.

For further information, see:

The Department of Defense's Civilian Human Capital Strategic Plan Does Not Meet Most Statutory Requirements. GAO–08–439R. Washington, D.C.: February 6, 2008.

PLANNING FOR THE USE OF CONTRACTOR SUPPORT

Question: How does DOD capture lessons learned in providing battlefield contractor support, and how are lessons learned provided to new commanders as they prepare for deployment?

Answer: As we have noted in several reports, DOD lacks a process for capturing and sharing lessons learned regarding contractors on the battlefield. For example, in 2006 we reported that there was no organization within DOD or its components responsible for developing procedures to capture lessons learned on the use of contractor support at deployed locations, and lessons learned were not routinely gathered and shared. In addition, in October 2007 the Gansler Commission recommended that the Secretary of the Army capture expeditionary contracting lessons learned, incorporate them into systemic forums, and provide feedback to the force for continuous improvement. The report continued that these lessons learned should be considered in the development of curricula and be institutionalized in the Center for Army Lessons Learned.

For further information, see:

Military Operations: High-Level DOD Action Needed to Address Long-standing Problems with Management and Oversight of Contractors Supporting Deployed Forces. GAO–07–145. Washington, D.C.: December 18, 2006.

Military Operations: DOD's Extensive Use of Logistics Support Contracts Requires Strengthened Oversight. GAO–04–854. Washington, D.C.: July 19, 2004.

Question: How does DOD represent contract security and support personnel in the training scenarios during predeployment exercises at locations such as the National Training Center?

Answer: Generally, DOD does not include contractors in its predeployment training. In 2006 we reported that some DOD officials we spoke with believed that their predeployment preparations, such as mission rehearsal exercises, should incorporate the role that contractors have in supporting U.S. forces in a deployed location. However, we found that most units we met with did not incorporate the role of contractor support into their mission rehearsal exercises. Moreover, we found no existing DOD requirement that mission rehearsal exercises should include such information, even for key contracts such as LOGCAP. Several officials told us that including contractors in these exercises could enable military commanders to better plan and prepare for the use of contractor support prior to deploying. In addition, in both 2005 and 2006 we reported that U.S. military units are not trained, prior to deployment, on the operating procedures of private security providers in Iraq.

For further information, see:

Military Operations: High-Level DOD Action Needed to Address Long-standing Problems with Management and Oversight of Contractors Supporting Deployed Forces. GAO–07–145. Washington, D.C.: December 18, 2006.

Rebuilding Iraq: Actions Needed to Improve Use of Private Security Providers. GAO–05–737. Washington, D.C.: July 28, 2005.

Rebuilding Iraq: Actions Still Needed to Improve Use of Private Security Providers. GAO–06–0865T. Washington, D.C.: June 13, 2006.

Question: What certifications do private contractors have to fulfill in order to work on contracts?

Answer: DOD requires that its private security companies be licensed and registered with the Government of Iraq and that companies train their employees on the rules of the use of force and the law of armed conflict;. In addition, all contractor employees required to carry a weapon must have a weapons card and have approval of U.S. Central Command to carry a weapon. Furthermore, individual contracts may require particular skills and levels of training and require that the contractor document that the training has been successfully completed. Contracts may also require that the documentation be made available to the government for review:

Question: How do you ensure that new commanders take advantage of the information that is available regarding oversight of contractor-provided support?

Answer: In 2003 and again in 2006 we recommended that DOD develop training for commanders and other senior leaders who are deploying to locations with contractor support. Such training could provide information on the roles and responsibilities of DCMA and the COR and the role of the commander in the contracting process and the limits of the commanders' authority. In addition, contractors should be included in predeployment training exercises. By including contractors in the exercises, their critical role is made clear early on and commanders are in a better position to understand their contract management roles and responsibilities prior to deploying to Iraq. Finally, DOD needs to develop a comprehensive program to capture lessons learned and input those lessons into predeployment training.

DATABASE TO TRACK THE NUMBER OF DEPLOYED CONTRACTORS

Question: Can the SPOT database track the number of deployed contractors and subcontractors? Do we track the nationality of contract personnel? Can we track the compensation level of contractors and subcontractors?

Answer: The SPOT database was developed by the Army and designated by DOD as the mechanism to provide by-name accountability for contractor staff who deploy in support of DOD. The 80,000 employees represent only a portion of DOD's contractor personnel working in Iraq. In addition, contractor employees who do not have access to U.S. installations are not included in the database, and contractor personnel working on small, short-term contracts (under $25,000 or less than 30 days) are not included in the database. Information on the nationality of contractor employees is included in the database, but information related to individual compensation is not.

[CLERK'S NOTE.—End of questions submitted by Mr. Murtha.]

TUESDAY, JANUARY 29, 2008.

DEPARTMENT OF DEFENSE OUTSOURCING

WITNESSES

LIEUTENANT GENERAL CLAUDE M. KICKLIGHTER, (RET.), INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

MARY UGONE, DEPUTY INSPECTOR GENERAL FOR AUDITING AND CONTRACTING, DEPARTMENT OF DEFENSE

CHARLES BEARDALL, ACTING DEPUTY INSPECTOR GENERAL FOR INVESTIGATIONS, DEPARTMENT OF DEFENSE

INTRODUCTION

Mr. MURTHA. Mr. Young is tied up this morning, but our faithful member, who is always here, Mr. Frelinghuysen, is.

Mr. Boyd, welcome to the early morning session here.

And, General Kicklighter, welcome to the Committee. And we appreciate the work that you have done. We talked a little bit before the Committee started about Jack Marsh, and what a tremendous Secretary he was. He knew more about what went on in the Pentagon than anybody else. But we welcome you and look forward to your testimony.

And, Mr. Frelinghuysen, do you have any comments?

MOTION FOR EXECUTIVE SESSION

Mr. FRELINGHUYSEN. No comments. Would you like me to make a motion, Mr. Chairman? Is that appropriate?

Mr. MURTHA. Please.

Mr. FRELINGHUYSEN. I move that those portions of the hearing today which involve classified material be held in executive session because of the classification of the material to be discussed.

Mr. MURTHA. Is there any objection?

So ordered.

Well, if you will go forward with your—this is a closed hearing, and classification would be—well, whatever; it is a closed hearing. And if you would summarize your testimony, we will put your full statement in the record, and then we will get the questions.

SUMMARY STATEMENT OF GENERAL KICKLIGHTER

General KICKLIGHTER. Okay, sir.

Thank you, Mr. Chairman, distinguished members of the Appropriations Subcommittee on Defense. We appreciate the opportunity to come and appear before you and talk to you this morning.

Also, I would like to introduce Ms. Mary Ugone, who is the Deputy Inspector General for Auditing for Defense. And also on my right is Mr. Chuck Beardall, who is the Acting Deputy Inspector

General for Investigations, and has oversight for all the criminal investigations in the Department of Defense.

Our intention this morning is to focus primarily on munitions accountability and control, and to discuss contracting in the macro sense, but whatever degree you would like to. And our efforts regarding munitions control and accountability and contracting was triggered in December, 2005, when we received a hotline complaint and allegations of a senior Army officer receiving illegal gratuities from a DoD contractor. That has evolved into an extensive and ongoing criminal investigation that has involved millions of dollars in bribes and unfortunately, large numbers of U.S. military and DoD civilian personnel.

LACK OF CONTROL OVER MUNITIONS

In December, 2006 and January, 2007, we began to get allegations from the Turkish National Police and from the Turkish Minister of Defense that weapons and explosives that we were shipping in to the Iraqi Security Forces were finding their way into the hands of insurgents, terrorists, and criminals in Turkey. We also began to find that some weapons that had been supplied to the Iraqi Security Forces were finding their way into the hands of insurgents, insurgent groups, and U.S. contractors in Iraq. Once we started connecting these dots, putting these facts together, we also found out that one of the contractors that was implicated in bribes and corruption in Kuwait was also in charge of running storage warehouses for weapons for the police in Iraq.

We then briefed the Secretary of Defense and the Chairman of the Joint Chiefs of Staff and the senior Defense staff; and the Secretary asked at those briefings, could we put a team together and get into Iraq and take a look and find out exactly what the ground truth was. The Secretary also asked, and the Chairman, that we keep them fully informed and make sure that we keep the Congress and particularly the committees that work with Defense, informed about what we were doing.

I briefed the Chairman——

Mr. MURTHA. You did that, yes.

General KICKLIGHTER [continuing]. And Congressman Young. And your guidance to us was, get a team on the ground post-haste, and make sure that if we have got a crack in the barn door we nail that barn door shut.

MUNITION ACCOUNTABILITY ASSESSMENT

As a result of those discussions, we assembled an assessment team on munitions accountability and control, and we picked a lot of people with skill sets from our office—Central Command, the Army Criminal Investigation Command, the Army Corps of Engineers, the Air National Guard, the Department of State; the Department of Justice had members on our team, and we had somebody out of Bureau of Alcohol, Tobacco, Firearms and Explosives.

The mission of our team was to determine whether DoD currently had adequate accountability and controls of the weapons and whether DoD had adequate control of weapons and ammunition that they were controlling as they arrived in country and retained

that control until they passed them over to the Iraqi Security Forces.

We were also—with the Iraqis' permission, we were going to take a look at how well the Iraqis could control and account for the weapons that they were receiving from us.

The assessment team spent several weeks. We first went into Kuwait to take a look at how well they were controlling munitions from the time they arrived into port until they assembled the convoys and moved the convoys forward into Iraq. Then we decided that we needed to go into Afghanistan to take a look at how well they are controlling and accounting for weapons in Afghanistan. And after a week's assessment there, we proceeded into Iraq, where we spent 4 weeks.

Primarily, we looked at the arrival of weapons and ammunition. We looked at the transportation, delivery means, the storage, and the distribution from the port of entry until the arms and ammunition reached the hands of both the military and the police units. We went through many nodes, and we went to the end of the pipeline.

Our preliminary finding was that DoD and the Iraqi Security Forces today have a system in place for controlling and accounting for weapons and ammunition being supplied to the Iraqi Security Forces. However, there still remains much work to be done; and many weapons that were lost in the early stages were lost to battle losses, police stations that got overrun, desertions, disintegration of units that had been poorly trained and committed to combat, and police officers and military personnel that were selling weapons into the black market. And we were also looking into possible pilferage coming out of warehouses.

But the system they have in place today—and we will have a chance to talk more about that, I am sure, in your questions, but it is much improved during 2006 and 2007. As we left the country, we briefed the leadership there of what our findings were, and our observations and recommendations. The commanders, both Petraeus and General Dubik, who is in charge of the training command, agreed with all the findings and began immediate work, even while we were in country; as we began to uncover things that needed tightening up, they began to take action.

And so I am happy to report that a great deal of progress has been made. We received a written report from Central Command about the progress that continues.

That part of the team, that was phase one of the trip; and now we are finalizing that report, and in the next week or so we will send our final draft back to the DoD organizations involved. They will get a chance to review it, and then we will publish the report either in late February or early March.

ACCOUNTABILITY ASSESSMENT PHASE TWO

The assessment team plans a phase two, and we plan to go back to Iraq, and Afghanistan as well, in March and April, and to take a look at what progress has been made, but also expand the net a little bit and look at something that we looked at on this trip. We looked at foreign military sales. And they are moving—in both Afghanistan and Iraq, they are moving to foreign military sales

procedures for procuring and bringing weapons into country; and they are also struggling to develop the Iraqi logistics support base. Both of these actions are important to control accountability of weapons. And we will be looking at that.

We will also be looking at contract operations based on the plan the Army has put in place, recommendations that we provided to the Army. We will see how well contracting is maturing as we go back on this second look.

The Defense Criminal Investigation Service (DCIS), the law enforcement arm of DoD, has been engaged in investigating DoD-related crimes pertaining to the Southwest Asia theater since the start of the war; and it greatly intensified, as I mentioned, when we started getting these calls in 2005. DCIS has 105 ongoing investigations related to the war effort. Most of these investigations were being conducted as part of a joint effort with other law enforcement organizations.

We are an active participant in the National Procurement Fraud Task Force and the International Contract Corruption Task Force. The International Corruption Task Force was formed in 2006 specifically to target fraud and corruption in Southwest Asia and other global war on terrorist activities around the world, to pursue investigations leading to—we are investigating the loss of weapons that occurred in Iraq, and we are leading and we have a cell that we left in country that will continue to pursue all avenues to try to connect all the dots and find out how those weapons got out. And many investigations are ongoing in that regard.

CONVICTIONS

As a result of closed and ongoing investigations, over 40 cases involving fraud and corruption have been referred for judicial action. To date, 25 individuals have been convicted of felonies, resulting in a total of 31 years of confinement, 32 years of probation. Thirty-seven individuals and companies have been suspended or debarred from government contracting; in all, about $14 million has been recovered for the United States, and many more prosecutions and recoveries are under way and are pending.

REVIEW OF CONTINGENCY CONTRACTING

We are continually reviewing the contingency contracting in Southwest Asia, particularly with regard to adequate documentation and internal control procedures. Our ongoing work has generated efforts to improve collaboration between the support organizations outside of Southwest Asia and the forward deployed forces to help standardize procedures and improve the support in the war environment.

The Government Accountability Office continues to designate DoD contracting management as a high-risk area, and has done so since 1992. And I think Mr. Walker discussed that with you in his appearance here last week. Since 2000, our office has issued over 265 reports that have identified problems and made recommendations for improvements in the Department's contracting and contract-related processes.

The Department continues to experience the management challenge to ensure that we have the right high-quality materials and services at the right place at the right time and in the right numbers to support the warfighter, at the same time, trying to make sure that we are doing everything we can to be good stewards in Defense and be cost-effective.

The DoD acquisition workforce has not kept pace with the rapidly expanding demands for increased contract support, and I think you heard that from Lieutenant General Thompson, who was here last week. There are not enough contracting officers, administrative support, and contracting officer representatives, and there has been a lack of senior leadership on the ground to oversee the current contracting operations, and the contract staff is not properly trained.

Thanks to this Committee and your support, we are now dedicating more resources from the DoD Inspector General's Office to provide more oversight on munitions control accountability and acquisition and to expand our footprint on the ground in Southwest Asia. And we will continue to evaluate the lessons that we have already learned and do our best to help Defense not repeat the mistakes that we made in the past.

Mr. Chairman, thank you again for the chance to be here, and we will take your questions.

[The statement of General Kicklighter follows:]

January 29, 2008

Not for Publication until
Released by the Committee on
Appropriations

Statement of
Honorable Claude M. Kicklighter
Inspector General
Department of Defense

before the
Subcommittee on Defense
Committee on Appropriations
United States House of Representatives

on

"Department of Defense Outsourcing"

Chairman Murtha, Congressman Young, and distinguished members of the Appropriations Subcommittee on Defense, thank you for the opportunity to appear before you and discuss the controls and accountability of munitions in Iraq, Afghanistan, and Kuwait. I know that LTG Ross Thompson testified before you last week on what the Army is doing to ensure policies and procedures are in place for all joint, expeditionary contracting operations in Iraq, Afghanistan, and Kuwait, and to better prepare the Army for acquisition and logistic support of combat operations in Southwest Asia and for the future. Our intention this morning is to focus on munitions accountability and controls and contracting in a macro sense.

Our efforts regarding munitions control and contracting was triggered by a December 2005, Hotline complaint and other allegations that a senior U.S. Army officer received illegal gratuities from a DoD Contractor. This evolved into extensive and ongoing DoD criminal investigations, involving millions of dollars in bribes and a number of U.S. military officers, non-commisioned officers and civilian officials. This is one of a number of DoD criminal investigations ongoing in Southwest Asia. The DoD Office of the Inspector General is partnering with other U.S. agencies in these investigations, which are being prosecuted by the Criminal and Anti-Trust

Divisions of the Department of Justice (DoJ); a few cases are also being prosecuted under the Uniform Code of Military Justice.

In December 2006, and January 2007, we began to get allegations from the Turkish National Police and the Ministry of Defense that weapons and explosives that we were shipping to the Iraqi Security Forces (ISF) were finding there way into the hands of insurgents, terrorists and criminals in Turkey. We were also beginning to find some weapons that the U.S. had supplied to ISF were in the hands and control of insurgent groups and U.S. contractors in Iraq.

Also, one of the contractors that was implicated in contract bribes and corruption in Kuwait had a contract to run a warehouse in Iraq for the storage of weapons for Iraqi Police

With this information, we briefed the Secretary of Defense, the Chairman, Joint Chiefs of Staff and the Senior Defense team. Those briefings resulted in the Secretary and Chairman requesting that we send an assessment team into Iraq to review accountability and control of munitions being shipped by the US for the ISF. In addition, the Secretary of the Army was asked to do an assessment of contracting in Southwest Asia. The Secretary of Defense and the Chairman requested they be kept fully informed and also that we keep Congress fully informed. We briefed the

Chairman and Ranking members of all our committees including Chairman Murtha and Congressman Young. The general request from Congress was to get over on the ground post-haste, see if the barn door had a crack, and if so, nail it shut.

As a result, we assembled an interagency, multi-disciplinary Assessment Team on Munitions Accountability composed of subject matter experts from the Office of Inspector General, U.S. Central Command, Army Audit Agency, Army Criminal Investigation Command (CID), Army Corps of Engineers, Air National Guard (who happened to be an Assistant U.S. Attorney General from Justice), Department of State, and the Department of Justice Bureau of Alcohol, Tobacco, Firearms and Explosives.

The assessment team's objectives were to:

1. Determine whether DoD currently has adequate accountability and control over U.S. purchased munitions before formal turnover to the Iraq Security Forces. Specifically, this included munitions from the time of arrival at selected Iraq ports of entry until formal turnover to Iraq Security Forces; and to

2. Determine whether the Iraq Security Forces currently have adequate accountability and controls over U.S.-purchased munitions under their control. Specifically, this included

munitions from the time of formal turnover to Iraq Security Forces through their subsequent issuance to selected Iraq military and police units.

Subsequent to our arrival in Iraq, we examined two additional related areas that are very important to the ability of the U.S. and Iraq Security Forces to account for and control munitions. One is an effective Foreign Military Sales program to support ISF, and the other is an Iraqi logistic sustainment base for both military and police. The team did a lot of homework in CONUS before they departed.

To better understand the overall CENTCOM theater logistics operations concerning munitions accountability and control, we spent several days in Kuwait evaluating accountability, control and onwards shipment of ammunition. We also looked at contract operations. The team next spent a week in Afghanistan looking at munitions accountability and control, and contracting.

The assessment team then spent 30 days in Iraq following the current U.S. and Iraq Security Forces supply chains through munitions transportation, delivery, storage and distribution; from port of entry through all the nodes until issuance to Iraqi military and police units at the end of their pipe line.

While in Iraq, the assessment team conferred with the U.S. Ambassador and staff, respective Commanders and staff of the Multi-National Force-Iraq (General Petraeus), the Multi-National Corps-Iraq (General Odierno), and the Multi-National Security Transition Command-Iraq (MNSTC-I) (General Dubik). The team also met with the U.S. Joint Contracting Command-Iraq/Afghanistan, U.S. Army Corps of Engineers, Gulf Region Division (to include the Logistics Movement Coordination Center and Abu Ghraib Warehouse), MNSTC-I's Security Assistance Office (which manages Foreign Military Sales in Iraq), and many other officials with the Coalition Forces and U.S. Embassy Baghdad.

In addition, the team conferred with numerous Government of Iraq officials from the Ministry of Defense, the Ministry of Interior, the Commander and Joint Headquarters and staff, the Inspectors General of the ministries, and the Iraqi Army units and various police forces.

Our preliminary findings are that DoD is improving control and accountability over weapons being supplied to the ISF; however, there still remains work to be accomplished. Also, as the U.S. supply of munitions to Iraq shifts to FMS, the U.S. needs to put FMS on a war-time footing while also assisting the ISF in building their logistic sustainment base.

As the team redeployed from Iraq, we briefed the field commanders and U.S. Central Command on the team's preliminary observations and recommendations. The commanders initiated immediate action on the majority of recommendations. On December 7, 2007, Lieutenant General Martin E. Dempsey, Deputy Commander, U.S. Central Command, provided a written update on the status of actions underway. A great deal of progress has already been made and much is underway.

Since the Assessment Team's return in late October 2007, we have briefed the Secretary of Defense, the Deputy Secretary of Defense, the Chairman, Joint Chiefs of Staff and other senior leaders. Further, we briefed the relevant Congressional committees. We are drafting the report and upon completion will provide it to the CENTCOM and other DoD organizations for review and official comment. The report is expected to be released in March, 2008. This will complete Phase I.

The Assessment Team is planning a follow-on trip (Phase II) to Iraq in the March / April, 2008 timeframe to review the status of actions taken on the report's recommendations and to assess the current status of munitions accountability, FMS, logistic sustainment base for the ISF, and contract operations.

Investigations

The Defense Criminal Investigative Service (DCIS), the law enforcement arm of the DoD Inspector General, has been engaged in investigating DoD-related crime pertaining to the Iraqi theater, to include Kuwait, since the start of the war. The DoD IG has about 105 ongoing investigations related to the war effort (war profiteering, contract fraud, and contract corruption). Most of these investigations are being conducted as part of a joint effort with other law enforcement organizations. For example, as testified by Mr. Dan Quinn, on January 23, 2008, before this subcommittee, the U.S. Army CID has 87 ongoing criminal investigations concerning contract fraud in the Iraq, Afghanistan, and Kuwait theater of operations. DCIS is a joint participant in a majority of those investigations.

In October 2006, DCIS became a charter member of the National Procurement Fraud Task Force (NPFTF) which was established in response to the magnitude of contract fraud nation-wide and its obvious proliferation in the Southwest Asia theater of operations. The NPFTF is the implementing body of the National Procurement Fraud Initiative and has established seven working committees: Training, Legislation, Information-Sharing, Intelligence, Grant Fraud, Private-Sector Outreach, and International Procurement Fraud.

Most significant, however, to contract fraud and corruption in Southwest Asia and other Global War on Terrorism interests was the formation of the International Contract Corruption Task Force (ICCTF) also in October 2006. The mission of the ICCTF is that of a joint agency task force that deploys criminal investigative and intelligence assets world-wide to detect and investigate corruption and contract fraud resulting primarily from the War on Terrorism. The participating agencies in the ICCTF are DoD-IG, Defense Criminal Investigative Service; the U.S. Army Criminal Investigation Command (Army CID); the Office of the Inspector General, Department of State; the FBI; the Special Inspector General for Iraq Reconstruction; and the Office of the Inspector General, Agency for International Development. The ICCTF is a reporting component of the International Procurement Fraud Committee to the National Procurement Fraud Task Force. The ICCTF is led by a Board of Governors derived from senior agency representatives who cover all major War on Terrorism cases. The DCIS Director of Investigative Operations is a member of the Board.

The ICCTF's Joint Operations Center (JOC) serves as the nerve center for the collection and sharing of intelligence regarding corruption and fraud relating to funding for the Global War on Terror. The JOC coordinates intelligence-gathering, deconflicts case work and deployments, disseminates

intelligence, and provides analytic and logistical support for the ICCTF agencies to enhance criminal prosecutions and crime-prevention. The JOC is the vital link into the entire intelligence community and provides a repository from which to disseminate intelligence indicative of criminal activity. Case information and criminal intelligence are shared without reservation, and statistical accomplishments are reported jointly. The agency heads meet regularly to collectively provide policy, direction, and oversight. DCIS has a full-time agent assigned to the ICCTF and the JOC.

In addition, DCIS has initiated a project and committed resources to review documents associated with payments made by DoD in the Southwest Asia theater of payment records currently stored at Defense Finance & Accounting Service, Rome, NY (DFAS-Rome). Our Audit organization is also coordinating with DFAS in this review. The DCIS project is designed to proactively detect fraud involving payments made by DoD to support the war effort in Iraq and the Global War on Terror, and to support ongoing investigations involving the Southwest Asia theater. Thus far, over 700,000 payment records have been scanned and three cases from this project have been referred for investigation. DCIS is working jointly with the ICCTF partner agencies and DFAS to make scanned images available to the Joint Operations Center to support ongoing investigations and data-mining

initiatives. This project is expected to be a long-term effort, and DCIS is coordinating its activities with the U.S. Attorney's Office for the Northern District of New York and the Department of Justice.

To pursue investigative leads concerning weapon thefts in Iraq, DCIS is participating in and leading a Weapons Investigative Cell. Other participants include Army CID and Bureau of Alcohol, Tobacco, Firearms, and Explosives agents. The Weapons Investigative Cell is developing a database of weapon serial numbers and associated shipping and receiving documents for trends and investigative leads and is working with the International Zone Police Department and Government of Iraq officials regarding loss of weapons investigations. In addition, the Weapons Investigative Cell is coordinating its activities with other affected U.S. and foreign agencies. We are also looking to determine if there is any evidence of weapons leaving the Iraqi warehouses and being sold on the black market.

As a result of closed and ongoing investigations, thirteen (13) Federal criminal indictments and twenty-six (26) Federal criminal informations have been issued, and two (2) Article 32 hearings under the Uniform Code of Military Justice have been conducted. As a result of the investigations, twenty-five (25) individuals have been convicted of felonies, resulting in a total of approximately thirty-one (31) years of confinement and thirty-two

(32) years of probation. Nine (9) individuals and three (3) companies were debarred from contracting with the U.S. Government; twenty-five (25) companies and persons were suspended from contracting; and two (2) contractors signed settlement agreements with the U.S. Government. In all, $10.4 million was paid to the U.S. in restitution; $365,525 was levied in fines and penalties; $1 million was forfeited; and $2.2 million was seized. Many more prosecutions and recoveries are pending.

Acquisition Process

As you know similar concerns regarding munitions control have also been raised by GAO and the Special Inspector General for Iraq Reconstruction.

The Department continues to experience the management challenge to provide required materiel and services that are superior in performance, high in quality, sufficient in quantity, and within the timeframes needed by the warfighter while balancing the cost concerns for the taxpayer. With the war, the volume, and complexity of purchases, have increased in order to provide the additional support needed by the warfighter. The DoD spending in FY 2007 (with supplementals) exceeded $600 billion, which is more than double

the spending from FY 2000. This, in turn, has led to efforts to increase the speed of the procurements to meet urgent warfighter needs. Some of these efforts have resulted in less than prudent contracting practices. Every acquisition dollar that is not prudently spent is a dollar that is not available to fund other top priorities of the Department of Defense and wastes valuable taxpayer dollars.

The Department has made progress in improving acquisition processes. Despite this progress, the increasing volume of acquisitions, the decrease in the number of acquisition personnel, and the numerous types of contracting vehicles and methods for accomplishing acquisition makes improving acquisition processes a long-term challenge. The Department has worked closely with this office and other agencies to develop solutions to make contingency contracting work better. The DoD also has demonstrated a strong commitment to hold contracting officers accountable for following the regulations and the law. However, the sheer number of contracting actions and the pressures on contracting officials to award procurements faster make the challenge of correcting the problem more difficult. These same issues are compounded when contracting in hostile environments such as Southwest Asia and the aftermath of tragedies such as Hurricane Katrina.

We must now prepare for future contingencies, improve support to current contingencies, and not continue to make past mistakes.

Contract Management

The Government Accountability Office continues to designate DoD Contract Management as a high risk area and has done so since 1992. Further, since 2000, our office has issued over 265 reports that have identified problems and made recommendations for improvements in the Department's contracting and contract-related processes. These areas include contract administration, contracting for goods and services, source selection procedures, and contract payments. Many of these reports indicate that accountability issues pertaining to the contracting process remain.

While the problems encountered in the contracting process are not unique to the wartime environment, the risk of critical gaps in the contracting process increases during contingency operations. The challenge in a wartime environment is to mitigate these gaps. Gaps have occurred when:

- user requirements were not met,
- funds were not spent appropriately and unaccounted for,

- goods and services were not properly accounted for,
- delivery of goods and services were not made properly,
- individuals involved in the acquisition process lacked integrity, and
- adequate documentation was not retained or prepared.

The DoD acquisition workforce has not kept pace with the increasing demand for technical expertise, compounding the risk of critical gaps. Ensuring the appropriate size and experience level of the acquisition workforce in light of changing acquisition strategies and vehicles, prior downsizing, and an aging workforce, is a challenge.

Management has also been challenged to make appropriate use of acquisition streamlining initiatives. One such initiative, the use of commercial buying practices, is good for the Department and is strongly encouraged. For commercial items DoD does not have to develop the items being acquired and also receives the benefit of competitive, market-based pricing. However, since the commercial item definition had been expanded, many items that are military unique items have been inappropriately classified as commercial items. One such example is the C-130J aircraft. When this happens the contractors gain control over quality assurance and pricing that they should not have. DoD then has to rely on the contractor to

do adequate quality assurance and the contractor can set prices without proper controls since in some cases there is no commercial market with which to compare the prices.

The Department needs to continue to be vigilant about allegations of corrupt acquisition, especially with the volume and speed of acquisitions in support of Operation Iraqi Freedom and Operation Enduring Freedom. In support of this mission, the Defense Criminal Investigative Service, as a member of the Department of Justice National Procurement Fraud Task Force Training Committee, assisted in the development of the Procurement Fraud Investigation Training Program, which has been made available to all Defense criminal investigative organizations through the Federal Law Enforcement Training Center.

Furthermore, the National Defense Authorization Act of FY 2007 directed the Department of Defense to convene a panel of senior leaders representing a cross-section of the Department. The panel's mission is to conduct a Department-wide review of vulnerabilities to fraud, waste, and abuse in contracting integrity, to recommend corrective actions. The panel reported its findings and actions to the Congress in December of 2007. The report is the first of three annual reports to be issued by the panel. The panel has developed subcommittees that will evaluate issues related to the

challenge areas noted above. The creation of this panel is a positive step toward addressing and managing these challenges.

Audit

We are reviewing contingency contracting in a wartime environment, particularly with regard to adequate documentation and internal control procedures. Our ongoing work has generated efforts to improve collaboration between support organizations and forward deployed forces to help standardize procedures in a wartime environment, such as procedures for the retention of accounting, disbursing, and property records. As we move forward, specific examples of our ongoing work include reviews of:

- The effectiveness of practices related to planning, solicitation, award, quality assurance, oversight, and final acceptance of construction and other projects;
- Armoring of Army Medium Tactical Vehicles;
- Procurement of Body Armor to include the adequacy of first article testing prior to award of contracts; and
- The controls over the issuance and use of the DoD common access card in Southwest Asia.

We are also working collaboratively with other organizations within the Department. For example, as part of our efforts to immediately address accountability issues germane to funds management in a wartime environment, we are working with the Defense Finance and Accounting Service on all related audit efforts. Another example is our work with the Army Audit Agency on contracting procedures implemented by the Joint Contracting Command-Iraq/Afghanistan.

Additionally, we are summarizing about 300 Government Accountability Office, DoD IG, Army Audit Agency, Naval Audit Service, Air Force Audit Agency, and Special Inspector General for Iraq Reconstruction audit reports and testimonies that had reported contract, funds management, and other accountability issues that impact mission critical support to Operations Iraqi Freedom and Enduring Freedom. We plan to use that information to identify any systemic issues and control weaknesses. We will also review the recommendations in these prior reports and report on the status of actions on these prior recommendations. In February 2008, we will be providing a draft report to the Southwest Asia Joint Planning Group. The Southwest Asia Planning Group is made up of the DoD IG, the service inspectors general and audit organizations, GAO,

Department of State IG and the Special Inspector General for Iraq Reconstruction.

Closing Comments

Thanks to this Committee's support we can now dedicate more resources to provide oversight on munitions control and accountability, and acquisition, to tighten controls and strengthen processes and expand our efforts in all of Southwest Asia. We will continue to work with U.S. law enforcement agencies to identify potential criminal activity for investigation and prosecution. We will identify lessons learned and work with Department leadership and Congress to correct systemic issues.

Thank you.

COMMAND RESPONSIBILITY

Mr. MURTHA. Tell the committee about the command responsibility. For instance, we cannot expect the commander who is fighting a war to be responsible for things like this, and yet ultimately he is responsible.

Now, tell me the chain of command, how these things happen when they do happen, and how the commander reacts to it in the process, as you have seen it. For instance, when those weapons disappeared on the dock, as I understand it—first, I am talking about what, 2003–2004, something like that?

General KICKLIGHTER. Right.

Mr. MURTHA. How did you find out about it? I know you talked about the Turkish response, the hotline, but what was the commander's response? I am trying to get a feel here for how far we hold commanders responsible for what goes on in a situation like that.

General KICKLIGHTER. The commander that has been tasked with the responsibility for training and equipping the Iraqi Security Forces, both the military and the police—initially, State had responsibility for the police, but some time later it was transferred to Defense.

Defense now has that responsibility. The responsible commander on the ground that watches that on a daily basis and continually ensures that we are doing the right things is the training commander for the Iraqi Security Forces, which is Lieutenant General Dubik. He has been on the ground for about 6 months now, I think. In my opinion, he is very focused on this problem. He is taking a lot of action.

He also has a couple of general officers. One is focused on training the military, and one is focused on training the police. They are doing their best to make sure not only are we doing all we can to control the weapons coming in and ammunition, but training the Iraqi forces, both the military and the police, to do the same thing.

Mr. MURTHA. Well, what I am trying to figure out, in Abu Ghraib they ignored the comments they were getting from under—people were saying there was a problem and they ignored it.

General KICKLIGHTER. Right.

Mr. MURTHA. Are you saying here, as soon as they found out that the weapons were missing, the commanders immediately and decisively looked into it?

General KICKLIGHTER. Yes, sir. I am saying when this thing started unfolding, as soon as the picture began to clarify itself, we notified the senior leadership here, we notified the senior leadership at CENTCOM, who notified the senior leadership on the ground that there was a problem. We notified our committees. And then we put a team together to see what the size and gravity of the problem was.

Mr. MURTHA. So the commander does not have to worry about knowing about it initially, but once he finds out about it, he has to implement a plan to get it under control?

General KICKLIGHTER. Yes, sir. But he should know about it initially. He should——

Mr. MURTHA. When I say "initially," I mean the reports do not necessarily go right to him.

General KICKLIGHTER. No, sir, they do not. In fact, this came through the hotline and other ways that we began to hear that weapons were not being controlled as well as they should have been.

MONETARY LOSS

Mr. MURTHA. What was the actual loss in money? I know some lives were lost because the weapons got in to whoever it was, al Qaeda's or somebody's hands. But what was the actual loss of money we are talking about here?

General KICKLIGHTER. Mr. Chairman, I will have to get back to you. We do have those numbers, but I do not have them at my fingertips, what the numbers of—and I am not sure we know exactly how many weapons were lost.

We know how many weapons were not properly accounted for, but we do not know—but we are attempting to find out how many weapons were lost, and we are also trying to put back together the circumstances that happened to let this occur and hold people responsible, even though it happened some time ago. We are trying to put that back together.

RESOURCES FOR INVESTIGATIONS

Mr. MURTHA. But what we are trying to figure out, we put $48 million extra in for this type of thing last year. What we are trying to figure out is if you need more money.

Now, we also said—at Mr. Moran's suggestion, we put GSA people into the position of contract officers, because of course they are trained. Well, we went to the Senate and they said, Let's encourage them. So we did not get very far with that.

But if you need money or resources, we need to know about it. That is what I am trying to get to.

General KICKLIGHTER. Yes, sir.

Let me say that the funding that you did provide to us has greatly enhanced our ability for 2008 and beyond. We are going to add more auditors that will focus on audits of contracting. We have added more criminal investigators. We have added the support staff for that. We have added investigators, and we have upped our commitment to Southwest Asia, both in Iraq and Afghanistan, as a result of your support of the Department of Defense Inspector General's Office.

Mr. MURTHA. Well, I appreciate that. This was Bill Young's suggestion, so we appreciate that that is what happened.

Mr. Young.

Mr. YOUNG. Mr. Chairman, thank you very much.

General, it is good to see you again.

General KICKLIGHTER. Thank you, sir.

CORRECTIVE ACTIONS

Mr. YOUNG. I know that last year you gave—Mr. Murtha and you and I sat down together and we went over some very interesting details about very similar issues that we are talking about

today. And I know you probably still cannot get into that any further here today, but I am interested in your comment that you had notified the senior leadership at CENTCOM and other command structures, and you said that you had issued, I think, 265 reports.

Did anything ever come of any of that? Were there any changes? Were there any improvements, anything that you noticed that was done differently because of all of the work that you had done?

General KICKLIGHTER. Let me, Congressman—let me answer that in two ways; and I will ask Ms. Ugone to join me at the tail end of this.

I can tell you that the effort, as soon as we uncovered this problem of weapons and accountability and ammunition and explosives, there was tremendous activity taking place in the Department of Defense and great support from Congress. CENTCOM was very alarmed and concerned about this; and so was the senior leadership on the ground in Iraq, and as we began to go through this assessment, they had a person on the team with us, and we were frequently debriefing General Dubik and General Petraeus on the ground. And as they discovered things that they thought needed action to be taken, they moved out on it.

Since we have returned, we have gotten a report from General Dempsey, who is a deputy commander at CENTCOM, a list of the actions that they have taken. There have been a great deal of actions in regards to this assessment. And as I said earlier, we are going to put the same team back on the ground in a few weeks to assess how well this progress has continued and look at a couple other areas in more depth. Foreign military sales and the sustainment base are two of those areas.

Mary, do you want to talk about the results we have had from the audits we have conducted over time?

AUDIT REPORTS

Ms. UGONE. Certainly.

The 265 that you referred to are contract management audit reports we have issued since fiscal year 2000 or calendar year 2000. And those are systemic issues that have existed since 1992, when GAO highlighted those, and those systemic issues continue even in a wartime environment.

What happens in a wartime environment, as you know, is, there is pressure, time pressure for results, so there is an increased vulnerability for those systemic issues to become magnified.

Issues that we have identified to date in our summary of Southwest Asia audit reports, which is a combination of work done by GAO, SIGIR, Army Audit Agency, Air Force Audit Agency and our organization, highlight that those weaknesses are the same weaknesses or similar to the weaknesses we have identified since fiscal year 2000. So it has not changed. Those systemic weaknesses continue in requirements definition, in sourcing, in having proper delivery, in having appropriate funds management. Those continue even in Southwest Asia.

General KICKLIGHTER. Congressman, let me add one other comment.

Ms. Ugone has a team going back and looking at all the reports that we have issued on Southwest Asia, not just in DoD. But she

is looking at the Army Audit Agency, she is looking at SIGIR, any reports that have been done and what their recommendations are. And we are doing an analysis to see what trends there may be, and also what has been accomplished and what still needs to be accomplished. I think that is going to be very telling. And that is under way.

Mr. YOUNG. When you have issued these reports, do you issue recommendations also on how they should be dealt with, what the situation should be?

General KICKLIGHTER. Yes, sir, we do. We make recommendations.

KEY RECOMMENDATIONS

Mr. YOUNG. Could you just—of the 265 just pick out one important recommendation that you made and what happened to that recommendation? Give us an example of how the powers-that-be responded to your effort.

General KICKLIGHTER. I will let Ms. Ugone think for a minute, and I will tell you about recommendations that we have recently made on the trip to Iraq.

One of the recommendations was that we conduct a joint inventory between the U.S. Training Command and the Iraqi Security Forces, both the military and the police, that they do 100 percent inventory so that we have a baseline and know exactly how many weapons are in the inventory by serial number. That effort is under way. I would say that they made great progress.

They estimate that more than 50 percent of all the police weapons are now under control by serial number, and about 85 percent of all the weapons in the Army are now controlled by serial number. That is something we will look at again when we go back. But that is one example. And they were already doing a lot of work in that arena.

INDUSTRY ACCOUNTABILITY TECHNIQUES

Mr. YOUNG. Just one more question. I asked this of the general in charge of Army contracting when he was here last week, and the Army Criminal Investigation Command.

Why is it that we cannot learn from private industry? Why is it that we cannot take a look at how FedEx and UPS keep track of the smallest or the largest packages and can tell you where they are almost any hour of the day? Why cannot we have a system similar to what they do very, very successfully every day?

General KICKLIGHTER. Sir, let me attempt to answer that. And I will ask you, Mary, if you want to add to it.

The answer is, we can learn. The question is, have we learned? And the answer is, probably we have not learned near as much as we should have. And that is something we should look very hard at to see if we cannot find what they are doing that would improve what we are doing.

Mr. YOUNG. Thank you.

Thank you, Mr. Chairman.

Ms. UGONE. If I could just add, I think it is more than just contracting. The information from contracting needs to be integrated

with our financial management systems as well as our logistics systems. It is not a stand-alone process. You know, the private sector, commercial sector, they have integrated systems.

If you take a look at the challenges in the Department of Defense, financial management is a high-risk area as well, and our ability to get financial systems ready to go and have accurate and reliable data. It is all integrated.

In order to accomplish what we have to do, contracting is just a tool to get to where we need to, the goods and services; and much of those goods and services relates to logistics, logistics support of our warfighters, as well as the ability to equip and train the Afghan and Iraqi Security Forces.

So financial management processes provide that highlight, provide that visibility, provide that asset visibility. We are not there yet with the financial management processes either. It is a complicated environment.

Mr. BISHOP. Would the gentleman yield on that point?

When the subcommittee was in Kuwait, we had an opportunity to meet with some of the troops there on Thanksgiving Day. One of the members of my unit, who was National Guard, the 1230th Transportation Unit, in civilian life actually works for UPS; and I asked him about his convoys and how they delivered various supplies and equipment. And he said it was highly, highly inefficient; and he said that UPS would fire anybody that did it the way that the Army was doing it. And I thought that was a very interesting comment that dovetails on what the gentleman just made.

Mr. YOUNG. Thank you, sir.

Thank you, Mr. Chairman.

Mr. MURTHA. Thank you.

I mean, we keep making mistakes. What do we have to do? I mean, we are here offering you help. I mean, that is what we do in this Committee. We took on the health care system in the military, and I think we have done some good.

Now you need to tell us what you think needs to be done, and maybe not right now, but you need to sit down with the staff and lay out some guidelines of what you think needs to happen.

I am surprised, frankly, that it is no different than it was. I mean, you know, you make the suggestion, nothing happens, it sounds like you are saying. Because the money is not there, because—I do not know. I frankly do not understand what the problem is.

Can you explain what the problem is, why it is the same as it was no matter what, and why UPS does a better job than the Army?

General KICKLIGHTER. Mr. Chairman, my opinion is that things are getting better, but they are not getting better as rapidly as they should. And there is a lot more that we can be doing.

Mr. MURTHA. But is it resources? What is it that is causing this problem?

General KICKLIGHTER. I do not believe it is resources. Management.

Mr. MURTHA. Well, you need to give us some guidelines so that staff who are experts in this field can see if there is something we can do in order to change the mind-set.

Do any of you have a suggestion here?

Ms. UGONE. If I could just—I mean, there has been progress in areas like interagency orders. That is something we have worked with the Hill on, Congress on, regarding parking of funds in other agencies; and there has been corrective action in that arena. That has been billions of dollars where DoD has used other vehicles inappropriately.

But where—you know, one of the things, if you go back into the history of the procurement dollars, in fiscal year 2000 you have half of what we spent in 2007. $600 billion in 2007; in fiscal year 2000, it was half of that amount. So part of it is the dollars are going up, and your workforce is either flattening or declining. So it is exacerbated by that situation.

ACQUISITION WORKFORCE

Mr. MURTHA. The workforce where?

Ms. UGONE. The acquisition workforce is pretty much steady or maybe declining somewhat. If you take a look at some of the DoD charts on that, you will see that the actual dollar amounts are increasing, but the flattening of the oversight arena.

So I think that is part of it, as well, but some of it is systemic weaknesses that have continued since 1992. It has not gone off of the GAO high-risk area. And there is a reason for that, because these systemic issues continue.

Mr. MURTHA. Okay.

Well, we are going to take this on and we are going to try to see if we cannot work it out so it is more efficient.

Mr. Moran.

ACCOUNTABILITY INFORMATION

Mr. MORAN. Thank you, Mr. Chairman. You are going to find the entire subcommittee singing off the same song sheet on this. But your testimony is important because you have got a lot of experience, you have got good immediate staff; and I think you look at the situation in a systemic matter, and that is what we are looking for.

It is troubling that, you know, 3 years into the war we find out the extent of how bad it has gotten in terms of oversight because of a hotline, a tip from an Army officer, who had to remain anonymous. And then you looked into it, and sure enough, you uncovered a great deal of fraud and waste and abuse.

Similarly, the Turkish military tipped us off as to the fact that weapons that were supposed to be going to the Iraqi Security Forces were not getting there. They were going to the wrong people. And again it is tips that we get that tell us that some of these weapons that had gone to the Iraqi Security Forces were actually winding up in the hands of the insurgents, the people that are fighting us. They were our weapons they were using to shoot at us. And so you can understand why this is such a high priority for the Committee.

CONTRACT MANAGEMENT

I am glad you mentioned the fact that it is not necessarily resources, it is management. And if it is management, it means it is attitude, that this is just not a high enough priority. I mean, we have got hundreds of thousands of people. You are right that the one area that we have cut back on, probably the only area in the whole government that we have cut back on is oversight contracting workforce, acquisition workforce. So we probably need to talk to the head of procurement and see what is going on in terms of what they think.

But you are making pretty clear in your statement and your follow-up comments that there is just so much in the way of contracting—particularly service contracting, we cannot get a handle on it. And while our numbers show that the number of contract personnel have gone down, perhaps what is more important, I think the quality has gone down.

I think a lot of these defense contractors have actually hired the best people who are in the Pentagon, they bring them over, and then the people that we are left with are not necessarily the best. And the folks that are in the private sector can run rings around them in terms of getting what they want.

So I do not know how we get at it. But you are probably the office we need to look to.

Now, of that 48 million that the subcommittee just provided, it would be interesting to know how much has been obligated. But it would be even more interesting to know what you need for 2009. Because this is when, as you know, we start putting the budget together. And in terms of the top ranking Pentagon people, as far as I am concerned, they have lost a lot of credibility on this because it is not a high enough priority.

So we need to know from you what we need to be doing to keep this momentum that you have been able to finally start going. What do you think we should be doing in this 2009 budget?

General KICKLIGHTER. Let me answer that in a two-phase answer. One is that the point you made about proper management, I think—I hope that when Lieutenant General Thompson appeared before you last week, he talked to you of the findings of the Thompson-Condon review of contracting. He probably talked to you about the Gansler report.

Mr. MORAN. Yes.

ACQUISITION STAFFING

General KICKLIGHTER. Those reports—and it is the same data that we found, as well; we were looking at them looking at this.

And we were woefully understaffed. We did not have the trained people, we did not have the numbers of contracting officers that we needed, we did not have the administrative support for that, we did not have the commanders on the ground that we needed to do this. And the Army, frankly, did not have the resources to measure up, to meet this requirement. And they were turning to the Air Force and many other services.

They are going to expand their contracting. They are going to focus on contracting and do a great deal. So the plan is—and we

are watching that plan—they are going to increase the Army officers by 400; the civilian personnel are going to be increased by 1,000; they are going to add three general officers that they do not have in the contracting arena.

The structure and the focus and the talent and the experience is very important. That is part one. And they are dealing with that. We are watching to see how well that is going to unfold.

And we are also going to look at it on the ground, not just listen to the briefings, but when we get back on the ground we are going to look and see what kind of improvements we made in overseeing the kinds of things we had to get through tips that we should not have. Great leadership on the ground was needed, and it was not there.

The other part of the question about what we need for 2009—what you gave us in 2008 was exactly what we needed; what we need in 2009, we just—I am not prepared to give you an answer, but I will get back to you on what we need to expand the oversight that we need to do in this arena.

[The information follows:]

DEPARTMENT OF DEFENSE INSPECTOR GENERAL GROWTH PLAN FOR INCREASING AUDIT AND INVESTIGATIVE CAPABILITIES

In Senate Report 110–77, the Committee on Armed Services, United States Senate (SASC) stated that, "The committee is concerned that funding levels for this important independent audit and investigative function is not keeping pace with the demands for Inspectors' General services in the global war on terror." The committee also noted that within the last three years there has been "exponential growth in the number and cost of Department contracts for operations, procurement, research, and construction within the United States and around the world." During the three-year period from FY03 to FY06 DoD contracts have increased in value by $75.5 billion.

The Senate report also notes that, "the nation's annual defense costs have crossed the $500 billion mark, well beyond the annual budgets of just over $200 billion before the start of the global war on terror in 2001. Despite this growth, the personnel strength of the OIG has remained nearly constant. The committee is concerned that the capabilities of the OIG are not keeping pace, in terms of qualified personnel, with the growth in the size of the defense budget and the numbers of contracts."

As a result, the SASC recommended an increase of $10 million for FY 2008 for the OIG to start and accelerate the growth of the OIG. The DoD IG subsequently was provided additional funding in the amount of $24.0 million in the Fiscal Year 2008 Department of Defense Appropriations Act, per House Report 110–434, to improve contract management oversight.

In the language of Senate Report 110–77, the SASC directed the IG to, "provide to the defense committees, by March 31, 2008, an analysis of the current and future personnel, organization, technology, and funding requirements of the OIG."

This report, as directed by the committee, will also include, "a comprehensive and detailed master plan, with annual objectives and funding requirements, that provides the fastest possible increase in audit and investigative capabilities."

The report will contain an analysis of DoD IG future requirements to increase personnel by 490 full time equivalents (FTEs) above FY 2008 levels by FY 2015. This manageable level of growth will increase FTEs from the current level of 1,437 to 1,927, and allow the DoD IG to increase audit and investigative capabilities to better keep pace with the growth of the DoD budget and number of contracts, and the increased demand for IG's services in the global war on terror. This includes increasing FTEs by 235 in auditing, 125 in investigations, 28 in intelligence and intelligence oversight, 50 in policy and oversight, and 52 in the administrative and support functions.

The majority of this increase, 360 out of 490 FTEs, will be for audit and investigative personnel to insure the fastest possible increase in audit and investigative capabilities as directed by the committee in the language of SR 110–77. The remaining 130 positions largely consist of personnel in areas that support the audit, investigative, and oversight functions, such as inspections, evaluations, policy, procurement,

quantitative analysis, human resources, logistics, information technology, and training.

The $24.0 million additional funding provided to the DoD IG in the Fiscal Year 2008 Department of Defense Appropriations Act has allowed us to begin working towards our goals to increase our oversight capabilities by increasing our FTEs from 1,387 in FY 2007 to 1,437 in FY 2008. Furthermore, we estimate that the President's Budget for FY 2009 will allow for an increase to 1,474 FTEs in 2009. This would account for 37 of the 490 FTEs outlined in our growth plan through 2015, closing the gap to 453 FTEs, but falling 134 short of the 1,608 FTEs that we require for FY 2009 in order to provide the fastest possible increase in our audit and investigative capabilities.

The following charts contain the DoD IG budget request above the President's Budget for FY 2009. We will provide you with a copy of the completed Department of Defense Inspector General Growth Plan for Increasing Audit and Investigative Capabilities for Fiscal Years 2008–2015 once it is finalized.

Department of Defense Inspector General

IG DoD Budget Request FY 2009

House Appropriations Committee
Subcommittee on Defense

FY 2009 – DoD IG Request

- FY 2009 Budget Request: $247.845 million
  - $247.445 million O&M
  - $ 1.4 million Procurement
- FY 2009 DoD IG Request: $ 25.240 million

  (Above FY09 President's Budget)
  - $ 23.24 million O&M
  - $ 2.0 million RDT&E

FY 2009 – DoD IG Request
FTE Summary

	FY09 Pres Budget	FY09 Request	Delta
Audit	683	731	+48
Inv.	439	469	+30
P&O	111	129	+18
Intel	40	46	+6
A&M	133	164	+31
Other	59	60	+1
Intel O/S	9	9	0
TOTAL	**1474**	**1608**	**+134**

Increased Funding in Major Cost Categories – FY 2009

FY 2008 - Change in Cost Categories			
	FY 2009 Estimate		
	PB 2009 Submit	Current Estimate	Delta
Personnel Comp/Benefits	192,209	211,076	18,867
Travel	8,615	9,354	739
Transportation	668	845	177
Rent	18,533	18,905	372
Communications/Utilities/Other	3,271	3,692	421
Printing	204	206	2
Other Services	16,535	16,146	-389
Supplies	3,891	4,227	336
Equipment	2,519	5,234	2,715
Total O&M	246,445	269,685	23,240
Equipment - Procurement*	1,400	1,400	

FY 2009 – DoD IG Request Justification for Increase

- Audit
  - Expand coverage of DoD contracting and logistics functions and major acquisition programs to include information technology
    - Procurement and Research, Development, Test and Evaluation costs estimated at $2.3 trillion for the life cycle of weapon systems
    - $160 billion in Services Contracts for FY 2007 out of $316 billion of
    - contract actions
  - Expand coverage of contract and DoD operations related to the Global War on Terror
  - Expand presence in Southwest Asia and in the Pacific Command and European Command Area of Operations
    - Identify and mitigate critical gaps in mission critical support process
    - Preposition audit presence as force structure unfolds in Pacific Command and European Command
  - Additional contracting reviews related to Iraq and Afghanistan operations in support of Sec. 842 (FY 2008 Authorization Act)
- Investigations
  - Enhance support to GWOT Joint Terrorism Task Forces
  - Open offices in South Korea and in the U.S.
  - Enhanced emphasis on investigative areas: health care fraud, product substitution, defective pricing, environmental crimes, identity protection
  - RDT&E for development of Investigative Data System and Case Management System

FY 2009 – DoD IG Request Justification for Increase

- Policy & Oversight
  - Increased audit, investigative, inspection policy oversight reviews and reports
  - Increased Southwest Asia evaluations,
  - Increase in Voluntary Disclosures and subpoena requests
  - Increase in shared services to support growth in other components
- Intelligence
  - Additional resources to address congressional and DoD Management requests
  - Increase Auditing of Intelligence Acquisitions and Contracts
  - Increase coverage of key intelligence disciplines such as imagery intelligence, measurement and signature intelligence, open source intelligence, nuclear surety,

HOLDING OFFENDERS ACCOUNTABLE

Mr. MORAN. Mr. Kicklighter, have we made a statement in terms of how important this is by holding some of these worst offenders accountable?

You know, you have given us some pretty high numbers in terms of indictments, convictions and so on, but of those people that are responsible—and again it goes to the management in the private sector largely. I know, obviously, we are responsible for lack of oversight within the Federal Government, but the private contractors, are they still there? I represent a lot of them. We all do. I think that is one of the reasons we are on this subcommittee. But there are not many who cannot figure out a way to get around any kind of slap on the hand. Create a new subsidiary, whatever.

How do we send a message that we take this seriously and that if you are going to be stealing from the government, if you are going to be involved in fraud, if you are going to allow some of your people to get bribed and so on, we are going to come down hard on you so you cannot do it again and you are going to lose your contracts with the government?

Have we tried to do that? Have we done it?

General KICKLIGHTER. We are attempting to do that, and we have investigations continually going on. I will ask you——

Mr. MORAN. Yes.

Mr. BEARDALL. Yes, sir. Actually, I hoped the numbers we gave you are just a drop in the bucket, because at this stage, a lot of cases are pending going to court.

The trouble with a lot of these cases, is they have so many ramifications. And the attempt is to use somebody that you have discovered and you have arrested to then build other cases and use that individual, it is a cobweb.

Mr. MORAN. It is a swamp, basically.

INVESTIGATION RESOURCES

General KICKLIGHTER. It is a swamp.

Mr. BEARDALL. But I will tell you, the $40 million and what it is going to do to DCIS, we are extremely pleased. One of the big reasons was because after the war started, the Air Force Office of Special Investigations, the Naval Criminal Investigative Service, and even a lot of the FBI, after September 11th, are now concentrating on war efforts. NCIS has a counterintelligence mission. So does OSI. And CID has a small group doing fraud. So the only one left in town, just about, was DCIS; and we had not grown since September 11th.

With this amount of money for this year, we will bring on at least 30 new agents, which will make a big dent, and be able to look in areas that we have neglected, frankly, because of the crush of extra things.

Besides that, DCIS has also been involved in technology transfer cases, which are key to protecting our soldiers, sailors, airmen, and marines, and we have been devoting assets there. But the big thing was the fraud mission, from an investigative standpoint, dropped dramatically, too, because DCIS was almost the only game left in town.

General KICKLIGHTER. I think the Congress would be interested in what we are doing in the joint arena, as well, with other Federal agencies.

Mr. BEARDALL. And that is how we have been able to succeed, with the synergy of getting others to join in, and organizations such as the International Contract Corruption Task Force, where we have everybody joining in, even the FBI.

It is great because, that way, we can—we are trying to cut down, again be very economical with what we have. If we can then say, no, you travel here, you travel there, do not both travel to the same area. We are trying to deconflict assignments, deconflict cases so we are using our assets as most economically as possible. That is bringing some success as well.

I have never seen such cooperation and the National Procurement Fraud Task Force that was started by Mr. McNulty, and is now headed by Alice Fisher, has been very helpful, too, in raising procurement fraud back up. But still, at times, the visibility gets up, but it is what you have then to actually do, the ground pounding that makes a difference.

Mr. MURTHA. I think the gentleman's time has expired.

That is what we need to know. If you do not have the resources, you need to tell us. And every member of this Subcommittee is interested in this subject because it causes so much of a problem from a confidence-of-the-public standpoint.

Mr. Lewis.

NUMBERS OF INDICTMENTS AND CONVICTIONS

Mr. LEWIS. Thank you, Mr. Chairman.

General Kicklighter, I appreciate very much your being here and setting forth the responsibility that IG and your fine support staff have responsibility for. I want to come back to what Mr. Moran was asking in a little different way.

The IG has done extensive investigation regarding the munitions and equipment and accountability regarding bribery and illegal gratuities. It is suggested that general officers, noncommissioned officers, civilian officials have received millions of dollars in bribes—millions of dollars. And this series of investigations began as a result, apparently, of the hotline caller or a hotline call in the latter part of 2005.

2005 is a long time ago.

Mr. MORAN. December of 2005.

Mr. LEWIS. It is a long time ago.

In the meantime, this investigation, going forward, and we were talking about dozens or hundreds or—I do not know how many; can you tell me?

While investigations are going on—and I know you have to be sensitive about investigations, et cetera. How many have gone beyond being charged, have actually been indicted, have actually gone to jail as a result of bribes involving millions of dollars? How many?

General KICKLIGHTER. I think we have that number.

Mr. BEARDALL. Yes, sir. Convictions are 25.

Mr. LEWIS. Of those 25, how much money was involved, roughly?

Mr. BEARDALL. Well, I have it broken down by a total number of what we have recovered so far, which is about 14 million, which again is peanuts. It is a drop in the bucket, because we expect to have more things come up.

And still, even this one case that we are talking about that came from the hotline and from investigators on the ground who were also following the same lead, it keeps on evolving, and we still find other people who we then are going to charge and arrest.

But the case that has been the most celebrated case in the newspapers, Major John Cockerham, who himself was enriched by about $9 million, unfortunately we are still trying to get a hold of that because apparently he was smart enough to put his money in Kuwaiti banks, and so the Department of Justice is working to try to get that back. But there is still more out there that we are going to get.

Mr. LEWIS. Well, it is suggested here that your investigations have looked at Afghanistan, Iraq, and Kuwait. I am still trying to get a handle on how many people have actually gone to jail. Has anybody gone to jail as a result of this yet?

Mr. BEARDALL. I cannot break them out by individual, but we have a total of almost 31 years' worth of confinement that has been adjudged, 32 years of probation. And again, the initial——

General KICKLIGHTER. We can give you a breakout.

Mr. LEWIS. The statement says U.S. general officers, noncommissioned officers, and civilian officials.

Mr. BEARDALL. Not general officers. Officers.

Mr. LEWIS. Officers. All right. It does say military officers.

General KICKLIGHTER. Yes, sir. No general officers at this time. 06s are the highest so far, several 06s.

Mr. LEWIS. I frankly will want to have a lot more discussion about these, because it is absolutely unacceptable that people in these places of responsibility should be taking bribes directly and/or otherwise, and literally—and frankly, newspaper reports do not help you a damn bit because most of them are uninformed.

But the real nuts and bolts of what is going on in terms of your investigations, and the message that is being sent to those people who might even consider being so tempted is pretty critical. I would almost want to change your name from General Kicklighter to "Kickharder." At the end of the hearing, General, I would appreciate your taking just a moment and coming and talking to the Chairman and myself privately for just a moment, and perhaps include Mr. Young in it.

General KICKLIGHTER. It would be my pleasure.

Mr. MURTHA. Mr. Visclosky.

Mr. VISCLOSKY. I am fine right now, Mr. Chairman.

Mr. MURTHA. Mr. Boyd.

Mr. BOYD. Thank you, Mr. Chairman.

And General Kicklighter——

General KICKLIGHTER. Yes, sir.

PREVENTING FRAUD

Mr. BOYD [continuing]. I want to shift focus just a moment and try to focus on what we as a legislative body might do to prevent this from happening in the future.

You know, as long as we are dealing in money and at these large sums, you are going to have people that are going to be dishonest, who are going to try to scam the system and take bribes and things like that. But it seems to me that, as long as we have been doing this, we ought to have a good set of procedures in place that for the most part can prevent fraud and waste of the American taxpayers' dollars.

I was shocked to hear you say, I think, that there were some number of weapons in Iraq, or out in the Middle East someplace, that you were trying to implement a procedure which you would record by serial number, an inventory by serial number.

The question is twofold. One is, do we have those systems in place? Who is responsible for not seeing that they are implemented? And number two is, if we do not, what can the legislative body do to get those in place?

General KICKLIGHTER. We do have procedures in place that we record the weapons by serial numbers. In the beginning—and this is not an area we focused on on this assessment—we were focused on how we are doing it today. And today we are bringing weapons in by serial number, and we are handing them over, and we are recording them in most cases—not all cases.

But in the beginning, it was a rapid movement to get weapons quickly into the hands of the Iraqi Security Forces. And they were not issued by serial number, they were issued by crates, and numbers of weapons in crates, and they were handed over both to the military and the police in that manner in the beginning. That is not the case today.

Mr. BOYD. Is part of your recommendation then, sir, that we do not do that in the future?

General KICKLIGHTER. Absolutely.

COMMANDERS' RESPONSIBILITY

Mr. BOYD. Are we as a government holding commanders or people in the chain of command responsible who were responsible for seeing that these procedures and systems were followed? Are we holding them accountable? Or are we turning the other way because of the urgency of the war?

General KICKLIGHTER. No, sir. When we find what we think is a discrepancy, we record it and we report it. And then that is dealt with by their chain of command.

Mr. BOYD. Mr. Chairman, that is really all I have. I think the more important issue is, how do we see that the chain of command in the Defense Department require that the procedures that we have in place are implemented? If nobody wants to follow them because there is something more important to do, then we will always have this problem.

Mr. MURTHA. I think the gentleman is right, as he knows, having been in Vietnam, how difficult it is. You are fighting a war, and these are not incidental things. And that is why I hope we will be able to work with you folks and the staff to come up with a procedure so that we get something done here, that we do not just talk about it every time something happens, we get it done.

For instance, I cannot believe they would send those weapons over without serial numbers. I mean, anybody with any common

sense knows damn well those things are going to disappear, especially in that part of the world.

Mr. Hobson.

CONTRACTOR PERFORMANCE

Mr. HOBSON. Mr. Chairman, you are right. I do not know why somebody—how fast it is or how slow it is to open a crate and write down a number. I think that is a lame excuse, the guy that gave you that. Somebody was not doing their damn job.

That is not that slow to get it there. So when somebody tells me that, I have some credibility problems.

Let me tell you, the other problem I have credibility problems with is, I have been on this Committee for—I don't know, 10 years or so—and I have been yelling about systems that do not talk to each other within the Defense Department today.

Personnel records is a simple example. We do not even have those coordinated, much less the coordination of equipment, which ought to be simple. But the whole Department is unaccountable for money, it is unaccountable for weapons. You cannot account for the people half the time because they do not have their records up to date.

We put people on active duty from the Guard and Reserve, they have got different systems than the regulars. So the pay gets all screwed up. I mean, it is not money; it is the people and the responsibility of the people running the place. And what I find is, the damn guys who screw up get promoted. No wonder you have all these problems with 06s. They were probably incapable when they were in the other place, and they screwed up and they promote them.

It drives this Committee out of its mind to deal with this stuff. Let me give you one example on a contract. In May of 2006—this is going to be trucks and HMMWVs, guys. Amazing, you know, that——

Mr. MORAN. Just shocking.

Mr. HOBSON. In May of 2006, the Army awarded a contractor a major HMMWV refurbishment contract valued at $33 million, even though numerous incidents of poor performance had been documented—why did the Army select a contractor that performed so poorly; this was a contractor in theater—to refurbish it.

They did not do them right, so they give them another one.

General KICKLIGHTER. I know the contractor.

CONTRACTOR EMPLOYMENT

Mr. HOBSON. Do you know that? I mean, somebody ought to look at this and say how do we do this? These people are incompetent. Who writes up the record of the guy that did this and promotes him?

Or somebody else said it the other way. I ride on airplanes back and forth all the time with people, and I say where do you work? Well, I work for such and such contractor. I said, well, where did you work before? Well, I worked for the Department of the Army. What did you do? Well, same thing I do today, but I get paid more. Or the Air Force, whatever it may be, whatever service it is.

Mr. MORAN. And you are riding in First Class, I will bet.

Mr. HOBSON. No, I am not.

Mr. MORAN. Normally, they ride First Class.

Mr. HOBSON. Well, now that I am not running again I can do that. This is a closed hearing, isn't it?

But those are simple things that need to be—you know, there is—I do not know that there is any delay. Like we have, if you come out of the Defense Department, the next day I guess, you can go to work for the contractor doing the same job at twice the price. And it is considered totally acceptable.

But I would like somebody to tell me at some point, I will give you the question here on this company——

General KICKLIGHTER. We will look into it.

Mr. HOBSON [continuing]. As to how can we go back and do that?

General KICKLIGHTER. I will certainly look at that.

Mr. HOBSON. But this is not an isolated case, sir. This happened over and over again. And the excuse seems to be—and I understand the fighting-the-war part. But I think that is used as an excuse when somebody does poor management. There is no reason that systems cannot be in place that can talk to each other, that can work together, and that people understand how to do it.

You have a tough job, I understand, but what we keep hearing in this Committee is, Well, we are going to do it the next time. Well, we have been sitting here in this war for how many years now? Seven years and we have——

Mr. BOYD. Five.

Mr. HOBSON. Five. And we have been hearing that same story over and over again, and we do not seem to get to the lessons learned. Do you think we are ever going to get there on the lessons learned at all?

General KICKLIGHTER. Yes, sir, we are. We are going to do our best to get to the lessons learned and do our best to make sure we do not repeat them in the future, as we keep doing.

I could not agree with you more. We will certainly do our best to make sure we prevent some of the lessons learned as we go forward, and we will look at this case that you outlined.

Mr. HOBSON. Okay. But I hope you are putting more people in jail that do this stuff, because the best preventive in this, the more people that go to jail that have perpetrated this, a lot less people are going to be out there trying to do it.

General KICKLIGHTER. We are doing our best to do that.

PUNISHMENT FOR FRAUD

Mr. HOBSON. If you run into problems, I think the chairman and the ranking member would be more than happy to help you if you get push back on putting people in jail. I mean, a couple times I have tried to put—when I was the chairman of Military Construction, I tried to put a couple guys in jail and I got a little push-back from the Defense Department. I even got push-back on taking a star away from a guy who had been taking money. He had a 33-year wonderful career, they said.

I said, Yeah, but he was running the place that should be the best and he was playing with the money. And they said, Well, we

will put something in his file. I said, What good is that when he is retired. Take a star away, everybody says, Do not do that again.

But we don't do that. We do not do that.

General KICKLIGHTER. Thank you, sir.

Mr. MURTHA. Mr. Dicks.

Mr. DICKS. Why don't you go to Mr. Bishop.

Mr. MURTHA. Mr. Bishop.

CONTRACTING AND LOGISTICS TECHNOLOGY

Mr. BISHOP. Thank you very much, Mr. Chairman.

What I understand from earlier hearings is that we were told that there were going to be high-level meetings with the Department of Defense and UPS and FedEx on their systems. And I know that this Committee has heard from countless witnesses that have sat where you sit with regard to this accountability, telling us that you need more personnel in contract management and oversight and auditing. And of course we have put the $48 million extra in there for that.

But from what I am hearing, when you get the additional personnel, it seems as if they need to have better tools with which to conduct the business. And so my question is, how much or how effective are you in utilization of current technology, current commercial grade technology with inventory management such that is used by UPS and FedEx?

And our grocery stores? You know, RFID technology where you take an item to the grocery counter and they automatically are able to account for that, they are automatically able to subtract that from their master inventory, they can account for what was bought, where it was bought, you know——

General KICKLIGHTER. Yes, sir.

Mr. BISHOP [continuing]. Wherever it is in the world in that chain the transaction was made; they have got that instantly.

And so I am trying to understand why it is and to what extent has the Department of Defense utilized this RFID technology which would give these additional personnel and existing personnel the tools with which to do it almost instantly?

We are criticized by the administration, and I do not recall that the Department really has asked for that RFID technology, which would be an incredible tool, but this subcommittee has done earmarks to put it in, for example, with the Marine Logistics Command.

General KICKLIGHTER. Right.

Mr. BISHOP. We did earmarks, but we are criticized by the administration for putting in earmarks that they did not ask for when this is—I mean, this is current technology utilized all across the world by all of the commercially successful businesses, and yet our Department of Defense is not doing it, not utilizing it. And then we get criticized because we try to push them by putting in earmarks to try to demonstrate that it works, and it will help your people do a better job of accounting for the taxpayers' money and doing the job that they have to do, even delivering the materials and the convoys in Kuwait up through Iraq.

General KICKLIGHTER. Right.

Mr. BISHOP. I mean, to what extent are you really utilizing that and to what extent is the Department requesting this kind of technology to give those tools to the people that you are now hiring as a result of the additional money that we are giving to get it done?

Mr. MURTHA. Let me add to what the gentleman is saying.

General KICKLIGHTER. Yes, sir.

ACQUISITION LEADERSHIP

Mr. MURTHA. I think maybe we have the wrong people to urge to solve the problem. You see the problem, you recommend the problem, but I think we get need to get Mr. Young in and talk to him about some sort of—for instance, staff here says to me we cannot find any regulations at the Defense Department level that says, Get this show together.

I mean, here is what they have found, and here is what we should have: some kind of a similar acquisition program.

So we need to get Mr. Young in and talk to him. You made the recommendations, you see the problems. What we need to do is find out from them, are they implementing them?

Obviously, you say they are not. So we keep making mistakes.

RADIO FREQUENCY IDENTIFICATION

Mr. BISHOP. Mr. Chairman, do you recommend the utilization of technologies like RFID? Do you say that if you implement this that you could better account for the materials, the supplies, equipment, the weapons?

I mean, having to do it by serial number is one thing. But if every item in a grocery store has a bar code on it and can be immediately identified, subtracted, or added to an inventory simply by running it across that scanner at the cash register, it seems to me that as much money as we put into the Department of Defense, that ought to be done and specific recommendations ought to be made on that.

General KICKLIGHTER. I think that—if I could comment, Mr. Chairman, I think that what you are describing is exactly what we need for the weapons that we have been talking about, and also the ammunition. And we will go back and take a look and make the recommendations that you have outlined here.

Mr. MURTHA. Make some recommendations to us so that if they won't do it, we can put it in language in the bill that forces them to do what.

General KICKLIGHTER. Yes. Let us look into that. But that makes a lot of sense. That technology is badly needed for what we need right now. It would greatly simplify what we are trying to do.

Mr. BISHOP. I get beat up—I mean, we are getting beat up as a Congress and as the subcommittee for putting in earmarks to do that; and that is the same thing that I understand that you need. That would simplify the process.

General KICKLIGHTER. I owe you an answer on this.

[The information follows:]

SUMMARY OF RADIO FREQUENCY IDENTIFICATION PROJECTS

We are conducting two audits on Radio Frequency Identification (RFID)—the first on the implementation of passive RFID tags and the second on the security over

active RFID information. On July 30, 2004, Under Secretary of Defense for Acquisition Technology and Logistics (USD[AT&L]) issued policy requiring the use of passive and active RFID technology. For passive RFID, contracting officers are required to add a RFID DFARS clause to most contract for supplies issued on or after October 1, 2004, for delivery of material on or after January 1, 2005. Vendors shipping supplies to DoD must apply a passive RFID tag to all shipments (boxes)—primarily Defense Logistics Agency [DLA] depots—as well as, send an advanced shipping notice containing the quantity and description of the material being shipped (Project No. D2008–D000AS–0022.000). Contractors are not required to apply tags to boxes containing munitions and major end items. DoD is still in the process of testing the passive RFID technology for compliance with Hazards of Electromagnetic Radiation to Ordnance.

Any DoD cargo going to, from, or between overseas locations requires an active RFID tag on the freight containers or pallet. The active tag must contain the content-level detail of the shipment. PM J–AIT officials stated that shipments sent from the U.S. to an overseas location is typically divided into other shipments at its place of entry into a country and prior to reaching its final destination. PM J–AIT official stated, however, that a new active RFID tag is not always applied to the divided shipments as required. The active RFID tag information is stored in an automated information system called the Radio Frequency In-transit Visibility (RF–ITV) system (Project No. D2008–D000AS–0044.000). The Army's Product Manager Joint Automatic Identification Technology (PM J–AIT) office is responsible for the security of the RF–ITV system and its information.

CONTRACTING FOR SUPPLIES USING RFID (PROJECT NO. D2008–D000AS–0022.000)

Objective. The audit objective is to determine whether DoD Components complied with policies on RFID. Specifically, whether DoD Components prepared and implemented plans to use passive RFID and to assess whether DoD contracts comply with the Defense Federal Acquisition Regulation Supplement (DFARS) and contractors are complying with those contracts. We plan to issue a draft report in July 2008.

SECURITY OVER RFID INFORMATION (PROJECT NO. D2008–D000AS–0044.000)

Objective. The audit objective is to determine whether DoD implemented security controls to protect RFID information. Specifically, we assessed the implementation and effectiveness of the information assurance controls for the RF–ITV system. We plan to issue a draft report in June 2008.

Mr. DICKS. National program, Mr. Chairman.

Mr. MURTHA. We are talking high-level stuff here.

Mr. Frelinghuysen.

CONTRACTING AND LOGISTICS TECHNOLOGY

Mr. FRELINGHUYSEN. I won't interrupt you. Let me endorse what Mr. Bishop ended up with and what Mr. Young started out with. It is inconceivable to most of us. Here we are promoting smart munitions and smart technology delivery systems, and we cannot keep an eye on the ball through using a variety of technologies.

The fault is not yours, but I think that we have unity in our frustration here that we cannot come up with a better way to track all of these munitions and weapons in both Afghanistan and Iraq.

Let me just focus on one part of your statement here, get a little bit of clarity. This is on—I do not see your pages numbered here, but on page 6, the bottom of page 6, and I quote, "Our preliminary findings are that DoD is improving control and accountability over weapons being supplied to the ISF; however, there remains work to be accomplished." The area that I have concern about is, also, as the U.S. supply of munitions to Iraq shifts to the FMS, foreign military sales, the U.S. needs to put FMS on a wartime footing while assisting the ISF in building their logistical sustainment base.

Would you comment on the whole issue of putting the FMS on a wartime footing? And how we can accomplish that? How is that going to be accomplished?

FOREIGN MILITARY SALES

General KICKLIGHTER. The complaint in the field, in both Iraq and Afghanistan, but I will focus on Iraq, is that FMS is not responsive enough. It doesn't provide the visibility that the host nation needs to know, and it is not resilient.

Let me just make one comment that I think is extremely important, and that is that the Minister of Defense in Iraq has chosen foreign military sales to be their national strategy for modernizing and replacing weapons systems and sustaining their forces. That is a tremendous opportunity for the U.S. to ensure that all these arms dealers around the world don't come in there and sell a bunch of arms that they don't really need.

It also builds strong relationships with the U.S. and the Iraqi military as we go forward to the future. And the system is very slow and it takes a long time to get something delivered, and they go through these bureaucratic steps that you have to go through to get approval to do that. Some of it is in Congress and some of it is in State, but a lot of it is in Defense.

DoD has put together a task force trying to figure out a rapid way to cut through the bureaucracy and be more responsive to providing and anticipating what the combat needs are going to be of the Iraqi Security Forces, particularly the military, as they take over more and more of the fight over there.

Mr. FRELINGHUYSEN. Well, the nature of Iraq itself, obviously Iraq was an arms market when Saddam Hussein was in power. When Jerry Bremer was over there, to some extent obviously, there was a lack of controls and oversight. Of course, there is no guarantee that the minister you are referring to in a government which in some cases might be described as somewhat dysfunctional, that this is going to be carried out.

Is this FMS going to be carried out and how can we be assured that we have enough oversight?

General KICKLIGHTER. The FMS team that we had on the ground, in our opinion, was woefully short when we got there. I think they had 12 people managing a program of billions of dollars. We thought it should be something in the order of 60 or 70 people, and it ended up being a general officer.

This is going to be the residual organization that stays behind. When our forces draw down, this will be an organization that continues support over there. They are moving now, they will have more people on the ground. They have a general on the ground.

The Iraqi military also have to be trained. They don't know how to use this system very well, but they have adopted it and are embracing it. They will turn away from it unless it is responsive to their needs.

Mr. FRELINGHUYSEN. So the Iraqis are going to embrace this system?

General KICKLIGHTER. Yes, they are—presently. But that won't last if we don't deliver what they need on time and give them the

training teams and learn how to maintain and operate those systems that you are taking in.

IRAQI TRACKING OF WEAPONS

Mr. FRELINGHUYSEN. What are we giving them in the way of resources?

General KICKLIGHTER. Well, they are buying this.

Mr. FRELINGHUYSEN. They are buying this, but obviously they still have to have some ability to track the very weapons that go into their system.

General KICKLIGHTER. Yes, sir.

Mr. FRELINGHUYSEN. They obviously have an inability to track the weapons they have now, as it appears our forces do.

General KICKLIGHTER. They are doing a fairly good job of tracking the weapons they have now and also tracking the ammunitions they have now. That was not the case in the past.

Mr. FRELINGHUYSEN. So progress has been made?

General KICKLIGHTER. Progress—significant progress has been made, particularly in '07 to present.

Mr. FRELINGHUYSEN. Thank you.

General KICKLIGHTER. And it continues.

Mr. FRELINGHUYSEN. Thank you.

Mr. MURTHA. Mr. Dicks.

WEAPONS IN TURKEY

Mr. DICKS. On this issue about, you know, these weapons found in Turkey. I know you may have covered part of this before, but I would like to go back. It says, as a result, we assembled an interagency multidisciplinary assessment team of munitions accountability composed of subject matter experts from the Office of Inspector General, U.S. Central Command, Army Audit Agency, Army Criminal Investigative Command, Army Corps of Engineers, Air National Guard, Department of State and the Department of Justice Bureau of Alcohol, Tobacco, Firearms and Explosives.

What came of this? Where are we in this investigation?

General KICKLIGHTER. We spent 4 weeks in country assessing how well we are controlling and accounting for weapons and ammunition. We made a lot of findings and recommendations on the ground, and the command accepted the recommendations that we made, without exception.

They moved out on a lot of the—on all of the recommendations. Since we have returned, they have provided us, through Central Command, an update on actions that they have taken. And we are in the process of finalizing that report, and we hope to have it back to them in final draft sometime in the latter part of this month. And then we plan to follow that up with another trip in about 6 weeks.

Mr. DICKS. One of the issues you got into was armed weapons and munitions which were given to the Iraq Security Forces.

General KICKLIGHTER. Yes, sir.

Mr. DICKS. How does that work. Do you have to work with the Iraqi Government?

General KICKLIGHTER. Yes, sir.

CONTROL OF LOGISTICS

Mr. DICKS. How is that going?

General KICKLIGHTER. It went extremely well. They opened up everything. They are eager to have a good system. They are eager to have a logistics base that will give them accountability control of their assets, particularly weapons and ammunition.

They have built a national depot. They have built a national ammunition point. They have got regional logistics units. They have got division units that are trying to implement—although very fragile, implement a logistics base that will sustain their forces.

They recognize—and they have done this before, sir. As you recall, they fought a 10-year war with Iran where they had corps in the field, so they had a logistics base before. It won't be our logistics base, but it will be their base that we leave behind for them.

Mr. DICKS. So you think this thing is under control now?

General KICKLIGHTER. I think it is in much better control than it was in 2004, 2005 and early 2006. But it still needs work to be done. It is very fragile, and it has to continually have emphasis and support and advice from the U.S.

IMPLEMENTING RECOMMENDATIONS

Mr. DICKS. Now, as I understand it from our staff, we increased the amount of money to the Defense Contract Audit Agency by $10 million, the Defense Contract Management Command by $14 million and the Defense Inspector General by $24 million.

There is a question that seems to be whether the DoD—whether you understand that additional funds are to be used for more than just discovering and revealing needed improvements to contract management and oversight but also help accomplish these improvements.

General KICKLIGHTER. I couldn't agree with you more, sir. We do understand that.

We think a very important part—and you have given us the ability to do that—is to force change and prevent making a lot of the mistakes that we continually make over and over again.

Mr. DICKS. Are you working with the services on this so far?

General KICKLIGHTER. Yes, sir, we are. We are working with the services inspector general, but as the Chairman remembers and, Mr. Young, when I briefed this to you before, the Secretary of the Army was at my side and we did this together. We worked very closely with the services on this challenge, and you have enabled us to do that more effectively, I know.

EXPANSION OF CONTRACTOR SUPPORT

Mr. DICKS. The question of all of us on these service contracts, in 1994 civilians accounted for 8 percent; contracted personnel counted for 17 percent of the total DoD budget. However, in 2008, civilian pay accounted for 5.5, or a drop of 2.5 percent, and contracted personnel accounted for 27 percent of the total DoD budget.

I mean, that is shocking.

General KICKLIGHTER. It is shocking.

Mr. DICKS. Have we looked at why they are doing this? What is the explanation for this?

General KICKLIGHTER. There has been a great demand for expanding contract support in the contingency areas of Iraq and Afghanistan. We, to my knowledge—we, as in the inspector general's office, have not looked at do we have the right balance, are we contracting out the right things.

That is probably an area that we should take on. We have not taken it on, have we, Mary?

Ms. UGONE. We haven't taken on—you know, A–76 has been driven in the past many years due to the push to outsource more. We have not looked at the other side of it, which is have we done too much.

Now, we did some work in late 2005 where we identified that there was no system to track or assess the cost of performing these functions under competitive sourcing, nor was there a system to track the quality of work done in-house versus through a contractor. So we started doing some initial work in the area, but we have not looked at the other side of the coin, which is something——

Mr. DICKS. Which is, I think you will find, is once these people get the contract, the cost goes up dramatically.

General KICKLIGHTER. Over time.

Mr. DICKS. I put in a provision years ago which they fought about and finally got repealed when the other party took control of the House on A–76 reviews. You had to have a post-contract audit to look at whether, in fact, you saved money or not, once you contracted it out.

Mr. Chairman, I think we might want to consider putting that provision back in, because that is the only way you are going to really find out the truth of this.

I think the truth is, once these contractors get in, a year or so goes by and the cost ramps up. If there isn't a post-contract audit, there is no way to find that out.

The CHAIRMAN. I think we have to be more basic. I think what you suggest is—you haven't looked at this yet, contractors versus military personnel—what is the balance that we need? I certainly have been concerned since I found out how many contractors we had in Iraq. So we need to look at that.

General KICKLIGHTER. We will, sir. Let me respond to that.

Mr. DICKS. This isn't just Iraq, is it? This is for services for the entire Defense Department.

General KICKLIGHTER. No, this is not Iraq, this is throughout Defense.

Mr. DICKS. You think about 27 percent. That is over a quarter of the budget on hiring service contractors. I mean, do you have service contractors in your outfit?

General KICKLIGHTER. Yes, we do.

Mr. DICKS. How many?

General KICKLIGHTER. But very few. I don't know off the top of my head, but we have a few in the IT world. I think that is about the only place we have any.

Mr. DICKS. What do they do? That is in information technology. That is more understandable.

General KICKLIGHTER. Yes, sir. But I think your point is extremely valid. I think when Mr. Walker talked to you last week,

the GAO is very concerned about this too, that we may have gone too far. I think we need to go back and look at functions and what functions should be performed by the military, what functions should be performed by the civilians, and what functions should be performed by the contractors.

Let us take a look at that and come back to you. I think all the indications is it takes a very—it will take a very hard look.

Mr. LEWIS. Will the gentleman yield?

Mr. DICKS. I think my time is up.

Mr. LEWIS. Let me just say, we all served on this committee when we went through any number of reinventions, the reinventing government. Now we play a significant role in cutting back the number of personnel for the slots that we are talking about, the kind that we need. There is pretty obviously a need to reinvent government again, because it is absolutely ridiculous that we find ourselves in these circumstances again, and we are talking about millions and millions of dollars.

Mr. DICKS. Billions.

The CHAIRMAN. Yes, we are going to send a letter from the Committee and give them directions. For instance, the contracting out in the Air Force, from what we heard in the one testimony, is a lot better than the Army, because the Army puts people in them awhile, they take them out for awhile, and yet the Air Force stays in.

Yet I found health care service for the Air Force contract not worth a damn. I mean, they haven't done near as good a job. So we need to get our handle on this when we are spending this much money on contracting.

General KICKLIGHTER. Yes, sir. I think this is a very fertile area.

The CHAIRMAN. Mr. Tiahrt.

CONTRACTING OUT

Mr. TIAHRT. Thank you, Mr. Chairman.

Peter Drucker said you should always be looking for improvements in the way you do business. I think it is a common practice now in most of corporate America, they are constantly trying to do a better job. We certainly can't forget that, whether it is in the way we contract or the way we conduct business. I think that is very important.

We have done some studies on different parts of the government, whether we should use our uniformed personnel, our military, versus contracting. The other areas where it doesn't make sense, if you look at how much it takes to train someone in the military versus how much it takes to train somebody working in a cafeteria, obviously it costs more to train somebody in the military. So there are some jobs that we should be contracting out. It just makes economic sense.

General KICKLIGHTER. Yes, sir.

Mr. TIAHRT. But being concerned about fraud and waste and abuse is something we all need to be vigilant in preventing. We, in the 2008 budget, put $48 million; $10 million of it was a bump-up for the DCAA, Defense Contract Auditing Agency.

I know it is not your area, but could you just give me an idea of what their charter is? Aren't they the post-contract award?

DEFENSE CONTRACT AUDIT AGENCY

General KICKLIGHTER. Ms. Ugone has oversight for that organization. If you don't mind, I will hand off with her.

Mr. TIAHRT. Please.

Ms. UGONE. We partner with the Defense Contract Audit Agency oftentimes, but their focus is they do preaward prior to contract.

Mr. TIAHRT. They do preaward analysis?

Ms. UGONE. Right. They service the contracting officer. They assist the contracting officer in arriving at some sort of negotiated price.

Mr. TIAHRT. They are technical support, engineers?

Ms. UGONE. Well, pricing analysts. They take a look at the pricing, the cost, and do a preaward survey about the contractor. They understand the contractor and the contracting system, so they are an adviser to the contracting officer.

Mr. TIAHRT. They doing postaward auditing.

Ms. UGONE. They also do postaward, which is mostly incurred costs, because what they want to do is determine whether or not costs are reasonable and allocable and allowable. That is their charter.

We actually work more the entire process. We can look at any part of the contract management process, because you actually have three phases. You have the preaward, the award, and you have the postaward, which is normally contract administration, contract closeout.

We can look at any part of that process, whereas DCAA actually concentrates more on the preaward and they do also postaward, any kind of advice that the contracting officer needs.

Now, our chain is different. They report directly. The director of the DCAA reports directly to the Under Secretary of Defense for Comptroller, so their mission is different and their reporting chain is different as well.

DEFENSE CONTRACT MANAGEMENT COMMAND

Mr. TIAHRT. We also bumped up the Defense Contract Management Command $14 million. What is their charter?

Ms. UGONE. Well, the Defense Contract Management Agency historically, when you take a look at it, they provide contract surveillance, contract oversight.

Mr. TIAHRT. So this is postaward?

Ms. UGONE. Right.

Mr. TIAHRT. Until contract completion?

Ms. UGONE. Or termination, depending on the situation on that. Historically they have been focused on weapons systems, you know, the major weapons defenses, major contractors. And part of the challenge for them is not necessarily the weapons system area; you have got this huge growth of services contract, so how do they play in that arena, so they traditionally——

Mr. TIAHRT. But they they looked at service contracts.

Ms. UGONE. Right. But traditionally their focus has been on weapons systems and major service contractors.

Mr. TIAHRT. Which is all supplying our troops other than substituting work for the troops, because weapons systems, for exam-

ple, are used for the troops but we traditionally don't build them in our military.

It looks at the contracts that provide goods and services to the military?

Ms. UGONE. Right. They usually are colocated with a major defense contractor overseeing them, because they are usually colocated with major defense contracts.

Mr. TIAHRT. Is DCAA also colocated usually?

Ms. UGONE. They could be. I am not sure of their organizational structure. They could be colocated or closely located near the major defense contractors.

Mr. TIAHRT. Okay. We know what the Inspector General's Office is doing. I don't have any questions about that.

There was something that looked like this hotline tip came in from Southwest Asia rather than from Iraq. We have talked a lot about Iraq.

But this December 2005, or—yes, 2005 phone tip came from the Southwest Asia area; that is right, Chuck?

Mr. BEARDALL. Well, it is actually from Iraq. We just use the generic Southwest Asia, which includes Iraq, Afghanistan, and Kuwait as our normal area. But it came from in-country, yes, sir.

Mr. TIAHRT. Okay, so it came from Iraq. It was a little puzzling because we were talking about Southwest Asia and Iraq, but they are synonymous in this case.

General KICKLIGHTER. The officer was located in Iraq, and the company was located in Kuwait but had activities going on in Iraq as well.

Mr. TIAHRT. In your testimony, page 10 of your testimony, I think this was the ICCTP, the International Contract Corruption Task Force, it went through 700,000 payment records.

Mr. BEARDALL. Different things. What you are talking about is 700,000 invoices.

Mr. TIAHRT. Invoices.

Mr. BEARDALL. Invoices that we were going through at the Defense Finance and Accounting Service Office in Rome, New York. That is the office that is receiving all the invoices from Southwest Asia, for pay, for paying contractors, all that. What we are doing now is data mining to find other fraud, it's getting all those vouchers, scanning them in and let analysts go through all of those and see if there are trends that sit there and say, well, why was this individual—just to use a soldier—why was this soldier getting so much money over this extended period of time?

We find out it is theft, that the soldier has worked in the finance office and was paying himself extra money along the way, or a high dollar amount for a contractor that shouldn't be providing items that cost that much.

So we are going to be going through all of those. We have at the moment two DCIS agents up there, looking through those vouchers being analyzed, we'll look at the vouchers if we find a crime, through the ICCTP they will be referred out to the appropriate law enforcement agency.

Mr. TIAHRT. So the three investigations, three cases of investigation of the $700,000, you guys are looking for a needle in a haystack.

Mr. BEARDALL. Yes, sir.

General KICKLIGHTER. We are just beginning.

Mr. BEARDALL. We are getting this stuff in, analyzing it right now. We have three referrals for criminal investigation. We expect that number to go way up.

Mr. TIAHRT. Well, I am wondering if we have the money in the correct pots because this ICCTP, you guys, DOD-IG, Defense Criminal Investigative Service, the U.S. Army Criminal Investigation Command, Army CID, Office of Inspector General, Department of State, FBI, people from Iraq, there are a lot of people involved in this agency.

Mr. BEARDALL. Actually, the three big players are DCIS, Army CID, and the FBI. The others are very small offices, but because they participate, we obviously mentioned them as well as partners in that effort. But it is a mainly DCIS, FBI and Department of Defense effort.

Mr. BISHOP. Will the gentleman yield?

Mr. TIAHRT. Yes.

CONTRACT EMPLOYEES

Mr. BISHOP. Earlier on he asked a question about the functions of the Defense Contract Audit Agency and the Defense Contract Management Command in conjunction with the Defense Inspector General. You were asked about how many contract workers you had in your office. You said you had a few.

But with regard to DCAA and DCMC, isn't it true that they have, because of a lack of trained personnel and because of the enormity of the task, they have had to employ contractors to actually assist in the management of these contracts and in the auditing? Don't they have extensive outsourcing of the contract management and the audit?

General KICKLIGHTER. Let me answer up front, and I will ask Mary to follow on.

Mr. BISHOP. I thought that is what GAO told us.

General KICKLIGHTER. I visited DCMA and in both Iraq and Afghanistan on this last trip. In the briefings I received, I did not get any indication there were contractors involved in their operation. But I did get the knowledge that they were woefully understaffed.

So this $14 million that you invested in DCMA is going to make a big difference of our management of contracts in the field. I think that is a wise investment for helping us prevent fraud and waste.

Mr. BISHOP. I agree. But it seems like the GAO guy told us when he was here that they are having to utilize contractors in those functions.

General KICKLIGHTER. We will look into that, sir.

The CHAIRMAN. Mr. Tiahrt.

Mr. TIAHRT. Mr. Chairman, the DCAA, if I could just inject this, the DCAA, which does very important work, there are some times when they do need to get outside expertise in a specific technical field. Mitre Corporation up in Boston has been very helpful, I think, in injecting some high-tech experts, especially in areas of stress and composite manufacturing.

I think we shouldn't put them in the same lump with a lot of other contracting that is going on to support our troops overseas.

The CHAIRMAN. I don't think any of us object to supporting some contract, maintenance, perhaps that includes services on some services. What we need to do is get it under control, is what we need to do.

General KICKLIGHTER. Yes, sir.

The CHAIRMAN. Mr. Visclosky.

Mr. VISCLOSKY. Thank you very much. Just a general question, because we find ourselves where we are today. In your testimony, you mentioned since 2000 your office had issued over 265 reports that identified problems, that made recommendations. Later in the testimony, you also indicated that you were summarizing about 300 government accountability, IG, Army Audit Agency reports. So at this point we have got a lot of information.

General KICKLIGHTER. Yes, sir.

IMPLEMENTING CONTRACTING IMPROVEMENTS

Mr. VISCLOSKY. We have had a lot of testimony and give-and-take. We appropriated additional monies for you for 2008. If you had the same amount of money, or more—and actually, what do we do today? Because in some areas apparently we are making some progress, but it seems like it is still a mess.

What one or two things are we supposed to be focused on that we are supposed to do to bring DOD around?

General KICKLIGHTER. What you have done has been a tremendous help for us in 2008, but what we have to do is figure out a way to sustain the increased capability that you have provided to us as we go forward.

I promised the Chairman I would get back to him, what we would need to continue to sustain that. What we are doing in regards to all those former audits that we have conducted and investigations, we are trying to pull together and evaluate all those and try to find out what did we accomplish, what have we not accomplished, what are the trends, what can we predict for the future? How can we prevent fraud, or how can we prevent some of the mistakes that we have committed in the past as we go forward?

Mary, is there anything you would like to add to that about those reports?

Ms. UGONE. One of the things, the summaries, or two reasons why we did it that way, one is since 2000—those are DOD IG reports—what we have identified, and it was prior to the commencement of the wartime effort.

Then we also decided to summarize from 2003 to present all the oversight, major oversight organizations and what they have looked at. We have taken about 300 reports, and we divided them into systemic issues of which one of them is contracting.

That, together, using that information, we want to focus our resources on those major systemic issues. Right now, it has come to contract administration, so far to date. When we summarize those reports related to Southwest Asia, seems to be the number one recurring problem over and over again, which is postaward issues.

So that is our strategy, is to take this and actually focus our resources on those key systemic issues.

Mr. VISCLOSKY. On that discrete problem. That is the largest problem you have?

Ms. UGONE. Right. That is our approach. We are going to be sharing that summary of Southwest Asia issues, identified with our joint planning group, Southwest Asia Joint Planning Group, which is made up of members from State, from SIGIR, from GAO, from Army Audit, Air Force Audit and Navy Audit so we can fan out, so we can actually leverage the rest of the oversight community to work together on mitigating and resolving some of these long-standing issues.

Mr. VISCLOSKY. So we should anticipate, if we are sitting here 12 months from now, that you are going to be able to tell us you have made progress and there are less problems?

General KICKLIGHTER. That we have been able to identify issues and make recommendations; that hopefully the Department can make progress and resolve. We make recommendations. The Department is the one that has to take the corrective action.

The CHAIRMAN. Let me just say to the gentleman, before—we learned before you came in, it is the same as it was. They make recommendations but nothing happens.

So what I am saying to them is give us those recommendations. They have made some progress but not the kind of progress that we should see. We need to put it in language, in a bill that says okay, let's get this act together. We have found the problem, but let's correct the damn problem.

Mr. VISCLOSKY. The Department itself.

The CHAIRMAN. The Department itself.

General KICKLIGHTER. Sir, could I add one comment, if I could?

The CHAIRMAN. Sure.

General KICKLIGHTER. I think we can do a better job in driving those recommendations; not just following, making them, but putting on some follow-up and pressure and getting results. I think I committed to you earlier that we are going to do that from now on.

Mr. VISCLOSKY. I guess that is part of my point is because you do have some responsibility. The Department clearly does. But summarizing reports and giving it to somebody who is not doing the proper job or, in fact, has engaged in nefarious activities, it is a paperweight for them.

General KICKLIGHTER. We can do a better job at that and we will commit ourselves to that.

CONTRACTORS WORKING FOR CONTRACTORS

Mr. VISCLOSKY. If I could, two more questions. You have a—we have a question about contractors doing government cost estimates for government contracts in one area in particular, for the Space Acquisition Program.

My understanding, about 64 percent of the cost estimating personnel are contractors, doing the cost estimating for other contractors. Is there a danger involved in that?

Ms. UGONE. I think the Federal Acquistion Regulation—and I can't pull them all out—there is a list in the Federal Acquistion Regulation of what they consider appropriate to be able to contract out.

The major distinction is you can do support work for the government, and that has covered the gamut from budget, from helping

to provide budget information, cost estimations. The distinction, the major distinction is you don't make the decision.

But that is where we are in this kind of situation with service contracts. That is where most of your service contracts are coming from is the service to the government in providing this information, the gathering of data which has been determined to not be inherently governmental. And that is rooted, that is in regulation right now in the Federal Acquisition Regulation.

I haven't looked at that specific issue.

General KICKLIGHTER. But we will.

Ms. UGONE. If you would like us to, we can. But there is a governing regulation that covers what is inherently governmental and what isn't. The distinction seems to be data gathering, gathering information, as well as making a decision.

General KICKLIGHTER. Frankly, I think that distinction is getting more blurred over time, and we need to take a hard look at that.

Mr. VISCLOSKY. Here the case in this agency, 64 percent of the personnel doing cost estimates are contractors themselves, and I assume at least have enough sense that their firm is not bidding on the contract. It is a small community, everybody knows everybody, and I am doing the estimating and things could move along. I mean——

General KICKLIGHTER. Let us look at that and get back to you.

Mr. VISCLOSKY. Thank you.

General KICKLIGHTER. I don't want to assume that.

SOLE SOURCE CONTRACTS

Mr. VISCLOSKY. The final question. And if somebody has asked this stop me. Sole-source contracting for 57 domestic bases has been identified. It has been estimated that 46 had awarded sole-source contracts for security services.

Is that healthy, and what are the standards for more than half being sole sourced?

General KICKLIGHTER. There are times when sole sourcing is appropriate, but not normally, and certainly not because of bad prior planning. That sounds awfully high, and we need to look at that.

Mr. DICKS. Will the gentleman yield for just a second?

Mr. VISCLOSKY. Sure.

Mr. DICKS. I have been involved in this, and the problem has been the Defense Department has been unable to come up with a memorandum that is cleared through all the different deals. This is being managed out of General Clapper's shop—Greg Torres is the person who in Clapper's shop was supposed to be putting this thing together.

So what has happened is we had this situation like Fort Dix where they did not have a system in place, but there are contractors out there who are providing a service. And that is why these things—each base has kind of done their own little competition between these various parties and picked the one that they thought was the best.

My concern is we hope the DoD will come up with standards so that everybody will know how they are supposed to evaluate and make these decisions.

But what the bases have been doing is looking at the contractors and then picking one, and that is how it has worked.

General KICKLIGHTER. Let us look into that.

Mr. DICKS. The worst problem is just not to do anything. That is what happened at Fort Dix. They didn't do anything. Let me give you one quick point.

At Andrews, when this contract went into Andrews, they found like 1,200 people who were going on that base regularly who were not supposed to be on base, some of them which had criminal records a mile long. Many of them, I think, were going on just from some relative to go to the PX. But it showed you that there are a lot of people getting on these bases.

We found the same thing at the Trident submarine base at Bangor, that people with long records were getting onto these bases because there was no effective check of their identification when they came on the base. So this is a real problem.

The CHAIRMAN. Mr. Kingston.

Mr. KINGSTON. Thank you, Mr. Chairman.

General Kicklighter, I am glad to be able to give you greetings from Tattnall County.

General KICKLIGHTER. Well, good to see you again, Congressman.

Mr. KINGSTON. Mr. Chairman, if you are a Kicklighter or a Dasher or a Dubeley or a Deloach in Tattnall County, you are related to clearly 75 percent of the people. So the general is an extremely popular guy in Glennville, Georgia.

I would ask you for some Vidalia onions, but we would probably both get arrested in today's climate.

General KICKLIGHTER. Give me about an hour, and I can get you some.

Mr. KINGSTON. On this sole-source contract issue, when is it appropriate to have one and when is it not? Because there is, as Mr. Visclosky pointed out, the number according to a GAO report in April of 2006 was that on 57 domestic bases, 47 of them—46 were done on a sole-source contract.

I don't need a specific, but generally when would they go sole source? That seems to be the case rather than the exception.

General KICKLIGHTER. When there is an urgency and you have to move quickly, when there is only one source that does the service that you are looking for.

Ms. UGONE. We can actually give you a list, but the three main ones you would think about, as Mr. Kicklighter said, is there is only one responsible source, which means somebody who can actually do the job. And the second one is urgent and compelling need.

The third one would be you want to make sure you maintain industrial mobilization capability of a particular contractor. There are like three others in the FAR, Federal Acquisition Regulation. We can actually get you the list of when it is appropriate.

Mr. KINGSTON. Well, when is it a really urgent and compelling need?

It would seem to me, pre-9/11, some of the military post bases had security and some did not. And then suddenly 9/11 comes; it doesn't seem like you would still be inventing the wheel, though. I don't see where we would be in an urgent and compelling need at all.

Having gone in and out of military bases all my congressional life of 16 years, I can say pre-9/11 it was a little bit haphazard, but there still wasn't the need to rush out and get it. Particularly now, we are talking 6, 7, 8 years down the road, so why would it still be urgent?

Ms. UGONE. Well, prior, we have identified issues with sourcing for quite a bit, and we have had issues with sole sourcing too, because usually it was a substitute for inadequate planning. So, yes, it is similar to today's environment.

Previously, there was a citation of urgent and compelling because of the need to surge and those reasons. But it is the same issue, adequate planning versus sole source. We do continue to have sourcing issues. When we do our audits, the question is why not use more competition is really the reports that we have been issued, pre-OEF and -OIF and post-OEF and -OIF.

Mr. KINGSTON. That doesn't make any sense, because, you know, if you didn't have security on the gate pre-9/11, why, suddenly, was there a panic? I could see, for example, Kings Bay Naval Base where you have nuclear—right in the middle of the base that is actually guarded by the Marines, which was always the case pre-9/11—post-9/11. But that gate actually had security, but other bases did not.

It is hard for me to believe that outside of the panic that this town always gets in when there is a rush to do something or being perceived as doing something, that much of this was really urgent as much as it is window decoration.

But even saying, okay, it was urgent, you know, September 12, 2001. But to me, I am flabbergasted that we would still be saying urgent and compelling would be a reason to use sole source.

General KICKLIGHTER. We certainly would agree with you. We are very concerned about the sole-source contracting. There are cases that it makes sense, but they should be rare and the exception rather than the rule. We will certainly be glad to look into this issue and find out why we are still using that at this late date. We agree with you. We should be a free and open competition.

Mr. KINGSTON. I don't know if this comes into your jurisdiction or not, but illegal aliens going on military post bases, is that something that you have concern about, because——

CONTROL OF BASE ACCESS TO CONTRACTORS

General KICKLIGHTER. We are concerned about the security of all our bases, and if illegal aliens are going on—or if any criminals are going on, as pointed out by Congressman Dicks, we are concerned about that and something we should look into if we find that is a problem.

Mr. KINGSTON. The President, by executive order, did sign an executive order last year that said that people who have employees on military bases need to verify their Social Security numbers, use E-Verify. Are you familiar with that executive order?

General KICKLIGHTER. I am not, personally. Are you?

Mr. KINGSTON. I think it was in August.

General KICKLIGHTER. We will certainly look that up.

Mr. KINGSTON. Yes. If you could find out about it and tell me how that has worked, and if that is something we need to do by

law in Congress, to expand on it or shore it up or correct it, I think we would be interested in it, because we have tons and tons of contractors coming in and maintaining the building, cutting the grass, picking up the laundry, serving food, all kinds of things like this, and the Social Security numbers of their employees aren't verified consistently.

General KICKLIGHTER. Let me just add one comment, and I will stop. But one thing we are doing that we hadn't mentioned earlier is looking at control and accountability of contractors in Southwest Asia, particularly in Iraq and Afghanistan. We are trying to help everybody get their arms around how many contractors are there and should they be there?

The way we are approaching it is through the CAC cards and making sure that they are legitimate, they should have them, and they should be there. If they are not, we will recommend to their commanders that they not let them have access. That is ongoing as we speak.

CONTRACTORS AND MILITARY LAW

Mr. KINGSTON. Another question about Iraq and Afghanistan. Are those contractors subject to military laws or civil laws? You know, there is a criticism that they are outside military law because of conduct or whatever.

Mr. BEARDALL. If they are U.S. contractors, then they are subject to our laws as well. Now, getting them back to the States may be the more problematic issue.

In the case that we are talking about that keeps building, one of the main subjects is an American citizen has a home in the States but he lives in Kuwait and has not come back, and so that may be the problem. But, no, we can prosecute in Federal district court, crimes committed over there by U.S. citizens against Iraqis.

Mr. DICKS. Will the gentleman yield for a very brief point, very brief? Are the laws adequate to deal with these contractors?

Mr. BEARDALL. Yes, sir.

Mr. DICKS. In an overseas context?

Mr. BEARDALL. It is the same violation whether it occurs over there or back here. False claims, bribery, theft, corruption all of those are provided for by U.S. statute and prosecuted.

Mr. DICKS. What about the Blackwater situation where they are involved in some kind of almost combat in protecting people. Is that covered adequately?

Mr. BEARDALL. Well, in the case of Blackwater, if you are talking about Blackwater injuring or killing civilians, that is really then a matter for the Iraqis, because there is no crime against the United States by Blackwater killing citizens of another country.

The CHAIRMAN. Since that incident, the Defense Department has been more clear on rules for engagement for contractors.

General KICKLIGHTER. Correct.

The CHAIRMAN. Let me just say and wrap this thing up, we don't want to go too far here where it costs us more money. Sometimes you can standardize things to the point where you have competition, and it costs more than it did otherwise.

General KICKLIGHTER. Yes, sir.

The CHAIRMAN. We want a reasonable recommendation and see what this Committee can do. We are going to have Mr. Young over and Tina over, because they control this, and ask them if they are implementing these plans. Give us some advice and we will work on it. Thank you very much.

Mr. BISHOP. Mr. Chairman, will you yield for a second on that question?

The CHAIRMAN. A second?

A–76 COMPETITIONS

Mr. BISHOP. Yes, sir. The Federal employees complain that when they are doing an A–76 contract, outsource, that the contractor has a right to appeal it, but the employees themselves don't. And could we get the Inspector General to make a recommendation as to whether or not it would be fairer, in the best interest of overall efficiency and cost, if the appeal rights were equal on both sides?

The CHAIRMAN. Do you understand the question?

General KICKLIGHTER. I basically do, but I will talk to him right after the hearing.

The CHAIRMAN. I am not sure I understand what the gentleman wants, but we will try to work it out.

General KICKLIGHTER. I will stay with you, sir.

The CHAIRMAN. Thank you very much. The Committee stands adjourned.

[CLERK'S NOTE.—Questions submitted by Mr. Murtha and the answers thereto follow.]

IG'S ACTIONS TO IMPROVE CONTRACT MANAGEMENT AND ACCOUNTABILITY

Question: The Committee added $48 million to the 2008 budget request in an attempt to improve accountability and management of contracted services. The funds were added for more robust staffing of contractor management and oversight personnel. Funding was added as follows:

	($ in millions)
Defense Contract Audit Agency	+ 10
Defense Contract Management Command	+ 14
Defense Inspector General	+ 24
Total for Improved Management and Oversight	+ 48

The DoD IG has the responsibility to improve contract management and oversight. The Inspector General's Act of 1978 requires U.S. Federal IGs to:

> ". . . provide leadership and coordination and recommend policies for activities designed (A) to promote economy, efficiency, and effectiveness in the administration of, and (B) to prevent and detect fraud and abuse in, such programs and operations . . ."

Mr. Kicklighter, of the $24 million provided to the DoD IG by the Committee to improve contractor oversight, how much has the DoD IG obligated?

Answer: The additional funding was allocated within the agency to cover increased costs related to the increased hiring which translated to more FTEs; higher-than-budgeted pay raise; NSPS performance bonuses; increases in travel, communication, training, supplies, start-up equipment related to new hires; other fixed cost increases for rent and O&M minor construction at field locations, and additional GWOT-related premium pay and travel costs.

As of March 25, 2008, we have obligated 47.7% of the total program funding, $113.940 million out of $239.089 million (total includes transferred counter drug funding). An additional $2.4 million (1%) is in commitment status. Payroll costs are increasing as new hires come on board. Current projections are the majority of new hires for Investigations and other mission areas should be brought on board during third quarter. A significant element of the Audit hiring strategy targets college recruitment so that a significant proportion of Audit new hires will come on board during the third and fourth quarters.

We are deferring the majority of equipment purchases until the enactment of the GWOT emergency supplemental funding. The GWOT request includes $4.394 million for the OIG. If we do not receive supplemental funding we will have to cover the incurred costs ($2.6 million to date) for GWOT reviews within our current funding.

Question: How is the DoD IG planning to utilize the additional funds provided by this Committee?

	FY 2008 Estimate (in $ millions)		
	PB08	Revised	Delta
Personnel Comp/Benefits	169,011	183,623	14,612
Travel	7,515	8,714	1,199
Transportation	446	706	260
Rent	16,312	17,948	1,636
Communications/Utilities/Other	2,679	3,172	493
Printing	107	200	93
Other Services	12,717	16,089	3,372
Supplies	3,235	3,697	462
Equipment	2,973	4,846	1,873
Total O&M	$214,995	$238,995	$24,000

The OIG is proceeding to hire 73 additional criminal investigators, auditors, inspectors and evaluators, and required support staff to meet the need of increased oversight, particularly enhanced contractor oversight. Five additional positions will be filled to meet the OIG initiative to improve training for combatant command and joint inspectors general. We funded permanent change of station moves, travel, communications, supplies, equipment purchases related to the new positions.

We are funding the establishment of field activities at Combatant Command locations in Korea and Europe more efficiently support audits of contracts, logistics, and funds as force restructure occurs in the Pacific theater and as EUCOM transfers responsibilities to AFRICOM.

The additional funding was needed to support the final approved pay raise rate and NSPS performance pay adjustments and bonuses which was higher than the budgeted level. We have a significant proportion of staff in the Washington Metropolitan Area so the pay raise rate was nearly 4.5 percent versus the 3 percent budget rate. If the additional funding had not been provided, the OIG would have to reduce staffing levels since personnel costs make up over 76 percent of our budget.

We are funding the GWOT oversight costs out of the core appropriation until the additional supplemental funds are appropriated by Congress.

We were faced with other mandatory cost increases for GSA lease renewals and office renovations.

We are also gearing up to respond to the reporting requirements contained in the National Defense Authorization Act for FY 2009. Specifically, Section 842, investigations of waste, fraud, and abuse in wartime contracting processes in Iraq and Afghanistan requires a series of audits.

Question: How has the DoD IG reached out to the Services to make them aware of the contract management and oversight help that you can provide? Please be specific.

Answer: DoD IG participates in various joint planning groups with the Services and GAO including a planning group on contracting and oversight to share ongoing and planned audit coverage. In addition, Program Directors conduct research on planned areas for future audit coverage and reach out to Senior Service officials for areas of interest. In addition we participate in the APEX Orientation. APEX is designed to improve executive job effectiveness through enhanced leadership skills and decision-making strategies. During the APEX orientation we traditionally provide a briefing regarding our office the general responsibilities of Senior Executive Service Members. In addition, each announcement letter issued by Audit also solicits additional areas that management believes should be covered.

FEDERAL EMPLOYEE VS. CONTRACTOR MIX

Question: Mr. Kicklighter, how does DoD define a proper balance between federal and contractor employees in performing DoD missions?

Answer: The DoD IG has no input into the decision making process involving contracting for services versus hiring Government employees to do the work of the De-

partment. However, when making a determination regarding the use of contractor support the following needs to be considered.

- Is the requirement short-term (contractor) or a long-term recurring requirement (in-house) to meet the mission needs?
- Is the contractor support cost-effective?
- Is the requirement inherently Governmental or closely related to an inherently Governmental function?
- Does management and control of the program need to remain in the hands of full-time Government officials clearly responsible to the President and the Congress?
- Can the Department provide adequate surveillance over contractor personnel?

GROWTH IN CONTRACTOR PROVIDED SERVICES

Question: DoD's obligations on service contracts rose from $92 billion in fiscal year 1996 to $183 billion in fiscal year 2006 (per 2008 President's Budget).

Is the transition to contractor provided services the result of a strategic decision?

Answer: For the past 20 years DoD has applied civilian manpower ceilings and not funding ceilings on the Services that basically allows the Services to hire contractors but not Government employees to perform the functions. In fact, for many years the DoD manpower ceilings were actually being cut and there have been many initiatives designed to contract for tasks readily available in the commercial marketplace.

Question: How does the DoD achieve oversight of contracting that is accomplished at field locations around the world?

Answer: The majority of DoD contract dollars are not awarded at field locations. Historically, the IG has tried to align resources with highest dollar awards to get the biggest bang for the buck for the taxpayer with our limited resources.

OMB CIRCULAR A–76

Question: The Executive Office of the President's policy on the performance of commercial type activities, OMB Circular A–76, states: "The longstanding policy of the federal government has been to rely on the private sector for needed commercial services. To ensure that the American people receive maximum value for their tax dollars, commercial activities should be subject to the forces of competition".

What is the definition of "commercial type activities"? What should it be?

Answer: The A–76 policy statement provides the following definition for "Commercial Activity":

> A recurring service that could be performed by the private sector. This recurring service is an agency requirement that is funded and controlled through a contract, fee-for-service agreement, or performance by government personnel.

Under the A–76 policy statement, the Government must characterize the activities that are performed by Government personnel as commercial activities that could be performed by contractors or inherently governmental activities that must be performed by Government personnel. As noted in the A–76 policy statement:

An inherently governmental activity is an activity that is so intimately related to the public interest as to mandate performance by government personnel. These activities require the exercise of substantial discretion in applying government authority and/or in making decisions for the government.

In contrast, an activity may be provided by contract support where the contractor does not have the authority to decide on the course of action, but is tasked to develop options or implement a course of action, with agency oversight.

Additional guidance as to what could be considered a "commercial service" is set forth in the Federal Acquisition Regulation ("FAR"). For example, the definition of "commercial item" set forth in FAR 2.101 includes the following:

> "Commercial item" means—
>
> (6) Services of a type offered and sold competitively in substantial quantities in the commercial marketplace based on established catalog or market prices for specific tasks performed or specific outcomes to be achieved and under standard commercial terms and conditions.

The definition contained in FAR 2.101 of "inherently governmental functions" also indicates that:

> (2) Inherently governmental functions do not normally include gathering information for or providing advice, opinions, recommendations, or ideas to Government officials. They also do not include functions that are primarily ministerial and internal in nature, such as building security, mail operations, operation of cafeterias, housekeeping, facilities operations and maintenance, warehouse operations, motor vehicle fleet management operations, or other routine electrical or mechanical services.

FAR 7.503(d) provides a list of examples of functions generally not considered to be inherently governmental functions. FAR 7.503(d) further states that the list is not all inclusive and notes that services and actions that are not considered to be inherently governmental functions may approach being in that category because of the nature of the function, the manner in which the contractor performs the contract, or the manner in which the Government administers contractor performance.

Question: Does DoD, in making decisions to contract for services, have sound decision-making processes to ensure that savings will result from using contractors to meet a mission requirement?

Answer: Recent coverage by the DoD IG has found a variety of problems related to contracting for services. Areas where our reports have found problems include a lack of justification of price reasonableness and inadequate surveillance of contractor performance.

Question: If not what should be done by Congress to get DoD to put such safeguards into place?

Answer: Our audits have made recommendations for various improvements in contracting for services. Congress and DoD have taken actions based on our reports to improve safeguards. Our audit plans include additional audit coverage of service contracts. This coverage should disclose strengths or weaknesses in contracting and provide a basis for future recommendations for further improvements.

Question: What risks does DoD face with its growing reliance on contractors, and what steps can Congress take to reduce contracting vulnerabilities especially in contingency situations, such as has occurred in Iraq when large amounts of money flow quickly to address pressing needs?

Answer: Tradeoffs include balancing the need to retain a staff of exceptionally strong executives, scientists, engineers, and acquisition officials within DoD versus obtaining the expertise from contractors. Another tradeoff is the degree of control retained by the Government. The Government loses some degree of control when functions are contracted out.

The following things need to be considered when making decisions about using contractor support.

- Is the requirement short-term (contractor) or a long-term recurring requirement (in-house) to meet the mission needs?
- Is the contractor support cost-effective?
- Is the requirement inherently Governmental or closely related to an inherently Governmental function?
- Does management and control of the program need to remain in the hands of full-time Government officials clearly responsible to the President and the Congress?
- Can the Department provide adequate surveillance over contractor personnel?

The John Warner National Defense Authorization Act of 2007 (Public Law 109–364) directed the DoD to convene a panel of senior leaders to conduct Department-wide reviews of progress to eliminate areas of vulnerability of the defense contracting system that allow fraud, waste, and abuse to occur. The panel was to review the report of the Comptroller General required by the National Defense Authorization Act of 2006 (Public Law 109–163) related to these areas of vulnerability, and to recommend changes in law, regulations, and policy deemed necessary.

The DoD IG representative is a member of the overall Panel on Contracting Integrity, a member of the subcommittee on Adequate Pricing, and is Chairman of the Procurement Fraud Indicators subcommittee. The Procurement Fraud Indicators subcommittee is identifying what these indicators are and how they should best be addressed and used for the contracting/acquisition workforce.

DATABASE TO TRACK THE NUMBER OF DEPLOYED CONTRACTORS

Question: In January 2007, DoD set up a database called Synchronized Predeployment and Operational Tracker (SPOT) to identify and track for DoD the number of deployed contractors. It is not clear if DoD is able to track the number of the private sector contractors who are deployed.

Mr. Kicklighter, can DoD track the number of deployed contractors and subcontractors?

Answer: We do not currently know the number of deployed contractors. On January 28, 2008, DoD issued guidance on a time phased implementation approach for input of contractor data into SPOT. All contractor personnel employed on any DoD-funded contracts being performed in Iraq is due May 1, 2008. All contractors employed on DoD-funded contracts being performed in support of contingency operations anywhere in the world is due September 30, 2008. Also, the requirement excludes (1) personnel hired under contracts that do not exceed $25K and for which

the period of performance is less than 30 days; and (2) Embarked contractor personnel, while afloat, that are tracked by the Diary Message Reporting System.

On January 24, 2008, we announced and began an audit of controls over the contractor common access card life-cycle in SWA. Our ongoing audit of contractor common access cards will determine whether controls over common access cards provided to contractors are in place and work as intended. Additionally, by using the common access cards' data repositories, hopefully, we will also be able to identify the number of contractors forward deployed to Southwest Asia. We will provide the committee with a copy of this review upon completion.

Question: Can DoD track the nationalities of contractors and subcontractors performing service contracts?

Answer: We do not currently know the nationalities of all contractors and subcontractors performing service contracts.

Our ongoing audit of contractor common access cards will determine whether controls over common access cards provided to contractors are in place and work as intended. Additionally, by using the common access cards' data repositories, hopefully, we will also be able to identify the number and nationality of contractors forward deployed to Southwest Asia. We will provide the committee with a copy of this review upon completion.

Question: Can DoD track the contractors and subcontractors performing service contracts who carry weapons?

Answer: We cannot currently track the contractors and subcontractors performing service contract who carry weapons.

Our ongoing audit of contractor common access cards will assist the department in identifying all contractors, including those on service contracts, in Southwest Asia. That will enable the forward-deployed commanders to populate the SPOT database with contractor data such as those contracts authorizing contractors to carry weapons.

[CLERK'S NOTE.—End of questions submitted by Mr. Murtha.]

WEDNESDAY, FEBRUARY 6, 2008.

F–15 AIRCRAFT

WITNESSES

GENERAL T. MICHAEL MOSELEY, CHIEF OF STAFF, UNITED STATES AIR FORCE

GENERAL JOHN D.W. CORLEY, COMMANDER AIR COMBAT COMMAND

INTRODUCTION

Mr. MURTHA. The hearing will come to order. Do we have a motion, please.

Mr. FRELINGHUYSEN. Mr. Chairman, I move that the hearing be closed due to the nature of the subject under discussion.

Mr. MURTHA. Without objection, so ordered.

We want to welcome the chief to this hearing. Everybody in the Air Force must be F–15 pilots, because when we asked for F–15 pilots, they all held up their hands, some of them. So we were talking about maintenance problems, about the crew chiefs', in particular, concern about the maintenance, not only F–15s, but the experiences we have had. I was out at Nellis and I heard the same thing. So we are interested to hear about alternatives, about how we are going to fund these things and get rid of F–15s, so that this Committee can help you with the supplemental.

SUMMARY OF STATEMENT OF GENERAL MOSELEY

General MOSELEY. On behalf of our nearly 670,000 Airmen, I want to thank you for the opportunity to be here today to talk about our inventory of F–15 Eagle air superiority fighters. The proximate cause of today's discussion is the catastrophic breakup last November of an F–15C during a routine flight belonging to the Missouri Air National Guard. We lost the plane. The pilot managed to eject safely. Although he was hurt, he survived. I am here today with an expert on the subject, my friend, John Corley who commands our Air Combat Command, for discussion on returning our pilots and their aircraft to their vital role of national defense.

This is an emotional issue for me on a variety of levels. Since 1976, I have flown F–15s and I have been around them for decades. I am also the father of an F–15C pilot. And as Airmen, we trust these airplanes and have faith that the weapons systems we fly will hold together. After this accident, our conviction is a bit shaken, so we are working this very hard. So as the pilot of this particular aircraft and the parent of a pilot, it is important for me to emphasize that the United States Air Force remains committed to providing our young women and men aircraft that are safe to fly to the limits of the design specifications.

We realize that flying is a dangerous business, always has been, always will be. And because the air superiority mission is arguably most physically demanding, we know there is extra risk associated with it. We mitigate that risk with an aircraft that, when designed in the 1960s, was the product of the finest engineers in the world and is still cared for today by Airmen who are the best maintainers in the world. These Airmen perform miracles every day. Aging aircraft issues will continue to challenge even them with the unexpected problems that inevitably accompany an inventory that is wearing out.

The bigger picture, the F–15 Eagle's longeron problem, has caused us to ground nearly 40 percent of the aircraft that are primarily responsible for America's air superiority and fighters that guarantee America's air superiority.

Meanwhile, existing and emerging opponents are not sitting idle. The air superiority environment in which they operate is becoming increasingly stressful. New weapons and jammers give opponents unprecedented parity. In some cases, these air-to-air and surface-to-air capabilities make legacy platforms like the F–15 obsolete. These events demand our aircraft generate and sustain performance that three, four decades ago we didn't anticipate.

Just to survive, you have to fly the F–15 at the limit of its capabilities. That, in turn, is going to mean surprises. We simply don't know what is going to fail next.

Mr. MURTHA. Say that again.

General MOSELEY. We operate the F–15 to meet the existing threat at the maximum level of its capability.

Mr. MURTHA. So what does that mean?

General MOSELEY. As the aircraft ages, we simply don't know what is going to fail next.

Mr. MURTHA. So you are not talking about the systems; you are talking about the structural failure of the airplane possibility?

General MOSELEY. Yes, sir. Now, we are confident we are not flying an unsafe airplane, nor would we put people into unsafe airplanes. That is a given. But as we look at the threats and this aging airplane, Mr. Chairman, we just don't know what is going to break next on it. So the once impenetrable field is now beginning to crack. Unfortunately, we have similar stories we could share about other aircraft, but today's topic is the F–15. So, recapitalization and looking at modernization are the things that General Corley and I worry about. And we have plans and programs in place to move us in that direction. And, more than you will ever know, we appreciate the Congress, and in particular, this committee's consistently strong support for our Airmen to fly these airplanes and maintain these airplanes and serve as key members of the joint team, alongside Soldiers, Sailors, Marines and Coast Guardsmen.

Now, sir, if you will allow me, with more details about the 2 November F–15 mishap and about our "Get Well" plan, I offer General John Corley—also an F–15 pilot and Commander of Air Combat Command.

F–15 MISHAP

General CORLEY. Thank you, Chief. And thank you, Mr. Chairman, in terms of the opportunity to be with you today along with the distinguished Members of Congress.

As the Chief alluded to, F–15s really primarily have proudly watched over this Nation in terms of air superiority for more than three decades now. That remains kind of fundamental for the air defense and air dominance for the United States. Its previous durability was pretty much unmatched and had been unmatched for more than 6 million hours worth of flying time. But on 2 November—prior to 2 November, I would say—F–15 pilots were always confident that their aircraft was not going to snap in half. We have got to restore that confidence in terms of their tools they use to defend this Nation, sir. So here are the facts on the accident, sir.

On 2 November, an F–15C out of St. Louis and our Missouri Air National Guard suffered catastrophic structural failure. It broke apart in flight. One of the first reports back to us was we had two major parts of this airplane separated by about half a mile, with other parts spread across the landscape a half mile wide by about three miles long. We are just extremely grateful, as the Chief said, that the pilot was able to get out of the airplane. He did suffer some fairly severe injuries, a dislocated shoulder, broken bones, surgery, some blood problems, some other related damage. He is lucky to be alive, sir.

The incident, I guess, does highlight the risks that are inherent in terms of our fighting fliers, and it is a risk that we try to manage in the defense of this Nation and our pilots manage it every day. But that 2 November incident, sir, served us up a notice. The notice is: What happens when these aging fleets add risk to our ability to be able to perform the mission that this Nation asked of us?

On the 3rd of November, right after that accident, we stood down the F–15s; a couple of days after that, I convened an accident investigation team so we could get at the root causes of this particular mishap. And from the beginning, we wanted to be transparent in terms of what was the cause.

Really, and I would say it was a partnership in the investigation of the best, as far as minds, of our F–15 Logistics Center, the Air Force Laboratory, the Boeing Corporation, and academia all coming together to find out what caused this problem. We spent over 5,000 hours sifting through the wreckage we found spread across; and the accident team did find a smoking gun for this particular airplane, 80–0034. It was a four-inch-long fatigued crack in the longeron.

Now, a longeron is, really, it is the structure of the airplane. It is the backbone of the airplane. It is what the ribs connect to. But in this case, this aging airplane had brittle bones in it, and one of those brittle bones snapped. Those longerons connect the fore and aft sections of the airplane, and in this case this longeron and fatigue crack was in a place where it was about 60 percent too thin. Over time, that stress, that twist, that pulling, that pushing pulled in an area causing a crack. The crack grew until it eventually snapped, and so did this particular airplane.

Now, following the finding of what was at the root of this airplane accident, we took that accident team out and debriefed the recommendations of the Logistics Center, and we released 259 of the 441 A through D model F–15s back to flight. We put them back in the air. That left us about 40 percent. We did not—because as we inspected those airplanes, 40 percent were not to blueprint specification. And before we released them to flight, sir, we wanted to make sure, one, no cracked longerons; two, that the longeron thickness met specification; three, that there were no rough spots in those longerons that connect the ribs of the airplane.

Now, the 40 percent that did not meet those criteria, including nine other airplanes that we actually found cracks in, cracks that would have also resulted in broken longerons and failed catastrophic airplanes, those are still pending further analysis. In fact, there is a meeting this week, sir, for all the engineers to come together to try to determine what can we do with that other 40 percent of the fleet, that other 162 airplanes that remain grounded.

Operational impact to the ground, sir, is significant. These units are trying to get requalified right now with the limited number of airplanes they have. We are focused on safely returning to flight and focused next on homeland defense. And the third thing is meeting those war plans and meeting other training that is necessary. But it is going to take us months to get back, sir.

Until those airplanes are returned or we have a way to meet that mission, we use other airplanes in the inventory: F–16s, F–22s, even Canadian CF–18s, to support homeland defense requirements. There is a cascade effect when you stand down that many airplanes, sir, that cannot meet their mission. For two plus months we had the entire inventory of F–15As through Ds stand down, and now we only have 60 percent that can fly. No one could have predicted this particular incident.

[The joint statement of General Moseley and General Corley follows:]

DEPARTMENT OF THE AIR FORCE

PRESENTATION TO THE COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON DEFENSE

UNITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: F-15 Status

STATEMENT OF: GENERAL T. MICHAEL MOSELEY,
CHIEF OF STAFF, UNITED STATES AIR FORCE

GENERAL JOHN D.W. CORLEY,
COMMANDER AIR COMBAT COMMAND

FEBRUARY 6, 2008

NOT FOR PUBLICATION UNTIL RELEASED
BY THE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON DEFENSE
UNITED STATES HOUSE OF REPRESENTATIVES

BIOGRAPHY

UNITED STATES AIR FORCE

GENERAL T. MICHAEL MOSELEY

General T. Michael Moseley is Chief of Staff of the U.S. Air Force, Washington, D.C. As Chief, he serves as the senior uniformed Air Force officer responsible for the organization, training and equipage of more than 710,000 active-duty, Guard, Reserve and civilian forces serving in the United States and overseas. As a member of the Joint Chiefs of Staff, the general and other service chiefs function as military advisers to the Secretary of Defense, National Security Council and the President.

General Moseley graduated from Texas A&M University in 1971 with a Bachelor of Arts degree in political science. He earned a Master of Arts degree from Texas A&M University in 1972, also in political science. He has commanded the F-15 Division of the USAF Fighter Weapons School at Nellis AFB, Nev., the 33rd Operations Group at Eglin AFB, Fla., and the 57th Wing, the Air Force's largest, most diverse flying wing, also at Nellis. The general has served as the combat Director of Operations for Joint Task Force-Southwest Asia. General Moseley also commanded 9th Air Force and U.S. Central Command Air Forces while serving as Combined Forces Air Component Commander for operations Southern Watch, Enduring Freedom and Iraqi Freedom. The general is a member of the Council on Foreign Relations. He has been awarded the Knight Commander of the Most Excellent Order of the British Empire, the Order of National Merit (Officer) and the Order of National Merit (Commander) by the president of the French Republic, which is the second highest French military award. He has also been awarded the United Arab Emirates' Military Medal, 1st Class, by the president of the U.A.E., and the Mérito Santos-Dumont from the Brazilian Air Force.

General Moseley's staff assignments have been a mix of operational, joint and personnel duties. These include serving in Washington, D.C., as Director for Legislative Liaison for the Secretary of the Air Force; Deputy Director for Politico-Military Affairs for Asia/Pacific and Middle East, the Joint Chiefs of Staff; Chief of the Air Force General Officer Matters Office; Chief of Staff of the Air Force Chair and Professor of Joint and Combined Warfare at the National War College; and Chief of the Tactical Fighter Branch, Tactical Forces Division, Directorate of Plans, Headquarters U.S. Air Force.

EDUCATION
1971 Bachelor of Arts degree in political science, Texas A&M University, College Station
1972 Master of Arts degree in political science, Texas A&M University, College Station

Chief of the Air Force General Officer Matters Office; Chief of Staff of the Air Force Chair and Professor of Joint and Combined Warfare at the National War College; and Chief of the Tactical Fighter Branch, Tactical Forces Division, Directorate of Plans, Headquarters U.S. Air Force.

EDUCATION
1971 Bachelor of Arts degree in political science, Texas A&M University, College Station
1972 Master of Arts degree in political science, Texas A&M University, College Station
1977 Squadron Officer School, Maxwell AFB, Ala.
1981 Fighter Weapons Instructor Course, U.S. Air Force Fighter Weapons School, Nellis AFB, Nev.
1984 Air Command and Staff College, Maxwell AFB, Ala.
1988 U.S. Air Force Joint Senior Battle Commander's Course, Hurlburt Field, Fla.
1990 National War College, Fort Lesley J. McNair, Washington, D.C.
2000 Combined Force Air Component Commander Course, Maxwell AFB, Ala., and Hurlburt Field, Fla.

ASSIGNMENTS
1. June 1972 - May 1973, student, undergraduate pilot training, Webb AFB, Texas
2. May 1973 - July 1977, T-37 instructor pilot and spin flight test pilot; flight check pilot, and standardization and evaluation flight examiner, 3389th Flying Training Squadron, 78th Flying Training Wing, Webb AFB, Texas
3. July 1977 - September 1979, F-15 instructor pilot, flight lead and mission commander, 7th Tactical Fighter Squadron, Holloman AFB, N.M.
4. September 1979 - August 1983, F-15 weapons and tactics officer, instructor pilot, and flight lead and mission commander; standardization and evaluation/ flight examiner, 44th Tactical Fighter Squadron and 12th Tactical Fighter Squadron, Kadena Air Base, Japan
5. August 1983 - June 1984, course officer, Air Command and Staff College, Maxwell AFB, Ala.
6. June 1984 - June 1987, Chief, Tactical Fighter Branch, Tactical Forces Division, Directorate of Plans, Deputy Chief of Staff for Plans and Operations, Headquarters U.S. Air Force, Washington, D.C.
7. June 1987 - June 1989, Commander, F-15 Division, and instructor pilot, Fighter Weapons Instructor Course, U.S. Air Force Fighter Weapons School, Nellis AFB, Nev.
8. June 1989 - June 1990, course officer, National War College, Fort Lesley J. McNair, Washington, D.C.
9. June 1990 - August 1992, Chief of Staff of the Air Force chair and professor of Joint and Combined Warfare, National War College, Fort Lesley J. McNair, Washington, D.C.
10. August 1992 - January 1994, Commander, 33rd Operations Group, Eglin AFB, Fla.
11. January 1994 - May 1996, Chief, Air Force General Officer Matters Office, Headquarters U.S. Air Force, Washington, D.C.
12. May 1996 - November 1997, Commander, 57th Wing, Nellis AFB, Nev.
13. November 1997 - July 1999, Deputy Director for Politico-Military Affairs, Asia/Pacific and Middle East, Directorate for Strategic Plans and Policy, the Joint Chiefs of Staff, Washington, D.C.
14. July 1999 - October 2001, Director, Legislative Liaison, Office of the Secretary of the Air Force, Headquarters U.S. Air Force, Washington, D.C.
15. November 2001 - August 2003, Commander, 9th Air Force and U.S. Central Command Air Forces, Shaw AFB, S.C.
16. August 2003 - September 2005, Vice Chief of Staff, Headquarters U.S. Air Force, Washington, D.C.
17. September 2005 - present, Chief of Staff, Headquarters U.S. Air Force, Washington, D.C.

FLIGHT INFORMATION
Rating: Command pilot
Flight hours: More than 2,800
Aircraft flown: T-37, T-38, AT-38 and F-15A/B/C/D

MAJOR AWARDS AND DECORATIONS
Defense Distinguished Service Medal with oak leaf cluster
Distinguished Service Medal with oak leaf cluster
Defense Superior Service Medal with oak leaf cluster
Legion of Merit with oak leaf cluster
Meritorious Service Medal with three oak leaf clusters
Air Medal

Joint Service Commendation Medal
Air Force Commendation Medal
Air Force Achievement Medal
Global War on Terrorism Expeditionary Medal
Global War on Terrorism Service Medal
Korea Defense Service Medal
Knight Commander of the Most Excellent Order of the British Empire
French National Order of Merit (Commander)
French National Order of Merit (Officer)
United Arab Emirates' Military Medal, 1st Class
Mérito Santos-Dumont, Brazilian Air Force

OTHER ACHIEVEMENTS
2003 H.H. Arnold Award, the Air Force Association's highest honor to a military member in the field of National Security
2004 Sergeant William Jasper Freedom Award for contributions in maintaining freedom
2005 U.S. Air Force Sergeant's Association Excellence in Military Leadership
2005 James V. Hartinger Award for significant achievements in advancing the military space mission
2005 Inducted into the Texas A&M Corps of Cadets Hall of Honor

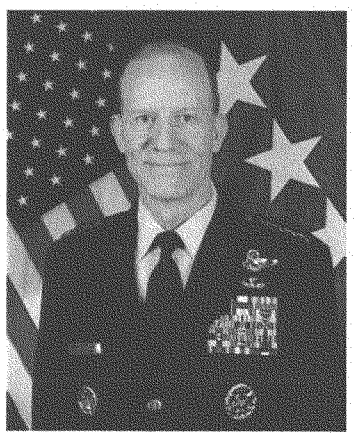
EFFECTIVE DATES OF PROMOTION
Second Lieutenant July 9, 1971
First Lieutenant July 9, 1974
Captain Jan. 9, 1976
Major Oct. 1, 1983
Lieutenant Colonel March 1, 1986
Colonel April 1, 1991
Brigadier General Dec. 1, 1996
Major General Feb. 1, 2000
Lieutenant General Nov. 7, 2001
General Oct. 1, 2003

(Current as of January 2008)

BIOGRAPHY

UNITED STATES AIR FORCE

GENERAL JOHN D.W. CORLEY



Gen. John D.W. Corley is Commander, Air Combat Command, with headquarters at Langley Air Force Base, Va., and Air Component Commander for U.S. Joint Forces Command. As the Commander, he is responsible for organizing, training, equipping, and maintaining combat-ready forces for rapid deployment and employment while ensuring strategic air defense forces are ready to meet the challenges of peacetime air sovereignty and wartime defense. ACC operates more than 1,200 aircraft, 27 wings, 17 bases, and more than 200 operating locations worldwide with 105,000 active-duty and civilian personnel. When mobilized, the Air National Guard and Air Force Reserve contribute more than 900 aircraft and 56,000 people to Air Combat Command. As the Combat Air Forces lead agent, ACC develops strategy, doctrine, concepts, tactics, and procedures for air and space power employment. The command provides conventional, nuclear and information warfare forces to all unified commands to ensure air, space and information superiority for warfighters and national decision-makers. ACC can also be called upon to assist national agencies with intelligence, surveillance and crisis response capabilities.

General Corley entered the Air Force after graduating from the U.S. Air Force Academy in 1973. He earned his wings at Reese AFB, Texas, in 1974. His aviation career includes more than 3,000 flying hours with combat experience. He has commanded at the squadron, group and wing levels. His staff positions comprise a mix of operational and joint duties in Tactical Air Command, Headquarters U.S. Air Force and the Joint Staff.

General Corley has significant experience in intense combat, most recently during Operation Enduring Freedom. As Combined Air Operations Center Director, he orchestrated more than 11,000 combat missions striking more than 4,700 targets, including 250 attacks against the Al Qaida and Taliban leadership. He directed the safe recovery of isolated personnel during the largest combat search and rescue mission in 50 years and was awarded the Bronze Star Medal.

EDUCATION

1973 Bachelor of Science degree in engineering, U.S. Air Force Academy, Colorado Springs, Colo.
1978 Squadron Officer School, by correspondence
1984 Master's degree in business administration, University of the Philippines, Manila

combat missions striking more than 4,700 targets, including 250 attacks against the Al Qaida and Taliban leadership. He directed the safe recovery of isolated personnel during the largest combat search and rescue mission in 50 years and was awarded the Bronze Star Medal.

EDUCATION

1973 Bachelor of Science degree in engineering, U.S. Air Force Academy, Colorado Springs, Colo.
1978 Squadron Officer School, by correspondence
1984 Master's degree in business administration, University of the Philippines, Manila
1985 Air Command and Staff College, by correspondence
1986 Master's degree in national security and strategic studies, College of Naval Command and Staff, Naval War College, Newport, R.I.
1993 Army War College, Carlisle Barracks, Pa.
1999 Russian and U.S. General Officer Executive Program, Harvard University, Cambridge, Mass.
2002 Program for Senior Executives in National and International Security, John F. Kennedy School of Government, Harvard University, Cambridge, Mass.

ASSIGNMENTS

1. October 1973 - November 1974, student, undergraduate pilot training, Reese AFB, Texas
2. December 1974 - December 1978, T-38 instructor pilot and flight examiner, 64th Flying Training Wing, Reese AFB, Texas
3. January 1979 - July 1982, F-15 instructor pilot and flight examiner, 49th Tactical Fighter Wing, Holloman AFB, N.M.
4. August 1982 - July 1985, F-5 instructor pilot and flight commander, C Flight, 26th Aggressor Squadron, Clark Air Base, Philippines
5. August 1985 - August 1986, student, College of Naval Command and Staff, Newport, R.I.
6. September 1986 - May 1988, chief analyst, Advanced Tactical Fighter, Air Force Center for Studies and Analysis, Headquarters U.S. Air Force, Washington, D.C.
7. June 1988 - March 1990, chief analyst, Commander's Action Group, Tactical Air Command, Langley AFB, Va.
8. April 1990 - April 1991, operations officer, 7th Fighter Squadron, Holloman AFB, N.M.
9. May 1991 - July 1992, Commander, 8th Fighter Squadron, Holloman AFB, N.M.
10. August 1992 - July 1993, student, Army War College, Carlisle Barracks, Pa.
11. August 1993 - July 1995, Deputy Commander, later, Commander, 33rd Operations Group, Eglin AFB, Fla.
12. August 1995 - June 1997, Chief, Western Hemisphere Division, Directorate of Strategic Plans and Policy, J-5, the Joint Staff, Washington, D.C.
13. June 1997 - May 1999, Commander, 355th Wing, Davis-Monthan AFB, Ariz.
14. June 1999 - September 2000, Director of Studies and Analysis, Headquarters U.S. Air Forces in Europe, Ramstein AB, Germany
15. September 2000 - March 2003, Director of Global Power Programs, Assistant Secretary of the Air Force for Acquisition, Headquarters U.S. Air Force, Washington, D.C.
16. March 2003 - August 2005, Principal Deputy, Assistant Secretary of the Air Force for Acquisition, and Military Director, U.S. Air Force Scientific Advisory Board, Headquarters U.S. Air Force, Washington, D.C.
17. September 2005 - September 2007, Vice Chief of Staff, Headquarters U.S. Air Force, Washington, D.C.
18. October 2007 - present, Commander, Air Combat Command, Langley AFB, Va., and Air Component Commander for U.S. Joint Forces Command

FLIGHT INFORMATION

Rating: Command pilot
Flight hours: 3,100
Aircraft flown: A/OA-10, F-5E/F, F-15A/B/C/D, T-38 and EC-130E/H

MAJOR AWARDS AND DECORATIONS

Distinguished Service Medal
Defense Superior Service Medal
Legion of Merit
Bronze Star Medal
Defense Meritorious Service Medal
Meritorious Service Medal with four oak leaf clusters

Aerial Achievement Medal with oak leaf cluster
Joint Service Commendation Medal
Air Force Commendation Medal with two oak leaf clusters
Joint Meritorious Unit Award with oak leaf cluster
Combat Readiness Medal
Southwest Asia Service Medal with bronze star
Kosovo Campaign Medal with bronze star
Global War on Terrorism Expeditionary Medal
Global War on Terrorism Service Medal
Kuwait Liberation Medal (Government of Kuwait)

EFFECTIVE DATES OF PROMOTION
Second Lieutenant June 6, 1973
First Lieutenant June 6, 1975
Captain June 6, 1977
Major Nov. 1, 1984
Lieutenant Colonel Sept. 1, 1989
Colonel Feb. 1, 1994
Brigadier General Aug. 1, 1999
Major General April 1, 2002
Lieutenant General May 1, 2003
General Nov. 1, 2005

(Current as of October 2007)

INTRODUCTION

For over three decades the F-15 Eagle has served as the premier air superiority weapons system in the Nation's arsenal. But the venerable air-to-air platform now averages over 27 years of age and is increasingly showing signs of wear and tear from rigorous combat training and continuous operations in unforgiving, high-stress combat environments. Perhaps more importantly, development and proliferation of emerging advanced air and surface threats require us to develop and field more lethal, more survivable platforms like the F-22A Raptor and complementary F-35A Lightning II to maintain the asymmetric advantages the Eagle helped win over thirty years ago.

The F-15C Eagle's history[1] is as an all-weather, extremely maneuverable fighter designed in the 1960s to gain and maintain air supremacy. The Eagle achieved air superiority over the years through agility and acceleration, range, weapons and avionics. The F-15 has electronic systems and weaponry to detect, acquire, track, and attack enemy aircraft while operating in friendly or enemy-controlled airspace. The weapons and flight control systems are designed to allow the pilot to safely and effectively perform air-to-air combat.

The F-15C remains fundamental to our Nation's air dominance strategy, as directed by the 2006 Quadrennial Defense Review. By securing and holding contested airspace, the F-15C provides the joint force the freedom of action necessary to deliver kinetic and non-kinetic effects when and where our Nation's political and military leaders choose. The Eagle is a weapons system we rely on to ensure our Nation's ground forces continue to enjoy the freedom from aerial attack they have enjoyed since April 1953. In a similar vein, since 9/11, the F-15C has

[1] The first F-15A took flight in July 1972; the updated F-15C entered the Air Force inventory beginning in 1979.

shouldered enormous homeland defense burdens, serving as the base of our air defense force, diligently watching over our Nation, and safeguarding the sovereignty of American skies.[2]

While our commitment to support our Nation's defense requirements is unwavering, our F-15 inventory is representative of our entire aging inventory. Our 27-year old Eagles are becoming more difficult and costly to maintain, and their advantages against evolving and improving adversaries continue to erode. Their ability to gain and maintain air dominance against the emerging threats of today and the looming uncertainties of tomorrow is becoming increasingly compromised. So we are replacing the F-15 as the Nation's air superiority workhorse and recapitalizing our fighter force as expeditiously as feasible.

WHAT HAPPENED – F-15C CATASTROPHIC FAILURE

This section explains the events surrounding the catastrophic structural failure and sudden break-up of an F-15C during a routine flight. On 2 November 2007, at 0950 Central Standard Time, four F-15C aircraft, call signs "Mick" 1 through 4, departed Lambert Field International Airport, St. Louis, Missouri, to conduct an air-to-air training mission. Approximately 21 minutes after take off, one of the F-15 aircraft, tail number 80-0034, broke apart in flight and impacted the ground in a wooded area approximately four miles south-southeast of Boss, Missouri, approximately 90 miles south-southwest of Lambert Field. Despite a dislocated left shoulder and shattered bone in his upper left arm caused by the in-flight breakup, the mishap pilot, Major Stephen Stilwell, managed to eject, and parachuted to the ground. He was recovered by local rescue personnel and transported via Life Flight to a St. Louis-area hospital for treatment.

[2] Since 9/11, F-15s have flown 8,531 missions in support of homeland defense.

The mishap aircraft was based at Lambert Field and assigned to the Missouri Air National Guard's 131st Fighter Wing. The aircraft was destroyed upon impact. The two major parts of the fuselage landed approximately one half mile apart on a wooded hillside.

The mishap flight's mission that day was to conduct Basic Fighter Maneuvers – one-vs.-one training commonly known as air-to-air "dog fighting." During the second engagement, the mishap aircraft began shaking violently from side to side. Flying at approximately 450 knots, the mishap pilot rolled to wings level and reduced the load on the aircraft from 7.8 to 1.5 times the force of gravity (G). Within seconds the forward fuselage broke away from the aft portion of the aircraft. The canopy shattered in the wind stream, and the destroyed aircraft – now in pieces – fell to the ground.[3]

On November 3, 2007, General John D.W. Corley, Commander of Air Combat Command (ACC) at Langley Air Force Base, Virginia, ordered the immediate stand-down of all six hundred sixty-four (664) F-15A-E aircraft in the U.S. Air Force inventory. On November 6, 2007, General Corley identified Colonel William Wignall to conduct an aircraft accident investigation of this F-15C mishap. The purpose of the investigation was to provide a publicly releasable report of the facts and circumstances surrounding the accident, including a statement of opinion on the cause or causes of the accident.

Concurrent with the accident investigation, engineering experts from the F-15 Logistics Center at Warner Robins AFB, Georgia, conducted structural analysis of the section where the St. Louis-based mishap aircraft initially broke apart, and started to develop inspection procedures for this section on *all* F-15 aircraft. On November 11, 2007, the Logistics Center issued the first inspection guidance to maintenance crews for the F-15E, the multi-role variant with structural differences from the F-15A-D. Upon successful completion of this inspection and all related

[3] Accident Investigation Board Executive Summary, 8 Jan 2008.

repair work, the F-15Es were released to fly and resume combat operations in the Middle East. F-15Es were flying by November 11, 2007, and were not subject to follow-on inspections due to their differences from F-15A-D aircraft.

On November 18, 2007, the Logistics Center issued the first inspection guidance to F-15A-D maintenance crews. Like the F-15E aircraft, individual F-15A-D aircraft were released to fly after successful completion of the mandated inspection and all related repairs. However, during this inspection, maintenance crews at Kingsley Field in Klamath Falls, Oregon, discovered cracks in longerons – support beams – outside the inspection area on two F-15Cs. Their discovery coincided with accident investigation findings of a cracked longeron on the mishap aircraft, and was significant because of the importance of longerons to the F-15's structural integrity. The nose of the F-15 is built around two upper and two lower longerons, the structural components that connect the forward fuselage with the rest of the aircraft (see Figure 1). A crack in a longeron compromises the structural integrity of the entire aircraft.

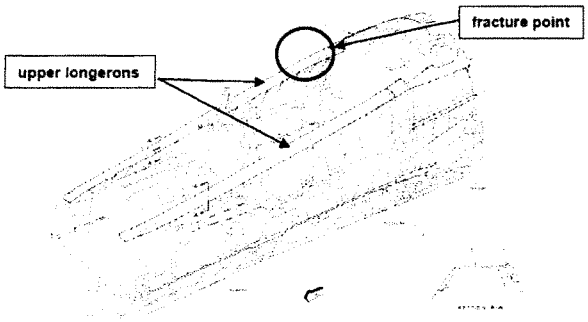


Figure 1. F-15 Forward Section Structural Schematic

With this new information, General Corley directed another stand-down of all F-15 A-Ds in ACC, and recommended other Air Force major commands and foreign partners do the same. This second stand-down gave the Logistics Center time to further analyze data and develop new

inspection guidance. On November 29, 2007, the Logistics Center issued another inspection order for the entire F-15A-D fleet, narrowing the focus to a four inch section on the upper longerons. This subsequent inspection uncovered nine F-15Cs with cracked longerons. On December 3, 2007, the accident investigation team pinpointed a second longeron failure point due to fatigue, causing General Corley to indefinitely stand-down the F-15A-D fleet until further structural analysis could be conducted and the accident investigation concluded.

The third series of inspection orders issued on December 11, 2007 directed maintenance crews to inspect all potential longeron failure points along a 47-inch section of the longeron. The Logistics Center issued a fourth series of inspection orders on December 14, 2007, directing maintenance crews to measure the longeron thickness with a micrometer at 84 points along this 47-inch section. Maintenance crews were also directed to look for structural defects where the longeron connects with the vertical ribs of the aircraft skeletal structure. To date, maintenance crews have logged over 26,334 hours performing the required inspections, averaging some 66 hours per aircraft.

Following the accident investigation debrief on January 8, 2008 and the recommendations of the F-15 Logistics Center, General Corley released 259 of the Air Force's 441 F-15A-D (63% of the inventory) to fly. The criteria for releasing aircraft to fly were stringent: first, there could be no cracks in the longerons; second, the longeron thickness had to meet blueprint specifications; and third, there could be no undercut of the longeron where it attached to the ribs of the aircraft cockpit. 37% of the F-15A-D fleet did not meet these criteria. Their disposition is pending further engineering analysis and recommendation by the F-15 Logistics Center, the Air Force Research Laboratory, and the Boeing Company. At the Chief of Staff of the Air Force's direction, the Air Force will also focus its next Fleet Viability Board – an approximately 6-month long independent detailed technical review and engineering analysis – on its F-15 inventory, to help shape our future

sustainment and retirement decisions. We will also conduct an aircraft fatigue test and an aircraft teardown analysis to gain a more complete picture of our F-15s' structural limitations.

WHY IT HAPPENED

According to the Aircraft Accident Investigation report, "...the cause of this accident was a failure of the upper right longeron, a critical support structure in the F-15C aircraft. The MA [mishap aircraft] upper longeron failed to meet blueprint specifications increasing localized stress in the thin web and leading to crack initiation. Engineering and metallurgy analysis of the recovered MA wreckage identified a fatigue crack in the thin web of the longeron near canted fuselage station (CFS) 377 which grew under cyclical flight loads and ultimately led to longeron failure. The longeron failure subsequently triggered a catastrophic failure of the remaining support structures and caused the aircraft to break apart in-flight."

Although the cause of this mishap was a crack in an upper longeron, this single aircraft's structural failure warns of the kinds of challenges that exist in maintaining an aging aircraft inventory. Because it was unexpected, as of November 2, 2007, no inspection requirements existed for detecting a crack in F-15 longerons. Inspection criteria for the forward fuselage were never developed because no fatigue failures or cracks were detected in the forward fuselage structures during initial fatigue testing on the aircraft. Although we have the best maintenance practices and maintainers in the world, our aging inventory will likely continue to encounter unexpected problems.

Beyond just our F-15s, we are finding issues with our other fighter aircraft as well. For example, as our F-16s undergo their service life extension modifications we routinely find cracked bulkheads.[4] And we have discovered that our A-10s require new wings to remain operational and able to safely support the Global War on Terror. On November 2, 2007, the

[4] To date, 63 F-16 Block 40 aircraft have been identified, and currently 15 F-16s are grounded for this reason.

catastrophic break up of a single F-15C over Missouri reminds us yet again that we need to remain vigilant in our maintenance as our aircraft inventory ages. Structural issues are both a constant challenge and an expected aspect of aging aircraft. Despite our very robust predictive processes to identify and solve issues before they become critical or unsafe, there is almost no way to predict another manufacturing defect that could produce a similar failure.

WHAT IT MEANS – A FIGHT TO STAY SUSTAINABLE AND RELEVANT

Our legacy inventory faces significant challenges in at least three areas: usage (flight hours), physical age (years), and utility (usefulness). We continue to extend the flying hour "life" of our fighters. Our F-15 and F-16 aircraft, originally designed to last 4,000 flying hours, have both been extended to 8,000 hours.[5] In the 1980s, when the majority of our current fighter force was built, our fleet averaged seven years of age. Today our fighter force averages three times what it did back then – more than 20 years of age.[6]

As this aging fleet grows older, it is becoming increasingly difficult and expensive to maintain and sustain. Since 1991 our total inventory's *aircraft availability rates have declined while our aircraft average age has increased.* Meanwhile, operational cost per flying hour and maintenance man hours have increased. Additionally, maintenance on our legacy aircraft is not just more expensive or time-consuming, it's also increasingly *difficult* as vendors vanish and parts become obsolete.

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[5] Due to a change in Air Force service life philosophy from "Safe Life" to "Damage Tolerance Assessment." The original design goal for the F-15 was a 4,000-hour service life. In 1975, after successful completion of 16,000 hours of full-scale durability testing, with no primary structural failures and very few secondary issues, the Air Force established the F-15's economic service life as 8,000 flight hours based on two lifetimes of durability testing required per MIL-A-8867B and economic service life greater than design life also required by MIL-A-8867B. The 8,000-hour life was again validated in additional full-scale testing accomplished in the late 1980s using load spectrums updated for the C model based on actual usage data. This test also exceeded 18,000 flight hours prior to any significant failure. At that point, a typical PDM-type repair would have been required to continue testing, however, an economic decision to terminate testing was made since the test goal of twice the service life had been exceeded. When the test was terminated there were still no signs of widespread fatigue damage required to establish what the actual economic service life of the F-15 is. The economic service life of the F-15 airframe has not yet been determined.

[6] As of Dec 31, 2007, the USAF fighter-only average is 20.45 years. The USAF fighter/attack average is 21.38 years.

Within our inventory of legacy fighters, bombers, and attack aircraft,[7] the rising aircraft age and declining aircraft availability are clearly illustrated in Figure 2 below. And Figure 3 makes clear that these same aircraft have suffered increased operational costs per flying hour (OPCPFH) since 1996 (note that the cost per flying hour figures for '07 represent only the President's Budget *estimated* numbers, not the *actual* cost per flying hour).

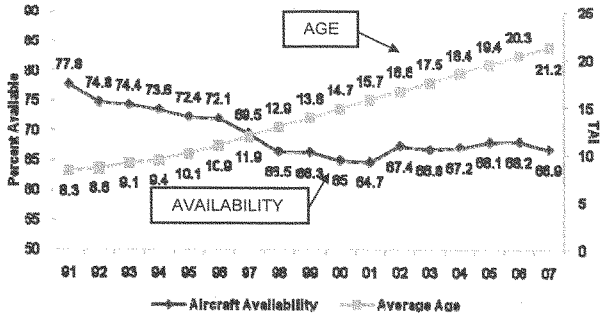

Figure 2. Legacy Fighter, Bomber, Attack Aircraft Age vs. Availability

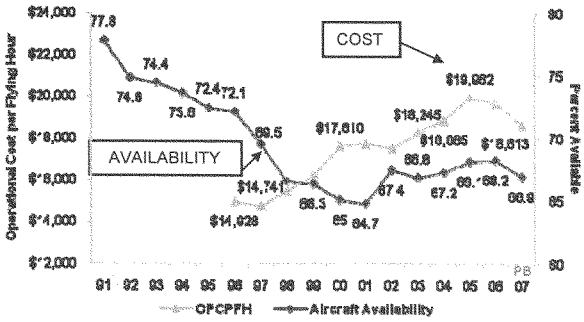

Figure 3. Legacy Fighter, Bomber, Attack Aircraft Availability vs. Cost Per Flying Hour

In the F-15C inventory more specifically, maintenance man hours per sortie have soared 220% and maintenance man hours per flying hour have skyrocketed 236% since 1996. At the

[7] These legacy aircraft include the A-10, B-1, B-2, B-52, F-117, F-15, F-15E, and F-16.

same time, the mean time between maintenance actions – which we would like to see increasing from year to year, meaning we desire to have more time between aircraft needing maintenance – has decreased by 64.5% since 1993.

Meanwhile, the broad, operational impacts of this single catastrophic aircraft event are both significant and widespread. In F-15 units, the lack of flyable aircraft represents an average of 50% less sorties to be distributed among all pilots. Fewer sorties means fewer training opportunities, which translates into a situation where affected units are not able to get new fighter pilots combat mission ready because they are instead focused on getting their current pilots re-qualified to execute the homeland defense mission. *It will take our operational F-15 units many months to regain the ability to fly all homeland defense missions. Further, the back up in the training pipeline will take even longer to resolve.*

Also, because 37% of our F-15 inventory remains grounded, we are now using F-16s and F-22As to perform the homeland defense missions those F-15s once fulfilled. While tasked to fly these homeland defense missions, F-16 and F-22A units cannot perform their other Designed Operational Capability statement missions – the full gamut of missions the Nation requires of them.

The utility of our fleet is also challenged. When the F-15 became operational in 1975, its primary threat was the Russian MiG-25/FOXBAT. The Eagle's integrated avionics and superior maneuverability clearly outclassed the MiG-25. America's air superiority platform went on to dominate the skies through several campaigns, including Operations DESERT STORM,[8] ALLIED FORCE, NORTHERN and SOUTHERN WATCH (enforcing no fly zones), and IRAQI FREEDOM. But our potential adversaries have watched and learned from our advances in the employment of airpower. They have noted our unrivalled ability to secure the battlespace

[8] F-15C/D aircraft deployed to the Persian Gulf in 1991 for Operation DESERT STORM, where they proved their superior combat capability. F-15C fighters accounted for 34 of the 37 Air Force air-to-air victories.

above and they recognize how America's air superiority translates into tangible, asymmetric advantages for our surface forces below.

It is not surprising then that other countries have developed a variety of programs to specifically counter the current capabilities of American airpower. Russian and Chinese fighter programs, for example, continue to advance in sophistication. In fact, our legacy F-15 and F-16 aircraft are already matched by their latest operational jets, the Russian Su-30MKI and Chinese F-11B. Advances in technology exploited by our potential adversaries now pose significant challenges for us. The once-dominant advantages of our "4th generation" platforms – our 27-year old F-15s and 19-year old F-16s – are increasingly marginalized by air threats we consider "4+ generation." Such emerging air-to-air threats have also forced our F-15 pilots to fly more high-G tactics just to survive, placing added stress on the airframe.

Development and proliferation of advanced surface-to-air missiles such as the Russian SA-10, SA-12, and SA-20 compound the threat we expect our fighter aircraft to eventually face. These weapons systems extend the threat envelope and have strengthened several countries' air defenses. Such advanced surface threats can engage our F-15s, F-16s, F-18s, and A-10s at ranges beyond our ability to hold strategic targets at risk, giving our adversaries sanctuary. The complementary air-to-air and surface-to-air capabilities inherent in a modern Integrated Air Defense System threaten the ability of our legacy fighters to dictate the time, place and tempo of modern air warfare.

The stark reality is that the air and surface threats developed and fielded by our existing and potential adversaries are outpacing our ability to counter them. American air dominance is a strategic imperative. Our ability to provide the Nation and its Combatant Commanders *Global Vigilance, Global Reach,* and *Global Power* is predicated on our continued ability to own the skies. Whether in a one-vs.-one engagement or conducting an air campaign, anything less than

dominance puts our joint and coalition forces at risk. The sophistication, diversity and proliferation of today's threats put our legacy fighters' ability to attain air dominance in question.

WHAT WE NEED TO DO – MODERNIZE THE FORCE

The strategic imperative of achieving and maintaining air dominance is accomplished by modernizing and recapitalizing our inventory. As we do so, we must balance upgrades to existing weapons systems to make them more capable and survivable in tomorrow's battlespace with procurement of new systems featuring new, transformational technologies. This plan will ensure our ability to remain sustainable and relevant tomorrow, and thirty years from tomorrow. Our future ability to support national security objectives depends on it.

F-15 modernization efforts are designed around keeping a number of the F-15s sustainable and relevant to the fight in 2025. It is neither prudent nor possible to sustain all 441 F-15s in our current force structure through the next 15-plus years. Instead, we plan to equip 177 long-term aircraft, known as "Golden Eagles," with the latest avionics and structural modifications. The remaining F-15s must be drawn down appropriately, to be replaced by fifth-generation fighter platforms. In this way, we will be able to continue to meet our national objectives by ensuring the security of our Nation through unrivalled airpower.

CONCLUSION

Since the very first F-15 units became combat mission ready, Eagles have provided air superiority for America's joint forces. Today, that air superiority is jeopardized, and our forces are put at increased risk. The proud Eagle is graying and losing its prized advantages over its prey and competition. The catastrophic structural failure that destroyed a Missouri Air National Guard F-15C last November merely opened our eyes to a new set of problems in an inventory that has serious, systemic issues. We are working to replace these aircraft and fix these issues, and we appreciate the strong continued support of Congress as we do so.

Mr. MURTHA. Go back and say that again. Give me an idea of how it is, because you can't fly airplanes, is there a threat to our security?

ALASKAN AIR DEFENSE IDENTIFICATION ZONE PENETRATION

General CORLEY. Yes, sir, there is. Maybe coincidental, sir, but on 2 November, this airplane broke in half; now, on 6 November, three Bear TU–95 aircraft penetrated the Alaskan Air Defense Identification Zone. Maybe coincidental, sir, but what I find unusual about that is this time of year, Russian long-range aviation goes home for the winter because they fly out of places like Tich-I up close to the Arctic Circle and normally they are not flying. 2 November, they turn around and on—6 November. Then they turned around towards the end of November and again on the 5th of December.

Mr. MURTHA. So what intercepted them . . . F–22s?

General CORLEY. Yes, sir. On the 5th of December and the 22nd of November, F–22s went up there and intercepted.

Mr. MURTHA. They turned around when they saw the F–22s?

General CORLEY. Correct, sir. Once they were intercepted on the 6th of November by the Canadians, they turned around and went back home.

General MOSELEY. Mr. Chairman, remember, under NORAD treaty, the Canadians and the United States do these things together. And so the ability from Canadians to help us when the F–15s were grounded is a testimony to this partnership we have had for more than 50-plus years. So the fact that the Canadians were able to do this is a testimony to standardized training. So it was a good thing to have partners. But it was those F–22s and CF–18s that did this since the F–15s were grounded.

Mr. MURTHA. And what does your intelligence indicate to you why the Russians did this?

General CORLEY. Sir, I don't have that intelligence. I just find it remarkable that literally within days they had deployed assets forward, or began to make penetrations, which is totally out of character for this time of year. It is not just the operational impact or the impact on the ability to perform the impact. When I look out there at the young maintainers, that one has a worry for me, too.

F–15 MAINTENANCE REQUIREMENTS

As I look just in the last 10 years, the number of hours we do in terms of maintenance for every flying hour has gone up 136 percent. Just in the last five or six years, the cost per flying hour to maintain these F–15s is up 87 percent. Our F–15s are requiring more maintenance. We are averaging over 800 additional hours every time we put one of those F–15s into depot status.

Mr. MURTHA. They are requiring 800 additional hours?

General CORLEY. 800 every time those planes go into the depot.

Mr. MURTHA. This is before the catastrophic failure.

General CORLEY. Yes, sir. And it shows you the systemic problems associated with trying to deal with and manage this old fleet, the number of times, or maybe the frequency to get at this one sir, in terms of maintenance actions. That frequency says I now have

problems occurring at twice the rate of what they were. For every day in the fleet of F–15s, I am getting a demand of three more engineering demands into the system to try to solve a problem I didn't know about before. Those are just some examples of what we are doing in terms of the maintenance of these aircraft to try to keep them back in the air, redesigning additional patches that go onto the airplane, try to put in new doublers on parts of the airplane.

So in conclusion, sir, we are sustaining this fleet to the best that we can, but right now we are only sustaining about 60 percent of the fleet. And I hope to be better informed from the engineers after their meeting this week.

These F–15s are trying to regain their pilot combat ready status, as I said, safely take off and land, then focus on the air sovereignty alert to protect the homeland, then move forward to their war on terror missions. But with only 60 percent of the airplanes to generate the sorties, I am woefully behind on getting my pilots back up to speed. But it will take months and months to regain that level of proficiency and competency to do their tasking, sir.

Mr. MURTHA. Mr. Frelinghuysen.

REMARKS OF MR. FRELINGHUYSEN

Mr. FRELINGHUYSEN. Thank you, Mr. Chairman. Thank you gentlemen for what you do. Sir, as I understand, the Canadians having met our needs where we were not able to put up aircraft to do what we traditionally did to protect our homeland, I assume, as complementing them?

General MOSELEY. Sir, as a complement to them, though the numbers of airplanes they had to support us were small; they did what they could do. We used F–22s to fill in the vacancies on the F–15s in Alaska. And in Alaska we could have used F–16s, but the water temperatures and the conditions operating out of Alaska take you back to a bigger airplane with twin engines. So the F–22s were able to fill in, and the Canadians were able to help.

Mr. FRELINGHUYSEN. So that the F–16s weren't in there. They didn't scramble.

General MOSELEY. We use the F–16s out of New Jersey and a variety of other places.

Mr. FRELINGHUYSEN. The question here, when you talk about crack and snap, these are not words we like to associate with any situation where your people are doing some pretty remarkable work.

General CORLEY. Sir, could I add onto that. When I talk about a cascade effect.

Mr. FRELINGHUYSEN. That is sort of where I am going. Because if you have all these planes grounded, and if the F–16 should fill the gap, the question might be, that obviously puts stress not only on those pilots but on those planes.

General CORLEY. Absolutely. As I look across these units, you just look at Duluth in terms of the Air National Guard. We immediately moved them to pull some of this homeland defense responsibility, and then we moved them again. But the problem I am bumping up against is those same F–16s that are scheduled to go to Iraq and perform in Operation Iraqi Freedom.

Mr. FRELINGHUYSEN. And we are told and we know that those planes are being used to their maximum. I mean, pushing their hours way beyond whatever is normally.

General CORLEY. And today we have got 63 of our Block 40 F–16s with cracks in the bulkheads. So we are increasing the rate that we are utilizing F–16s to backstop an F–15 fleet so we are putting additional stress on those aircraft at a faster rate and those two are starting to show systemic signs.

General MOSELEY. Congressman, could I——

Mr. FRELINGHUYSEN. This cascade issue. Yes, please.

General MOSELEY. Sir, I tell you, this also goes without saying with this committee, members and staff, but I think it is useful to reinforce that the way the Air Force has done business over the years with our Air National Guard, Air Force Reserve and active duty, it is an imperceptible plug and play with our units because we hold all our units to the same training standards, to the same evaluation standards.

So the ability for an F–16 unit to backfill another F–16 or an F–15, whether it is Guard, Reserve or active, this is the payoff that we get for 50 years of integration. And those units in Duluth and St. Louis are Guard units. We don't even think of the differences in this when it comes to this air sovereignty thing. This is an equal plug-and-play relative to the people who do this. So this is another testament to the way we train. The same with the Canadians.

LONGERON INSPECTIONS

Mr. FRELINGHUYSEN. Just on the maintenance issue here. You never defer maintenance, obviously, if you are putting lives at risk. But has there been deferred maintenance in one sense? I mean, the potential for catastrophe in this Missouri situation, that was—then you went out and found another 100-plus planes with the same defect?

General MOSELEY. Sir, let me answer that, and then I will let General Corley get back to you. Sir, all the engineering data that we had on that part was it would last four times longer than the life of the airplane. That part also lives in a region of the airplane that you have to keep painted and you have to keep sealed, because that is where the canopy closes and the pressure seal on the canopy is on that part. So if historically we have been told that part won't fail and you can't see the cracks, then there has been no inspection on that part. Now that we know that one failed, General Corley and our experts and the engineering experts from Boeing have been helpful——

Mr. FRELINGHUYSEN. What do you do, peel back that area?

General CORLEY. Yes, sir.

Mr. FRELINGHUYSEN. And I just wonder, a lot of these planes, the older ones were inherited from a previous company. Is that right?

General CORLEY. That is correct.

Mr. FRELINGHUYSEN. And I assume those designs are all public information and have been reviewed.

General CORLEY. We asked the accident investigation board to go back and look at the records the best we could. Now, the reality is, when we talk about airplanes that were put together 30 years ago, the recordkeeping, the computerized data bases, of course, did

not exist. But we continue to dig through those files on microfiche at the present time.

But your point is, this backbone, this longeron was perceived to have a life in excess of 32,000 hours. This one snapped at 5,800 hours. This longeron where the cracks were, these can be microscopic and imperceptible cracks. In fact, what we have to do is remove the paint, remove the epoxy, and then we use dye penetrant, which uses a black light fluorescent way to get at it. And we also use other nondestructive techniques.

Mr. FRELINGHUYSEN. So you x-ray the wings? Or how you do describe?

General CORLEY. We x-ray and use other ultrasound techniques. But every time we do that adds more hours worth of maintenance between flight hours. But we are not going to take the risk, if you will, of something that could result in a catastrophic failure and loss of aircraft or loss of one of our pilots. We do not defer critical maintenance.

Mr. FRELINGHUYSEN. I am sure you don't.

General CORLEY. No, sir. But I will also tell you, on this fleet we are now up to 1,763 time compliant technical orders, which are problems that we know about at present. Those are modifications or problems that we have, including 56 just about the structures, sir.

Mr. FRELINGHUYSEN. It is horrifying to a layperson.

General MOSELEY. Congressman, this airplane has been a part of my life for my entire career. The same with General Corley. It is a part of my son's life. I love this airplane, but she's a 1960s design, the production capabilities are 1970s technologies. Thirty years ago we made decisions on this airplane that have served us very well. This airplane has done everything that we asked the aircraft to do 30 years ago. And so finding things like this now with the number of time compliance technical orders is not that far-fetched when you think about an airplane built in the 1970s, or production facilities in the 1970s with a 1960s design.

Mr. FRELINGHUYSEN. So in some ways, thank God there wasn't loss of life.

General MOSELEY. They built a good airplane, and it is a testament to the people who designed and built the F–15 that it has lasted this long. But now things are beginning to happen, and we don't know what is going to happen next. I guess that is the simplistic way to say that.

Mr. FRELINGHUYSEN. Thank you.

Mr. MURTHA. Mr. Dicks.

AGING AIRCRAFT

Mr. DICKS. I think this is just a very clear example of a problem we have all across the Air Force; that is, aging aircraft. And we are not replacing these older planes as comprehensively as we would like because of financial considerations. Isn't that the bottom line here, General? We need to be modernizing, and we are not getting it done because of the war and everything else that we are doing.

General MOSELEY. Sir, part of the three priorities I have had since day one of becoming Chief of Staff is to fight and win the war on terrorism; take care of our people; and recapitalize, to get at the

things that you are talking about. We have done everything we can do inside the Air Force and the Department of Defense to recapitalize as best as we can.

Mr. DICKS. Now, isn't it true that the F–15Es all have been inspected and returned to service?

General MOSELEY. Yes, sir.

Mr. DICKS. So the newer airplanes have held up.

General MOSELEY. F–15Es have a different structure from F–15C Eagles.

Mr. DICKS. Also, I have from my staff that there were four incidents last year. Is that correct? The ones I have here are May 30, a Missouri Air National Guard F–15 crashed in southwestern Indiana during a training mission with the Indiana Air National Guard. June 11, an F–15C fighter collided in mid-air with an F–16C and crashed near Eielson Air Force Base in Alaska. And June 26, an F–15 from the Oregon Air National Guard F–15 Wing went down in the Pacific Ocean during a training mission with another aircraft, killing the pilot. And then, of course, the one that you mentioned here today. So what did we learn from these other three events?

General MOSELEY. Sir, we have lost five F–15s since last May. Three of those have been——

Mr. DICKS. That is right. This other is Missouri, broke apart mid air, injuring the pilot. And then Hawaii Air National Guard, that is the last one last Friday.

General MOSELEY. Correct. The one that broke up in the air was the Missouri Air National Guard airplane. We got the pilot back. We have lost two other airplanes with apparent—one other airplane with apparent flight control issues. We don't know what happened to the Hawaiian Air National Guard airplane last Friday. The board is investigating that. So while there is no connecting tissue to each of these five losses to an aircraft, some things that happened that cause us concern relative to flight controls and certainly the concern over the aircraft breaking up in the air.

Mr. DICKS. Now, 161; one of these you have set aside for further inspection?

General CORLEY. 162.

Mr. DICKS. What is the status of the 162 aircraft?

General CORLEY. All have at least one longeron—at least one critical portion of the structure that does not meet blueprint specification. It is either too thin, too rough, or had an undercut, which means it wasn't built properly.

What are we going to do about that? Today and through this week, the best and brightest of minds from an engineering perspective are meeting to try to give us an engineering assessment about the future life of those aircraft: How long will that last? If a crack did develop, how long would it take before that crack would propagate? If the crack propagated, how long before it would snap that longeron and break that aircraft in half?

Also, sir, to your point about the numbers of airplanes capacity is something that I have to worry about. In that period of time from about 1975 to about 1990 or so, we were buying 250 fighter airplanes a year. Now we buy about a tenth of that many. So that does create a bit of a problem as airplanes get old and come down

and I don't have the new airplanes to come on board to replace them.

Mr. DICKS. Part of the problem is the cost of the new planes has been quite expensive?

General CORLEY. Or buying them at an inefficient rate I would say might contribute to that.

To your point on what are some of the things that my Chief mentioned about loss of control. Difficult to predict, difficult to have predictive tools to tell you what part is going to break next. But there are some canaries in the mine that help you. We have lost one airplane for sure back in May because of flight controls. Don't know about this one that we lost on the first of February out of Hawaii.

We know what the pilot said about control of the airplane, but we don't know what caused it. But here's what I do know. When I go back and look at the last ten years or so, and I look back at how often airplanes of this model used to go out of control, it was only about two for every 100,000 hours. Now, it is five. So I have got ten times the number of airplanes going out of control that I had only about a decade ago.

Mr. DICKS. Now, is there anything you can do in terms of maintenance to deal with those kinds of problems? Can you look at the flight controls and have you be able to detect what in the flight controls is a problem? Or is it a multitude?

Mr. MURTHA. In addition to that, you talk about all the airplanes or just about these F–15s when you say ten times?

General CORLEY. Just the F–15 and just the F–15 models that we are talking about, sir. The A, B, C and Ds.

General MOSELEY. And, Chairman, I would add a footnote to that. The pilots of today that are flying these airplanes are much better than the pilots were 10 or 15 years ago. And I include myself in that. They are much more technically capable, much more savvy. So the number of aircraft departures I would say is not relative to the pilot, it is relative to the aging airplane.

General CORLEY. That is exactly right.

Mr. DICKS. We have aging aircraft across the fleet. Our tankers are aging. We are hopefully going to do something about that. Almost every category of airplanes, you know, we have the new C–17, that is one. We are still carrying the C–5s which are very old. Some are very old. This is a problem across the Air Force. All the airplanes are getting older and older because we are not replacing them. So I just worry that we are going to have something happen. This could happen with the tankers or it could happen with airlift as well. I hope we are inspecting those as well. Learning a lesson from this is a problem of aging aircraft, and I hope we can get more of these airplanes and then better qualities. But I don't know how we do all this and spend all this money on the war.

General MOSELEY. Congressman, if you remember, we have given the committee and we have had a chance to talk to you over time about this body of work that we have, this Fleet Liability Board that is a group of experts that look at aging aircraft. And we have representation from the Navy, from industry, and representation from resource labs. We have looked at the C–5, KC–135, C–130, A–10, and last week—somewhere in the last couple of weeks—I have

directed them to take the F–15 now and go back and do what we did with the older airplanes.

And it is a wonderful piece of work. It has told us much more about the KC–135, the C–5, and C–130. That goes straight into depots and maintenance and informs us much better. We have also asked Air Force Materiel Command to take two off the line and run a fatigue test on an airplane now, because we ran fatigue tests on the aircraft early in the their lives.

So take one off the line and break it so we know what breaks would occur in airplanes, and then take another off the line and do a complete teardown. General Corley and our Air Force Materiel Command have engineers who are going to do that, plus the Fleet Viability Board, which will help us understand this airplane a lot better. So, sir, that work goes on every day, like we did with the tanker, C–5, C–130E and A–10. And those are all aging aircraft.

Mr. DICKS. Again, we have been pointing out, with the lack of money in the procurement account and not being able to buy enough of the F–22s and delay in getting to the funding to the Joint Strike Fighter, the time it has taken to bring this on, I mean, this is what we are left with. And I think, as you all believe in and I believe in, air superiority is one of the most important aspects of our military capability. This has got to be a concern. Thank you, Mr. Chairman.

Mr. MURTHA. Mr. Visclosky.

FUNDING

Mr. VISCLOSKY. Thank you, Mr. Chairman.

Generals, I want to proceed in the same vein. In the testimony you mentioned you don't just have problems with the F–15, but I think the F–16 modifications you find cracks in the bulkhead. And you talk about the A–10s and we have had the conversation. You also said that the remaining F–15s will have to be drawn down and replaced by fifth generation fighter platforms. How is that reflected in your 2009 budget? Are you proceeding with that in your budget?

General MOSELEY. Yes, sir. The Fleet Viability Board gave us some incredibly useful work ahead on the A–10 as far as precision engagement, a modern cockpit, gun, landing gear, and wings. So we have that line laid in to take 356 A–10s and give them to a level where we can operate them for another decade. So the Fleet Viability Board helped us with the A–10.

On the F–16s, the Block 40/42 version, which is our precision attack F–16s, we are seeing cracks in that bulkhead. We have redundant paths, so it's not a safety of flight issue, but it is causing us more maintenance time. Because the bulkheads are cracking, we have to go in and work around that so we are not operating aircraft beyond our safety margin. It is just an aging aircraft.

On the F–15, from the 2006 to the 2008 budget, we lost resources relative to the F–22 funding line. And so we were able in the 2008 President's budget to be able to get a multi-year approved through the Congress. And we appreciate all the help this committee did on getting the multi-year approval. We saved 411 million on the F–22. That delivers 28 years. We are now, in our world, inside the Department of Defense, we have an agreement not to shut the line down on the F–22. We are now going to be working inside our De-

partment on the long lead items to buy titanium, aluminum, and steel to build more F–22s.

So our multi-year ends our bridge account. We have to work and we are working that inside DoD and I know that Congress will help us with some of this. And that opens the door then to continue to build F–22s, which is, I think, the challenge you are addressing.

Mr. VISCLOSKY. You are picking up some savings that, your part returns from these aircraft because of the additional maintenance to the old aircraft that remain. I assume it is almost a wash for you, not that much money.

General MOSELEY. Yes, sir. The cost for flying aircraft goes up, the rates go up. So any savings is eaten up by the old airplanes. The same with the KC–135s and the C–5s and the C–130s. Sir, we have on our books right now retirement of 55 F–15As and Bs. So in the 2009 time frame, we will begin to retire bigger numbers of F–15s to accept more of that risk based on more F–22s. So there is a fine line. There is a given amount of capacity that we have to be able to present to the combatant commanders to maintain air superiority. And as the F–15s begin to age and cost more, the F–22s become more important. But those are separate discussion items relative to the health of the F–15 fleet and what we do about it and what we are talking to you today about.

Mr. DICKS. Yield. None are stealthy, either. We are talking about F–22s and Joint Strike Fighters that are stealthy, which give you an enormous additional capability that you don't get by spending your money fixing up old airplanes.

General MOSELEY. Congressman Dicks, that is exactly right. It is not a fifth generation fighter. The F–22 and F–35 are those capabilities that will get us into the 21st century.

Mr. VISCLOSKY. Thank you, Mr. Chairman.

Mr. MURTHA. The gentlewoman from Texas.

F–22

Ms. GRANGER. Thank you. I am very glad to be back. Let me just follow just to make sure that I understand on what you are saying about the other aircraft. Because the forecast for the F–22 is based on maintaining a fleet of F–15s at a certain level for the next 15 to 20 years. So if that changes because of the problems you are having, then I assume that that is what you are looking at to change them, the level of the F–22s.

General MOSELEY. Yes, Ma'am. That is where the challenges intersect. I will let General Corley go through the numbers, but we, in our planning, have laid in a number of F–22s and F–35s that we believe meets the demand signal from the combatant commanders plus allows us to operate our rotation rate so that we don't get into high demand low density situations like we have with some. And it allows us to train our pilots and maintainers and go to Red Flag and continue composite force training while meeting the demands on a global scale. You have a number of F–22s and F–35s; that then is relative to the number of F–16s and 15s and how those are retired out.

General CORLEY. You have this exactly right. To underpin the National Security Strategy inside of your combat Air Forces you need about 2,200 fighter aircraft. Out of that 2,200 fighter aircraft,

the floor was 381 F–22s plus 177 F–15s that we were hoping to keep viable for a few more years. That is being called into question right now. Plus, your Joint Strike Fighters. So, yes Ma'am, you have got those right.

General MOSELEY. That is the floor for us.

Ms. GRANGER. And this engineering meeting that is going to occur or is occurring, when do you expect the results of that?

General CORLEY. I would expect by the middle of the month of February, but I can't predict that. They should have more information to inform us.

Ms. GRANGER. Thank you.

Mr. MURTHA. Mr. Moran.

HOMELAND SECURITY CONCERNS

Mr. MORAN. Thanks, Mr. Chairman. Why is this a Homeland Security issue?

General MOSELEY. Sir, I would offer air sovereignty and being able to identify aircraft or tracks that approach this country and be able to do something about that. Should the commander of US NORTHCOM or First Air Force be told to do something about that, that is a Homeland Security issue, because it offers the three dimensional defense of the country: Offers us alert against unknowns and against the Russian threat, which may or may not be the same as it was before. But when two airplanes hit buildings in New York and an airplane hits a building in Washington, then airplanes flying through the air and hitting things does become an issue.

Mr. MORAN. Those were commercial airplanes that were hijacked. I mean, talk about the Russians flying over Alaska being a comparable threat, I am not sure I buy that. But I won't belabor that issue. Is there any liability in terms of manufacturing that have been addressed?

General MOSELEY. Sir, we have got lots of folks looking at that. That is outside my expertise. I am not a lawyer and I am not willing to cast dispersion or blame. I think we need to let people look at what this part is and let that work its way through.

Mr. MORAN. That is fine, except it is a financial matter. It would be in terms of what needs to be appropriated. But it seems to me it is relevant when we make an appropriation request.

General CORLEY. Can I go back to the comment of Homeland Security. Just since 9/11, inside Operation Noble Eagle, just the air sovereignty alert piece, the United States Air Force has flown over 50,000 sorties. Every day somebody takes off and penetrates an area, and we don't know who they are, friend, foe, threat, not threat. Of those 50,000, 32–plus thousand times, we have done that to go up and confirm that. Just over the Super Bowl overnight we intercepted airplanes. So it is happening every day, sir.

Mr. MORAN. What percent constituted a potential threat of those 32,000 you say violations?

General CORLEY. Those are all the air sovereignty alert mission and sorties that have flown out. And additional locations as far as helicopter based aircraft, not counting up in Alaska. As we sit here today in our lowest, if you will, posture for air sovereignty level, we have got 50 on alert.

Mr. MORAN. What percentage of those 2,000 violations?

General CORLEY. I can take that for the record and go back and give you the exact detail.

[The information follows:]

All intercepts are potential threats. To date, we are unaware of any Operation NOBLE EAGLE intercept of an actual threat such as an explosive laden aircraft.

As the attacks of 9/11 have shown us, any aircraft can be used as a weapon. The aircraft used by the terrorists on 9/11 were not equipped with additional explosive or other devices. The kinetic energy of the aircraft itself, combined with the fuel load on board, produces a destructive force. This is why we take all airspace violations seriously. If an aircraft flies into restricted airspace, is intercepted, and subsequently maneuvers out of the restricted airspace, we do not know if the pilot was testing our response, was deterred from malicious intent, or was simply lost.

Mr. MORAN. I would be curious, one out of 32,000.

General MOSELEY. There is another part of this that is a lot like a Coast Guard mission. If there is an aircraft in distress, we launch to go out and see to assist. If there is someone lost, you go out and see. That is a part of this. I wouldn't tell you that I wake up in the middle of the night worrying about a threat to the country that we have to go engage off the coast of Massachusetts, but I do worry about our ability to provide air sovereignty and live inside the FAA and International Aviation Civil Authority and be able to do things that are of assistance to Airmen in distress.

Mr. MORAN. I don't argue with you on that score. And I think it is important to have air sovereignty. I do wonder whether this is the most efficient way of maintaining that, to be using an F–15 to check out an inadvertent violation of air space, which I suspect is the case in 99 if not 100 percent of the cases that we are investigating. And this strategic policy was initiated during the time of the Cold War. And I think it is——

Mr. DICKS. It was after 9/11. The Cold War was over.

Mr. MORAN. I am talking about the F–15. I thought the F–15 was, would be regarding Russian air space, was a different climate during the Cold War. Am I wrong that we only started this after 9/11?

General MOSELEY. Congressman, we have had air sovereignty and air defense alert from the Cold War all the way through today.

The higher levels have been since 9/11 because of the unknown, the uncertainty about commercial tracks and where they go, and also the notions of defending—"defending" is the wrong word—being able to cover airspace like Washington, New York, major population centers, and key sites.

CONCURRENT THREATS

Mr. MORAN. I know we stepped up a lot of our defense posture after 9/11, but it seems to me this was initiated during the Cold War environment. I just wonder whether we adjusted for the fact that the Cold War is not a threat anymore. I don't like the idea of the Russians taking advantage of the fact that the F–15s aren't able to patrol as much, but the Russians are not likely to represent an immediate attack threat.

Again, these are not things I want to belabor. I am just wondering whether the F–15 is the best way to address what it has been used for, which is to investigate violations of airspace, which I expect in 100 percent of the cases is not represented as a poten-

tial threat and, through radio communication, we can also determine what it is.

Anyway, I won't belabor that anymore. What we are most concerned about is the immediate concern, is the implication for the 2009 budget.

Mr. Visclosky got into that a bit. We have additional O&M requirements within the 2009 budget to address this. I would assume that you would argue those are fully adequate.

General MOSELEY. Sir, with what we know, we believe the approach being adequate, but until we get the engineering data back on the 162 airplanes and until we get the tear-down and fatigue test and until we know more about that from the Fleet Viability Board, I don't know that I can answer you.

Mr. MORAN. But you wouldn't have any anticipation of putting any additional request in the supplemental or anything like that?

General MOSELEY. Sir, not as of 11:00 this morning.

Mr. MORAN. There was a question that alluded to this. There must have been some savings, in the sense that there is less flying going on, less fuel being used. It wasn't necessarily anticipated or wanted, but there must be some savings that offset.

General MOSELEY. I guess, as the Air Force Chief of Staff, I would say I was amused by that question because the follow-on to get my pilots recurrent and to get the airplanes flying may, in fact, cost me more. Once the pilot doesn't fly for a month, especially a young lieutenant, it is not going to be an easy path to get that lieutenant back to being combat-capable in the airplane. So not flying for a month is not necessarily a savings in the next month or the six weeks or two months to re-qual my pilots.

So folks that say, "You didn't fly, so you saved money," perhaps don't understand the second order question of when we start flying, it is going to take perhaps four to six months to get the pilots back.

GOLDEN EAGLES

Mr. MORAN. Is this an opportunity to upgrade the Golden Eagle program?

General MOSELEY. Sir, that is ongoing.

Mr. MORAN. Yes. But now that we grounded them, which was not anticipated when you first developed that initiative, can we see this as an opportunity to upgrade?

General MOSELEY. Sir, let me defer to General Corley, but I think there are 62 of the 177 airplanes that we have identified by tail number to be the ones that we keep alongside the 381 F–22s and the 1,763 F–35s. That is the force structure, 1,763, 381, and 177, but—I will be corrected, but I believe 62 of the 177 are still grounded.

General CORLEY. Exactly right.

Sir, to your first point, once you have lost currency, once you have lost proficiency, it takes you more sorties to regain that than it does to maintain that. So in terms of sorties lost during this grounding period, we will expend more dollars to get those aviators back up.

Number two, when those F–15s were not performing in that function, they were being backstopped by F–15Es, F–22s, F–16s, et cetera. So we are also consuming dollars and resources there.

On the 177 Golden Eagles, I think you are right, sir. We have to go back and look at the viability of those airplanes and find if, for those numbers of dollars, we may no longer be able to afford the capability enhancements that we wanted. To make them more military-utility and viable for the mission, we may have to put structural enhancements into them just to keep them in the air.

So I might have an airplane that I have got a structure that can last, but I may have to sacrifice its mission capability once it is up there.

CHANGES TO METRICS TO MEASURE AIRCRAFT AGE

Mr. MORAN. I understand that.

The only last question I would have is that, given what has happened, I wonder if you have reassessed your—I don't know what the proper term for it is, but you do a depreciation analysis of all of your equipment, particularly planes. This was not anticipated, even though that—and I am probably using the wrong term, but it is basically an assumption of depreciation of the equipment. An analysis was mistaken, probably too optimistic.

Have you reassessed that? Have you gone back and decided we need to plug in different numbers because this didn't give us what we encountered?

General MOSELEY. Let me answer from my perspective, then ask General Corley to answer, since he is the operating commander.

Yesterday, I asked our logistics experts and engineers to accelerate as much as we can the Fleet Viability Board investigation of the F–15 so we will know on a fleet-wide, systemic notion what does this mean to us.

I also asked to standardize our flying hour metric. We say 8,000 hours or 4,000 or 12,000, but we say it in different ways. So I have asked, let's standardize the notion, effectively a depreciation metric that says when you hit that certain number, we ground the airplane. And I don't have that answer.

We say the airplane was built for a 4,000-hour life. Then we said we have done some work to it so it is an 8,000-hour life. We talk about logged flying hours and equivalent flying hours.

So I said, simplistically give me a number so that when we approach that flying hour number, we either ground the airplane or fly it, based on what——

Mr. MORAN. Then check it out. It can go back up in the air again, I assume.

General MOSELEY. Perhaps.

AIRCRAFT WARRANTIES

Mr. MORAN. Is there such a thing as a warranty that the manufacturer provides when you purchase planes like this? Can you demand it?

General MOSELEY. Sir, we have, effectively, warranties on contract logistic support on new airplanes because they don't have to go into depot for a while. So we have partnered with, in the case of the C–17 and some others, to be able to do that. I don't think in the case of a new car or a house, we don't have that same sort of warranty capability.

Mr. MORAN. I am just curious because most manufacturers, when you buy something, a warranty accompanies it for at least a guaranteed useful life. I guess we don't do that. I am curious why.

General MOSELEY. Sir, I will go back and ask our lawyers, Do we have a warranty? In my experience, I don't think so.

Mr. MORAN. I doubt it too, but it might be interesting to find out. It is relevant to the liability issue.

General MOSELEY. Sir, of course, we buy the airplanes to fight in combat with, so there would be an issue about combat losses. There is a graduated scale of just parking the airplane and not touching it versus taking it out and having it shot at.

Mr. MORAN. If it is shot, I think the warranty would probably be less valid. A lot of these are not shot at, as you know.

Thank you very much, General.

[The information follows:]

The current C–17 Multi-Year Procurement contract (P–121 thru P–180) and the indefinite delivery/indefinite quantity for the Fiscal Year 2007 GWOT + 10 (P–181 thru P190) include warranties for both Boeing manufactured items and pass-through of all warranties offered by C–17 suppliers. For Boeing manufactured items, material and workmanship defects are covered for the two year period following aircraft acceptance. All supplier warranties are passed to the United States Government with the same terms obtained by Boeing. The United States Government works directly with the companies that provided the warranties (either Boeing or the supplier) to resolve warranty claims. There is also a specific performance warranty tied to range payload. Boeing warrants that at the time of delivery all aircraft shall meet the range payload performance as identified in the C–17 system specification. There are no engineering design warranties on the contract(s).

Mr. MURTHA. Mr. Bishop.

AIR SOVEREIGNTY MISSIONS

Mr. BISHOP. Thank you, gentlemen. Let me salute the men and women who fly these aircraft. I had the challenging experience of going up in one of those and feeling the g's and realizing just what kind of stress, physical and mental, they have to undergo.

Let me ask you this question: The problems with the F–15 seem to have highlighted a related issue with regard to the Air Sovereignty Alert Mission. It is my understanding that the Air Sovereignty Alert Mission is a 24/7, mostly Air National Guard mission, where the pilots sit at a designated location 24/7, ready to launch their jets within minutes if there is a notification of a strategic threat, something like 9/11 which—you know, anything can happen again—which seems like a very, very critical-type mission.

It is my understanding that DoD has not historically fully funded the personnel that are needed to do the mission. So my question to you is whether or not there are any plans to fully fund and to normalize these critical missions in future programmatic cycles, and if not, tell us how this committee can help to address that issue.

General MOSELEY. Congressman, let me take that on in a macro sense, and see if General Corley either has information to correct me or reinforce.

Historically, this is not just an Air National Guard mission, this involves the Active, Reserve and Guard. So there are Active units that sit alert, as well as Reserve units and Guard units. So that is a Total Force piece of our operation.

Sir, also the funding to support Air Sovereignty Alerts comes out of our operations and maintenance appropriations accounts which we fund by the units and by the major commands. I will have to go back and see if there has been any degradation from DoD relative to the O&M accounts. Sir, I don't know that.

Mr. BISHOP. You fund the personnel out of O&M?

General MOSELEY. You have a personnel account that the people are paid for, but the operations are paid for out of the O&M account, because it is flying hours and maintenance.

Mr. BISHOP. I know the flying, that would basically go for maintaining the equipment, wouldn't it?

General MOSELEY. And the flying hours. The personnel account pays for the pilots and crew chiefs. Those are in the units now. So whether it is an Active, Guard or Reserve unit, they are actually in those units now, sitting alert.

So I am curious. If you will please allow me to take that for the record, I will go find and see if there has been any degradation of that, because I am not aware of that.

Mr. BISHOP. I would be interested to find that out.

[The information follows:]

The North American Air Defense Command (NORAD) air sovereignty alert (ASA) mission has been performed without degradation to the Air Force military personnel account. The ASA mission is a 24/7 requirement for operations from several fixed alert sites, supported by a Total Force of Air National Guard, Active, and Air Force Reserve pilots, crew chiefs, maintainers, security forces, and weapons personnel. Since December 2002, NORAD has stabilized the mission to support programming and budgeting actions; the operation has been funded, and normalized upon execution during each fiscal year. During the two years following September 11, 2001, the ASA mission was covered by mobilization of Air National Guard personnel. After 2003 and the end of their two-year mobilizations, the Air Force's corporate structure worked the Air National Guard leadership and the Air Combat Command to identify the appropriate mixture of active-guard-reserve (AGR) billets and drilling reservists for the mission.

The United States Air Force is committed to protecting our Nation from all threats as directed by the President and the Secretary of Defense, and has provided a Total Force (ANG, AFRC, and Active Duty) solution for totally supporting the NORAD air sovereignty alert mission. This support has been provided without reliance on other Services' air assets since the inception of this steady state activity.

Mandays are resourced and executed throughout the fiscal year. To sustain maximum flexibility, Air Force major commands balance the needs of combatant commanders with the requirements on a quarterly basis. We continue to search for fiscal solutions for ASA just as we do all other missions to counter the asymmetric threats we face as a sovereign nation.

Mr. BISHOP. That is all I have, Mr. Chairman.

CAMPAIGN AIR PLAN

Mr. MURTHA. I appreciate you coming before the committee, both of you. I think you have given us a good idea of how bad shape the air situation is.

For instance, when I left Vietnam, it was 8 years old, the airplanes, and now they are 24 years old. In 1943, we built 86,000 aircraft. This year we are going to build 409—a big number of those are UAVs, and 114 helicopters. The Navy is buying 200. The Air Force is buying 89 airplanes. We are not going to get where we want to get.

The thing that worries this Committee, and this Committee has been at the forefront in trying to change the direction, looking be-

yond Iraq, because if we don't look beyond Iraq, we are going to have somebody threatening us.

Just like you talked about the Bears coming in, or whatever that Russian airplane is, coming into Alaska, they are going to keep probing to see how weak we are. If we don't have the airplanes to put up there, we are going to have a real problem.

We are going to help you in every way we can. I know there are budget constraints, but we are going to face a $330 billion supplemental in this next year—in other words, 130–200, I am convinced. So we have got a chance here to move beyond and buy some stuff in the future. This is the key.

I tell you, another thing I think you have to do to help us, Chief, is, I think you have to reassess this cap and all this flying you guys are doing. Maybe you have to do it. But you ought to reassess it, look at it again, see if there is any way we can save some money there. Get rid of some 15s, get rid of these C–5s, and give us a chance to buy some new stuff.

We need your help. We are going to do everything we can to help you, but we need to look ahead.

I see—and I have said this over and over again—I see us competing for oil for years. I see China coming up long before they are predicting they are going to come up. They miscalculated Korea, they miscalculated in World War II. The Chinese miscalculated in Vietnam. We can't afford a miscalculation.

AIRCRAFT RETIREMENTS

Mr. DICKS. Mr. Chairman, just one point.

You brought this up last year, and we tried to help you, about the issue of having airplanes that you want to send to the boneyard, but Congress, through legislation, prohibits you from doing that.

Can you refresh us on where we are on that?

General MOSELEY. Yes, sir. We have had some progress in this last bill, but we still have a percent of our desired aircraft retirements on congressional restrictions: the KC–135E, C–130, and C–5.

Mr. DICKS. I mean, there are billions of dollars right there that——

Mr. MURTHA. It is not billions. But we asked the authorizing committee, and they did give the Air Force the ability. But there are still some political problems there that we can't overcome. I would like to.

Mr. Frelinghuysen.

AIRCRAFT BLUEPRINT SPECIFICATIONS

Mr. FRELINGHUYSEN. General, will you clarify for the record your statement that 40 percent of the planes we are talking about were not built to blueprint specifications—for the record? I mean, that seems to me that if this group is tearing things down, looking at fatigue—I mean, blueprints mean that somebody has inherited some blueprints. If you could, clarify for the record.

Mr. MURTHA. Say that again. I didn't catch that.

General CORLEY. We had a specification. The specification was for how thick these longerons were supposed to be, what the surface smoothness was supposed to be; and of this fleet of airplanes, approximately 40 percent of the longerons in them, or in those airplanes, had at least one longeron that did not meet that specification.

Mr. FRELINGHUYSEN. So it was milled improperly?

General CORLEY. Sir, it could have been a problem with the milling machine; it might have been a problem with the operator who set it into the milling machine, left or right of where he should have.

Mr. FRELINGHUYSEN. I understand. If you can't see the damn thing, you can't see it. When you have blueprints, one has to assume whoever prepared those blueprints did what they should have done. Sort of gets to the issue of residual responsibility.

Mr. MORAN. Liability, some sense of warranty that this is according to blueprints. When 40 percent are not according to blueprint, you have to wonder, are we making the manufacturer sufficiently accountable.

General CORLEY. Sir, I think we will continue to examine that in great depth inside of the Air Force. However, my one caution on this is, when we put the first F–15 on contract, we specified a 4,000-hour safe life for it. This is the combination of fatigue on a part, on an old part. So these aircraft, this particular one that came apart, had 5,800-plus hours on it.

So we specified an airplane that would last 4,000 hours of safe life, and then this one came apart at 5,800 hours. So that also is a contributing effect.

Mr. MORAN. I think what we are getting at is, we plan for the future, if we might not look at that to guarantee that what we are getting is built according to blueprint. If it is not, there is some inherent liability.

Mr. FRELINGHUYSEN. Just as alarming as your comment—and I don't mean to take it out of context—10 times the number of planes that are going out of control than perhaps had happened in another period of time. I mean, that obviously is due to a lot of the factors.

Mr. MURTHA. The pilots are better than these old guys sitting here.

General MOSELEY. Sir, the pilots are better than these old guys.

Sir, can I add one more thing?

The committees have helped us with the retirement of the airplanes. In this last bill, we got more, and Congressman Dicks, you know we have been working our way through this to retire airplanes so we can take the money we don't have to spend on the old ones and reinvest. So we have made some progress, but we still have restrictions.

As we come back to the committee——

Mr. MURTHA. What are the restrictions, B–1s and C–5s?

General MOSELEY. C–5 restrictions are still there, some C–130s, and some KC–135s. Sir, when we come back for the posture hearings, I will be happy to provide a specific update.

Sir, the last thing I would ask the committee to help us think through is, we look at not just the retiring of old airplanes but the production and capacity of the new equipment. To me, this is not

just about an air force, this is about an American aerospace industry. This is about engineers, this is about incentivizing engineers to want to be in this business. This is about production facilities. This is about economic order quantities. This is about air frames, avionics, integration, engines. This is about our production lines and how do we economically deliver.

Mr. MURTHA. We are with you. We are with you. We are trying to solve the problem.

This subcommittee has been in the forefront of doing the best we can, and we are going to go beyond that if we can. So you are preaching to the choir. This subcommittee is in the forefront of trying to add newer airplanes, newer inventory.

General MOSELEY. Sir, I guess I am thanking the choir.

Mr. MURTHA. Thank you, very much. The Committee adjourns until 1:30 p.m.

THURSDAY, FEBRUARY 7, 2008.

FORCE HEALTH PROTECTION POST-TRAUMATIC STRESS DISORDER AND TRAUMATIC BRAIN INJURY

WITNESSES

S. WARD CASSCELLS, M.D., ASSISTANT SECRETARY OF DEFENSE FOR HEALTH AFFAIRS

ELLEN P. EMBREY, DEPUTY ASSISTANT SECRETARY OF DEFENSE, FORCE HEALTH PROTECTION AND READINESS

INTRODUCTION

Mr. MURTHA. Dr. Casscells, we welcome both of you to the Committee.

We appreciate your coming before the Committee and look forward to any remarks. We will put your full statement in the record, without objection.

Do you have any opening statement Ms. Granger?

Ms. GRANGER. No, I do not.

Mr. MURTHA. Dr. Casscells.

Dr. CASSCELLS. Thank you very much for the opportunity to give you update on what we are doing. We appreciate this chance to visit with you—Ms. Embrey and I and our great Surgeons General—to tell you what we are doing together to address this pressing issue and to recognize right up front that you have made possible what I think is an unprecedented energy, excitement and enthusiasm for collaboration and coordination with our service providers and particularly these leaders with me today.

As you know, we have a duty to protect our servicemembers. To do our best for prevention, for diagnosis for treatment, for recovery and, in some cases, to help them transition to the private sector, take off the uniform, fill out the DD–214, get their care at the VA or private sector and so forth.

That is our duty, and you make it possible.

We really appreciate very much this partnership and we appreciate the guidance. Our ears are wide open, so we take very seriously the suggestions that we have gotten, and I hope that you will find that we have acted on those suggestions in the past several months.

We face the challenges of a long war, an unprecedented length, and it is wearing some of our people down; and these are some of the best people on Earth, some of the strongest people, some of the best-trained people, and it is a tough time.

We are faced with a rising suicide rate in the Army, which has borne the brunt of the fighting. This is particularly true of the longer and the repeat deployments. So we have got—we are pleased that Admiral Mullen, the Chairman of the Joint Chiefs, and the SECDEF, Dr. Gates, are doing everything they humanly

can to build our Army with your help and to shorten those deployments. Maybe there are other ways to shorten them, too; we are brainstorming that.

We also face a high rate of PTSD, post-traumatic stress disorder, as we have done in every conflict. This goes back 1,000 years.

We also—and that is going to be the focus of most of my comments, but we also have what some are calling the signature injury, traumatic brain injury—others call it a concussion—just a heck of a lot of them; twice as many—whether, in this war because of the body armor, we have got twice as many amputations, the amputations are twice as high a percentage of the injuries; and head injury is even a higher figure, several times beyond that.

Most traumatic brain injuries are mild; 80 percent of them, they recover. Called "mild TBI," that is how you will hear it mentioned, these are concussions where people are just dazed a little bit. They see stars. They are confused. They may be dizzy. About a third of them, which is about 5 percent of all the soldiers coming home and the Marines—about a third of them have actually been knocked out cold. Then you have a higher incidence of depression, and a higher incidence of PTSD.

About 40 percent of them get PTSD, which is higher than the average. On average, about 10 to 15 percent of our soldiers have PTSD when they return. The figure is lower than that in the Navy and the Air Force.

So in terms of the numbers, the biggest problem we face is PTSD. Shell shock, combat stress. Not the same as depression, but there are a lot of aspects they have in common. And these people are at higher risk of suicide. It is imperative that we find them.

Skeptics will tell you that there is no treatment for them. Well, there are treatments. There is no proven treatment. The fact that you don't have data proving something works does not mean it is a failure. A lot of these treatments have never been studied. So we have got to study them.

Secondly, we have got to make the diagnosis early. If you have somebody suffering with PTSD, and they are shaking it off and the battle buddy says, Are you okay, Jones? You don't seem yourself. I am fine; get out of my face. Well, he will go on and do something dumb and get in trouble.

And so we need to get out there and reach that soldier or marine or sailor or airman and wrap our arms around him and say, We are taking you in to see the chaplain or the psychologist, and you don't have to tell me if you have received a "Dear John" letter from your wife; you can tell that to them. But I am taking you in there; otherwise, you are going to do something stupid. You are going to lose your security clearance, you are going to lose your weapon, you are going to go home and you are not going to like it.

So you have got to sometimes put some tough love on these guys.

And let me tell you, the Army is all over this. They took 800,000 soldiers—Congressman, thank you for coming—Ward Casscells, Assistant Secretary of Defense for Health Affairs—talking about the Army stand-down day a few months ago. The Army made everybody take this course where they got a refresher, no battle buddy left behind.

It is your duty to get help if you need help. It is your duty to get help for your buddy if your buddy needs help. And it takes strength to ask for help. These messages are coming loud and clear. The Commandant of the Marine Corps is giving the same message. General Schoomaker will tell you more about that, and he is doing a superb job on this.

Backing up for one second. The Military Health System which, with your generous support—and I am the main coach and cheerleader—we are held to an incredible degree of accountability. Dr. Gates, the Secretary, takes your guidance extremely seriously and tells me on a regular basis, Dr. Casscells, I am holding you accountable and you must hold other people accountable for the quality of the care that we deliver. He is absolutely got a dead aim on this.

And we have defined in regular terms what "quality of care" is. This is not just for TBI, this is for the whole environment of care. And competent care, we define it as compassionate, confidential, comprehensive, coordinated, communicated clearly, controlled by the patient as much as possible. That is a little bit of a culture change for the military, but it is the way the whole country is going—courteous, computable, convenient and cost-effective.

We seek to find an environment—and Dr. Chu works hard at this with his people—where families are supported, where education is supported, where benefits are protected——

Mr. MURTHA. Who was that? Who was that that supports this?

Dr. CASSCELLS. Dr. David Chu, the Under Secretary for Personnel Readiness, focuses on reminding us that health care is a part of a larger picture, sir, that involves educational opportunities, benefits and the like. And to this end, we want to recognize that our line leaders have a big responsibility and a big opportunity here.

And some of them just step up and can't do enough for soldiers and marines and sailors and airmen. This year we gave, for the first time ever, a big award to one of our line leaders for this, the General Leonard Wood Line Leadership Award, and it went to General Magnus, Bob Magnus, the Assistant Commandant of the Marine Corps. We need help from the line on this.

Let me say that when we last spoke to you, we had the report of the mental health task force led my Admiral Don Arthur. Two big tasks came out of that sir, reducing the stigma associated with getting help and, two, providing more access.

On the stigma side, the result of MHAT–5, Mental Health Assessment Team 5—it is an Army study, very gratifying—people are now saying in this survey that they feel more comfortable asking for help and getting help for a buddy; that they are less concerned about losing their advancement, about losing their weapon, about losing their security clearance, about a less-than-honorable discharge—all the things that people, when they are depressed, worry about, things that wouldn't worry them at a normal time. They get obsessed with things, and it is terribly important to get this stigma thing reduced.

On the access side, the Army has hired 129 psychological caregivers; we have about another 100 to hire. And these people are not all psychologists, they are not all psychiatrists, but they are all

people who are trained and have had recent training in this and they know how to do it—how to talk to soldiers, how to help people transition through to the VA and so forth.

Let me talk for a second about the Center of Excellence which you have made possible. And that is with the—last year you gave us an additional $900 million for TBI and PTSD; of that, 600 million was for care, 300 million for research. Ms. Embrey will talk about the process that has distributed most of these funds to the services, with the Army as the executive agent for competitive process, working with the best of breed in the university and industry community in a transparent competitive way; and we feel good about that.

I will say that in my experience in the academic world—I have put together two major successful multiuniversity research consortiums, and I have never seen something put together as quickly or with the energy and enthusiasm and the goodwill that this has been done, with thanks to my colleague, Ellen Embrey, and Brigadier General Sutton, who is with us also, who is leading this now.

In particular, one of her challenges is to take the Defense Veterans Brain Injury Center, add to it the efforts of the Fisher Family Foundation, who are trying to raise funds for a new center and to create the Defense Center of Excellence in TBI and PTSD. So we want to acknowledge Arnold Fisher and his family and their generosity in committing to raise these funds; and he and Deputy Secretary England signed this letter last week.

Going forward, sir, we are in the start-up phase of a 3-year program, development research effort; and you have before you our request for the fiscal year 2009 supplemental appropriation request of $797 million.

And per your query to me just before the meeting started about unmet needs or new and emerging needs, there are two in number. In terms of new science, in November we had a big breakthrough—General Schoomaker may allude to it. You can now use your own skin cells, and they can be instructed in the petri dish to revert to fetal tissues which could be used to treat your own burn, a skin graft of your own skin which would not be rejected—or kidney or heart or spinal cord tissue. And as you know, sir, we have got about 150 kids who are blind and about 150 that are paraplegic from their injuries in Iraq alone; and this gives them enormous hope that did not exist before November. We respectfully request assistance in this area.

And we need help within the military, the neurostem cell effort which will help the spinal cord, brain, and eye, and to develop the companion excellence in neurosurgery, neurology, and neuroradiology. It is going to be about $95 million, if we could get your request there.

Sir, one other thing that Ellen Embrey has wisely retained some funds to invest in programs that are particularly promising as we reassess at the 1-year mark and 6-months mark, and we are starting to do that.

And there are some programs that are really hitting the ground running. There are also some needs that have not previously been identified, and I will just mention these for the record.

Patients come to us asking that we treat them with things that they have got a good feeling would help. Music therapy, certain nutritional therapies, dance therapy, art, meditation, things like this. These may be very effective and they may not. They deserve study.

So we respectfully would like your opinion, but my inclination would be to task our staff, working with the best epidemiologists and clinicians, within the military and without, to get a better handle on some of these complementary and alternative therapies, some of which could be terrific. And one thing for sure, patients have great interest in them. So we want to look into that in the coming months.

Sir, there are some things for which we don't need funds; they are just a question of leadership. So, for example, when you go to sick call, I have asked our commanders in theater—I went back to Iraq for a visit a couple of weeks ago. I have asked our commanders to consider that when someone comes into sick call—they are often complaining of a headache or a bad back or sore throat, but really—they could have toughed it out, but really want some guidance, some counseling. They are upset about something; they may not even know it.

I have asked our commanders there, medical commanders, to think about putting at the top of the sick call questionnaire just a statement that we care about mental health, and you have to let us know if you have got a buddy suffering or if there is something that we can do for you.

Mr. Chairman, I want to thank you and other members of the Committee for this opportunity to give you some idea of where we are going with the Defense Center of Excellence. I do think that in this area, with the right facilities and the right people—and we are on the way on both counts—that the military will be the world's best in psychological care of head injuries and of stress in general. And this is an area that is the number one priority for us at Health Affairs.

Thank you, sir. And members of the Committee, thank you very much.

[The statement of Dr. Casscells and Ms. Embrey follows:]

STATEMENT BY

S. WARD CASSCELLS, MD

ASSISTANT SECRETARY OF DEFENSE

HEALTH AFFAIRS

DEPARTMENT OF DEFENSE

AND

MS. ELLEN P. EMBREY

DEPUTY ASSISTANT SECRETARY OF DEFENSE

FORCE HEALTH PROTECTION AND READINESS

DEPARTMENT OF DEFENSE

BEFORE THE

SUBCOMMITTEE ON DEFENSE

APPROPRIATIONS COMMITTEE

UNITED STATES HOUSE OF REPRESENTATIVES

FEBRUARY 7, 2008

NOT FOR PUBLIC RELEASE UNTIL
RELEASED BY COMMITTEE

Mr. Chairman and distinguished members of the subcommittee, thank you for the opportunity to discuss the Department's program on Psychological Health (PH) and Traumatic Brain Injury (TBI).

The Department of Defense (DoD) is committed to providing excellence across the board in protection, prevention, diagnosis, treatment, recovery, and care transition for our military members and their families who experience mental health conditions or traumatic brain injuries as a result of the Global War on Terror. In accomplishing those objectives, we are working hand-in-hand with our federal partners in the Department of Veterans Affairs (VA) as well as the Department of Health and Human Services (HHS). We sincerely and gratefully acknowledge the funding support from Congress to assist us in those efforts as we move forward in providing our military personnel and military families with the care and support they deserve.

To begin, this change we established a comprehensive plan of action based on a vision for the future and a strategic plan to ensure that the military health system meets the needs of our military community during a time of prolonged conflict.

In establishing our plan of action, we relied on five guiding principles to define the progress of our work. They included:

1. Furnish strong, visible leadership and the resources necessary to provide for Service members who experience TBI or PH concerns and conditions;
2. Create, disseminate, and maintain excellent standards of care across the Department;
3. When best practices or evidence-based recommendations are not readily available, conduct pilot or demonstration projects to better inform quality standards;
4. Monitor and revise the access, quality, and fidelity of program implementation to ensure standards are executed and quality is consistent; and
5. With constant attention to the needs of our war fighters and their families, construct a system in which each individual may expect and receive the same level of service and quality of service regardless of Service, Component, status, or geographic location.

Based on these principles, we have built a comprehensive plan on a foundation of seven initiatives. The seven initiatives will transform our system of care of PH and TBI for our military members and the families of members in distress. We have assigned each program to one of the seven initiatives. Creating a continuum of care, however, often leads to program components that do not fit neatly into a two-dimensional descriptive diagram. For this reason, programs and their associated funding may shift over time as the program matures and takes shape. When components cut across initiative lines, we included them in the area for which the majority of the work fit best. The seven primary initiatives include:

(1) **Leadership and Advocacy** – The health of the force and the community is a leadership responsibility. We are working first and foremost to build a strong culture of leadership and advocacy.

(2) **Quality of care** – Quality care requires that we develop and ensure consistent standards and excellently trained clinicians both in our military treatment facilities (MTFs) and in the TRICARE provider network.

(3) **Access to care** – Ensuring easy, timely access to the full continuum of care, regardless of location, calls for an increase in healthcare providers and expanded telehealth services for hard-to-serve areas and populations. We have funded Service-specific telehealth initiatives and will coordinate standards and expand access through a centralized focus on telehealth and technology incorporated into the Defense Center of Excellence for PH and TBI (DCoE).

(4) **Resilience promotion** – Our goal is to build strong minds and strong bodies. That requires solid prevention and protection, in addition to diagnosis and treatment. For this reason, we focus on psychological health, which includes the full continuum – removing or mitigating organizational risk factors, strengthening individual and family health and wellness, and traditional clinical diagnosis and treatment.

(5) **Screening and Surveillance** – In the area of screening and surveillance, our objective is to ensure early identification for individual conditions and concerns to afford the earliest possible intervention; identify trends as they emerge in the community so population-based changes may be made; and provide a solid structure for information management.

(6) **Transition and Coordination of Care** – We are partnering with federal agencies, including the VA and the HHS, as well as our TRICARE managed care support contractors, to ensure there are no gaps in care as patients transition through various systems of care or transition to different duty stations or geographic locations.

(7) **Research and Development** – We have expanded the research opportunities for PH and TBI to establish a strong foundation of medical and cross-functional research. We will continuously improve as researchers report findings and new information that shapes and reshapes our vision of the future.

In all these areas, we strive to perpetuate a system of consistently excellent care across the Department and all the military Services. We have made significant accomplishments in each of these areas.

(1) CULTURE OF LEADERSHIP AND ADVOCACY

Leadership Vision. The Department's priority is to strengthen and maintain a culture of leadership and advocacy. Taking care of people is a leadership responsibility. We have taken this responsibility to heart at every level of leadership – from senior levels in the DoD down to the small unit level in military organizations and to the family units in our military communities.

We formed a Senior Oversight Committee, chaired by the Deputy Secretary of Defense and the Deputy Secretary of the VA. Participants include senior leadership from each of the Military Departments, as well as the medical leadership from the DoD and each of the Services. This Committee meets weekly to plan and monitor our work toward improving care and support for our wounded, ill, and injured Service members and families. We will continue to convene this Committee until we are assured our system of support and care is effectively meeting the needs of our community, as viewed through their eyes.

We have eight lines of action under the Senior Oversight Committee, each with active participation of the Department of Veterans Affairs (VA). The Line of Action 2 (LOA2) group, co-chaired by Ms Ellen Embrey from DoD and Ms. Lucille Beck, and Dr. Ira Katz from VA, is looking at TBI and Post Traumatic Stress Disorder (PTSD) (under the umbrella of developing and maintaining positive psychological health). LOA2 compiled more than 400 recommendations from external and internal review groups to identify ways to improve the effectiveness of our system of care. Undaunted by the task ahead, we moved forward with an aggressive timeline to accomplish those goals.

Fiscal Responsibility. Leadership and advocacy requires effective financial planning and execution. In Fiscal Year 2007, we received a generous addition of $900M to make improvements to our PH and TBI systems of care and research. These funds are important to support, expand, improve, and transform our system. We do not consider the funds as intended to supplant existing funding or programs. We take responsibility in using these funds to support change, and we will leverage change through optimal planning and execution of the special supplemental funding.

We allocated and distributed the funds based on an overall strategic plan created by representatives from DoD and the Services, including VA input. We then examined proposals from the Services and other DoD organizations to use the funds to accomplish the strategic plan.

To date, we have distributed funds in three phases to the Services for execution. Of the $600M Operation and Maintenance funds, $566M (or 94 percent) has been distributed, including $315M for PH and $251M for TBI. The small amount remaining is reserved for expansion of promising demonstration programs and for additional costs that emerge as the plans are executed.

Spend plans generally call for a measured distribution of expenditures in accordance with specific program requirements. We do not expect all funds to be expended at the beginning of the year, but rather expect that the execution of funds will flow throughout the year, in accordance with projected expenditures based on program objectives and activities. To track the planned expenditure rate, we established a spend plan monitoring program that seeks to examine the planned rate of expenditure against the actual rate to determine how timely the funds are being executed. This plan is reported monthly to the senior leadership of the Military Health System (MHS). This is a continuous evaluation to ensure best use of resources to achieve the desired outcomes.

DCoE. Third in our efforts to develop a culture of leadership and advocacy is the creation of the DCoE. The MHS appointed the DCoE director in September 2007 and opened the doors for operations in November 2007. The MHS designed this Center to lead clinical efforts toward developing excellence in practice standards, training, outreach, and direct care for our military community with mental health and TBI concerns. It also will provide a nexus for research planning and monitoring the research plans in this important area of knowledge.

While the DCoE will provide some intensive outpatient care for wounded warriors in the National Capital Region, an equally important function is to instill that same quality of care across the country and around the world through establishing clinical standards, conducting clinical training, developing education and outreach resources for leaders, families and communities, along with researching, refining and distributing lessons learned and best practices to our MTFs and to the TRICARE provider networks.

The DCoE staff incorporates a balanced mix of uniformed and civilian staff members who are charged with building and orchestrating a national network of research, training and clinical expertise. The DCoE is leveraging existing expertise by integrating functions currently housed within the Defense Veterans Brain Injury Center (DVBIC) and the Center for Deployment Psychology (CDP).

Functionally, the DCoE is engaged in several focus areas, including:

1) Mounting an anti-stigma campaign projected to begin this spring through a national collaborative network that includes partnering with the Uniformed Services University for the Health Sciences, the National Institutes of Health (NIH), the VA, the Substance Abuse and Mental Health Services Agency, our coalition partners, and others in the public and private sectors;
2) Establishing effective outreach and educational initiatives, including creating an Information Clearinghouse, public website, a wide-reaching newsletter, and a 24/7 call center that will allow any Service member or family member who needs assistance in navigating the system of care to get help with a single phone call. The call center would equally serve clinicians across the Department with questions concerning clinical practices, training, or standards of care in the area of PH and TBI;
3) Promulgating a Telehealth Network for clinical care, monitoring, support, and follow-up;
4) Coordinating an overarching program of research that is relevant to the needs of the Service members, to include cooperating with other DoD organizations, VA, NIH, and other partners;
5) Providing training programs aimed at providers, line leaders, families and community leaders; and
6) Designing and planning for the National Intrepid Center of Excellence (anticipated completion in fall 2009), a building funded by the Intrepid Fallen Heroes Fund to house the DCoE that will be located on the Bethesda campus adjacent to the new Walter Reed National Military Medical Center.

More than $83M has been allocated toward DCoE-related functions. That total includes amounts allocated specifically to telehealth infrastructure and to DVBIC functions. An additional $45M was allocated to research and development projects.

(2) QUALITY OF CARE

One of the most critical functions of the DCoE lies with the Quality of Care initiative, which relies on developing and disseminating clinical guidance and standards, as well as training clinicians in clinical practice guidelines (CPGs) and in effective, evidence-based methods of care.

Because we urgently need these functions, we are not relying solely on the DCoE to attain full functional capacity to begin training. We funded each of the Services to initiate quality of care functions, including critical clinician training. In the area of mental health, we funded each Service to provide training to mental health providers in CPGs and evidence-based treatment for PTSD and formed a strong partnership with the VA to develop and deliver this training. We also funded each Service to provide training to primary care providers in mental health CPGs. Regarding TBI, we funded a TBI training course attended by more than 800 providers, including VA providers. We will repeat this training in 2008 to provide a basic level of understanding of mild TBI to as many healthcare providers as possible. Over the coming months, we will be consolidating and standardizing these training efforts under the DCoE umbrella.

Severe TBI is easily observed. Similar to other severe trauma situations, severe TBI is treated using well-established procedures. Moderate TBI is also usually clearly recognizable with an event-related period of loss of consciousness and clearly observable neurocognitive, behavioral, or physical deficits. On the other hand, mild TBI, while more prevalent, is more difficult to identify and diagnose on the battlefield, just as it is in civilian scenarios. The index of suspicion must be high to ensure that those who have suffered mild TBI are appropriately evaluated, treated, and protected. We have established a strategy to improve the entire continuum of care for TBI, concentrating our efforts primarily on mild TBI, and we published a DoD policy on the definition and reporting of TBI. This policy guidance serves as a foundation for shaping a more mature TBI program across the continuum of care and sets the stage for the mild TBI CPG to follow.

While evidence-based CPGs have been published for severe and moderate TBI, as well as for in-theater care of mild TBI, we need a full-scale CPG for mild TBI in garrison. We funded the Army Quality Management Office, the DoD executive agent for Clinical Practice Guidelines, to create a formal CPG for mild TBI. Guidelines generally require two years to develop; however, we are expediting that process and will have the CPG completed in one year. The Department will collaborate with the VA on the development of this CPG, as we generally do, to assure a standard approach to identification and treatment of mild TBI.

Having standard guidelines and a trained staff is only part of the quality equation. A similarly important factor is having the proper equipment for the provision of care. The Army and Marine Corps are the population at highest risk for potential brain trauma. Therefore, funds

were used to purchase or lease equipment to enhance screening, diagnosis, and recovery support for soldiers and Marines.

(3) ACCESS TO CARE

Our ability to deliver the highest quality care depends, in part, on easy and timely access. Access, in turn, depends on the adequacy of staff, both military and civilian, to meet the demand in line with acceptable standards for appointment wait times while also providing the services in a location or manner in which the service or family member can interface with the provider or system without undue hardship or long travel times and distances.

In October 2007, we issued a new policy. It reiterated that patients should be scheduled for initial primary appointments within seven days of request.

In addition to increasing access for initial mental health appointments, we are moving behavioral health functions forward into primary care settings. We have funded all the Services to hire personnel in mental health clinics and behavioral health personnel to work in primary care clinics. In this setting, behavioral health providers can easily consult with primary care providers to help identify mental health conditions and make the appropriate referrals for treatment or manage the care in primary care when appropriate. It also enables us to provide care for behavioral aspects of more traditionally physical health problems, such as pain and sleep problems that cause patients to seek care. Primary care providers will be a big help in the area of TBI.

To ensure ready access to mental health and TBI care in our MTFs, we are increasing the number of staff, both military and civilian, using a number of approaches. For TBI, we developed a standard capabilities model of multi-disciplinary staffing for TBI care and management that we are now assessing for full use across all the military Services. This model provides the basis for a site certification pilot the Army has undertaken to ensure that soldiers with TBI receive care only at those treatment facilities with established capability to care for them.

Deployment-related healthcare has proven to be most effective when integrated with total healthcare. The Institute of Medicine advocated this position, and it was codified in the DoD/VA Post-Deployment Health Evaluation and Management Clinical Practice Guideline (PDH-CPG) mandated for implementation and practice across the DoD. Telehealth technology will help bridge this gap. While the DCoE will coordinate and integrate telehealth activities and capabilities across the Department, the Services have begun demonstration projects to assess how best to leverage telehealth technology to increase care for TBI patients in remote or underserved locations.

For mental health, we developed a population-based, risk adjusted staffing model to more clearly inform us of the right number of mental health providers. We contracted with the Center for Naval Analysis (CNA) to validate the model and expect results from that contract later this year. Using that validated model, we will be able to adjust the number of mental health providers in the next fiscal year.

Mental health providers are in short supply across the country. There are some hard-to-serve areas, such as remote rural locations. To increase providers in these areas, we are forming a partnership with the Public Health Service (PHS), which provides uniformed mental health providers to the HHS. They have committed to providing us with 200 unformed PHS mental health providers of all disciplines. We asked the Military Services where those providers would be best positioned and are placing them in those locations.

In terms of civilian and contract providers, we are increasing our mental health staff by more than 750 mental health providers and about 95 support personnel across the Department. All funds for these providers have been distributed to the Services for their execution. They will be a mix of civil service and contract personnel. The MTF commanders have direct hire authority and will be increasing their staff through local means to meet any unique demands in their community.

Within the past few months, the managed care support contractors have added more than 3,000 new mental health providers to the TRICARE network across the three regions. In addition, they have reached out to thousands of non-network providers to identify clinicians who would be available to take on new patients if a network provider could not be identified within the established access standard timeframe.

In addition to civilian staff, it is increasingly important to recruit and retain military providers, as they serve critical missions as an integral part of our deploying force. We appreciate the continuing support of Congress in providing authority for incentive pays to all of our deserving military healthcare providers.

(4) RESILIENCE PROMOTION

We are pursuing a vision where building psychological fitness is equally important to building physical fitness. When health concerns do present, we are striving to break down the barriers to seeking care at the earliest possible time and in the least restrictive setting, including non-medical settings, such as chaplains and Military OneSource counselors.

The DCoE is developing an anti-stigma campaign. An important part of reducing stigma is education. The DCoE also is pursuing a standardized curriculum for PH and TBI education for leaders, Service members, and family members. In the interim, each Service has been funded to implement training across the leadership spectrum that adheres to our overarching principles yet is adapted to the culture of their particular Service.

For families, we have implemented and expanded several education and outreach initiatives. First, we are continuing and expanding the Mental Health Self-Assessment Program. This program is available in person at health fairs across the Department and in a web-based format. This program has been well received and has been expanded to include our school-aged family members. The Signs of Suicide Program is an evidence-based prevention and mental health education program in our DoD Educational Activity (DoDEA) schools. In

addition, we are expanding this program to public middle and high schools in areas with high concentrations of deployed forces.

For our younger children, the Sesame Street Workshop has proven to be quite successful in helping young children understand and manage the emotions that go along with having a parent deployed. In fact, the program was nominated for an Emmy and has been distributed to more than 400,000 families. We are now funding expansion of this educational program to include the impact of having a deployed parent come back with an injury or illness. This program will be added to the original Workshop educational program and distributed widely across the Department. It is scheduled for completion and kickoff in April 2008 to coincide with the Month of the Military Child.

In pursuing resilience, we must not forget our healthcare and community support personnel who work tirelessly to support our deployed forces and their families. For this critically important group, compassion fatigue is a looming threat. Therefore, part of the mission of the DCoE is to develop a new curriculum of training or to validate existing training that will help to alleviate and mitigate compassion fatigue. Of course, compassion fatigue is intimately tied with each of the other aspects of PH and TBI. Without an adequate number of staff, the existing personnel are called upon to serve a high number of distressed personnel. As we increase our staff numbers, we hope to see the potential for fatigue and burnout also decreased.

(5) SCREENING AND SURVEILLANCE

The primary objective of the screening and surveillance initiative is to promote the use of consistent and effective assessment practices along with accelerated development of electronic tracking, monitoring, and management of PH and TBI conditions and concerns.

Screening and surveillance are ongoing initiatives being rolled out in an iterative fashion. We must incorporate these initiatives into the lifecycle of the service member as well as the deployment cycle.

We added questions to both the Post-Deployment Health Assessment (PDHA) and Post-Deployment Health Reassessment (PDHRA) to facilitate TBI screening. We also are supporting initial identification teams at high-density deployment platforms to ensure screening is accomplished in a consistent manner and to further evaluate and treat those who screen positive.

We will move toward incorporating baseline neurocognitive assessments into our lifecycle health assessment procedures from access through retirement. As we progress in that objective, we are providing pre-deployment baseline assessments until we have finalized tests of various neurocognitive assessment tools to determine the best fit for full implementation.

The DCoE's DVBIC will play a pivotal role in collecting and analyzing screening data and making recommendations for future programs and tools. In addition, a critical element for

TBI surveillance is the TBI registry which is being built as a single repository for TBI case information across the DoD.

(6) TRANSITION AND COORDINATION OF CARE

More than in previous conflicts, the current conflict reminds us that we must effectively establish a patient- and family-centered system that manages care and ensures a seamless transition between healthcare systems and phases of care. Transition and coordination of care programs help wounded war fighters and their families make the transition between clinical and other support resources in a single location, across different medical systems, across geographic locations, and across functional support systems, which often can include non-medical systems.

In terms of transition, we are pursuing better methods to ensure provider-to-provider referrals when patients move from one location to another or one healthcare system to another, such as between DoD and VA or the TRICARE network. This is relevant most especially for our Reserve Component members.

While resilience promotion is considered more relevant to PH domains, care coordination is more critical to TBI patients who may have multiple health concerns being treated by multiple health professionals and supported by other service providers. An important part of this coordination function includes accurate and timely information on benefits and resources available. The DCoE Outreach and Clearinghouse function will assist in this effort. While we develop this capability, the Army and Marine Corps, who have the highest number of personnel affected by multiple injuries and illnesses, have been funded to establish enhanced care coordination functions.

In collaborative and coordinated efforts throughout the DoD and VA, we are endeavoring to build an effective system of care that engages users, develops a plan of care, and links the healthcare users to health and other services that address the full range of patient needs and concerns. The principles of care transition and coordination include assessment, identification, and prioritization of concerns, strengths, and needs.

Several key programs are supporting and improving transition activities by hiring care managers. The Marine Corps created a robust call center within its Wounded Warrior Regiment to follow up on Marines diagnosed with TBI and PH concerns to ensure they are successfully maneuvering the healthcare system until their full recovery or transition to the VA. The Navy is hiring PH coordinators to work with their returning reservists, and the National Guard is hiring Directors of PH to put at each State headquarters to help coordinate the care of Guardsmen who have TBI/PH injuries or illness related to their mobilization. The other Reserve Components are looking closely at these programs to obtain lessons learned as they set up their own programs.

Information sharing is a critical part of care coordination. The Information Management offices of both the DoD and VA are working to ensure that information can be passed smoothly and quickly to facilitate effective transition and coordination of care. The DCoE is

also tasked with implementing telehealth and technology systems that will assist in documentation and in sharing of information, as well as tracking and coordinating care for war fighters and their families as they transition back to their hometowns.

(7) RESEARCH AND DEVELOPMENT

Research and development provide a foundation upon which other programs are built. Our intent has been to shape our investment strategy to rely on evidence-based programs. Yet a quick assessment of the field reveals that we need a systematic program of research, not isolated research projects, in order to establish the broad and deep foundation of research we need in the areas of PH and mild TBI. To that end, we have established integrated individual and multi-agency research efforts that will lead to improved prevention, detection, diagnosis, and treatment of combat-related PH issues and TBI.

The United States Army Medical Research and Materiel Command's Office of the Congressionally Directed Medical Research Programs (CDMRP) administers the PTSD/TBI Research Program. Fiscal Year 2007 Congressional appropriations for this program total $301M: $151M and $150M for peer-reviewed PTSD and TBI research, respectively.

The goal of the PTSD/TBI Research Program is to fund scientifically meritorious research to prevent, mitigate, and treat the effects of traumatic stress and TBI on function, wellness, and overall quality of life for Service members and their caregivers and families. The program strives to establish, fund, and integrate both individual and multi-agency research efforts that will lead to improved prevention, detection, diagnosis, and treatment of combat related PH and TBI.

In June 2007, we assembled a stakeholders' meeting to identify and prioritize research gaps related to the prevention, detection, diagnosis, and treatment of PTSD and/or TBI. A group of expert scientists and clinicians from academia, industry, the military, and other federal government agencies assembled for the purpose of identifying and discussing possible ways to address the highest priority gaps. We used the information gathered at this stakeholders' meeting to determine the programmatic goals and objectives at the PTSD/TBI Research Program vision-setting meeting, held June 13, 2007. The prioritized PTSD research gaps include:

(1) Treatment and intervention;
(2) Prevention;
(3) Measures of screening, detection, and diagnosis;
(4) Epidemiological studies;
(5) Families/caregivers projects; and
(6) Neurobiology/genetics.

The prioritized TBI gaps include:

(1) Treatment and clinical management;
(2) Neuroprotection and repair strategy;

(3) Rehabilitation/reintegration strategies;
(4) Field epidemiology; and
(5) Physics of blast as it relates to brain injury.

The PTSD/TBI Research Program challenged the scientific community to design innovative research that will foster new directions for, address neglected issues in, and bring new investigators into the fields of PTSD- and TBI-focused research. Program announcements for 12 extramural and four intramural (DoD and VA) award mechanisms were released in July 2007. The deadlines for proposal submission ranged from August 16, 2007 to November 26, 2007.

We are reviewing proposals according to the two-tier review model recommended by the National Academy of Sciences Institute of Medicine. The first tier is a scientific peer review of proposals against established criteria for determining scientific merit. The second tier is a programmatic review that compares submissions to each other and recommends proposals for funding based on scientific merit and overall program goals. A "Joint Program Integration Panel" is conducting a programmatic review of the proposals. Panel members include representatives from the Armed Services Biomedical Research Evaluation and Management Secretariat (Army, Navy, Air Force, the Office of the Assistant Secretary of Defense for Health Affairs); Uniformed Services University of the Health Sciences; Director of Defense Research and Engineering; the VA; the NIH; and clinical consultants from each of the Services.

We recently completed scientific peer review of all submitted proposals and programmatic review for several awards, including a recommended priority list for funding. The Department is pleased that the response to this solicitation for research was very robust, as shown by the number of proposals received: Intramural = 248; Concept Award = 667; New Investigator Award = 312; and, Investigator Initiated Research Award = 364.

The final programmatic review for the Clinical Consortium, Advanced Technology-Therapeutic Development and Multidisciplinary Research Consortium Award mechanisms will occur in early March 2008. This timeline for execution is on schedule with the timeline briefed to Congress in September 2007.

The PTSD/TBI Research Program is designed to facilitate translational science to quickly bring forth cutting-edge preclinical research to the clinic for evaluation in clinical trials. These efforts make possible a dynamic continuum of scientific knowledge between clinical observation and basic research.

The Multidisciplinary Research Consortium is intended to optimize research and accelerate the solution of a major overarching problem in PTSD or TBI research within an integrated consortium of the best scientists and clinicians as members of a synergistic, multidisciplinary team.

The overarching goal of the PTSD/TBI Clinical Consortium is to combine the efforts of the Nation's leading investigators to bring to market novel treatments or interventions that will

ultimately decrease the impact of PTSD and TBI and improve the function, wellness, and overall quality of life of Service members as well as their families, caregivers, and the American public. The Clinical Consortium will consist of a coordinating center plus multiple clinical research sites. Investigators from the Clinical Consortium will integrate with the DCoE.

Academic and industry applicants were highly encouraged to collaborate with military and VA scientists and clinicians. A positive outcome of the execution of the research program will be the establishment of many new collaborations among DoD, VA, academia, and industry that will ultimately make an impact on the care of our active duty Service members and their families affected by PTSD and TBI.

REMAINING CHALLENGES

Pursuing change in a system as large as the MHS, which serves 9.2 million beneficiaries around the world, while also coordinating with our federal partners in the VA and HHS, comes with many challenges.

EXECUTING QUALITY CHANGE TAKES TIME. Effecting quality change takes time and effective change requires considerable thought, planning, and deliberate action. Funds assist in motivating change for the better, even when that change is uncomfortable or inconvenient. However, ensuring that funds drive needed, quality change in a large system takes time. As our ability to effectively use these funds becomes clearer, we look forward to working closely with this Committee on this year's and future years' plans.

CROSS-FUNCTIONAL PLANNING. As we attempt to build a true continuum of care, it has become ever more apparent that cross-functional planning is required. Healthcare dollars have limits to their expenditure. Planning in a cross-functional environment creates the need for innovative solutions and problem solving that affects more than the healthcare community. While time is required to work through these issues, a better continuum of care will surely result. We will work with this Committee to identify the non-healthcare initiatives needed to support the full continuum.

IN CONCLUSION, the DoD is moving aggressively to transform prevention, protection, identification, management, and transition of care for our war fighters and their families in the critical combat health areas of PH and TBI. We appreciate the support Congress provides to our military community, members of which have earned our respect and support through their service to our national security strategy.

Mr. Chairman, thank you for the opportunity to provide you and the members of the Subcommittee an overview of our PH and TBI Program.

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Mr. MURTHA. I am going to ask Mrs. Embrey to put her comments in the record so that the members have a chance to ask questions of the Surgeons General who are here with us also.

A couple of things that I wanted to talk about.

At Fort Hood, I think I see the work that you have done and the Army has done. I saw the best screening process, the most effective counseling that I have seen since I have been visiting the hospitals; and I was very impressed by how that is working.

I am a little concerned. Yesterday, I met with a doctor, a military doctor, who told me he is an expert in diabetes; and he recommends that people don't go to the war zone if they have diabetes. And yet when I was in Afghanistan at my table were two people with diabetes.

If we are so short that we have to send people against the advice of the doctors into a war zone, I think we ought to relook at that. I know that it may not necessarily be your problem—I am going to bring it up with the chiefs—but diabetes is very difficult to keep under control. Both of these people were not overweight, and it just worries me that we have lowered the standards to the point where we have got people against the doctor's orders going to a war zone.

But as a whole—one other issue, when you talk about stress: This morning I made a speech, and the State Department guy got up and said, I want you to know that 75 percent of the time spent by the adjutant general in Iraq is on divorces. So obviously there is tremendous stress at home. And when I was in Afghanistan this past weekend they talked about the divorce rate, and they talked about the stress at home.

So I think we are all saying the same thing, and we are going to do everything in this subcommittee, as we have done in the past under Bill's leadership and Jerry's leadership and my own leadership, to try and make sure that we make up for some of the things that happened in the past where the chiefs felt like the budget constraints kept them from being able to maintain a level of expertise that we should have.

So we are going to consider the recommendations. We ask you to go out and look at the military construction work that needs to be done, the infrastructure work that needs to be done. And certainly we will take a look at this Center of Excellence, and I think the subcommittee will be very favorably disposed to take care of those things.

Mr. Lewis.

Mr. LEWIS. Mr. Chairman, I came in a little late. Would you go to my friend at my right?

Mr. MURTHA. I certainly will. Mr. Frelinghuysen.

Mr. FRELINGHUYSEN. I appreciate the comment. Thank you, Mr. Chairman.

We have about 3,500 New Jerseyans deploying in mid-June. Obviously, when they are called up, their anxiety level goes up pretty high. In some ways, you start the process of actually deploying before you get over there.

What do we have on the front end, taking a look at the needs of soldiers? And some of the soldiers, pardon the expression, are not exactly spring chickens. Some of them are National Guard, they are all citizen soldiers and volunteers doing a great job.

What do we have on the front end and the committee has discussed over the years on the back end? When they come back they don't go to the base. They may not go to Fort Hood or somewhere. You know, they go back into the citizen population.

The stigma—it is a legitimate issue, but in reality you want to get out of the uniform pretty quickly. What do we have on the front end and the back end this time around, as opposed to maybe a year ago or several years ago? I know that you have made considerable progress, but where do we stand today?

Dr. CASSCELLS. Sir, thanks for that. The services have that Title 10 function as you know, and our Surgeons General will address that. But I want to say that it is amazing that in this long war they are still recruiting these people who, as you say, from all ages, men coming in midlife like I did to the Army. And it is a credit to the cause that these—the people serving the country here behind me here, who—it is not a matter of politics, it is not a matter of—it is just a matter of patriots. That there are that many out there it is a fantastic thing.

Now, Health Affairs, Ellen Embrey, to my right, has got a different oversight role, which is to make sure that from start to finish, from start to retirement, psychological health, psychological readiness are not forgotten and do not take a back seat to physical fitness and so forth. So I would like to ask you to address that. She has done something unprecedented in the predeployment assessment and post-deployment health assessment.

Ms. EMBREY. I will try to be brief.

The Department has been concerned since the first Gulf War in the 1990s to make sure that we had a good baseline understanding of the health and fitness of the individuals. So we instituted a predeployment health screening process where we evaluate the individual's physical and mental health status prior to deployment, to evaluate whether they should go or not and to document that.

In addition, we have a fairly rigorous health assessment program ongoing where we capture health encounters in theater, and we maintain data about the types of visits and the types of counseling that exist; and that is also documented.

When the individuals return from theater, there is a policy to evaluate, within the first 30 days of return from deployment, the status of that individual and to screen for health concerns, be they physical or emotional.

Because many of them were anxious to get home and chose not to volunteer, that they were having some concerns, we instituted a reassessment process within the first 3 to 6 months following deployment. And, again, that is an outreach to all those who have returned from deployment where we ask the question, how are they doing.

Mr. FRELINGHUYSEN. Just to make it clear for the committee, you do something within 90 days and we learned last year you do something automatically within 6 months. Is that voluntary on their part?

Ms. EMBREY. It is mandatory for contact.

Mr. FRELINGHUYSEN. I do think obviously people, once they go back into civilian life, but there is no mandated——

Mr. MURTHA. What I saw at Fort Hood was that they took them back in—it was a very short period of time; had a chance, 30 days back home—and they took them all in and started screening them. I don't know what the time was.

You are saying?

Mr. FRELINGHUYSEN. I was wondering, is it voluntary? I am talking particularly about Guard and Reserve, not to take anything away from active duty. They have continuing problems of that nature.

Ms. EMBREY. It is for Guard and Reserve, anybody who is deployed—redeployed.

Mr. FRELINGHUYSEN. Do they have to come forward after 6 months?

Ms. EMBREY. The requirement is for us to contact them and ask them how they are doing.

Mr. FRELINGHUYSEN. How would you characterize the response, to date, if this is a relatively new policy?

Ms. EMBREY. I would defer to the Surgeons because they are the ones that execute it, but I think that we are getting good response.

It took a while to get the program going, which was full steam about a year ago. And the ability to contact and capture how people were doing in that 3-to-6-month period after going home is a challenge for the Guard and Reserve, and they have been working on improving those processes. But I would say it is improving steadily.

Mr. FRELINGHUYSEN. So they are working on it. But do you know actually how they are doing?

Ms. EMBREY. Yes, sir.

Mr. FRELINGHUYSEN. So how are they doing? Besides your saying they are improving on it, are there statistics to back up the number of people that have gotten help and contacts that have been made?

Ms. EMBREY. What I am looking at is the outcome of the screening process, not the percent of folks that we were unable to contact.

Mr. FRELINGHUYSEN. We are on your side here.

Mr. MURTHA. I think what he is saying is, it should be mandatory.

Ms. EMBREY. It is mandatory.

Mr. MURTHA. It is mandatory. Okay. And you say you contact them and they have to come in?

Mr. FRELINGHUYSEN. The contacts are mandatory, but those who have come back——

Mr. MURTHA. They should have to come in, I think. Everything we have heard in this committee was, the longer they wait without care, the worse it gets. We want to get them in and get them some care, right?

Mr. FRELINGHUYSEN. Yes. So could you clarify your response? I mean they are not mandated to come in now; is that right?

Ms. EMBREY. It is mandatory for us to ask the questions. They can decline to answer the questions.

Mr. FRELINGHUYSEN. So how would you say the response has been? Somebody must have a general idea.

Dr. CASSCELLS. I will take a crack at that.

Mr. FRELINGHUYSEN. We understand the issues of stigma and people want to get back to their lives. But it is surprising how many people, besides marital problems, have post-traumatic stress

syndrome, and we all wring our hands about how we are going to address it.

Dr. CASSCELLS. Let me just say that 75 percent of the people fill out the post-deployment health reassessment. And we feel that by asking it a little sooner—3 months, 6 months—we will get a higher rate. But we are concerned that a quarter of them are not answering. Those lost sheep are the ones that we have do go out and find.

We have asked our chaplains to organize a program to do that, the chaplains and retired chaplains because they can call a serviceman and say——

Mr. FRELINGHUYSEN. Wait a second, when I was in the Army, the chaplains were not necessarily the people I wanted to talk to. I am talking about medical issues here, bona fide people with mental health bona fides reaching out to Army National Guard people, Reserve people that have been there 12 months, 15 months.

Ms. EMBREY. Yes, sir, we have a program that the Reserve components have underwritten which has—it is a Reserve component readiness program which is centrally managed out of our office. And they are responsible for making the contact and evaluating the individual's concerns and referring them for care if they are identified.

And they are—if they are eligible for care in our system, if they are within that first 6 months or if they signed up for TRICARE Reserve Select, then we can refer them and care for them in our system. If not, they are referred to the VA for care or follow-up. And that is how we engage with the Guard and Reserve community.

We also are responsible—mandatory review on an annual basis.

Mr. MURTHA. May I interrupt? I think we need to pursue this. Because this, to me, especially National Guard people who are—the job back—they are getting back. We do have drill days, and so we need to get some—we need an answer for the committee exactly how this thing is working.

I was satisfied at the base, but I don't know about the National Guard. As I have said here before, I have a young fellow working for me who has really struggled getting back into real life, and he has had counseling and he is still struggling a little bit.

I think we need to get some more details, maybe from the Surgeons General, or privately the committee needs to hear exactly when we require them to come in, if we need an earlier time to come in, and what kind of treatment they are getting in the National Guard and Reserve, in particular, because it looks like they are doing on the bases.

Mr. Dicks.

Mr. DICKS. Secretary Casscells, you have been before the committee last May, and you and I had a couple of exchanges outside of that. The focus of our conversation had to do with whether or not DoD would be proceeding last year with the request for proposals to recompete the TRICARE contracts, especially given all the examination that was going on into DoD and VA health care systems at the time.

You agreed to look into this, but in the end I understand that DoD determined to proceed with the solicitation for new TRICARE

contracts. Now, it is my understanding that DoD has not yet released an RFP for new TRICARE contracts.

Will you please tell us where DoD is on its plan to recompete the TRICARE contracts?

Dr. CASSCELLS. Congressman Dicks, thank you. If I did not get back to you personally about that, which I think I did——

Mr. DICKS. You sent me a letter and said we weren't going to do it until we looked at the issues from the Presidential Commission and the other commission. And then it came up, and all the sudden the decision was made, and then nothing happened.

I am asking for a status report.

Dr. CASSCELLS. Yes, sir. Of the contracts—the request for proposals have gone out in phases and some went out just yesterday. All of these contracts are going to be competed, or recompeted in the case of incumbents, in a transparent process.

What we have done, and the reason for going back at it again is, we have increased the focus on collecting data to measure the quality of care; and we have reorganized some of our requirements so that this is more transparent, so that the emphasis on quality of care is increased.

We have shifted the focus a little bit for more choice for the servicemembers. So, in other words, our requirements changed enough that we felt it was important to recompete the contracts.

Mr. DICKS. Okay. Let me ask you this.

One of the things I was concerned about was how DoD and your office is incorporating the findings and recommendations from the DoD task force and the President's Commission into the new TRICARE contracts.

Were any of their recommendations taken into account as you proceeded with this recompete on the TRICARE contracts?

Dr. CASSCELLS. Yes, sir, in particular, the recommendations of the task forces which are largely in agreement, the six major task forces, really require us to coordinate better, to share information faster and completely, and to pay attention to what the patients' choices are and to pay attention particularly to the psychological aspects of care and well-being. So all of that is emphasized in these new contracts.

Who the winners will be, I don't know, because my job is to set the policy and then stay far away from the competition. I don't even know who applies. I don't take phone calls or meet with competitors, don't sit in on the process, but I do have people sitting in whose only job is to make sure that the process is competitive, and that quality—they meet our goals.

Mr. DICKS. I would also like to know how DoD's response to post-traumatic stress disorder and TBI injuries is going to be reflected in the TRICARE program.

Dr. CASSCELLS. Sir, the programs, what we call the "downtown care" or "purchased care," the private sector care has gotten out in front of this. They are all offering, in house, or through nearby providers TBI and PTSD care.

The quality issue here though is important because many of our soldiers, marines, airmen and sailors they go back to small towns and many are reservists, as Congressman Frelinghuysen points out. So making sure that they go to a center that meets quality cri-

teria and continues to meet those criteria on an ongoing basis to meet those standards, that is very important. Anybody can put up a sign saying, We are specialists in head injury; the question is whether they really are.

This is an effort for us, and we are going to have to—we are blessed by the fact that General Granger walks the deck, he visits all of these places that win contracts. And he holds their feet to the fire. He goes around and talks to the patients. He calls it "trooping the line," an old-fashioned Army term for finding out what is really going on.

I feel good about it. I don't have the data, Congressman Dicks, to tell you about these contracts because they are not awarded yet.

Mr. DICKS. How long is this process before a decision will be made?

Dr. CASSCELLS. October, sir.

Mr. DICKS. So it is going to be about 6 months?

Dr. CASSCELLS. Yes, sir.

Mr. DICKS. In talking to people out there in the field. They tell me that one of the major problems is, there are not enough psychiatrists, that we do not have enough psychiatrists to deal with this problem, which is a very significant shortfall.

Are we doing anything about that?

Dr. CASSCELLS. Yes, sir. We, of course, are trying to beef that up with the Uniformed Services University to improve our training. And what this committee has done to support the Health Professions Scholarship Program, to support the retention of specialists—and I think that General Roudebush will talk about this later—this is very, very important and very appreciated.

In the short term, we try to use every available resource. And you may realize that it was in the military that group therapy began, because of the constraints Congressman Murtha alluded to earlier which is, as a country, we have never paid, perhaps, enough attention to mental health. And particularly there has been a lesser priority in the military, a lot of big priorities.

So we are talking about PTSD and health care in general, not overfunded in the military by any means. And then you take an area that is chronically underfunded like trauma and another one like psychological care. I mean, that is all the least-funded areas together there.

So we have got to work on that, and we are putting our finger in the dike with things like telehealth and telepsychiatry.

Mr. MURTHA. We are trying to give you the money to help.

Mr. Lewis.

Mr. LEWIS. Thank you very much, Mr. Chairman.

Secretary Casscells, Secretary Embrey, we appreciate very much you being here. This is such an important topic to all of us. And as men and women serving us now in the Middle East are coming home, to say the least, the pressure on all of our institutions is just horrendous.

The Jerry Pettis Veterans Hospital is in my district, located adjacent to Loma Linda University; and there—veterans, of course, go there for service, but the freshly new-sworn-in veterans, those who have just come back, go for services, and there is absolutely a shortfall in terms of people available, qualified to deal with ques-

tions like PTSD and the variety and mix of challenges that affect their families and the like.

So what are we doing to actively coordinate with those veterans hospitals and the professionals who are there with the work that you are doing, to try to make sure that we are getting to these peoples's need for services early and often?

Dr. CASSCELLS. Congressman Lewis, we have been engaged in the process called the SOC, that stands for Senior Oversight Committee, which have been led by Deputy Secretary Gordon England and VA Deputy Secretary Gordon Mansfield.

You have heard a little bit about this, but in terms of the coordination on TBI, Under Secretary Mike Kussman and I at the VA have worked closely. We talk almost every day about this. Our overall leaders are Ms. Embrey here and Colonel (Promotable) Sutton to my left, and they work with the VA every single day on this, sir.

We would be delighted to supply you with more details because this is something we are feeling very good about. And, in fact, the VA has been way out in front of us in PTSD. They cared about this a long time ago, and we have learned a lot from this interaction with them; I want to acknowledge that. We will continue to learn from them and develop joint projects.

Mr. LEWIS. Specifically, at this veterans hospital, I have had a lot of interaction regarding these questions, in no small part because in a territory like my own you can drop four Eastern States in my desert alone, and that is a long way away from the hospital. So delivering services away from the VA for certain veterans and others, which involves needed contracting services with people in Barstow, which is 80 miles away, what are we doing in connection with that and how do we begin to touch the numbers of people, professionals, that we need to care for those services?

Ms. EMBREY. Sir, it is a combination of initiatives. In terms of providing support to rural areas, specifically, with the generous amount of dollars that have been given to us, we are working with the VA to set up a telehealth network that will allow us to take experts in one place and do a face-to-face consult with clinicians in rural areas to help them understand the case at hand and to evaluate and to help that individual treat the persons in those places and refer them, when necessary, to higher specialty areas.

So telehealth is an important part of that ability.

Secondly, we are recruiting individuals and there is a nationwide shortage of mental health professionals in the civilian and military world. Notwithstanding, we are increasing our plans to increase our own staff by more than of 750 individuals, health providers.

Mr. LEWIS. That you are hiring?

Ms. EMBREY. We are hiring them, either civilians or in a contract arrangement.

We are also working with our TRICARE network providers and have asked them to ensure that their networks are expanded so that they have a ready list of individuals that our beneficiaries can call. And to the extent they are not able to bring them into the network, they are maintaining current lists of providers who are not in the network so that if they cannot get care in our network, they can be referred for action within our access for standards.

It is multitiered set of initiatives.

Mr. LEWIS. All of our members, I think, are concerned about the impact of these conditions of people returning from service, the impact it has had, their service in the first place, has had upon their families.

Are we interplaying with the service needs for some of those families beyond just alcohol abuse or otherwise? Tell me what I don't know about that.

Ms. EMBREY. Well, one of the recommendations of the mental health task force to the Department was for us to evaluate the preclinical and nonclinical aspects of the continuum of care for emotional health, as Dr. Casscells said, building resilience. Not all individuals have the same emotional resilience and learning to understand what that is and building it up to have better coping mechanisms for all types of stress is important.

And leveraging the preclinical and family support programs is an important part of that capability. And one of the recommendations was for us to establish directors of psychological health at all of our installations; and those directors at the National Guard bureau and in every State and in several OSD staff offices, policy offices, to make sure that we are doing that synchronization of preclinical and clinical programs for emotional resilience and treatment. And we are implementing that.

We have identified the dollars, established the requirements, and have been working with the services to actually begin filling these positions, and that is the way we are going to try to make that happen.

The challenge right now is that the funding that we have received went to the Defense Health Program and not to the Family Support Program. So we probably will have to evaluate and reinform you about the non-Defense Health Program dollars that will be needed to fund the preclinical and nonclinical programs, to make sure that we have a full continuum of support.

Mr. LEWIS. To say the least, the task before all of us is almost overwhelming, and I can't figure out in my head where you are going to get the numbers of people that you need. You say you are contracting with 750 or so. But when you look at the suicide rates alone for people who have been serving in the Middle East, they are double the standard population rates. That is an indication of the effect it is having on the individual members of the service who are leaving the service perhaps, but on their families as well.

Ms. EMBREY. Our network providers that support us have reported that they have hired over 3,000 mental health professionals to augment our purchased care networks—and that is quite an accomplishment—since last May.

Mr. MURTHA. I don't understand. Tell me—Mr. Dicks just pointed out you spent 53 million.

Mr. MORAN. That is obligated money, too, already obligated.

Ms. EMBREY. The process for hiring individuals under contract and under the Civil Service Merit System does take time.

Mr. MURTHA. That is something we ought to look at, because I tell you I went down to a couple of hospitals recently; they said, We hire a doctor, but by the time we okay it, they are gone; they go someplace else.

The authorizing committee or somebody, you folks, ought to look at your regulations and make a recommendation on how we could change that idea.

Mr. LEWIS. Mr. Chairman, not to extend this, but we had an individual case where we are trying to help a guy be placed within this veterans system, and we made a lot of effort saying, Why aren't you doing this, and were about to crack the door when the right people from DoD came to us and said, This guy had a problem up here. It was the wrong guy to force them to hire, if you will. They have to take some time and spending the money is an important piece.

Mr. DICKS. Mr. Chairman, will the gentleman yield? Can you tell us, of the $53 million, is it all for personnel; or can the money be used for any other possible avenue for treatment?

Ms. EMBREY. I am not sure which 53 you are talking about.

Mr. DICKS. We are talking about the $600 million that was appropriated by Congress in the supplemental, and out of that only $53 million has been expended.

Ms. EMBREY. It is for a variety of objectives, a large portion of which is to hire personnel. But it is also to build and establish new programs and policies for resilience, for prevention, communication, education, outreach, several other—surveillance. Many of the things that Dr. Casscells referred to. It is more than just people; it is setting up capability in a system that did not exist before as well.

Mr. DICKS. Why such a long delay? Or are we doing fine? I mean, 53 out of 600—out of 900 million does not seem to me to be a very aggressive program, especially with the magnitude of the problem.

Ms. EMBREY. We had to make sure—one of the criticisms of the Department, working with the VA, was to make sure there was consistency and standard and easy transition from DoD to VA care.

It is important when you are spending money and you are building new programs and capabilities that you have a common agreement on the goals, the standards, and the desired outcome and that you work together to define that. And once you have that common vision, you can begin to implement it. And it took us a while to get that common vision.

Mr. DICKS. For the record, would you give us a breakdown of how the 53 million was spent and any plans you have for the future?

Ms. EMBREY. Yes, sir.

[The information follows:]

Although our expenditures may not have occurred as fast as some people might prefer, the Department is following a detailed plan and executing a prudent and careful approach to assure we use the funds provided by Congress to maximize the benefit to our service members. The following slides show the details through January 2008, when the expenditure amount exceeded $64 million.

COST OF PH/TBI BY INITIATIVE

Total PH and TBI		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
All Initiatives	Plan	41,959	54,915	92,431	104,704	117,612	147,823	185,263	231,009	395,250	467,253	497,873	536,607	560,405
	Actua	42,289	52,524	53,969	57,116	64,150								

Psychological Health		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Access to Care	Plan	35,809	44,824	54,842	57,717	65,246	69,416	77,599	92,952	119,288	138,497	152,965	157,515	159,744
	Actua	35,809	44,348	46,000	47,923	50,779	-	-	-	-	-	-	-	-
Quality	Plan	-	379	2,168	3,961	5,791	5,600	6,257	8,860	18,687	21,174	21,921	23,169	24,039
	Actua	331	331	331	331	465	-	-	-	-	-	-	-	-
Resilience	Plan	-	2,707	3,532	4,435	3,009	4,599	12,198	16,164	19,398	41,643	43,204	49,451	59,863
	Actua	-	-	-	134	243	-	-	-	-	-	-	-	-
Surveillance	Plan	-	45	5,551	5,711	5,863	15,096	16,418	22,326	26,155	31,436	32,302	33,892	37,451
	Actua	-	-	-	1,500	1,598	-	-	-	-	-	-	-	-
Transition	Plan	791	791	791	2,644	1,283	837	3,749	9,237	9,493	9,520	9,547	12,221	12,299
	Actua	791	791	791	837	837	-	-	-	-	-	-	-	-
Central Mgt	Plan	754	835	5,202	5,592	5,680	11,003	11,093	11,269	17,180	17,357	17,546	23,470	23,360
	Actua	754	754	782	342	805	-	-	-	-	-	-	-	-
All PH Initiatives	Plan	37,354	49,581	72,085	80,060	86,872	106,551	127,314	160,807	210,200	259,627	277,485	295,840	316,755
	Actua	37,685	46,224	47,900	51,068	54,727	-	-	-	-	-	-	-	-

Traumatic Brain Injury		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Access to Care	Plan	488	545	8,302	11,038	15,035	19,825	24,485	27,866	99,625	114,543	122,337	129,431	131,557
	Actua	488	2,165	1,375	1,885	4,521	-	-	-	-	-	-	-	-
Quality	Plan	326	877	2,054	3,203	4,474	3,021	14,552	20,010	25,043	25,218	25,384	25,942	26,101
	Actua	325	345	393	411	534	-	-	-	-	-	-	-	-
Resilience	Plan	-	-	-	-	-	-	-	545	815	885	930	965	1,000
	Actua	-	-	-	-	-	-	-	-	-	-	-	-	-
Surveillance	Plan	2,246	2,286	3,927	3,971	4,755	6,822	6,995	9,563	40,503	47,631	52,100	58,769	59,042
	Actua	2,246	2,245	2,756	2,769	2,921	-	-	-	-	-	-	-	-
Transition	Plan	791	791	861	1,140	1,097	901	1,125	1,249	2,184	2,293	2,392	2,491	2,590
	Actua	791	791	791	865	886	-	-	-	-	-	-	-	-
Central Mgt	Plan	754	835	5,202	5,292	5,380	10,703	10,793	10,969	16,880	17,057	17,246	23,170	23,360
	Actua	754	754	754	118	561	-	-	-	-	-	-	-	-
All TBI Initiatives	Plan	4,605	5,334	20,345	24,644	30,740	41,272	57,950	70,202	185,050	207,627	220,389	240,767	243,649
	Actua	4,604	6,300	6,069	6,048	9,423	-	-	-	-	-	-	-	-

CENTRAL PROGRAMS COST OF PH/TBI BY INITIATIVE

Total PH and TBI		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
All Initiatives	Plan	1,508	4,948	36,703	42,924	45,172	67,193	77,215	82,889	104,676	108,972	114,719	134,787	150,939
	Actual	1,508	1,508	1,532	1,700	2,606	-	-	-	-	-	-	-	-

Psychological Health		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Access to Care	Plan	-	57	7,814	10,550	11,307	11,364	16,000	18,382	20,064	21,750	24,298	26,146	28,000
	Actual	-	-	-	39	39	-	-	-	-	-	-	-	-
Quality	Plan	-	379	758	1,141	1,552	1,965	2,380	2,791	3,204	3,619	3,745	3,871	4,000
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
Resilience	Plan	-	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	11,500
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
Surveillance	Plan	-	45	5,533	5,675	5,782	14,939	15,050	15,157	18,254	18,365	18,472	19,629	22,970
	Actual	-	-	-	1,500	1,500	-	-	-	-	-	-	-	-
Transition	Plan	-	-	-	-	-	-	-	-	-	-	-	-	50
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
Central Mgt	Plan	754	835	5,202	5,292	5,380	10,703	10,793	10,969	16,880	17,057	17,246	23,170	23,060
	Actual	754	754	782	43	506	-	-	-	-	-	-	-	-
All PH Initiatives	Plan	754	4,016	22,007	25,358	26,721	41,671	46,923	49,999	61,102	63,491	66,461	75,516	89,580
	Actual	754	754	778	1,582	2,045	-	-	-	-	-	-	-	-

Traumatic Brain Injury		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Access to Care	Plan	-	57	7,814	10,550	11,307	11,364	16,000	18,382	20,064	21,750	24,298	26,146	28,000
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
Quality	Plan	-	-	-	-	-	-	-	-	-	-	-	-	-
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
Resilience	Plan	-	-	-	-	-	-	-	-	-	-	-	-	-
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
Surveillance	Plan	-	40	1,681	1,725	1,765	3,456	3,500	3,540	6,631	6,675	6,715	9,956	10,000
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
Transition	Plan	-	-	-	-	-	-	-	-	-	-	-	-	-
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
Central Mgt	Plan	754	835	5,202	5,292	5,380	10,703	10,793	10,969	16,880	17,057	17,246	23,170	23,360
	Actual	754	754	754	118	561	-	-	-	-	-	-	-	-
All TBI Initiatives	Plan	754	932	14,697	17,567	18,452	25,523	30,293	32,891	43,575	45,482	48,259	59,272	61,360
	Actual	754	754	754	118	561	-	-	-	-	-	-	-	-

AIR FORCE COST OF PH/TBI BY INITIATIVE

Total PH and TBI		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
All Initiatives	Plan	-	-	-	108	128	16	421	9,893	19,183	30,053	33,680	37,301	37,301
	Actual	-	-	-	108	128	-	-	-	-	-	-	-	-

Psychological Health		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Access to Care	Plan	-	-	-	-	-	-	-	6,479	12,958	20,733	23,325	25,915	25,915
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
Quality	Plan	-	-	-	-	-	-	-	826	1,652	2,642	2,972	3,300	3,300
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
Resilience	Plan	-	-	-	108	128	-	-	701	1,402	2,242	2,522	2,800	2,800
	Actual	-	-	-	108	128	-	-	-	-	-	-	-	-
Surveillance	Plan	-	-	-	-	-	-	-	550	1,100	1,760	1,980	2,200	2,200
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
Transition	Plan	-	-	-	-	-	-	-	-	229	229	229	229	229
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
Central Mgt	Plan	-	-	-	-	-	-	-	-	-	-	-	-	-
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
All PH Initiatives	Plan	-	-	-	108	128	-	-	8,556	17,341	27,606	31,028	34,444	34,444
	Actual	-	-	-	108	128	-	-	-	-	-	-	-	-

Traumatic Brain Injury		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Access to Care	Plan	-	-	-	-	-	-	-	-	-	-	-	-	-
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
Quality	Plan	-	-	-	-	-	16	421	837	842	847	852	857	857
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
Resilience	Plan	-	-	-	-	-	-	-	-	-	-	-	-	-
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
Surveillance	Plan	-	-	-	-	-	-	-	500	1,000	1,600	1,800	2,000	2,000
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
Transition	Plan	-	-	-	-	-	-	-	-	-	-	-	-	-
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
Central Mgt	Plan	-	-	-	-	-	-	-	-	-	-	-	-	-
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
All TBI Initiatives	Plan	-	-	-	-	-	16	421	1,337	1,842	2,447	2,652	2,857	2,857
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-

NAVY COST OF PH/TBI BY INITIATIVE

Total PH and TBI		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
All Initiatives	Plan	-	-	3,327	8,507	17,943	23,336	38,010	54,979	70,416	92,084	101,392	109,726	110,951
	Actual	331	2,558	1,734	4,336	7,680	-	-	-	-	-	-	-	-

Psychological Health		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Access to Care	Plan	-	-	-	-	8,962	13,059	16,452	20,140	24,905	31,425	40,633	40,633	40,881
	Actual	-	550	1,366	3,474	6,017	-	-	-	-	-	-	-	-
Quality	Plan	-	-	1,410	2,820	4,231	3,219	3,234	3,664	12,064	12,196	12,246	12,841	13,355
	Actual	331	331	331	331	334	-	-	-	-	-	-	-	-
Resilience	Plan	-	-	735	1,470	81	1,695	8,705	9,525	9,570	20,210	20,260	24,980	25,427
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
Surveillance	Plan	-	-	-	-	-	-	981	5,981	5,981	5,981	5,981	5,981	5,981
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
Transition	Plan	-	-	-	1,853	492	-	2,912	8,373	8,373	8,373	8,373	11,020	11,020
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
Central Mgt	Plan	-	-	-	-	-	-	-	-	-	-	-	-	-
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
All PH Initiatives	Plan	-	-	2,145	6,143	13,766	17,973	32,284	47,683	60,893	78,185	87,493	95,455	96,664
	Actual	331	881	1,697	3,806	6,351	-	-	-	-	-	-	-	-

Traumatic Brain Injury		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Access to Care	Plan	-	-	-	-	530	4,034	4,034	4,034	4,511	8,887	8,887	8,887	8,903
	Actual	-	1,677	37	530	1,326	-	-	-	-	-	-	-	-
Quality	Plan	-	-	1,112	2,225	3,437	1,328	1,481	1,551	3,260	3,260	3,260	3,632	3,632
	Actual	-	-	-	0	3	-	-	-	-	-	-	-	-
Resilience	Plan	-	-	-	-	-	-	-	-	-	-	-	-	-
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
Surveillance	Plan	-	-	-	-	-	-	-	1,500	1,542	1,542	1,542	1,542	1,542
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
Transition	Plan	-	-	70	140	210	-	210	210	210	210	210	210	210
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
Central Mgt	Plan	-	-	-	-	-	-	-	-	-	-	-	-	-
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
All TBI Initiatives	Plan	-	-	1,182	2,365	4,177	5,363	5,726	7,296	9,523	13,899	13,899	14,271	14,287
	Actual	-	1,677	37	530	1,329	-	-	-	-	-	-	-	-

ARMY COST OF PH/TBI BY INITIATIVE

Total PH and TBI		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
All Initiatives	Plan	40,451	49,967	52,401	53,164	54,361	57,278	69,618	83,249	200,975	236,144	248,082	254,793	261,214
	Actual	40,450	48,459	50,703	50,972	53,728	-	-	-	-	-	-	-	-

Psychological Health		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Access to Care	Plan	35,809	44,767	47,028	47,167	44,977	44,993	45,147	47,951	61,361	64,589	64,709	64,821	64,948
	Actual	35,809	43,798	44,634	44,410	44,723	-	-	-	-	-	-	-	-
Quality	Plan	-	-	-	-	-	416	643	1,579	1,767	2,717	2,958	3,157	3,384
	Actual	-	-	-	-	123	-	-	-	-	-	-	-	-
Resilience	Plan	-	7	97	157	100	204	793	3,238	5,726	16,491	17,722	18,971	20,136
	Actual	-	-	-	26	115	-	-	-	-	-	-	-	-
Surveillance	Plan	-	-	18	36	81	157	387	638	820	5,330	5,869	6,082	6,300
	Actual	-	-	-	-	98	-	-	-	-	-	-	-	-
Transition	Plan	791	791	791	791	791	837	837	864	891	918	945	972	1,000
	Actual	791	791	791	837	837	-	-	-	-	-	-	-	-
Central Mgt	Plan	-	-	-	300	300	300	300	300	300	300	300	300	300
	Actual	-	-	-	299	299	-	-	-	-	-	-	-	-
All PH Initiatives	Plan	36,600	45,565	47,934	48,451	46,249	46,907	48,107	54,570	70,865	90,345	92,503	90,425	96,068
	Actual	36,600	44,589	45,425	45,572	46,195	-	-	-	-	-	-	-	-

Traumatic Brain Injury		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Access to Care	Plan	488	488	488	488	3,198	4,427	4,451	5,450	75,050	83,906	89,152	94,398	94,654
	Actual	488	488	1,338	1,355	3,195	-	-	-	-	-	-	-	-
Quality	Plan	326	877	942	979	1,037	1,677	12,650	17,622	20,941	21,111	21,272	21,453	21,612
	Actual	325	345	393	411	531	-	-	-	-	-	-	-	-
Resilience	Plan	-	-	-	-	-	-	-	545	815	885	930	965	1,000
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
Surveillance	Plan	2,246	2,246	2,246	2,246	2,990	3,366	3,495	4,023	31,330	37,814	42,043	45,271	45,500
	Actual	2,246	2,245	2,756	2,769	2,921	-	-	-	-	-	-	-	-
Transition	Plan	791	791	791	1,000	887	901	915	1,039	1,974	2,083	2,182	2,281	2,380
	Actual	791	791	791	865	886	-	-	-	-	-	-	-	-
Central Mgt	Plan	-	-	-	-	-	-	-	-	-	-	-	-	-
	Actual	-	-	-	-	-	-	-	-	-	-	-	-	-
All TBI Initiatives	Plan	3,851	4,402	4,467	4,713	8,112	10,371	21,511	28,679	130,110	145,799	155,579	164,368	165,146
	Actual	3,850	3,870	5,278	5,400	7,533	-	-	-	-	-	-	-	-

Mr. MURTHA. Let me add something else. This committee, according to the staff, increased the direct hire authority in the fiscal year base bill to include additional mental health hires. So, as Mr. Lewis says, we don't want to hire people prematurely, but having said that the committee added 167 million to 232 million budget to fiscal 2008 for the Family Advocacy Program, totaling 400 million.

I see the administration cut that—Dr. Chu cut that—by 39 percent. Our favorite guy.

Mr. DICKS. Thank you for yielding.

Dr. CASSCELLS. Congressman, I want to thank you. We will look into that 39 percent figure. If he is using that money to streamline the——

Mr. MURTHA. We are going to add it back because we don't agree with that figure. That figure is going to be added back.

Mr. Moran.

Mr. MORAN. Thank you, Mr. Chairman.

The basic problem—you guys are doing a great job. And, Dr. Casscells, I have tremendous respect for you and your background; I know Ms. Embrey is equally dedicated.

But this is not the fiscal year 2008 supplemental; this was the fiscal year 2007 supplemental. And we provided $900 million because we had gotten a lot of testimony; and it was for treatment, access and research—600 million for operation and maintenance, 300 million for research.

And now for us to find out, basically a couple of years later, that only 53 million is obligated is troubling. The reason is that this is not a matter of purchasing weapons or whatever; these are human beings who are deeply troubled with mental health issues, and they need immediate care.

So at an obligation like that, so much damage is going to be done within their families and their communities, while we are still figuring out how to process the money—because we are really talking about process, and it is the process that has held us back.

I mean, that is less than 10 percent; it is, what, 6 percent? Four percent of the money has not been used, and these kids are really struggling is what we understand.

Now, at Children's Hospital, just down the street off North Capitol Street, there have been 100,000 kids who have come to that hospital, children of military families primarily with mental health problems. Those are kids, primarily children of the men and women we are trying to deal with.

Now, it is an enormous burden that falls on the rest of the health network. I don't want to be lecturing; the problem is, we made the money available, but who is bearing the brunt of this? It is these hospitals in rural areas; they are not getting reimbursement.

And it is even a facility like Children's Hospital. I mean, they are inundated with problems already, and because of this war and our inability to deal with the problems we have caused, they now have 100,000 children's visits because of mental health problems, primarily as a direct result of what is happening, the post-traumatic stress disorder that their parents have incurred.

Again, I hate to be in a lecture mode here, but real problems are happening; and when we see that only 6 percent of the money has been obligated of fiscal year 2007 money, we think, what is the

point of making the resources available if it is going to be 2, 3, 5, 6 years before we address it and, in the meantime, an awful lot of damage has occurred?

Now, you may want to—while I have been ranting and raving here, you may have come up with some thoughts to calm us down a little bit.

Do you have anything to say about that?

Dr. CASSCELLS. Congressman Moran, we are on the verge of getting—well, the hiring is up now. We have 129 hired. General Schoomaker may have a more up-to-date number.

Mr. MORAN. How many people are you going to need?

Dr. CASSCELLS. We need 253 just on the psychological care provider side. We are more than halfway there.

We are about halfway there. So this has taken a long time because of the very difficult bureaucracy. And——

Mr. MORAN. The problem is bureaucracy?

Dr. CASSCELLS. Yes, sir. A lot of problems right in our building. The bureaucracy is tedious; and it is put together—it is a patchwork quality of hiring and so forth.

And in the midst of this we are moving to a new process in SPS, a performance-based system which ought to make sure that everybody is working hard and working smart. But this process is ongoing just as we are trying to rush these new hires through.

We are very concerned about hiring the wrong people. It only takes one bad counselor can do a lot of harm to a fragile servicemember. So making sure we have got the right people is important.

But I would have to admit that a big problem is the bureaucratic maze. And it is no one person's fault, but the bureaucracy seems to grow.

I find very challenging all of these rules, and whatever guidance you can give—and Congressman Murtha says maybe it should be done on the authorizing side. There have been a number of bills to streamline the Pentagon bureaucracy; you are well aware of them.

Mr. MURTHA. Will the gentleman yield?

Let me remind you, the committee added—the committee increased the direct hire authority because we saw this problem before. I am not—you have got to go through a procedure where you hire the right people.

But the fiscal year 2008 base bill, which was signed—when, November—to include additional mental health providers—in other words, we gave you authority in our bill in law that you would be able to be more effective and not take so many bureaucratic—you are not being held up by the bureaucrats above you, are you?

I mean, this is purely—you have got a problem; purely, you don't have enough people because you can't find them. But the authority we give you, does that help cut through some of the red tape?

Dr. CASSCELLS. Yes, sir, it does. We have, though, lost a number of people, as Congressman Lewis said.

When I was down at Fort Bragg, I talked to people who said, I was about to hire this terrific psychiatric nurse and we trained her. She spent a year, and we couldn't get the paperwork done in time; and she said, I am not sure this is going to happen, I got a job in an HCA hospital.

Mr. MURTHA. You tell us what you need, and we will try to work it out.

Mr. MORAN. The problem is, there is little we can do without the executive branch having the will to implement it.

Now, I will give you an example. You have got a guy by the name of Al Edwards. He is here, isn't he? He seems to be hiding there.

Now, we had asked, this Committee, when we talked about the fact that you have got a very substantial medical facility with mental health capability in Northern Virginia and you have got enormous need right here. Maybe we could coordinate.

Well, the Army was tremendously resistant. I have given him some credit because he has been pushing through all of that bureaucratic resistance.

But part of the problem, I don't think we ought to be necessarily hiring every shrink in the country to work for the military, but we need them and maybe we ought to be trying to figure out—I am normally not somebody who suggests that we try to outsource everything, but maybe we are in a situation where we need to be reimbursing clinics that can provide this care in the rural areas where you just said their kids are going to. They shouldn't have to travel 200, 300 miles to a central facility, because we need them working, we need them with their families. But we need somebody that is there to counsel them.

I don't know how the military is going to be able to provide what we envision needs to be done. I suspect you have got to figure out a way at least to reimburse, but also to alert those clinics in the communities where these kids are going back to, to watch them, to help them. To help them reintegrate into their community, to find a job, to keep the job, and to be good parents and spouses.

So I am wondering whether we really need to be pushing the bureaucracy to hire thousands of psychologists and psychiatrists who are probably not going to get access to the kids where we need them to get this care.

Have you thought about that, Ms. Embrey?

Ms. EMBREY. Yes, sir, I think about it every day. Actually, sir, we have programs in place for treatment, and we have a lot of Family Support Programs in place for reintegration and counseling and support that is not clinical.

With the money that was provided to us, we tried to build new capability that we did not have and to expand the number of resources where we had the risk, the force projection platforms.

The normal population is there on a day-to-day, peacetime basis. When you are at war and you are redeploying, you need a surge of capability to deal not only with the redeploying servicemembers, but with the families as well, you know, throughout that deployment.

Having the capacity there that is a partner between the clinical and the nonclinical programs is where we are trying to build up. They already have programs. They are just not big enough to handle the demand.

Part of that also will be increasing because one of our objectives is to reduce the stigma of seeking care. So, if we are successful in that, which we are spending a lot of resources on doing, then we are increasing demand in our own system because of that. So we

need to be capable of doing that, and we are working on that as well.

So building capacity is different. New capacity is different than expanding old capability. We want to prevent things from occurring and build capability to——

Mr. MURTHA. The time of the gentleman has expired.

Mr. MORAN. Mr. Chairman, if I could, not that I want to continue the precedent that has been established, but let me just make a point.

Of all of the horrible things that have happened as a result of this war, there may be some silver lining in this area, because they tell me that a majority of the homeless men in this country are Vietnam vets. We really dropped the ball there in a really unconscionable way, so this may be—at least let us not do what we did to the Vietnam vets with these Iraq and Afghanistan vets.

That is all. Thanks. I am sorry.

Mr. MURTHA. We are going to have one more questioner for Dr. Casscells. Then we will go to the next panel, and we will start with the next folks—with the Surgeons General, who have not asked questions, unless Mr. Hobson wants to go to the Surgeons General.

Mr. HOBSON. I have got one question for them, but I would like to talk generally about what—just real quick.

Mr. MURTHA. Do you want to go to the Surgeons General?

Mr. HOBSON. Well, if it is all right, yes.

Mr. MURTHA. It is up to you.

Mr. HOBSON. That is all right.

Can you stay and listen for a second?

Dr. CASSCELLS. We are here.

Mr. MURTHA. Let me say that one of the things that works right—we will change panels, but one of the things that has worked right is the amputee center out at Walter Reed. This young major—stand up there, Major.

This is Major Rozelle. This young fellow, who is an amputee himself, took on this job of coordinating the effort and putting together the amputee center, which cost a lot less. I said when we dedicated it, that it was $20 million. He said it was only $11 million. It is just as good as the one out there that they spent $58 million on, right?

Major ROZELLE. Yes, sir.

Mr. MURTHA. It is the one time the military did it for a hell of a lot cheaper than—he knows.

Let us get the Surgeons General up here. Because of the time constraints, if you do not mind, we are going to put your comments in the record, and we will go right to Mr. Hobson.

THURSDAY, FEBRUARY 7, 2008.

SURGEONS GENERAL OF THE ARMED SERVICES POST-TRAUMATIC STRESS DISORDER AND TRAUMATIC BRAIN INJURY

WITNESSES

LIEUTENANT GENERAL ERIC B. SCHOOMAKER, SURGEON GENERAL OF THE ARMY

VICE ADMIRAL ADAM M. ROBINSON, SURGEON GENERAL OF THE NAVY

LIEUTENANT GENERAL (DR.) JAMES G. ROUDEBUSH, SURGEON GENERAL OF THE AIR FORCE

REMARKS OF MR. HOBSON

Mr. HOBSON. All right. First of all, let me make a comment for all the panel. I have a $90 million VA-enhanced clinic being built in Columbus, Ohio, one of the most underserved areas for VA services in the country. And soldiers—when the first soldiers came back from Haditha Dam from Lima Company, they got very poor treatment at the VA because they were told that they were not eligible for treatment. They were not treated as heroes, as they should have been, so we had to take some action there to get some people kicked out and retrained.

The other problem with the VA and treating soldiers both in Columbus, Ohio, and elsewhere—Mr. Ortiz has this same problem. I am building a clinic. When we originally started to build the clinic, we were told under the previous Secretary that we would stop sending people, except for extraordinary treatment, hundreds of miles away in Ohio or elsewhere for treatment and that we would contract out in the community for beds and other services that might be in Dayton or Cleveland or Cincinnati. It is not, in my opinion, cost-effective to send them there nor, as studies show, is it good health care.

We continue to do that, and—the military should be upset with that; the retirees should be upset with that. And there is pushback. At the very time that we are trying to develop this kind of network—which is more cost-effective, by the way—the VA wants to expand some of their facilities elsewhere, using those same numbers, which does not make sense to me.

So that is something, I think ought to be—it is a model that the VA under Principi thought was good. I am hoping under the current general, former Army general, that this will be taken into account better. But I want all of you aware of that.

Secondly, do all of you have your SmartCard with you today? If someone were to come in here today, or you were on the battlefield, can anybody get your card out? Can you tell me your meds and what you are allergic to and all of the other stuff? When you move

from base to base, can they plug it into a system and tell you where your records are?

I have got mine. Have you got yours? No, sir?

Do you have yours?

General SCHOOMAKER. I have mine with my ACU, sir. I cannot wear it here.

Mr. HOBSON. But does it work?

General SCHOOMAKER. It works, sir, right now in——

Mr. HOBSON. In a card. That is not the way it was supposed to be.

When Dr. Blank, I think it was, was here, we funded money to do a program for the Army to do that. It is not done yet, and it should be done.

Mr. MURTHA. Let me see that card.

Mr. HOBSON. I have got my card. Do not read it out loud or they will know everything about me.

Mr. MURTHA. No. No. I just want to see what it looks like.

So this is not a card that you can read into a computer, is it.

Mr. HOBSON. No, but it is the closest thing I can—no, this is the Federal Government. It will not do that, but they are supposed to be able to do that; and we funded the money for that. So I hope you get to that.

I only have so much time.

I went to an event and gave a speech for an Air National Guardsman who had received service awards for meritorious service in the war. The kid sitting next to me was getting one of those awards, a guardsman not from my State, and he pled with me for help, mental health help.

The Guard is not equipped, nor are the services equipped, to give the best continuing service to these guardsmen when they come home. This kid did not go over there with an AFSC. They talked about kicking in doors and shooting people and holding people when they were shot. He had a totally different AFSC, but he got assigned to a unit that did that, so he did his duty.

When he came home, he was getting out of the service. His wife got out of the service. I think they have got family problems. And I am still trying to follow up to see what happened to that kid because—he basically told me his story because he wanted help.

I went to the adjutant general and said, You guys have got to take care of this. And I still do not know the total answer on that yet, but I am sure there are hundreds of stories like that within the service.

The last thing—and I have a long question for you. This relates to the mental health situation over there and PTSD and other mental health problems for children. Information provided to the committee through news reports and visits to military bases indicates that children of military members are increasingly suffering, as you heard earlier about this. For example, last year in D.C., he talked about the visits.

Mr. Secretary, we think there are trends in children's illnesses related to the war, and they can serve as an important basis for potential additional access by this committee.

Are there any notable trends that you people know, or the Secretary knows, that relate to children's illnesses related to the war? Does anybody know anything about that?

Well, I would suggest that it would be good if there were some initiatives, and I think someone needs to tell us about the effects of PTSD on children of military members suffering from this disease. Is there a correlation of children and spousal abuse and PTSD?

I know, in my local community, I have a rather large Air Force base. We are doing a children's AFSC center; it started with Mr. Cramer nationally. It is a wonderful program because, mainly, we found out there is a lot of children abuse and spousal abuse going on in those communities.

Of the amounts appropriated for PTSD, could any of these funds be used to help children?

So that is really what I wanted to ask both panels today. You can answer my other one, too, if you want, General.

General SCHOOMAKER. Yes, sir. I am the Army Surgeon General, Eric Schoomaker.

First of all, the PIC Card you talked about, the Personal Information Carrier, we did do research and continue to do research on that. We actually have done a pilot in Afghanistan with its use. It is a digital card; it has been hardened against the elements and hardened against being worn by a soldier.

We have learned a lot about it. It can interface with our handheld, PDA-like medic device, and we are working also with how to couple that with our current electronic health records so that we can forward information.

Mr. HOBSON. When you were not a general—I know now that does not happen—but when you were like Rodney and me, enlisted guys, your stuff got lost. Your health records do not travel with you all the time.

General SCHOOMAKER. It gets lost as a general, sir.

Mr. HOBSON. Well, I do not know about that.

It is the same way with your personnel records and the same way with your pay records. All that stuff needs to be standardized and digitized, so that whether it is Guard or Reserve—when the guardsmen come in, they are told, Your records do not match our records.

General SCHOOMAKER. Yes, sir. We are working——

Mr. HOBSON. I have been on this committee for 12 years, and we are still complaining about that.

General SCHOOMAKER. Sir, we are doing the work to try to digitize the medical record on the battlefield so that we can move through the echelons of care and——

Mr. DICKS. Do you have your microphone on, General Schoomaker?

General SCHOOMAKER. Yes, I do.

Mr. DICKS. Pull it a little closer. Thank you, General.

General SCHOOMAKER. Okay. Is that better?

Secondly, what I will just talk to really quickly, because it was referred to earlier as well, is about support of the Guard and Reserve.

We totally concur with the concerns about both the mobilization and demobilization steps, especially since we are moving, as you know, as an Army, from a strategic reserve to an operational reserve. In using the Army Force Generation Model, every demobilization, in a sense, is restaging for the next mobilization.

So the Army is very, very keen on this; and we are working very hard at demobilization to find and fix the problems of every soldier so that they can return to uniform in a future deployment.

The last comment was about the children of military members. I do not have specific information with me today about trends in children's health, but this came up earlier in questions about mental health, especially services for children.

This is one area where I think we are facing a national problem. We have inadequate child and adolescent psychiatrists in the country, and we are working to hire psychiatrists, social workers, psychologists. One area that my psychiatry consultants have alerted me to is the difficulty in child and adolescent psychiatry. It is not purely restricted to the military; it is a national concern.

Mr. HOBSON. Does anybody want to answer or make a comment about the VA and service in the VA? I know Mr. Ortiz has the same problem. I have a problem. There are other members who have the problem of people who cannot get care in their communities.

There is no military base, for example, in Columbus, Ohio. I have got one at Wright-Patterson, a hospital that I know stays open. But they have to go all the way to Dayton or to Cleveland or to Cincinnati to get the treatment. With TRICARE, they do not want to do that; they want to get it in the local community, both the retirees and the returning people.

General SCHOOMAKER. Sir, I cannot speak specifically to Columbus or to any of those communities that you mentioned. I will say—and my colleagues, perhaps, can join in with their perspectives—we are working extremely closely with the Veterans Administration.

As Ms. Embrey and Dr. Casscells mentioned, we are very closely aligned with them. I have met with Secretary Peake myself, personally. I have met with his senior medical staff. We are exchanging at the senior-most levels, liaisons, to work issues. We have moved VA liaisons into our warrior transition units and hospitals at many sites.

Mr. MURTHA. Let me say that we have been working with Dr. Casscells in trying to come up with an administrator who will follow caseworkers the whole way through. I think that may help the situation.

For instance, this committee—after we funded it, we keep trying to figure out how do we get past just the Wounded Warrior Program. How do we get down and eliminate that problem that all of us have in the VA?

We think we are getting there. We think the caseworker, the administrative caseworker, the specialist in finding where problems are and telling them who to go to, may be the answer to this very difficult problem between how we get help for them; and we have had some good examples of it.

So it is just too early to tell because the bill was only signed into law on the 6th. And they asked for $700 million; we put $900 million in there. So we are going to get there, and this committee has been in the forefront under Bill and under Jerry and myself and under all of you folks who have supported everything we have tried to do.

We also ask that you give us a list of shortfalls in the military area for military construction, for military implementation. We are going to work that out, and then the Center of Excellence they have talked about. So we are getting there slowly.

One of the things, though, that came up just recently to me is somebody who has TRICARE for Life said that when they go overseas, they are not covered. Now, this is true with Medicare also. We need—and maybe Dr. Casscells needs to think about this.

TRICARE for Life does not cover you if you go overseas, according to the information I have. We need to look at an insurance policy or something that people can buy, and we need to inform them, if they go overseas and if something happens to them, they are not covered; and so they can buy this insurance policy for a very reasonable amount, or work something out. As it is, people are going to be overseas and not covered is what it amounts to. So we need to work something out there.

Mr. Boyd.

Mr. DICKS. Mr. Chairman.

Mr. MURTHA. Yes.

Mr. DICKS. Can we ask somebody to respond to that? I think that is a very serious problem.

Can somebody there tell us, is that a fact?

Mr. MURTHA. Well, I think that is Dr. Casscells' line.

Dr. Casscells, do you know what I am talking about?

Dr. CASSCELLS. Yes, sir. TRICARE for Life, you know, sir, is primarily a supplement to Medicare. So, since Medicare is generally not covering people when they travel overseas——

Mr. MURTHA. Well, we want to change it, so we want you to suggest to us how we can change it, whether it needs a policy or whatever it needs, okay?

Mr. Boyd.

Mr. BOYD. Mr. Chairman, I waive my time.

Mr. MURTHA. Okay. Mr. Rothman.

Mr. ROTHMAN. Thank you, Mr. Chairman.

Thank you, gentlemen, for being here and for your service. Being at the end of the line here, I get to say that I associate myself with the questions and with the remarks of my colleagues, so I do want to follow up a little bit on some of the earlier points and then extend the point of someone else.

Dr. Casscells, on the 25 percent lost sheep, I would encourage you—and I know Congressman Frelinghuysen and the chairman have mentioned this, as well—to require, that 25 percent respond to you would be a good first step. I understand from Ms. Embrey that the contact is mandatory, but we ought to make the responses mandatory, for 100 percent.

I did want to follow up on a comment of my colleague, Mr. Moran, about the children and about the burden of children of veterans and also about the burden on local hospitals and health care

providers. As Mr. Hobson said, there are not VA clinics or military hospitals nearby; the local community bears the brunt of that.

So, firstly, is there a mechanism to reimburse—let us say a veteran or the spouse of a veteran or a child of a veteran goes to a hospital and demonstrates some illness or disorder that can be identified as coming from their service.

Is there a reimbursement mechanism now, Dr. Casscells or Ms. Embrey?

Ms. EMBREY. For the servicemember, yes. For anything that is incurred as a result of service, we have a process that identifies and documents health issues associated with deployment. It is a line-of-duty documentation.

Mr. ROTHMAN. So a nonmilitary facility would be reimbursed?

Ms. EMBREY. Through our network, that is correct. We would get the bill and reimburse them, or the VA would be responsible for providing care.

Mr. ROTHMAN. Typically, does the nonmilitary facility, in their initial questionnaire on entry, determine whether this person is a veteran, and do they know to contact you for reimbursement?

Ms. EMBREY. In the clinical practice guidelines, in the postdeployment clinical practice guidelines, which are widely dispersed, since the beginning of this war, one of the first questions to be asked of an individual is, Are you here as a result of your deployment for a health concern related to your deployment? Based on that, there is other administrative paperwork that is done. But, yes.

Mr. ROTHMAN. In a nonmilitary hospital?

Ms. EMBREY. They would have to be——

Mr. ROTHMAN. In other words, if you walked into a community hospital as a veteran, are they going to ask you, Are you a veteran and is this combat-related?

Ms. EMBREY. I would have to check and follow up with you for the record because, frankly, I know the process and how it works for people who are entitled to care in our system.

Mr. ROTHMAN. Right.

Ms. EMBREY. I am not clear about who are entitled to care in the VA system.

[The information follows:]

Service members and their families are covered under our military healthcare plan, TRICARE. TRICARE works very much the same as any other health insurance plan in the civilian community. When a patient seeks care outside of the military medical treatment facility, the doctor or clinic always asks about insurance coverage. I know of no healthcare provider or facility that fails to ask about insurance coverage before it sees the patient, regardless of the patient's veteran status. Our military members, retirees, and family members provide their TRICARE coverage information and the bill is sent to the appropriate TRICARE claims center for payment. TRICARE covers all active duty and retired military personnel and their immediate family members, including children through age 23, if they are continuing in school.

For Reserve component personnel who are to be activated in support of a contingency operation, TRICARE coverage for them and their families may begin up to three months before their activation date, continue during their active duty period, and remain in effect for an additional six months after deactivation. In addition, Select Reserve members may qualify to purchase TRICARE coverage through TRICARE Reserve Select (TRS) for ongoing health coverage. To date, less than 5 percent of those who qualify sought to continue their TRICARE coverage through the TRS program. Again, the same process applies in terms of insurance claims submitted.

For Reserve component personnel, we deliver or authorize treatment for all healthcare conditions incurred or aggravated in the line-of-duty. If treatment is authorized for delivery in the private sector, the claim is processed through the TRICARE claims system at no cost to the individual, just as any other TRICARE claim for Service members. A line-of-duty authorization is provided to Reserve and National Guard members who receive referrals from the Post Deployment Health Reassessment process that takes place three to six months after return from deployment.

In addition, under TRICARE, patients can access mental health care directly. Our access policies specify that a new mental health appointment should be available to all patients within seven days of the date of request. No referral or preauthorization is needed for a family member or a covered Reserve component member to make a mental health appointment. After the first eight visits, authorization is needed for TRICARE to continue to cover the costs, but again, no referral is required. For active duty members, the process is a bit different. We encourage all active duty military to be seen for all health care needs, including mental health care, in the military medical treatment facility, and we strive to ensure that sufficient providers are available to see them in the military mental health clinic. Again, they do not need a referral to go directly to the military mental health clinic for care; they can go directly and are entitled to the same seven-day access standard. Only if there are insufficient resources to meet the seven-day access standard would an active duty member be referred to a civilian provider in the TRICARE network. In that case, the claims process would still be the same as for any other patient seen in the civilian sector.

Another counseling service available to our military community is the Military OneSource program. This excellent program offers counseling for everyday problems, emotional issues, and work-life adjustment issues. It provides up to six sessions per person per problem and is available to active duty and their families as well as Reserve component members and their families. Military OneSource also will assist individuals in accessing care through their health care benefits if they are not aware of how to do so. In addition, we are establishing a call center in the Defense Center of Excellence for Psychological Health and Traumatic Brain Injury to assist individuals who are uncertain of how to access care or what their benefits may be. Further, we provide mandatory briefings to all military personnel returning from deployment to inform them about their health care benefits in both the military health system and in the Department of Veterans Affairs (VA) system. We partner with VA and other federal and civilian organizations to provide Transition Assistance Programs for military members when they separate or retire from the military to ensure they are fully aware of their benefits following military service.

For veterans who have separated from the military (not retired or medically retired) for longer than six months, the VA Medical Centers and Veteran Centers provide care for those individuals. The VA reports that few veterans are more than 50 miles from some kind of VA facility. Preauthorization and special health care vouchers are required for a veteran who seeks care funded by the VA in a non-VA facility. Most VA medical centers are also part of the TRICARE Network, allowing TRICARE patients who may not be veterans to seek care in a VA facility with charges paid through the TRICARE claims center. Family members are not eligible for care in the VA Medical Centers, but may be seen with the veteran for family treatment or in the Vet Center for some counseling programs, such as grief and loss counseling.

Mr. ROTHMAN. Mr. Chairman, if I might, Congressman Moran and Congressman Hobson raised the issue of nonmilitary health care providers, hospitals and others, who are taking care of veterans, veterans' spouses, and children in the absence of close facilities related to the military.

My question was, being in a State where hospitals are going bankrupt, is there a requirement or an awareness of these local hospitals to ask, Are you a veteran; is this service-related, so that they can go to the military to be reimbursed? Ms. Embrey said that there is a reimbursement policy for the veteran, him- or herself.

So would it be possible, Mr. Chairman, to find out if there is this connectivity between nonmilitary hospitals, so that they can ask those questions and get reimbursed? I ask that just not completely rhetorically, but——

Mr. MURTHA. I know what the gentleman is asking, and I know all of us have the same problem. Every time we get beyond the military or we get out into the countryside, we have a problem. I have tried for years to have a clinic in a hospital put money in, and the VA never would figure out how to do it. There is no question about it.

Mr. ROTHMAN. But is there a way to get these hospitals to ask the question and then have a system whereby the military reimburses?

Mr. MURTHA. Well, if they have TRICARE or TRICARE for Life, they get reimbursed. Sure. Yes.

Mr. ROTHMAN. If the hospital asks them, Are you a veteran, and if the hospital files the paperwork with the military.

I will move on to my next question. Staff, if it is possible to look into that, that would be great.

The other point—my last point was on the issue of homelessness that Mr. Moran——

Mr. MURTHA. Wait.

Mr. ROTHMAN. Yes, sir.

Mr. MURTHA. The staff says, if the hospital is enrolled in TRICARE, they are automatically reimbursed. In other words, they would be reimbursed by TRICARE. According to Sarah, if the hospital is in the TRICARE network, they are automatically reimbursed.

Mr. ROTHMAN. Maybe there is no problem of veterans going to non-TRICARE hospitals. Maybe there is no such problem, but maybe it is worth looking into.

Mr. MURTHA. But veterans is different than, I mean, the active duty, the retired Reserve.

Mr. ROTHMAN. Okay. So, for non-TRICARE then, that may be a real issue. The question, though, is about homelessness.

Can anyone on this panel or on the other panel address the belief amongst some that we are seeing a repeat, if not an increase, in homelessness amongst the returning soldiers, veterans from this conflict, as we saw from Vietnam? Is that true? Are we doing any better? Are we doing any worse? What did we learn from the Vietnam experience with regards to the subsequent numbers of homeless whom we see?

General SCHOOMAKER. Let me just take on something really quickly.

I cannot speak to the homeless statistic specifically. I think the Vietnam veteran number is one in four. That is what I have heard quoted; one in four homeless are Vietnam veterans.

I completely agree with the earlier comment that if there is a silver lining in this, it is that we are recognizing and are attempting to prevent as well as screening and managing much earlier in the course of a soldier's, sailor's, airman's, Marine's, Coast Guardsman's experience following deployment the signs and symptoms related to both concussive injury, from mild traumatic brain injury, or concussive injury as we call it now, as well as post-traumatic stress. In fact, our ambition and, I think, our experience now is that we attempt to screen and identify and manage the symptoms of post-traumatic stress before it becomes a disorder. So this is really post-traumatic reaction.

I will talk quickly, if I might, Congressman. I will follow up with the figures earlier.

How many lost sheep out there are there? We have had a mandatory post-traumatic, postdeployment health reassessment since January of 2006, 2 years now. This was based upon experience in one of the earlier mental health assessment teams that went out in the field and realized—and the work that followed that, from Dr. Hoge and others, that the symptoms of post-traumatic stress in a redeploying soldier emerged 3 to 6 months after redeployment, not at the moment of redeployment.

Currently, in the total Army, 87 percent of all redeployed soldiers have been screened through the postdeployment health reassessment tool, 93 percent of the active component, 87 percent of the Army National Guard, and 78 percent of the Army Reserve. Those are the current figures. That includes people who are still in the window that they can go in and complete it and still meet the timeline.

So I would submit that for the Army, which constitutes the largest group of deployers, we are doing pretty well in terms of compliance with this mandatory screening.

Mr. ROTHMAN. Congratulations on those significant numbers.

The obvious question is, what happens to the other 23 percent or 17 percent? Because, given the number of bodies we sent over there, that would constitute a large population in and of itself. Why aren't we getting 100 percent?

General SCHOOMAKER. I share with Dr. Casscells the concern that we reach out to each and every one of these people, and I think why we are not reaching them is because of movement away from the service.

As I said before, it is 3 to 6 months after, so if you leave the service almost immediately upon redeployment, it may be difficult to track you down and find you. But that is our ambition, and that is certainly our mandate.

Mr. ROTHMAN. Your mission is to reach out, but it is not their duty to respond—heretofore, I mean—until now; is that right, Doctor?

Dr. CASSCELLS. Yes, sir. When the reservists go home, of course they take off the uniform; they have got civilian jobs.

We are brainstorming this, Ms. Embrey and I, right now. We will get with the Surgeons. There may be ways that we can require that, to get points as they are drilling reservists and so forth, that they first get this requirement filled and so forth. There may be other incentives we can come up with.

Mr. ROTHMAN. Putting it in the initial contract, too?

Dr. CASSCELLS. Yes, sir.

Mr. ROTHMAN. Yes. Thank you for your service and for these great ideas.

Again, those are great percentages. Of course, we are just looking to make it 100 percent.

Thank you, Mr. Chairman.

General ROUDEBUSH. Sir, if I may just add to that point, we have relatively similar experiences, although our Reserve numbers are lower than that and not where they need to be. They are trending up, certainly, but this is a shared responsibility among the medical

capability to contact these folks and to solicit and elicit with that questionnaire—which, by the way, is overly sensitive to emotional and stress issues, so if there is anything going on, it will trigger.

But the command and the line authority with these folks is also heavily engaged, enlisting the commanders, the first sergeants, the unit commanders to do this. In fact, in the Air Force, we are utilizing the incentive of, unless you are doing this, you do not get the points to do that.

So we are moving in the correct direction, but it is a shared responsibility and one that we work with the line very closely on to be sure that we get this done and with the families who, in fact, may be the first harbinger of, you know, "My husband just is not the same since he came back."

So it is a network. It is not one simple contact, one simple response. It is a network. It is a shared responsibility. It is a real outreach effort that is trending up, but there is much work to be done.

Admiral ROBINSON. From the Navy and the Marine Corps perspectives, we are not as good as the Army. We have an additional problem.

The Marine Corps units that are deploying actually have good PDHA and PDHRA results, so the deployment and the return. It is not 100 percent, but it is still good.

The Navy also has a great deal of individual augments, so we are finding that individual augmentees, men and women who are deploying as individuals with other groups, have other challenges, because the lack of unit cohesiveness hampers the ability to get a unit to get a PDHRA or to get a postdeployment read.

So, for that reason, there is a little bit more challenge there. It does not mean that we are any less concerned or any less responsible for getting it done, but it does produce a little bit of a different challenge.

Many people coming back, as Dr. Casscells has said, are going back into their civilian lives. They do not know that they have a problem necessarily when they are coming back, and they do not want anything to stop their return, so the thought of having a positive response on a postdeployment assessment that could stop something or do something is something that many do not want to do.

The key is that they, in fact, do get the treatment because, as Dr. Schoomaker has said—the Army Surgeon General—to take care of traumatic stress before it becomes a syndrome or an illness, to take care of those stress symptoms, will prevent the long-term effects.

I think many of those effects are responsible for some of the homelessness issues with the Vietnam veterans who had never had their traumatic stress identified and who had then never received treatment for it. I think what you are seeing is—if you were doing a longitudinal study, which we are not, you are seeing the end result of untreated traumatic stress in a combat population 25 years after the fact. So a lot of what we are seeing is, I think, a result of traumatic stress that was not treated or was not treated effectively, because we were not geared into that.

So one of the nice things now is, not that we are doing it completely correctly, but we are, in fact, trying to identify that.

Mr. MURTHA. The time of the gentleman has expired.

Mr. Young.

Mr. YOUNG. Well, Mr. Chairman, thank you very much, and I apologize for not being here at the beginning. We were in another subcommittee meeting with the top enlisted leaders of the military services; and they are a pretty interesting group to talk with, so I tried to hear as much of their testimony as I could.

Admiral Robinson, I just was very interested in your recent comments now about PTSD. We spent the weekend at Camp Pendleton, and specifically, at the Wounded Warrior battalion where a lot of the marines who have gone through Bethesda or Walter Reed are spending time, there at the Wounded Warrior battalion now. It is interesting that one of the things that we heard so much of from those marines was on the subject of PTSD.

There are a lot of different angles on this concerning PTSD. One of them is the fact that the protocols appear to be that you will not treat the PTSD if they are having a drug-related program, for example, until the drug-related program is solved. Many of them felt that there should be a dual approach to it and treat PTSD and the drug programs, or whatever else it might be, at the same time.

Is that something that would be practical to change into the protocol?

Admiral ROBINSON. Congressman Young, you are catching me as a surgeon in the psychiatry end of business, but I would say this. I think that since care is not—care is not monolithic; in other words, you do not necessarily—you are not capable of treating one part of the disease or one thing now, and then tomorrow we will worry about the second part, and then Thursday we will worry about the—I think then the answer is, there really needs to be a combined approach to making sure that the traumatic stress symptoms are treated in conjunction with the other symptoms in which case drug abuse occurs.

This is what we also know. We also know of alcoholism, alcohol being probably the oldest anxiolytic that is known to human kind. We know that drug abuse, or drug dependence, are usually things that patients are using to self-treat the anxiety symptoms that are often coming about because of the traumatic stress. So it is a complex problem. It is going to require more than just one treatment, and I think that there needs to be a combination approach that is taken.

I will add this, too. There is also the approach that needs to occur with the family because child abuse/spouse abuse is also related to traumatic stress, to anxiety, to depression, to a lot of the things that also precipitate drugs and alcohol.

So—it is a multifaceted, multifactoral problem, so there is going to have to be a concentrated effort and a multicentric approach to the problem. That means then that we are going to need to make sure that we treat not only the individual but the family, and make sure that the family receives the kinds of counseling and care they need in order to make sure that the traumatic stress syndrome, which may affect an individual directly, but affects a family as a result, is taken care of, too.

Mr. YOUNG. Well, I want to go back to your opening response to my question, where you had a disclaimer that you were not much into that issue, but I would say that I have seen you counsel wounded soldiers and marines and families and a lot of people. I think you do a pretty good job at counseling, but now here is the problem.

We have a lot of kids who have been hurt badly. They might not really recognize that they have a post-traumatic stress problem; or they may think that they do, and maybe they are being told that they do not by somebody in the system—and I am aware of cases like that.

But in the long term, this is going to go on beyond your hospitals; it is going to go on into the VA system, where you move these young folks into the VA system, but I do not think we have enough professionals dealing with them.

For example, some of the VA hospitals are telling me that the best they can do is give a veteran who needs psychological help and counseling 15 minutes. I am not a psychologist either, but I think if I had a mental problem—and I am sure there are those who think that I do—I would not think that 15 minutes is enough, but if you have more patients than you have professionals, you have got to limit that time.

So what do we do to get more professionals available to your wounded soldiers and marines and sailors and airmen and whoever else might be hurt? What do we do to provide them a type of counseling?

This is addressed to all three of you, if you do not mind, because if there is something that we can do to help, we would like to do that.

I am thinking about reenlistment bonuses. I understand that psychologists, for example, do not get anywhere near a reenlistment bonus like some other members of the medical profession.

So I know I am hitting you with a lot of issues all in one question, but they all run together, and it is not something that is going to go away. It is not something we can sweep under the rug. It is something that, every day, it is becoming more evident is a growing problem.

General SCHOOMAKER. Sir, if I might just respond, first of all, I have to commend Admiral Robinson's description of what, I think, the services are attempting to do to prevent the next generation of PTSD.

Mr. YOUNG. General, could you speak closer to the microphone?

General SCHOOMAKER. I said, I am just going to commend Admiral Robinson on his description of what we are attempting to do to prevent the next generation of PTSD patients who have well-established and almost refractory psychological consequences of unrecognized early symptoms of post-traumatic stress. He nailed it. It is confounded by drug and alcohol and family discord.

So a lot of our efforts in the military right now are to, first, sensitize every deploying soldier, sailor, airman, marine, and coastguardsman that this is a risk. This is what we call the "human dimension of combat." You can anticipate that you might experience symptoms, when you come back, of sleep problems, of problems with relationships, of hypervigilance. Things that might have been

even helpful for you while you were in a combat zone are no longer helpful when you are at home.

And to avoid problems with drugs, alcohol and family discord—a couple comments about that—what the Army has done, led by our Secretary and by the Chief of Staff of the Army, is to do an unprecedented leader-teach program that we have completed that went from the top of the Army and included the Sergeant Major of the Army, whom you just talked to, down to the last soldier on active duty, educating them about the signs and symptoms of concussive injury, as well as post-traumatic stress, and alerting them to watch their buddies—help them avoid alcohol and drug problems, help them recognize that some of their behaviors are related to combat-related stress.

The second thing I would say speaks to this problem of professionals available for mental health. A fundamental part of that has got to be at the primary care provider level—the family medicine doc, the nurse practitioner, the pediatrician, the general internist—who is seeing and treating our patients probably most commonly. A lot of our programs are powered down to them to recognize the signs and symptoms of post-traumatic stress and concussive injury and to intervene and, if necessary, to elevate them to the specialists.

General ROUDEBUSH. Yes, sir. I think you touched right at the heart of what we are attempting to do. How do we get these individuals to the right care at the right time and in the right fashion?

To tag on with General Schoomaker's comment, I am a family physician, and I can tell you that 70 percent of the patients whom I see, or the problems that I see just on average, have an emotional or a behavioral or a psychological component to it, so there is the opportunity to leverage all of the primary care providers as well as the surgeons.

I mean, any provider who is seeing these individuals needs to be aware that there are those issues that are at play. Get the individual to the right capability, if that is required—although, as a family physician, I can provide a great deal of that care; but I can get the individual to a psychologist or to a psychiatrist at the point when that becomes appropriate.

I will go back to the network overlay of this. Within the Air Force, our Chief of Staff and our Secretary have made it a priority to take care of our people.

One of the programs we have is a Wingman Program, which does two things: One, it causes us to look out for each other, but it also destigmatizes the act of asking for help. So you institutionalize an ethic and a sense that it is okay to get help when you need it, and we support each other in doing that. Then you begin to get at the family support, as well, for our Airmen who are deployed on the ground in combat.

I mean, it really does go deeply, but it is the network that provides that. For us, our outpatients, we embed mental health providers in our family practice clinics both as a consultant and outreach. But as one who sets the tone, that this is how we go about it. So I think there is an opportunity to get this.

That said, I think we still are going to need more specialists—psychiatrists, psychologists. I think we need to prime the pipeline and be sure that we facilitate the bureaucracy.

I do not diminish the challenge there to help us bring those folks on board. So, with your help in our doing that, certainly through the supplemental and the dollars that we have received, we are expanding the access and the capability. So we think that is a huge piece of it as well.

Mr. YOUNG. Well, I agree with what you just said.

I am just wondering, you know—I know, in working with the American Red Cross, that your hospitals can have volunteer medical doctors who give of their time to help our wounded troops, but I am not aware of any program like that with psychologists or psychiatrists.

I am just wondering, if we developed a program like that, wouldn't it help ease the burden on those who are overworked now and who do not have enough time to deal with all of these kids or, at least, maybe give them whatever time they needed rather than just a block of 15 minutes and you are done?

General ROUDEBUSH. Yes, sir.

As to the opportunity to bring in those who would wish to volunteer and to provide their services, we have that capability right now. We can credential them, in fact, as Red Cross volunteers, so we can do that.

I am not aware of a specific program to go after mental health providers. I will tell you that the Public Health Service has offered and is providing a number of mental health providers to the DoD, and we are taking advantage of that in order to expand our capabilities. I am not aware of a Red Cross program, but I think that certainly merits very strong consideration.

Mr. YOUNG. Well, of all of the issues that are going to hit us as a nation postwar, I think this issue of PTSD is going to hit us really hard, and I am not sure that the country is ready for it, because I know that once they leave your system—you do a pretty good job in your system, but when they leave your system and get out into the public or go to the VA system, I think it is going to come on and hit us really hard, and we need to be prepared for it.

I think everybody on this committee would agree that we want to do whatever we can to help you provide whatever it is that you need to try to avoid the problems that these young folks might have later on because of their exposure to what they are exposed to in Iraq and Afghanistan.

Go ahead, General.

General ROUDEBUSH. Sir, you have raised a very good point, and I think we have talked on it in other discussions.

The DoD has, certainly, the accountability and the responsibility to take care of the individual on active duty and then transit him into the VA, if that is appropriate. The third part of that, out into the great parts of America where there is not a military facility or a VA readily accessible, is, how do we leverage the local community care in order to provide that; and that part of a systematic approach is not there yet.

So I think that is an area where much work remains to be done.

Mr. YOUNG. Yes. If anybody else does not care to respond, Mr. Chairman, I am prepared to yield back.

Mr. MURTHA. Ms. Kaptur.

Ms. KAPTUR. Thank you, Mr. Chairman.

Welcome. I am so glad to have you here, and I am so glad to be in Congress at a time when we can deal with these issues, and I thank our chairman for scheduling special hearings on this critical subject.

I wanted to mention just a few observations as we think through this together, and I wanted to offer any help I can give, as one member of this subcommittee, on a set of questions I care very much about.

One is the culture within the military that comes home to a district like mine where we have returning troops—this is northern Ohio—who do not return home to a base, as in Sanford's district, and they exhibit these issues. I mean, they have PTSD, they have bipolar conditions; and they know they have them. Not all do, but I mean, the ones who do have come up to me when they get together, but they are afraid to get help because it will hurt their promotion, so they do not seek care.

I was told that the Army had adopted some type of policy, saying that if you do not get care, you will not be promoted. I am wondering—I just want to say a few things, but have you comment on a couple of them. One of them is this promotional issue.

How do we get at the question of a commanding officer—I had a commanding officer come up to me. He goes, I know I have got it, Marcy, but I am not going because I will not get any promotion.

So there is this cultural bias against getting help. That is number one, culture.

Number two, the people, the medical specialists. We know that in any one of these illnesses, 90 to 95 percent of diagnoses that are done by qualified physicians are incorrect, incorrect by qualified physicians.

If you go to a psychologist, it is only correct—I mean, it is wrong 90 percent of the—I have got that wrong. It is wrong 95 percent of the time if a psychologist diagnoses you. It is wrong 90 percent of the time if it is by a qualified physician, because we do not have enough really qualified people in these areas. So if you do require medication—I am not just talking about PTSD, but PTSD plus other symptoms sometimes. If you are incorrectly medicated, you are never going to be helped anyway.

So, to me, in looking at this, my question is, how do we get more qualified people in the system to do the diagnoses? How do we get what I view as the most important people networking with that vet and his family? That would be a psychiatric nurse and a chaplain.

All right. Now, we know we are short on our chaplains all over the country, but those are really the—they are at the firing line for these people.

We have a series of questions we could submit to the record about how many such personnel in those categories do we have. Certainly, neuropsychiatrists, but psychiatric nurses so that there is continuing care, and chaplains, we are very short; we are underhanded all across the system. When you get down to the Guard and

Reserve, whom I tend to represent much more than my colleagues who have active duty bases, boy, does it get short down there.

General Roudebush, I would reference to you that in Ohio, we have been working with our adjutant general in trying to somehow, in a big State like Ohio, network these resources in a reasonable way. It is very hard, because you have got Wright-Patterson Air Force Base over on the western side of the State. You have got all of these Guard and Reserve units coming in from every place. You have got your VA clinics scattered all over. You have got the VA service centers. You have got the State Guard down there coming to see me, "Hey, we need more TRICARE."

The problem is, when these units come home, there are not the right people there to diagnose properly and to follow them on a continuing basis. The one center we have in the north, which is a nursing home, a VA State nursing home, there is a chaplain. He had me over there a couple months ago. The guy is so shorthanded, dealing with not just the returning Iraqi vets, but with all of the other vets from the first Persian Gulf War and prior conflicts. He said, Marcy, I am just telling you. He said, This thing is not working, and he was in the military for 20 years and is a chaplain.

So how do we work with you to get a more systemic approach in a State to get the proper personnel on the ground—a 15-minute interview is not good enough—and proper follow-up in serious illnesses like these that continue and come up at odd times?

It is not like a broken leg. How do we get those personnel deployed—how do we get people trained in the pipeline? How do we do that now and then get it organized to hit the ground in a place like Ohio? As our people are returning now, they are not getting the help that they need. How do we do that?

Admiral ROBINSON. I am going to address, first, the stigma question because that is a major question, the culture in the military and the stigmatization.

Unfortunately, in this country and in many countries, but in this country, there is a stigma associated with mental illness and mental health in the entire country, so many people do not want anyone to know that they are seeing a mental health provider. So that is the first overview.

The second one is, as we get into our different positions, whether that is private sector or military, we certainly do not want our bosses to know that we are seeing a psychiatrist, because that very often will affect promotion, and it will affect advancement; and even if it does not, we think that it does.

Then you hit the military, which has a rather stoic culture amongst those who wear the uniform. The stoicism then becomes even much larger with mental health issues, because now it is not a broken leg or something that you can see; it is something that you cannot see. Also, you are malingering or you are faking it, or you just do not have the gumption or the spirit or the backbone to continue. All of those things are utterly untrue, but still, that sometimes is the perception of members who are there.

One of the things that we are doing is making sure that members—officers, enlisted, everyone—realize that going to seek mental health counseling is a sign of strength, not of weakness.

Ms. KAPTUR. Do you think that is permeating in the ranks?

Admiral ROBINSON. I do not think that it has permeated into the ranks completely, but you know, we have to start someplace, and I think that—I will only draw this to your attention. When you go to the civilian sector, there are a lot of people who will never let you know they are seeing a psychiatrist. That is why there are so many psychiatric offices that have very private waiting areas. In fact, they will sometimes allow you to leave through entrances different than from where other people are coming in.

My point here is not to—I am not trying to off-lay this and say that it is not a problem for us. What I am saying is that it is a problem because stigmatization in mental health is a problem.

In the military, the worst problem that we have is not the warrior; it is the health care professional. The health care professionals are the worst. People like me—doctors and nurses, psychiatric nurses who have mental health problems—they are the worst at coming and seeking help, because that becomes a real problem for us.

That surprises many people, but it actually is true for those who are actually in the field, as I am, and know that.

With that said, one of the things you have to do is, you have to walk the talk, and you have to just let people know. I have to admit to you that it may be one person at a time. It is sort of like the old starfish story. We can get the policies out, but it is about walking and talking and making sure that people realize that seeing a psychiatrist is not going to keep you from getting your promotion or from doing the things that will enhance your career.

Ms. KAPTUR. From what you know of the Navy, it prevents you from promotion, though, doesn't it?

Admiral ROBINSON. No, it does not. As a matter of fact, if we can keep you alive and keep you from killing yourself, you have a much better chance of being promoted.

Mr. MURTHA. The time of the gentlewoman has expired.

Mr. DICKS. There was a question that was not answered.

Do you agree with her numbers on the improper evaluations?

Admiral ROBINSON. I do not know if the numbers are correct, and actually—and I am not disinterested. I will tell you that the diagnosing can be problematic, but one of the issues that goes with diagnosing is—and I was happy you used both the professional and the primary care because, really, the problem we are having is a national shortage in mental health providers.

This is not a military shortage; this is a national shortage. It is not just child psychiatry. It is across the board.

Mr. MURTHA. Let me say what we have been trying to do.

We have been trying to add money. We have been giving them the authority to hire people faster, this committee. We have also asked them to get administrative people who could work with individuals the whole way through, not only at Walter Reed or Bethesda, but down through the VA system so that one caseworker would handle them.

I have just been out at Fort Hood, and I saw an example of how much better they are handling things today than they were a few years ago. The commanders themselves are urging the members to come forward if they have a problem. In other words, they are trying to eliminate this stigma which you were talking about.

We are far from it. I mean, the military over the years has not liked stigma because you can use that as an excuse not to be in battle; so it is a very delicate balance, but I think we are making progress.

As you know, I have been involved in this health care business for a long time, trying to get it moving in the right direction. I think we are moving in the right direction.

Ms. KAPTUR. Mr. Chairman.

Mr. MURTHA. Yes.

Ms. KAPTUR. Might I just say for the sake of the fine men who are here today, in Ohio—I can only talk about Ohio—General Wayt, who is our adjutant, has been working diligently to try to find a better way to provide these services as people come home. Congressman Hobson has been a leader on this since he was in the State legislature. There is a Dr. Joseph Calabreeze.

I do not quote those statistics, Norm, lightly. Those statistics came from work we have been doing in Ohio, and they came from Dr. Joseph Calabreeze from Case Western Reserve Medical Center and in working with General Wayt. So that is where those numbers come from.

Mr. DICKS. I was shocked by them, to be honest.

Ms. KAPTUR. I was shocked by them. It turned my thinking inside out.

So we have made some headway on the ground in Ohio, but not enough because we do not have the plug-in at the national level. So that is why I am just raising this, so that they can pay attention.

Mr. MURTHA. Well, this is what it was all about. This is what we have talked about all day long, and we are getting there, I think. We are making some progress. It is not going to be perfect.

They have given us some recommendations. The committee is going to consider them, I think, probably very, very favorably. But, you know, we are making a little progress.

Mr. Tiahrt.

Mr. TIAHRT. Thank you, Mr. Chairman.

I think all of us who have VA hospitals see that there are still Vietnam vets struggling; and one has to wonder if part of it was not the rejection that they got when they came back home following that conflict.

I know that my own cousins said that they were spit on on occasion because some people rejected what was going on in Vietnam. And I fear for our Nation now when communities like Berkeley reject our troops today and what impact that is going to have on our troops who are returning to those communities.

The stigma is something that, I think, is probably the greatest challenge you are going to face. We have heard stories about the officers. I know, in the Marines, that there is some kind of an inherent stigma that is just not from the leadership or from the officers corps; it is mostly just the machoism that, I think, a lot of the soldiers are feeling.

I am concerned about that because I think we ought to find a way to overcome that, and perhaps everybody has to go through some kind of a pre/post-screening.

I know that some psychological experts, like Dr. Faulk at the KU Med Center, have identified the need for predeployment counseling to sort of prepare them for some of the things they are going to be facing. I think that is good advice. It gives them sort of a preparation, or something that they can expect; and that will help them, I think, deal with the situations as they occur. Subsequently, when they return home, it will give them a better way of coping with it.

The Dole-Shalala Commission noted that the VA is noted as a leader in PTSD, but they also stated that there is difficulty in their transferring that information back to the active duty services and to other facilities, even within their own network. I hope that there is some way, some mechanism—and I do not know what that mechanism would be, whether it would be periodicals or seminars.

I do not know what mechanisms you have of taking the information that comes out of the system and dispersing it to all in DOD. So I would like you to tell me what the system is.

Let me just mention one, or a couple of other things; and I will just turn you loose, because I do not want to drag on a lot. Some providers have called TRICARE "charity care" because we are just not keeping pace with the current cost of providing health care. I think in the area of reimbursement for PTSD, it may be charity care. We may not be a good economic model in getting the kind of care that these folks need.

General Roudebush and Admiral Robinson, you both mentioned the families, and it was also mentioned by members here, too—Mr. Hobson and Ms. Kaptur. I think that is very important because they do suffer. When somebody comes home with PTSD, it affects everybody around them, so we need to have a way of including them.

Perhaps when you get this precare and the postcare and include the families, it will become more economical in some fashion. I do not know.

I hope that you can address the way we disperse information amongst DoD that is gained from the knowledge of treating PTSD even amongst the services, and then also how we can handle the families. I mean, is there a mechanism to touch the families as well?

Admiral ROBINSON. I will take the first—by the way, I appreciate your comments on stigma, because I think that is a problem, and we will have to deal with it.

As to the experts in PTSD and their spreading the information, there are two answers. The first is the Center of Excellence for stress, for traumatic stress, that is actually coming up at the National Military Medical Center for which Colonel (Promotable) Sutton, who is sitting behind me, is the director is actually building.

That is going to be a center that has Army, Navy, Air Force, VA, and civilian academic centers that are going to have—in a sense, it is a multifaceted group, and it is all together. I think that is one way we are going to get the word out and actually dispense and disperse.

The other way is through the way we are doing casualty care at both Bethesda and Walter Reed and the C5 in Balboa and at the Wounded Warrior brigades and at the Wounded Warrior in Pendleton and Lejeune. That is to make sure that we have connections

with the polytrauma centers on the VA side—and we do, and we talk on a daily basis with them—and that we have an interaction with the polytrauma centers around the country. We have it regarding amputation. We have it regarding traumatic stress. We have it regarding mental health, blindness, spinal cord rehabilitation. So there are a multitude of things.

General SCHOOMAKER. I would say, for the Army, several things. First of all, for sharing medical information among medical professionals, I think Adam has addressed a couple of the ways we are doing that already around polytrauma centers, for example, and at our centers of Warrior Care.

We do a lot of our clinical guideline development with the Department of Veterans Affairs. For example, guidelines around the management of traumatic brain injury were developed in concert with the Veterans Administration through the Defense and Veterans Brain Injury Program, which is now incorporated into Colonel (Promotable) Sutton's Center of Excellence for TBI, that Admiral Robinson referred to, that is going to be stood up at Walter Reed National Military Medical Center in Bethesda.

As far as for our soldiers and their families, what the Army has done—and I alluded to this earlier, I think, in talking to Congressman Dicks. The Army leadership, starting with our Secretary and the Chief of Staff, last year did a leader-teach program that went from the top to the very bottom of the Army.

And I think everybody at this table would agree that the key to stigmatization, breaking the stigma, lies with the line leadership. That is where our soldiers, sailors, airmen, marines look to. They look for the example of their leadership, and our leaders are stepping forward to say exactly that.

I do not know where the impression came from, that the congresswoman mentioned, that you will not get promoted if you go to a mental health provider except that that is embedded within the culture of the society. I mean, this is not only resident in the military, and I think we all remember major figures within even Congress whose mental health problems became a problem of stigmatization in the past. This is something——

Ms. KAPTUR. Excuse me, General.

General SCHOOMAKER. Yes, ma'am.

Ms. KAPTUR. Since you mentioned my name, that was said to me by more than one soldier from my district.

General SCHOOMAKER. Yes, ma'am, and I am not denying that that is there. I am just telling you, as Admiral Robinson said earlier, how deeply embedded and ingrained this notion is and how difficult it is going to be to change it.

What we are doing in the Army is, in every military training experience that an enlisted soldier or an officer gets throughout their career, there will be elements of continuous training around the recognition of the symptoms of both concussive injury, as well as psychological responses to combat. It will be a part of everything we do to continue to develop our leaders and to develop soldiers.

Then, finally, we have a whole group—in fact, in your support for us, in the moneys that you have provided in that $600 million, O&M dollars, that are going to be directed toward the care of patients and their families, we have a large body now of training ma-

terials under the brand of Battle Mind Training that is addressed toward children; and that is addressed toward families to sensitize the force, that of predeployment to get them prepared to go and that of postdeployment to sensitize them to what symptoms they may experience as a consequence of that deployment.

Ms. KAPTUR. General.

General SCHOOMAKER. Yes, ma'am.

Ms. KAPTUR. Excuse me. I am going to put this on the record, and I will just ask my colleagues to bear with me.

This is from an Army Reserve unit, a returning soldier who was wounded in Iraq. He suffered serious head trauma—teeth, a broken neck—and his life was saved. He came back home to northern Ohio where we have no hospital, Army hospital. He was made to go to—and he suffers terrible headaches and everything; plus, he developed epilepsy—all right?—after combat, so they sent him up an hour away to get medical care.

Of course, he lost his job. There he is—right?—up in the hospital. So then they sent him back home to the little town that he lives in. He reports back to his Reserve unit for an event that they had there, which is how I met him, and he came up, and he says, Congresswoman, can you help me?

He even looked yellow. I mean, he did not even have good coloring, right?

I said, What is wrong, sir? He says, They tell me I cannot get any benefits because my epilepsy relates to that I played high school football. He said, I never had epilepsy until I went in the military, until I went to Iraq. He said, I have been in this Guard unit for 15 years or something.

Here is a situation. I am only telling you because something is not right when someone who has given so much and who comes home cannot be cared for near where he lives. He has got to go somewhere else, and he has PTSD. He has them all.

Something has to change in the system. So I just put one life on the record during this hearing.

I know you respect what I am saying. I respect what you are doing.

General SCHOOMAKER. Yes, ma'am. I completely agree with you. If that is happening to that soldier, your staff needs to give me the name of that soldier so I can find out how to help him.

Mr. MURTHA. Mr. Bishop.

Mr. BISHOP. Thank you very much, Mr. Chairman.

Gentlemen——

Mr. MURTHA. Mr. Bishop, I remember when I was down at the end of the line myself.

Mr. DICKS. That was a long time ago.

Mr. BISHOP. Thank you very much, Mr. Chairman. That is very consoling.

I have been very interested in the concerns that have been raised. One is the lack of access. And all of you seem to indicate that there are not enough professionals to deal with these mental health issues; and PTSD is really becoming exacerbated as a result of the current involvement.

One of the things that we did in the last appropriations bill is, the committee was kind enough to fund a pilot program utilizing

a civilian hospital in the area of PTSD to do research and treatment, particularly in an area where there are not military hospitals, like Ms. Kaptur is referring to, and to develop a Center of Excellence where we have a number of reservists and National Guard people who have been deployed and who are coming back.

We also have people who returned from their deployments to the main base, but who do not live in the community where that base is located, where the hospital is located, so they return to their rural outpost communities. So here we have now the opportunity for a civilian hospital to provide a Center of Excellence dealing with PTSD and these issues.

That is just an isolated case, and I guess I would like to get you to comment on whether you think this is a good approach and if watching the development of this might suggest that we might need to do that elsewhere across the country, given the tidal wave of these kinds of incidents that we will have following this engagement.

Then, the other thing I want to raise is the issue at Fort Drum that was reported recently on NPR where the soldiers at Fort Drum who had returned from their deployments decided that they would get assistance in making sure that their disability claims were properly and systematically documented. They went to the VA and got assistance from some of the VA employees to help them in the preparation.

The Army auditors decided that they were too successful, so they ordered the VA to cease and desist from providing that service to active duty personnel, which provides a problem for me. Given the fact that, General Schoomaker, one of your predecessors, General Kiley, and I had some extensive conversations in years past about the predeployment and postdeployment self-assessed questionnaire that the personnel utilize, personnel who often do not get diagnosed because, as Admiral Robinson indicated, they want to get home, and they want to get back to their families.

Either they do not know that they need assistance or that they need help, or they do not want to take the time to get it because they would much rather be back home with their families, of course, which exposes their families to the risk of the side effects of PTSD.

So would you comment on those two things, please?

General SCHOOMAKER. Yes, sir. Let me take the second first.

Mr. MURTHA. Let me interrupt for just a minute, General.

Here is what we envision with the money we put in. We envision a Center of Excellence which does the research on PTSD. We have done so little research on it.

Now, what you have heard the Surgeon Generals talk about is what we know about it today. What we believe should happen is that—before they leave, we are hopeful at some point we will be able to measure whether these people are vulnerable to PTSD and then be able to treat it beforehand, or screen them and counsel them enough that we can eliminate the problem.

But we need a Center of Excellence to do the research, I think. I think that is what this committee is recommending. So, as to that part of the question, I think this committee has recommended to

them to do that kind of a thing. I think, with their recommendation, as long as we can provide the money, that will help.

Now, that will not help us in the rural areas, but at least we will know the procedures.

Right now, we are kind of in the dark about exactly how to handle it. We have not the ability to measure exactly what is wrong with the person, and that is part of our problem.

The rest of the question I leave up to them, but I think we are in the forefront. This committee has been at the forefront of developing and providing money for health care for a lot of years, and I think this continues. We are very visionary on this committee with what we have done, and I think this is just a continuation of that.

Admiral ROBINSON. Mr. Chairman, the Center of Excellence will not only provide that research, but it will also provide, for lack of a better word, the practice guidelines that can be utilized in the community hospitals that may, in fact, be stood up to take care of people in remote areas in which there is no other care available. So then they are not caring for them based upon nonmilitary and noncombat stress disorders; they are actually folding into what we have learned from the Center of Excellence here.

Mr. BISHOP. Let me follow up. Thank you. I appreciate that very much. It is consistent with what my expectations were, and I appreciate that very much.

General Schoomaker, there was an incident—and I hate to report this—where there was some research being done that was authorized through the military's research authorization protocols. It indicated that—the premise was that they were going to be able to determine which individuals, based on some blood tests, were most likely to succumb to PTSD.

During the course of that research, because of some alleged protocol violations, the study was stopped; the doctor who was conducting it was disciplined and had a letter put in his personnel record. A civilian who was military, but who felt forced to retire because of being associated with the study, was investigated for prosecution when it appeared as if this could possibly have led us to some revelations on when to expect and under what circumstances to expect individuals to be susceptible to PTSD.

We can, perhaps, talk about that after the hearing and off the record, but I was very disturbed by that. The individual, a professional doctor, had an otherwise clean record, but now he has a notation in his record. The other individual, who was a psychologist or a social worker, now was denied his privileges at the hospital, and he was forced to retire.

It appeared to me that the implications of that were that it could possibly hinder recruitment, and higher command determined that we do not want to know these things because it will stop us from meeting our recruitment goals if we know in advance that these people will not make it because of their susceptibility to traumatic stress.

Somehow I wish that we could continue this research and make sure that we can learn everything we need to learn about it. Maybe the Centers of Excellence will be able to provide that.

These were people who were training for combat, some of whom went to combat, who returned from combat, and they believed that the people who were conducting the study believed that they could get their enzymes and blood chemistry and be able to determine whether or not they were likely to have it or not.

General SCHOOMAKER. I think the chairman got it right on target, sir, that we are in the dark still, and we are learning every day more about the nature of post-traumatic stress, what leads to its evolving, as Admiral Robinson outlined earlier, into a disorder that may leave one with a lifetime disability that we want to avoid—how it overlaps with other elements of either injury or exposure.

For example, last week, Army researchers who have been studying post-traumatic stress and concussive injury published a terrific paper in the New England Journal of Medicine that is beginning to tease apart what we call TBI–PTSD as if it is one thing. It is not one thing.

One, traumatic brain injury, is a physical injury to the brain that results from forces directed to the brain, usually from debris that is thrown against the soldier or marine or from being dashed inside a vehicle or thrown to the ground or rapid acceleration/deceleration that you would experience, let us say, in a motor vehicle accident.

The other is a late-emerging set of symptoms that may overlap with those that accompany the concussion but are caused by two different things.

What this researcher out of the Walter Reed Army Institute of Research and his colleagues have shown is that the concussion itself, the brain injury which is not unlike what you would get on the sports field or what you may get in a motor vehicle accident on our highways—which occurs much more frequently, frankly, than in combat—is not in and of itself the cause of late-emerging symptoms.

It is probably the context in which that injury occurred. You had a concussion not on a sports field where you wake up with a crowd of cheering fans, but where you wake up in combat, maybe with your buddies being killed or injured. That then leads to a very high predisposition to late-emerging symptoms.

This kind of work and lots of work like that is going to be the result of the research that you all are sponsoring. Frankly, we have had an enormous outpouring of interest in research projects.

One thing I will reassure you of, Congressman—and that I know you are interested in—is, although this is being conducted in the military, we will not violate any of the rules that govern how we do research on human subjects. And we are very meticulous about observing all international and national standards for the conduct of research on human subjects. Just because we are in uniform and just because our subjects may be serving in uniform themselves, we will not take shortcuts. We will not violate protocols. We will not take risks that may throw us into a different light with the American public.

Mr. BISHOP. Yes, sir. I appreciate that, and that is absolutely appropriate.

This particular study was about to go for publication, and it was joint work with the Army as well as with the CDC and with a uni-

versity up in Virginia, I believe. They were just requesting permission to publish the study.

Then all of a sudden, the protocols which—of course, this poor doctor, you know, just was told what he needed to do, and he did it and thought it was done. They said, no, the protocols were not proper, so now this cannot be studied, this cannot be published, and the study has to be stopped.

General SCHOOMAKER. With respect, sir, I am familiar with the study, and he violated the protocol.

Let me just say quickly, because I spent the morning with a National Public Radio correspondent about the Fort Drum event, that I deeply regret that we had miscommunication between the team that went up there and talked to the VA counselors and the Army group at Fort Drum.

In fact, the Fort Drum visit by our tiger team, in looking at the process of disability adjudication and our warm handoff to the VA, visited Fort Drum as the last of 11 site visits, and they found that that was probably one of the best sites that they had visited. They were highly complimentary and openly laudatory about what VA counselors were doing for our soldiers. They came back ready to make recommendations that this be best practice.

I do not understand how the miscommunication developed. I regret that I did not have the internal VA memo that recorded their perception that we were telling them to cease and desist, because I talked personally to people who were there on the Army team, who said this was a terrific collegial relationship and meeting; and we left very buoyed by what we saw up there and encouraged them to continue.

Mr. MURTHA. I appreciate that. Let me just say one thing about what Ms. Kaptur said about diagnosis.

We found an article here today that talked about diabetes, and you know how much they stressed losing weight and how much it would enhance your life.

Now, after years of saying that, we found out, if you lose weight, you have more risk of having a heart attack, not by losing weight but by reducing your blood sugar. So diagnosis is a hell of a problem.

I mean, the military or the civilian side has a hard time. But we appreciate your time.

Ms. KAPTUR. Mr. Chairman. Thirty seconds, Mr. Chairman, please.

Mr. MURTHA. Thirty seconds.

Ms. KAPTUR. If I had not worked on it for 25 years, I would not care.

I just wanted to mention to Admiral Robinson that in your testimony, sir, there are two professional groups not mentioned that I do believe are important—psychiatric nurses and chaplains. I just wanted to point that out.

Also, Mr. Chairman, you referenced Centers of Excellence, and I know we have funded Centers of Excellence in the neuropsychiatric area. Senator Boxer has. There are different pieces. I do not know if you intend to tie that together with whatever this is, but I just thought I would mention that bureaucratic issue.

Finally, I would ask, for the record, if it is possible for each of the services to tell us what percent of individuals treated under your care have actually been diagnosed with bipolar-related mental conditions—schizophrenia or obsessive compulsive disorder or alcoholism. Not all together; I am just saying in those categories because we have been talking about PTSD and TBI, but I would be very curious to find out what percent—I just had a soldier from my district who presented with bipolar, and I am just curious——

Mr. MURTHA. Marcy, you went over 30 seconds.

Ms. KAPTUR. Did I? Okay.

Mr. MURTHA. The Committee is adjourned. Thank you very much.

[CLERK'S NOTE.—Question submitted by Ms. Kaptur and the answer thereto follow:]

Question. What percent of individuals under care are diagnosed and treated for biploar condition, alcoholism, neurological disorders.

Answer. What follows provides counts of individuals who were seen one or more times for the conditions you mentioned (bipolar condition and alcoholism). It is difficult to address the issue of "treatment" from centrally accessible electronic records. Treatment does not necessarily involve medication. Psychological therapy frequently involves talking, accomplished during a visit to the clinic or as part of community-based groups that do not report to the Department. As a surrogate, the data include some information regarding how many people were seen for these conditions in consecutive years, which provides an indication of follow-up. The data also reflect how many individuals received medications that can be used for the treatment of bipolar condition. However, many of the medications can be used for other purposes.

Similarly, the data identify cases of alcoholism based on an ICD–9 code, but medical records are not the primary source of alcohol-related problems because the alcohol and drug abuse program is not a medical program. These individuals frequently attend Alcoholics Anonymous, Vet Centers, or other community-based services that do not report to the Department of Defense.

"Neurological disorders," is a very broad category, especially from the standpoint of treatment. The data provide information about Post Traumatic Stress Disorder (PTSD) because that seems to be of great interest to members of Congress and the media, but PTSD is not a "neurological disorder."

Number of Service Members Seen for Bipolar Disorder, Alcoholism and PTSD CY 2007

Bipolar (ICD-9 296)	
Number of individuals in 2007	29,907
Inpatient	5,096
Outpatient	24,811
Number of individuals with an event in 2007 and an event in 2006	7,747
Number of individuals with medications prescribed in 2007	14,206
Alcoholism (ICD-9 303 (excluding 303.0, acute intoxication))	
Number of Individuals in 2007	18,815
Inpatient	2,430
Outpatient	16,385
Number of Individuals with an event in 2007 and an event in 2006	4,099
PTSD (ICD-9 309.81)	
Number of Individuals in 2007	24,121
Inpatient	2,380
Outpatient	21,741
Number of Individuals with an event in 2007 and an event in 2006	5,890

Source: MDR (SIDR, SADR, TEDI, TEDN)

[CLERK'S NOTE.—End of question submitted by Ms. Kaptur. Questions submitted by Mr. Young and the answers thereto follow:]

LONG TERM CARE FOR MILITARY SERVICE MEMBERS

Question: With regard to TBI, as we all know, some of our soldiers and Marines are returning home with severe TBI and neurological problems and head and neck injuries. For some of these heroes, going home to a life they knew before is not an option, at least in the short term. As a result, they wind up in nursing home settings where professional staff can assist their family members in giving them the care they need and deserve. But this care is often given in VA nursing facilities where they are with older veterans and not more people their age. Those I have talked to say their outlook on life might be better if they were in a setting with others their age. Have you given any thought to centralizing the long term care of these soldiers and Marines so they are being cared for together with others their age and in similar situations?

Answer: The care location of our wounded warriors returning home with severe injuries is based on their medical diagnosis and care needs as determined by their interdisciplinary health care team. The care location is also dependent on several other factors, such as the capability of medical services being offered within a medical treatment facility, complexity of the Service member's medical care plan, and consideration of personal and family preferences.

The joint efforts to develop and implement improvements for the care of the wounded, ill, or injured Service members on issues such as care continuity are being addressed by the Department of Defense (DoD) and VA Senior Oversight Committee, Line of Action (LOA) #3 for Case/Care Management Reform led by Dr. Lynda Davis (Deputy Assistant Secretary of the Navy, Military Personnel Policy) and Ms. Kristin Day (VA, Chief Consultant, Care Management Services). This LOA item is to standardize case and care management processes for the transition of wounded, ill, and injured Service members and their families from recovery, through rehabilitation, and to reintegration across the DoD and VA.

The DoD military health system is committed to providing high quality, safe, and timely care across the health care continuum that is seamless and enhances the severely injured and wounded Service member's, and family's quality of life, and is working in collaboration with Senior Oversight Committee, LOA #3 for Case/Care Management Reform.

Question: We have centers of excellence for various conditions such as the Center for the Intrepid at Brooke and the Wounded Warrior Battalions at Camp Pendleton and Camp Lejeune. Should we have a long term care facility for military service members at some common location?

Answer: Our nation must be dedicated to take care of those Service members who have sacrificed for us. Providing long-term care for military Service members certainly would support that, but I would not recommend a single facility. Perhaps such care would be better placed under the capable hands of the Department of Veterans Affairs, whose primary mission is to provide long-term care for injured veterans who are no longer able to serve on active duty.

Question: Finally, I am hearing good things about the improvements that have been made in helping our soldiers and Marines through the paperwork required to med board them out of the services and into the VA health care system. One of the substantial improvements, especially for those with TBI/PTSD conditions, is the joint military/VA physcal. Can you talk about that change and do you have other recommendations for ways in which our committee can help improve the process?

Answer: The Department of Defense (DoD)/VA joint medical evaluation of Service members in the Disability Evaluation System (DES) focuses on the Service member while still providing valuable information required by both departments. Building a comprehensive network of qualified providers who can perform these disability exams will take time, resources and cooperation between VA and DoD. Qualified providers may have to come from a variety of sources (DoD, VA, TRICARE, contractors, or joint). All options for delivery and funding of these exams should be available to pilot expansion planners. Integration of the VA Benefits Administration, VA Health Administration and DoD information systems is also key to success. Many have focused on the clinical information systems but the DES includes information sharing in and outside our clinical domains. Continued efforts toward integration of benefits and clinical information focused on the Service member will help improve the process. Formalized collaboration of DoD and VA rating experts to allow for DoD and VA medical experts to discuss VA Schedule for Rating Disabilities issues during any changes or updates is another recommendation to help improve the process. In

regards to this program, no additional action is requested from Congress at this time.

[CLERK'S NOTE.—End of questions submitted by Mr. Young. Questions submitted by Mr. Murtha and the answers thereto follow:]

OBLIGATION OF FUNDING

Question: This Committee provided $900,000,000 to increase the mental health services available to service members.

Of the $600,000,000 provided in operation and maintenance, $453,000,000 has already been distributed to the services and TRICARE Management Agency. Only $53,000,000 has been obligated.

Why is there such a low rate of obligation?

Answer: The Department is following a detailed plan and executing a prudent and careful approach to assure we use the funds provided by Congress to maximize the benefit to our Service members.

In the summer of 2007, the Department developed a strategic plan and guiding principles. In the summer and fall, we solicited proposals from the Services that would support the guiding principles. We reviewed over 300 submissions from the Services and selected programs that adhered to our strategic intent and distributed the funding in three phases. The first distribution went out in August 2007. While the Services have worked to obligate in accordance to their plans, they have encountered some unforeseen obstacles, such as overwhelming their contracting offices, the difficulty of hiring contractors on one-year contracts, attracting applicants to remote or less desirable locations, and competing with civilian agencies for the same finite pool of health professionals. Additionally, fiscal law constraints denied the use of Defense Health Plan dollars for several of the Reserve component programs.

Question: A large part of the funding provided was to hire additional staff. Where are you in executing a hiring plan?

Answer: The Army has hired 138 of the 302 psychological health personnel requirements, which matches their plan. The Navy has hired 8 of the 175 they require, but has a contract for an additional 51. The Air Force plans to hire 97 providers and expects to have their contract awarded soon and an overseas contract awarded in July.

CENTER OF EXCELLENCE

Question: It seems that the Department's "Center for Best Practices" is a top-down solution to a bottom-up problem. While I understand the need for a "Center for Best Practices" and might even say that it is long overdue, I do not think it addresses the immediate concern about increasing access to services for individuals. This demonstrates the process side of the what is being done to address the issue.

What action, not PROCESS, have you been taking for 3½ years?

Answer: The Department of Defense (DoD) has a broad range of programs designed to sustain the health and well-being of each and every military and family member in the total military community. Services available at military installations include: health and wellness programs, stress management, family readiness and community support centers, family readiness groups, ombudsmen, volunteer programs, legal and educational programs, and chaplains, among many other community programs. Early intervention and prevention programs include pre-deployment education and training, suicide prevention training, Military OneSource (1–800–342–9647), the Mental Health Self Assessment Program, National Depression and Alcohol Day Screening, and health fairs (kits available at www.mentalhealthscreening.org).

DoD has formed a strong partnership with the Department of Veterans Affairs and other federal agencies and professional advocacy groups to provide outreach and prevention programs that are available to Reserve and National Guard members. A Post-Deployment Health Assessment and education process is conducted upon returning from deployment to identify health concerns that might have arisen. An additional Post-Deployment Health Reassessment with additional education takes place 90 to 180 days after deployment to identify any issues that might arise in that timeframe. Periodic health assessments are also conducted to identify any health issues a person might have prior to entering the pre-deployment cycle. In addition, a Mental Health Self-Assessment is available 24 hours a day (www.militarymentalhealth.org, 1–877–877–3647) as an additional tool for family members and Service members.

Question: How many mental health professionals will be seeing patients in the new Center?

Answer: The precise staffing model for the National Intrepid Center of Excellence (NICoE) is being developed. There will likely be substantial inter-facility sharing of staff with the NICoE and the Walter Reed National Military Medical Center located adjacent to the NICoE. The staffing plan will include psychiatrists, neurologists, neuroradiologists, neuropsychologists, neuropsychology technicians, physical medicine physicians, physical therapists, occupational therapists, audiologists, nursing personnel, and administrative and research support staff.

Question: Will there be in-patient beds?

Answer: The National Intrepid Center of Excellence (NICoE) will contain no inpatient beds. The NICoE will provide extensive and intensive outpatient evaluation, diagnostic clarification, education and treatments for returning warriors and their families using state-of-the-art technology and clinical models.

Question: What type of utilization capacity will the Center have?

Answer: The currently proposed concept of operations for the National Intrepid Center of Excellence (NICoE) includes evaluation, diagnostic clarification, and treatment of twenty patients and their families in an intensive outpatient program at any given time. The program will be individualized to the needs of the patients and their families, but will generally last approximately two weeks. In addition, the NICoE will provide detailed patient-centered referrals for ongoing care and will provide telemedicine follow-up for those patients who may not have adequate treatments in their communities. Depending on their response to treatment and ongoing functional status, some patients and their families will be brought back to the NICoE for reevaluation. The NICoE will also provide consultative and referral services to patients, families, and clinicians using telemedicine technology.

Question: How much of the funding provided will be designated for the Center?

Answer: The Defense Center of Excellence has been designated $45 million in Operation and Maintenance funds and $45 million in Research, Development, Testing, and Evaluation funding. These were provided in Fiscal Year (FY) 2007/2008 multi-year funding from Title III of Public Law 110–28, United States Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act of FY 2007.

Question: How much of the funding provided will be designated for the Defense and Veterans Head Injury Center?

Answer: According to the National Defense Authorization Act for Fiscal Year 2008, Defense and Veterans Brain Injury Center (DVBIC) is to remain independently funded through 2013 with funds that supplement not supplant those for the Defense Center of Excellence (DCoE). As such, DVBIC has been funded $28.4 million for the nine-month interval beginning March 17, 2008. This funding includes $5.1 million from the Program Objective Memorandum and $7.3 million from global war on terror supplemental funds and $16 million from DCoE funds. These allocations support network expansion and the increased responsibility as the designated office of responsibility for Department of Defense traumatic brain injury surveillance, pre-deployment cognitive testing, as well as the congressionally directed 15-year study and congressionally directed Family Caregiver Panel.

Question: How will returning service members and their families in rural parts of the country access the new center?

Answer: Returning Service members and their families will have multiple means of accessing the resources available through the Defense Center of Excellence (DCoE) for Psychological Health (PH) and Traumatic Brain Injury (TBI). These resources, currently in development, include:

- The DCoE website, which affords any warrior, and those involved in their support and care, the ability to obtain current information regarding PH and TBI
- A 24-hour a day Call Center, which supports the questions, concerns, and informational needs of warrior families
- The ability to engage in community discussions via electronic discussion board (website)
- The ability to email a consultant on PH and TBI issues (via website)
- Video teleconferencing consultation capability for Service members in remote locations.

Question: What are the anticipated operating costs of the center and how will they be funded?

Answer: The Defense Center of Excellence (DCoE) for Psychological Health and Traumatic Brain Injury will be funded through Supplemental Appropriations through Fiscal Year 2009. Currently, the DCoE is operating on a budget of approximately $128 million, distributed between operations and maintenance and research,

development, test, and evaluation funds. Specific cost relating to the National Intrepid Center of Excellence is not possible at this time, but it is estimated that it will cost approximately $30 million annually to operate.

LEGISLATIVE DIRECTION

Question: In the Committee's language it was very clear that DoD should increase its reach and to work with commercial entities to increase capacity of the mental health system as well as the breadth of programs available to individuals. I am not convinced that this has happened. We have not asked for increased bureaucracy, we have asked for increased services.

As the wars in Iraq and Afghanistan continue, how many certified mental health providers will the Department require in the next 24 months to handle the increasing issues that are prevalent of PTSD/TBI?

Answer: The bulk of the increase in mental health professionals for the Services will be borne by the Army because it provides services to the largest number of Service members. By the end of calendar year 2008, there should be 574 mental health providers for all the Services plus another 200 Public Health Service mental health providers. This target was developed using a staffing model that accounts for changes in demand resulting from the war. The targets will be monitored and further refined to ensure we are able to meet the demand for services.

Question: How many is the Department planning on hiring?

Answer: The Army is hiring 302 mental health providers and 15 support personnel. They have requested 127 Public Health Service (PHS) mental health officers for placement across the Army and 275 additional providers in the continental United States. Current contracts in place will have all providers hired by September 2008. The Navy is hiring 175 mental health providers and 78 support personnel. The Navy and Marine Corps requested 37 PHS mental health providers. The Air Force is hiring 97 behavioral health providers at 76 installations and placing 32 PHS mental health providers across the Air Force.

Question: How long will that take?

Answer: We expect the process to take up to a year, although it varies by Service. Mental health providers are in short supply across the Nation. Hard to serve areas, such as Fort Hood, Texas, and other rural locations make staffing a challenge. To serve these areas, we are partnering with the Public Health Service (PHS), which provides uniformed mental health providers to the Department of Health and Human Services (HHS). PHS has committed to provide the DoD with 200 mental health providers of all disciplines. Based on the Services' input, we will place those providers in those hard to reach areas. We expect to begin sending these providers to medical treatment facilities across the country as soon as the memorandum of agreement is signed.

While all Services are aggressively pursuing hiring actions, the contracting process is very lengthy and has affected our ability to hire rapidly even where providers are available. The Army, which had some existing contracts in place, is actively hiring in accordance with their plan to add their full requirement of providers by the end of July. The Navy, which has had to establish all new contracts, will soon let a contract. However, the normal hiring timeframe is 90–120 days. Its estimate is that the Navy may not meet its required goal of the end of September. The Air Force should have its 50-state contract in place in April and its overseas contract in July. The amount of time necessary to bring on new contractors indicates that the Services will still be trying to find and hire qualified providers late this year.

Question: What is your deadline?

Answer: There are near- and long-term staffing plans to meet mental health requirements of the Force. In the near-term, we are using government civilian hires and contracts for mental health professionals. We have active contracting and civilian recruitment programs ongoing. Hospital commanders have the authority to adjust staffing as required to meet the demand for services. Financial resources are not a constraint at any level, except for personnel in State National Guard headquarters staffs. The Defense Health Program appropriation is not available for that purpose.

The long-term plan includes recruiting military (uniformed) mental health staff in Fiscal Years 2008 and 2009. New resources will be allocated to keep pace with increasing behavioral health needs. Initiatives such as the Army's retention bonuses and loan repayment programs are attracting and retaining military staff in behavioral health specialities.

REPORTING REQUIREMENTS

Question. During deliberation of the fiscal year 2008 Defense Appropriations bill, (House Report 110–279) this Committee required the Department to report by January 15, 2008 on the state of mental health experts available across the military, both Military Treatment Facilities as well as the availability of care in the private sector.

Question: What is the status of this report?

Answer: An interim report was generated in late February and is pending coupling with another agency's section that is part of the report.

Question: Why is the report late?

Answer: The report is late for the following reasons:

1. A substantial section of the report requires an accounting of research funding addressing gaps in knowledge regarding Post Traumatic Stress Disorder identified by the congressionally directed Medical Research Program. The final of three program integration phases will occur the first week of March 2008, and disposition of funding for a variety of awards will be announced in late March 2008. At that time, an accounting of the distribution of resources will be known. The Medical Research Material Command will then be able to generate a final report addressing the last half of the reporting requirements requested by House Report 110–279.

2. Inter-departmental coordination is required to complete the total report.

3. The barometer of the Department's success in meeting the standard for access to mental health care providers is dependent, in part, upon a new TRICARE program developed to measure compliance with this standard in addition to enhancing beneficiary support procuring such care. In the fall of 2007, a TRICARE Behavioral Health Provider Locator function was created, staff was hired by each TRICARE region, and training was conducted. The service was initiated on December 21, 2007. By April, the results of the ability of these locators to assure beneficiary initial access to network mental health care providers will be through this new modality. Incorporating these results into the final report will provide a baseline upon which to judge subsequent quarters in terms of beneficiary access to network mental health providers. In addition, we will be including data from the Services regarding initial access to mental health providers in the direct care system, as well.

OBLIGATION OF FUNDING TO THE SERVICES

Question: Of the $453,000,000, 45% went to the Army, 15% went to the Navy, 10% went to the Air Force, and 30% went to the TRICARE Management Agency for Joint Support.

This Committee has heard that the Services are weary of obligating the funding for fear of a sizable funding "tail" in fiscal year 2009 that will not be supported by Congress. Could each witness comment on this statement.

Answer: The Services have encountered problems attracting contractors to one-year contracts, so follow-on funding is an issue the Department has to address.

Question: What other programs or initiatives are the Services looking at to improve access to care for soldiers and their families?

Answer: There are near- and long-term staffing plans to meet mental health requirements. In the near-term, we are using government civilian hires and contracts for mental health professionals. We have active contracting and civilian recruitment programs ongoing. Hospital commanders have the authority to adjust staffing as required to meet the demand for services. Financial resources are not a constraint at any level.

The long-term plan includes recruiting military (uniformed) mental health staff in Fiscal Year 2009. New resources will be allocated to the force to keep pace with increasing behavioral health needs. Initiatives such as the Army's retention bonuses and loan repayment programs are attracting and retaining military staff in behavioral health specialties. Regarding the TRICARE network, over 3,000 care providers have been assigned across all three regions, with over 2,500 in the West, 389 in the North, and 146 in the South.

Another significant program is telehealth. The intent is to use technology, particularly in underserved and remote locations. In addition, the TRICARE Management Activity has established a Health Care Finder for family members to allow them to call for assistance in locating a mental health provider. For traumatic brain injuries (TBI), we established standard capability packages that the Services are implementing to assist in screening and caring for Service members with TBI.

Question: Of the Army's 45%, the bulk of it is for access to care for psychological health and traumatic brain injury.

How is the Army obligating the funding provided?

Answer: The Army is obligating the largest proportion of funding for PH and TBI access to care against both mental health and primary care provider and support staff contracts. These contracts include a wide variety of providers and medical staff to include: behavioral health providers (e.g., psychiatrists, psychologists, psychiatric nurses, social workers, and neuropsychologists); primary care providers (e.g., physicians, nurse practitioners, and physician assistants); rehabilitation providers (e.g., physical therapists, occupational therapists, speech language pathologists, and physical medicine and rehabilitation physicians); neurologists; nurse case managers; and licensed practical nurses. The remaining funding is being obligated against such things as non-staff requirements for outpatient programs, telehealth initiatives, and semipermanent buildings for the provision of TBI care and rehabilitation.

Question: How much has been obligated to date?

Answer: As of January 31, we have obligated $64.1 million of the $600 million in operation and maintenance funding and $10.2 million of the $300 million of research development test and evaluation funding.

Question: Are mental health professionals being hired in a timely fashion?

Answer: All the Services are reporting that hiring mental health providers is challenging. The Army had most of the contracts in place before receiving the funds and they are on their plan for hiring. However, the Navy and Air Force did not start the contracting process until they received the funds. Completing the contracting process is time consuming; therefore, we expect the hiring process to be extended.

Question: Are there any contracting issues with current hiring policies?

Answer: Yes. The one-year operation and maintenance funding level limits incentives to hire mental health staff. Regional disparity in availability, quality, and types of mental health staff exist. Additionally, there is a national shortage of qualified providers, and we are operating in a very competitive market. We have overloaded our contracting offices with hiring actions, and other psychological health and traumatic brain injury initiatives, as well, and it will take them some time to work through the backlog.

Question: Will you be able to obligate the funding by September 30, 2008?

Answer: We are taking steps to reallocate dollars to better support the continuum of care. This will also provide flexibility and enhance our ability to obligate funds. In addition, we are monitoring the Services' implementation of their programs to prepare for midyear review where we can shift funds to programs where they can be more rapidly executed. However, it is important that we strive to ensure we are creating a standardized and consistent program across all the Services, and that requires prudent decisions on spending funds, not just for the sake of spending quickly.

CHARRTS No.: HACD-01-024
Committee: HAC, DEFENSE SUBCOMMITTEE
Hearing Date: February 07, 2008
Hearing: DoD Force Health Protection (Post Traumatic Stress Disorder/Traumatic Brain Injury)
Member: Congressman Murtha
Witness: HON Casscells
Question: #24

OBLIGATION OF FUNDING TO THE SERVICES

Of the Navy's 15%, again most of it is for access to care.

Question: How is the Navy obligating the funding provided?

Answer: The Navy received an additional $42.4 million in psychological health (PH) and traumatic brain injury (TBI) supplemental appropriations funding on January 18, 2008. This Phase 3 funding increased the Navy total from $68.6 million to $110.95 million. As of February 29, 2008, 100 percent of all funding received has been distributed to the relevant projects.

The following provides a breakdown of the amount received and obligated by the Office of the Assistant Secretary of Defense for Health Affairs (OASD(HA)) initiative:

- Received 45 percent or $49.8 million in access to care funding, of which 22.5 percent or $11.2 million has been obligated.
- Received 15 percent or $17 million in quality of care funding, of which 13.5 percent or $2.3 million has been obligated.
- Received 6.8 percent or $7.5 million in surveillance funding, of which 0 percent has been obligated.
- Received 23 percent or $25.4 million in resilience funding, of which 0 percent has been obligated
- Received 10.2 percent or $11.23 million in transition of care funding, of which 0.1 percent or $2,000.00 has been obligated.

The overall obligation rate as of February 29, 2008, for the Navy PH and TBI program is 12.1 percent or $13.5 million. The current committed rate is 30.8 percent or $34.2 million. Of the committed amount, $6.2 million is pending award within the next week and was delayed due to differences in contract negotiation. In addition to the committed amount, $1.1 million has been assigned to the Defense Travel System/Travel, and will be fully obligated by September 30, 2008.

Provided below is a summary chart depicting the Navy distribution rate and obligation rate by OASD(HA) initiative as of February 29, 2008.

Initiative	Received	Distributed (%)	Obligated (%)
Access to Care (45% of total funding)			
TBI	$8,903,000	$8,903,000 (100%)	$1,889,043 (21.2%)
PH	$40,881,000	$40,881,000 (100%)	$9,271,537 (22.7%)
Quality of Care (15% of total funding)			
TBI	$3,632,000	$3,632,000 (100%)	$3,466 (0.1%)
PH	$13,355,000	$13,355,000 (100%)	$2,308,832 (17.3%)
Surveillance (6.8% of total funding)			
TBI	$1,541,800	$1,541,800 (100%)	$0
PH	$5,981,200	$5,981,200 (100%)	$0
Resilience (23% of total funding)			
TBI	$0	$0	$0
PH	$25,427,000	$25,427,000 (100%)	$0
Transition of Care (10.2% of total funding)			
TBI	$210,000	$210,000 (100%)	$0
PH	$11,020,000	$11,020,000 (100%)	$2,146 (0.1%)
Total For All Initiatives			
TBI (13% of total funding)	$14,286,800	$14,286,800 (100%)	$1,892,509 (13.2%)
PH (87% of total funding)	$96,664,200	$96,664,200 (100%)	$11,582,515 (12.0%)
Navy Total	**$110,951,000**	**$110,951,000 (100%)**	**$13,475,023 (12.1%)**

Question: The Navy spend plan called for obligation of 70% of the funding provided by February 2008. How much has been obligated to date?

Answer: The Navy spend plan has been revised to reflect the January release of an additional $42.4 million in supplemental funding. This Phase 3 funding increased the Navy total from $68.6 million to $110.95 million. The overall obligation rate as of March 06, 2008, for the Navy psychological health and traumatic brain injury program is 13.2 percent or $14.7 million. The current committed rate is 32.5 percent or $36 million. Of the committed amount, $6.2 million is pending award within the next week and was delayed due to differences in contract negotiation. In addition to the committed amount, $1.1 million has been assigned to the Defense Travel System/Travel and will be fully obligated by September 30, 2008.

Question: Are mental health professional being hired in a timely fashion?

Answer: All the Services are reporting that hiring mental health providers is challenging. The Army had most of the contracts in place before receiving the funds and they are on their plan for hiring. However, the Navy and Air Force did not start the contract process until they received the funds, completing the contracting process is time consuming. Therefore, we expect the hiring process to be extended.

Question: How has the money been obligated?

Answer: As of March 5, 2008, $396,000 has been obligated to support training initiatives. Over 50 percent of the remaining unobligated funding is pending award of a contract to hire 97 mental health providers.

Question: Has the funding been used for existing programs or new initiatives?

Answer: Some of the funding was used for an existing Post Traumatic Stress Disorder clinician training program, which had previously been an unfunded requirement. Three psychological health (PH) initiatives were built as concepts/training programs, but were not funded until the red cell funding became available. The remaining PH and traumatic brain injury programs are new initiatives.

Question: Of the TRICARE Management Agency's (TMA) 30%, most of the amount is for the Center of Excellence and for surveillance. The plan was to spend $36 million in November but little to none has been spent and nothing subsequently.

Why has there been no obligation of these funds?

Answer: TMA received a total of $139.16 million for Phase I and II requirements/initiatives, 33 percent ($45.88 million) designated for the Defense Center of Excellence (DCoE) and 13 percent ($17.94 million) designated for the Automated Behavioral Health Clinic (ABHC) Program Surveillance. It is projected that the majority of the funds will be disbursed during the last two quarters of Fiscal Year 2008, as the staff finalizes programmatic review of requirements. ABHC requirements are similarly underdeveloped due to lack of comprehensive programmatic review.

Question: What new initiatives has TMA been looking at for enhancing care and treatment?

Answer: The TMA has been working on two new initiatives:

(1) A comprehensive, Service member centric post-deployment mental health website (afterdeployment.org) is scheduled to go live in the summer of 2008. When afterdeployment.org is complete, Service members can be referred by their primary care provider (PCP) to confidentially complete additional online self-assessments and review comprehensive information on Post Traumatic Stress Disorder (PTSD) and other mental health conditions. As a result, should the Service member wish to receive medical care for such conditions, the Service member can share their assessments as well as information related to the self-help activities available on the web portal to their PCP to assist with treatment planning.

(2) TMA has been working with the Army to implement a primary care mental health program known as Reengineering Systems of Primary Care Treatment in the Military (RESPECT-Mil) that aims to improve the detection and treatment of PTSD and depression among Service members in Army primary care. The program routinely screens Service members for PTSD and depression at the same point in the primary care visit as when blood pressure and pulse are checked. Service members screening positive on this initial screening complete further tests, allowing the PCP to make rapid preliminary assessments for these disorders and initiate treatment for them, as appropriate.

Preliminary results from the Army's RESPECT-Mil primary care mental health program shows that it is very effective at screening Service members for depression and PTSD in the primary care setting, and that, in 75 percent of visits where a Service member screened positive for either depression or PTSD, the Service member was either referred for mental health care or already engaged in mental health care.

The program is coordinated through the Army Office of the Surgeon General and is currently in the process of being implemented at fifteen sites, comprising 51 clin-

ics, in the Unites States and overseas. Evaluation of this program will be available in late 2008.

SPEND PLAN

Question: Can you update this Committee on your spend plan?

Answer: Attached is our spend plan, which includes budget execution data through the end of January 2008. We are in the process of reassessing our requirements and will share the updated spend plan with you once it is finalized.

Psychological Health/Traumatic Brain Injury Operations and Maintenance Spend Plan

Plan/Actual	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Plan	41,959	54,915	92,431	104,704	117,612	147,823	185,263	231,009	395,250	467,253	497,873	540,485	560,405
Actual	42,289	52,524	53,969	57,116	64,150	-	-	-	-	-	-	-	-

Psychological Health Operations and Maintenance Spend Plan

Plan/Actual	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Plan	37,354	49,581	72,085	80,060	86,872	106,551	127,314	160,807	210,200	259,627	277,485	299,718	316,755
Actual	37,685	46,224	47,900	51,068	54,727	-	-	-	-	-	-	-	-

Traumatic Brain Injury Operations and Maintenance Spend Plan

Plan/Actual	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Plan	4,605	5,334	20,345	24,644	30,740	41,272	57,950	70,202	185,050	207,627	220,389	240,767	243,649
Actual	4,604	6,300	6,069	6,048	9,423	-	-	-	-	-	-	-	-

Psychological Health/Traumatic Brain Injury Research, Development, Training and Evaluation Spend Plan

Plan/Actual	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Plan	7,463	7,463	7,550	38,650	57,000	57,000	57,000	57,000	80,000	125,000	180,000	246,250	292,500
Actual	7,738	8,179	10,067	10,185	10,179	-	-	-	-	-	-	-	-

Psychological Health Research, Development, Training and Evaluation Spend Plan

Plan/Actual	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Plan	3,613	3,613	3,650	13,650	17,000	17,000	17,000	17,000	30,000	50,000	80,000	100,000	146,250
Actual	3,509	3,766	4,595	4,697	4,951	-	-	-	-	-	-	-	-

Traumatic Brain Injury Research, Development, Training and Evaluation Spend Plan

Plan/Actual	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Plan	3,850	3,850	3,900	25,000	40,000	40,000	40,000	40,000	50,000	75,000	100,000	146,250	146,250
Actual	4,229	4,413	5,472	5,488	5,228	-	-	-	-	-	-	-	-

Question: Does the Department and the Service have the internal capacity to obligate the funding provided? Please explain.

Answer: The Department is following a detailed plan and executing a prudent and careful approach to assure we use the funds provided by Congress to maximize the benefit to our Service members. In the process, we have overloaded our contracting offices with hiring actions and other psychological health and traumatic brain injury initiatives, and it will take them some time to work through the backlog.

Question: What issues exist that are hindering the Department in executing these funds?

Answer: The Department is following a detailed plan and executing a prudent and careful approach to assure we use the funds provided by Congress to maximize the benefit to our Service members. We are moving quickly, while taking care not to move recklessly. In the process, we have overloaded our contracting offices with hiring actions and other psychological health and traumatic brain injury initiatives, and it will take them some time to work through the backlog.

HOTLINE FOR MENTAL AND BEHAVIORAL HEALTH SERVICES AND COUNSELING

Question: What is the number of service members and their family members, and especially Guard and Reservists that have used the Military One Source hotline for mental and behavioral health services and counseling?

Answer: In Fiscal Year 2007, Military OneSource made almost 2,000 warm-hand-off referrals to TRICARE for mental health care. Further, Military OneSource arranged for a monthly average of 5,000 nonmedical, situational counseling sessions for Service members and their family members.

Question: How many suicide calls have the Military One Source and the other services hotlines received? Please break down by component.

Answer: In Fiscal Year 2007, Military OneSource received 126 calls in which the caller expressed a danger to self. Breakdown by component is difficult because when emergency systems are activated for acutely suicidal individuals, the goal is to keep the person on the phone and not ask them a series of questions regarding their affiliations (not all are Service members). While a record review may indicate the presence of a nearby military installation, it may not indicate the branch of Service of one who may happen to be a Service member.

The Services refer suicide calls to the national suicide hotlines (same network):

1–800–273–TALK

1–800–SUICIDE

The advantage of this system is that Joint Commission certified and American Association of Suicidology certified regional networks are established across the country to which these national telephone calls are directed automatically (Substance Abuse and Mental Health Services Administration facilitated). Therefore, local support affiliations are activated that are well known to the hotline system responding.

The Department of Veterans Affairs Hotline has a veteran option. Three to ten Service members per week use it.

Various Reserve and Active component Service hotlines exist for non-acute situations, in addition to those for various local community services or volunteer organizations.

Question: What is the mechanism for followup with a service member or their family members following a call to Military OneSource?

Answer: Military OneSource staff includes a dedicated team of consultants assigned to conduct follow-up calls with Service members and family members. Follow-up calls are conducted to ensure the client received the services or materials requested and to ensure satisfaction with the services received. With the client's permission, a minimum of two follow-up calls are conducted. The initial follow-up call is conducted within five business days and at a mutually agreed upon time of day. The second call is conducted prior to the 30-day mark from the date of the original call to Military OneSource. Subsequent follow-up calls are conducted as appropriate for the needs of the Service member/family member.

Question: How many mental health TRICARE claims have been submitted in the past 6 months?

Answer: The summary of mental health claims submitted by Managed Care Support Contractors to TRICARE Management Activity in the last six-month period for mental health services was 1.54 million. This represents a 6.5 percent increase from the same six-month period one year ago.

Question. You are forming partnerships with the Public Health Service to provide 200 uniformed public health service mental health providers of all disciplines.

What is the time frame for contracting with the 200 health officials?

Answer: Rather than a contract, we will have a Memorandum of Agreement (MOA) with the PHS. The Department has concurred on the MOA and PHS is completing a legal review before signing. An initial group of about 50 officers are awaiting assignment to key medical treatment facilities nationwide immediately following the signing of the MOA this spring. We will bring on and assign other PHS officers throughout the rest of this fiscal year and into next fiscal year.

Question: How can Public Health Service commit to this number?

Answer: The 200 PHS officers come to military medical treatment facilities (MTFs) through three distinct processes. One group will make permanent change of station moves from their current PHS assignments. At present, the number of these officers is limited by the ability of the losing agencies (e.g., Bureau of Prisons and Indian Health Service) to replace those officers in a timely manner. Over time, additional officers on active duty in the PHS boost these numbers. The second source of PHS officers will be those behavioral health providers who had previously announced their intention to separate from the military services. These officers have stated their preferences to remain within the military health system and have elected to move from their respective Service into the PHS. In some cases, those officers will remain in their military positions in PHS uniforms, where they will not be subject to deployment. The third source of PHS officers will be direct accessions. The PHS has a stated goal of augmenting significantly in the near-term, and will leverage Department of Defense money to enhance their recruiting program. The PHS will partner with the Army and Air Force to provide non-licensed, postdoctoral psychologists at MTFs where they can get the necessary supervision for licensure. In some locations, licensed PHS officers will augment Army and Air Force psychology internship training faculty.

MENTAL HEALTH AND MILITARY FAMILIES

Question: Information provided to the Committee through news reports and visits to military bases indicate that children of military members are increasingly suffering from behavioral and mental health problems. Declines in school performance and increases in disciplinary problems have surfaced at major bases throughout the country. For example, last year alone the Children's hospital here in D.C. had over 1,000 visits from children of military service members, many of which were suffering from mental health problems. Getting information about the trends in children's illnesses related to the war would serve as an important basis for potential additional action by the Committee.

Mr. Secretary, are there any notable trends in children's illnesses related to the war?

Answer: The impact of military service, especially deployments, has repercussions upon their entire social network, especially their family members. However, we must be cautious not to over generalize the nature of military families who are often portrayed stereotypically, when in reality our families reflect great diversity. That being said, studies have shown that interpersonal conflict may increase in association with deployments and during reintegration upon returning home. It has been demonstrated that child maltreatment may increase in the absence of a Service member who is deployed, and upon reunion, should there be substance abuse or domestic violence.

When parents are deployed, especially if both parents must leave home, children may be worried not only about their parents' safety, but also their own stability as they are tended to by other family members or caregivers. Thus, wartime stressors do not always involve those related to the traumatic stressors of combat itself.

While much is anecdotal in this regard, there is increasing national interest among family and child mental health experts regarding these issues, and a general consensus that we must be prepared to deal with the consequences of war, addressing both the seen and unseen injuries among our Service members and their families.

Question: If so, what initiatives have been funded by the Department and what are potential future programs that should be considered?

Answer: In 2006, the Department established the United States Military Site of the National Child Traumatic Stress Network, based at the Uniformed Services University's Center for the Study of Traumatic Stress. This program is responsible for developing knowledge related to military childhood experiences, developing effective public education materials, and expanding and studying effective intervention strategies, all using a strength-based approach. The Center for the Study of Traumatic Stress conducts research, education, consultation, and training on preparing for and responding to psychological effects and consequences of traumatic events. Program scientists are recognized nationally for their expertise related to the health

and wellbeing of military children and have published and presented extensively on the topic.

Current research is focusing upon a comparison of the effects upon family members of a Service member who returns from deployment wounded versus those who were not injured. Congressionally mandated research funding has recently been provided for research on the effect of deployments upon children, to be characterized in the final report covering research grants made in recent months and to be completed in late March 2008. Research consortium centers for psychological health (PH), traumatic brain injury (TBI), and both PH and TBI, will be established in three locations in the United States. Each will be affiliated with local study sites at major medical centers across the country engaging the finest scientific minds to fill gaps in research, including research on families and children of Service members who deploy.

Sustained funding for research will be necessary in order to more completely characterize the near- and long-term effects of sustained war efforts upon our families, as well as the effectiveness of enhanced preventive family support, and clinical interventions for those who experience severe distress and psychiatric disorders. Establishing baseline funding for the Military Child Traumatic Stress Network and sustaining the increased level of research initiated by generous congressional research funding in Fiscal Year 2007 will be necessary as long as repercussions of sustained deployments persist.

Question: What does research tell us about the effects of PTSD on children of military members suffering from this disease?

Answer: Research regarding Vietnam veterans described negative impact, including reduced family cohesion, interpersonal expressiveness, and ability to problem solve; and an increase in interpersonal conflict. Vietnam veterans have reported that the PTSD symptoms of avoidance, in affiliation with co-morbid anger and depression, negatively affected their family functioning, while their spouses identified anger as the most damaging. Thus, identifying and treating PTSD early may reduce the potential negative impact to families of struggling Service members and veterans.

Question: Is there a correlation between child and spouse abuse and PTSD?

Answer: Previous studies do not specifically quantify the effects of PTSD per se upon actual documented maltreatment/neglect.

A robust study, underway now, will improve upon prior research by specifically:

- Describing the characteristics of neglect for substantiated Army child neglect cases during the period 2001–2006
- Identifying child, parent and family-based risk, and protective factors for child neglect cases
- Identifying possible military community risk and protective factors for child neglect cases
- Identifying civilian community risk and protective factors for child neglect cases

It will also include, as family-based factors, Service member injuries (including PTSD). The technical feasibility of further quantifying the relative risks of particular Service member psychiatric diagnoses upon family maltreatment is being discussed.

Question: Of the amounts appropriated for PTSD, could any of these funds be used to help children?

Answer: Military families, including children of all ages, are specifically included in our planning for use of the Fiscal Year 2007 Supplemental Appropriations. The following initiatives represent highlights of activities that are targeted specifically to the children of our military community.

- For young children, we funded a new Sesame Street workshop that teaches children and their parents how to discuss changes, injuries, and illnesses, that a Service member may have experienced as a result of the combat deployment. It also helps children deal with multiple parental deployments. The first Sesame Street workshop was nominated for an Emmy and over 400,000 kits including Digital Versatile Discs (DVDs) and training materials were distributed to military families. This second workshop will include the DVD of the first along with the new training materials and will be available in DVD kits as well as on the Internet.
- For older children, we expanded our Mental Health Self Assessment Program, "Signs of Suicide," training curriculum for the Department of Defense (DoD) schools and for public schools with high concentrations of military children. This program provides education in mental health conditions as in signs and symptoms of self-injurious behaviors (to include potential suicide) for children, parents, and teachers. It is the only evidence-based prevention program available for this age group and has received rave reviews from DoD teachers and others in the field.

• We initiated several demonstration programs, to include specific family assessment and counseling programs on high-deployment military installations. We also are increasing the presence of behavioral health providers in primary care settings, to include pediatric clinics. Three additional school-related projects have been implemented in Hawaii, Fort Campbell, Kentucky, and at a telehealth system at Walter Reed Army Medical Center serving the Fort Bragg, North Carolina school system. These programs bring mental health providers directly to the schools to identify and treat any emerging psychological conditions in military children.

• An important part of the psychological health program is the research agenda. Family issues, including children's issues, were included in the funded research projects, including examining the impact of a parent's PTSD condition on the children.

• The Defense Center of Excellence (DCoE) for Psychological Health and Traumatic Brain Injury is currently in the formative process. A key division of the DCoE is an outreach center and clearinghouse designed to collect, develop, and disseminate educational materials for families and to identify and make recommendations to fill any treatment gaps that are present in the military health system or family support system related to families and children. In addition, an important part of assisting children is assisting parents and the family as a whole to function effectively. To reach out to families in remote or hard-to-serve areas, we are expanding our tele-mental health system to bring mental health specialty care directly to those families in need, especially Guard and Reserve families.

• Finally, we are implementing a Director of Psychological Health governance system. This system will be placed at every installation and at the National Guard Headquarters. Its function is to ensure that the needs of all members of the community are met and to bridge the gap between health care and family support functions and the line leadership.

DEMONSTRATION PROJECTS AND OUTSIDE ENTITIES

Question: Psychological health is an overarching concept that covers the entire multi-dimensional continuum of psychological and social well being, prevention, treatment and health maintenance. An approach of this type would be more complete by using new and innovative companies and approaches.

How many outside entities, companies and individuals have you met with outside the military that specialize in behavioral health programs?

Answer: My staff and the service representatives who supported the development of our strategic plan from June to the present consulted many times with outside experts in more than 70 different companies, universities, and associations, including the following:

4SC AG
Advanced Liquid Logic
AFrame Digital, Inc
Akers Biosciences
American Group Psychotherapy Association
American Pain Foundation
ANSER
Arbor Vita Corp
ARES Co.
BioForce Nanosciences
BioLargo Technologies
BioWarn
Biox/AlphaProTech
Bone Coalition
Cardio-Kinetics
Cepheid
Dr. Reddy's Labs
Drexel University
Embera NeuroTherapeutics
Entegrion
FirstWatch
Frontier Pharm, Inc.
Genocea Biosciences
Halo Sciences Corp
Harvard University
Healthy Functions LLC
IBIS Therapeutics
Industrial Municipal Equipment, Inc. (TechMark)
Ingenious Technologies
INRange Systems
Intranasal Therapeutics
Kirk Strosabl Group Health
Mind Research Network
Mystic Pharmaceuticals
Neuro Vision Technology (Australian)
Neurolinguistic Programming
Novo Nordsk
Nucleonics, Inc.
Paladin Data Systems
Penn State College of Medicine
Perlegen
PhotoThera, Inc.
PlasmAcute
Project Hope
Purdue University
RG Medical Diagnostics
Rib-X Pharmaceuticals
Spaltudaq Corporation

Ceridia	Knopp Neurosciences	Tissue Regeneration Technologies
Conquest International	Knowledge Networks	Triosyn Corp
CytoGenix, Inc.	Lovelace Respiratory Research Institute	Uridynamics
Dermal Research Lab	Magellan Behavioral Health	Vanderbilt University
Dial Soap	Medlmmune	Vaxlnnate Corp
Diamond Healthcare	Medinox	World-AM
Downey Data	Mentor Network	Zassi Medical Evolutions

Question: How many of these programs demonstrated capabilities that the Department currently does not have the ability to execute?

Answer: Thirty demonstration projects featuring limited use of new or emerging clinical procedures, clinical management techniques, or assessment methodologies to fill gaps in the continuum of care. For psychological health (PH), the focus is on prevention and PH promotion, with emphasis on reducing stigma and identifying and strengthening resilience. For traumatic brain injury, the focus is on screening tools, cognitive assessment tools, and diagnostic techniques.

Question: Can you provide a list of all mental health, behavioral health program, demonstration project, and pilot project Requests for Proposal (RFPs) that the Services or Force Health Protection have issued since the FY2007 supplemental was enacted?

Answer: A list of initiatives planned for the FY 2007 Supplemental Appropriation funds follows:

Service	Type	Initiative	Program
Army	Psychological Health	Access to Care	A102: Hire Staff.
Army	Psychological Health	Access to Care	A204: Hire Staff to Staffing Model.
Army	Psychological Health	Access to Care	A205: Headquarters Mental Health (MH) Management Staff Office.
Army	Psychological Health	Access to Care	A208: Telehealth—Care Delivery.
Army	Psychological Health	Access to Care	A313: Walter Reed Army Medical Center (WRAMC) School Program.
Army	Psychological Health	Access to Care	A314: Tripler Army Medical Center (TAMC) School Program.
Army	Psychological Health	Access to Care	A325: Staff (consolidated 311, 312, 317, 319, 322).
Army	Psychological Health	Access to Care	A319: Out Patient Programs (other than staff).
Army	Psychological Health	Quality	A202: Post Traumatic Stress Disorder (PTSD)/Traumatic Brain Injury (TBI)Training Package.
Army	Psychological Health	Quality	A103: Virtual Reality Equipment for PTSD treatment.
Army	Psychological Health	Quality	A324: TAMC Psychology TBI & PH Proposal.
Army	Psychological Health	Quality	A315: PTSD Training program.
Army	Psychological Health	Resilience	A101: Family Resilience Building.
Army	Psychological Health	Resilience	A203: Fort Campbell School Program.
Army	Psychological Health	Resilience	A323: Warrior Resiliency Program (rework of 316).
Army	Psychological Health	Resilience	A320: Reengineering Systems of Primary Care Treatment in the Military.
Army	Psychological Health	Resilience	A318: Care Team.
Army	Psychological Health	Surveillance	A206: Soldier Assessment Physical Health Assessment.
Army	Psychological Health	Surveillance	A207: Suicide Risk Management Office.
Army	Psychological Health	Surveillance	A225: Madigan Army Medical Center Suicide Event Report.
Army	Psychological Health	Transition	A201: Case Management for TBI and significant PH needs.
Army	Traumatic Brain Injury	Access to Care	A104: Hire Staff.
Army	Traumatic Brain Injury	Access to Care	A215:Inpatient Care.
Army	Traumatic Brain Injury	Access to Care	A218a: Small Site Staffing (previously known as (Proponency office for TBI).
Army	Traumatic Brain Injury	Quality	218b: Regional Medical Center Education Tools.

Service	Type	Initiative	Program
Army	Traumatic Brain Injury	Quality	218c: Proponency Travel for staff assistance visits.
Army	Traumatic Brain Injury	Access to Care	A221: Rehabilitation.
Army	Traumatic Brain Injury	Access to Care	A224: Surge Teams.
Army	Traumatic Brain Injury	Access to Care	A304: Telemental Health Support for TBI Patients.
Army	Traumatic Brain Injury	Quality	A105: TBI Training Conference.
Army	Traumatic Brain Injury	Quality	A209: Clinical Practice Guidelines Development Army Quality Management Office.
Army	Traumatic Brain Injury	Quality	A210: Custom helmets.
Army	Traumatic Brain Injury	Quality	A211: Drug therapy monitoring.
Army	Traumatic Brain Injury	Quality	A212: Fabrication of sunglasses.
Army	Traumatic Brain Injury	Quality	A217: Occupational Therapy (OT) Rehabilitation life skills equipment pilot.
Army	Traumatic Brain Injury	Quality	A219: Physical Therapy (PT) and OT Rehabilitation equipment.
Army	Traumatic Brain Injury	Quality	A220: Radiology equipment.
Army	Traumatic Brain Injury	Quality	A222: Rehabilitation equipment.
Army	Traumatic Brain Injury	Quality	A302: TBI Education Programs.
Army	Traumatic Brain Injury	Quality	A303: TBI On-Line Training for all providers.
Army	Traumatic Brain Injury	Quality	A301: Site Certification.
Army	Traumatic Brain Injury	Surveillance	A223: Screening Teams for TBI (Surge).
Army	Traumatic Brain Injury	Resilience	A306: Marketing strategy development & Implementation.
Army	Traumatic Brain Injury	Surveillance	A213: Pure Edge Tool (Formerly ICD–9 Coding Implementation).
Army	Traumatic Brain Injury	Surveillance	A214: Initial Treatment Teams.
Army	Traumatic Brain Injury	Surveillance	A216: Neuro-cognitive assessment.
Army	Traumatic Brain Injury	Transition	A305: Personal tele-recovery for TBI patients.
Navy	Psychological Health	Access to Care	Hire Staff.
Navy	Psychological Health	Access to Care	102: Headquarters MH Management Staff Office.
Navy	Psychological Health	Access to Care	101: License Training for Substance Abuse Counselors (Hazelden).
Navy	Psychological Health	Access to Care	100: Telehealth.
Navy	Psychological Health	Quality	12: Neuro-cog combat stress toolbox.
Navy	Psychological Health	Quality	94: Combat Stress First Aid and Combat Loss.
Navy	Psychological Health	Quality	48: Combat/Operational Stress Control (COSC) Training for Non-mental health medical Staff.
Navy	Psychological Health	Quality	7: PH Training for Shore Primary Care Providers—Phase I segment.
Navy	Psychological Health	Quality	63: Operational Stress, Control and Readiness Immediate Training.
Navy	Psychological Health	Quality	7: PTSD Training for Primary Care Providers—Phase II segment.
Navy	Psychological Health	Quality	3: United States Navy Center for Study of Combat Stress.
Navy	Psychological Health	Quality	6: COSC and Psych Health 1st aid for mental health caregivers.
Navy	Psychological Health	Quality	48: COSC and Psych Health 1st aid for non-mental health caregivers.
Navy	Psychological Health	Quality	98: Training for caregivers in the areas of TBI, Resilience, morale/Psych injury, and Family Care.
Navy	Psychological Health	Resilience	57: Family Resilience Training (FOCUS).
Navy	Psychological Health	Resilience	66: Promoting resilience in the face of combat loss.
Navy	Psychological Health	Resilience	67: Combat Stress First Aid.
Navy	Psychological Health	Resilience	11: Assessment of Family Function.
Navy	Psychological Health	Resilience	65: Promotion Recovery from Combat Stress Injury for Marines.
Navy	Psychological Health	Resilience	93: SEAL Family Care.
Navy	Psychological Health	Resilience	109: Training & Curricula for Operational Stress Control and Readiness.

Service	Type	Initiative	Program
Navy	Psychological Health	Resilience	51: Caregiver Resiliency Multimedia Production.
Navy	Psychological Health	Resilience	64: Marine Corps Warrior Transition Videos.
Navy	Psychological Health	Resilience	11: Assessment & Treatment of Wounded Warriors Families.
Navy	Psychological Health	Resilience	53: Caregiver Resiliency Focus Group.
Navy	Psychological Health	Resilience	91: Returning Warrior Workshop.
Navy	Psychological Health	Surveillance	89: Navy/Marine Corps Combat Trauma Registry Deployment Health Database.
Navy	Psychological Health	Transition	95: Case Management for Wounded Warrior Battalions.
Navy	Psychological Health	Transition	96: PH/TBI Coordination Office Headquarters.
Navy	Psychological Health	Transition	60: Wounded Warrior Outreach Center.
Navy	Psychological Health	Transition	90: Navy Reserves PH and Department of Public Health Coordinators.
Navy	Psychological Health	Transition	31: Case Managers.
Navy	Traumatic Brain Injury	Access to Care	Hire Staff.
Navy	Traumatic Brain Injury	Quality	76: TBI Training Conference.
Navy	Traumatic Brain Injury	Quality	119: Frame of Choice (Glasses).
Navy	Traumatic Brain Injury	Quality	85: Portable Computed Tomography Scanner.
Navy	Traumatic Brain Injury	Quality	84: TBI Training Digital Versatile Disc (DVD).
Navy	Traumatic Brain Injury	Quality	82: Clinical Pastoral Care EBP for TBI/PTSD patients.
Navy	Traumatic Brain Injury	Resilience	49: Compassion Fatigue Training.
Navy	Traumatic Brain Injury	Surveillance	52: Surveillance of Naval PH and TBI at Naval Health Research Center.
Navy	Traumatic Brain Injury	Surveillance	110: Naval Special Warfare Special Operations Forces Mild TBI Field Screen.
Navy	Traumatic Brain Injury	Transition	108: Headquarters United States Marine Corps Management Staff.
AF	Psychological Health	Access to Care	AF204: Clinical care for domestic violence.
AF	Psychological Health	Access to Care	AF207: Hire Staff to Staffing Model.
AF	Psychological Health	Access to Care	AF208: Headquarters MH Management Staff Office.
AF	Psychological Health	Access to Care	AF212: Telehealth Care Delivery.
AF	Psychological Health	Access to Care	AF328: Air Force Reserve Command Director of PH.
AF	Psychological Health	Quality	AF105: Virtual Reality Equipment for PTSD treatment.
AF	Psychological Health	Quality	AF209: PTSD Clinician Training.
AF	Psychological Health	Quality	AF210: PTSD Training Materials.
AF	Psychological Health	Quality	AF325: Seats at Center for Deployment Psych.
AF	Psychological Health	Resilience	AF101: Alcohol Abuse Education & Training.
AF	Psychological Health	Resilience	AF102: Community Resilience Grants.
AF	Psychological Health	Resilience	AF103: Culture of Responsibility-Resilience Training for Service members.
AF	Psychological Health	Resilience	AF104: Leaders Education on PH and Pocket Guide.
AF	Psychological Health	Resilience	AF205: Community Based Support for Deployment.
AF	Psychological Health	Resilience	AF206: Family Reintegration Workshop.
AF	Psychological Health	Resilience	Behavioral Health Optimization in Primary Care Program.
AF	Psychological Health	Resilience	Motivational Interviewing Training.
AF	Psychological Health	Surveillance	AF201: Cognitive Assessment Devices.
AF	Psychological Health	Surveillance	AF202: Surveillance Expertise.
AF	Psychological Health	Surveillance	AF203: Baseline psychological testing for recruits.
AF	Psychological Health	Surveillance	AF211: Substance Abuse Training Tool.
AF	Traumatic Brain Injury	Access to Care	AF215: Telehealth Care Delivery.
AF	Traumatic Brain Injury	Quality	AF106: TBI Training Conference.
AF	Traumatic Brain Injury	Quality	AF214: Outpatient Neuro-cog rehab training.
AF	Traumatic Brain Injury	Surveillance	AF320: Web Based Neurocognitive Screening.
AF	Traumatic Brain Injury	Transition	AF213: Case Management.
TMA	Psychological Health	Access to Care	D209: Center of Excellence—Telehealth.
TMA	Psychological Health	Access to Care	D210: Public Health Service Officers.

Service	Type	Initiative	Program
TMA	Psychological Health	Access to Care	D211: TRICARE Healthcare Finder.
TMA	Psychological Health	Joint Support	D201: Center of Excellence.
TMA	Psychological Health	Joint Support	D204: Red Cell Support.
TMA	Psychological Health	Quality	D205: Training for TRICARE Providers.
TMA	Psychological Health	Resilience	D212: Sesame Street.
TMA	Psychological Health	Resilience	D306: Suicide Prevention and Risk Reduction Committee Conf and anti-stigma.
TMA	Psychological Health	Resilience	D307: State Directors of PH.
TMA	Psychological Health	Surveillance	D202: Automated Behavioral Health Clinic Program.
	Psychological Health	Surveillance	D213: Study-Population Based Staffing Model for MH Services.
TMA	Psychological Health	Surveillance	D305: TRICARE Management Activity Patient Satisfaction Survey for Programs funded by Supp. Funding.
TMA	Psychological Health	Transition	D301: TRICARE Regional Office North: Recurring town hall meetings.
TMA	Traumatic Brain Injury	Joint Support	D207: Red Cell Support.
TMA	Traumatic Brain Injury	Surveillance	D206: Integration of Neuro-cog tool into Theater Medical Information Program.
TMA	Traumatic Brain Injury	Surveillance	D208: TBI Registry into Center of Excellence.
TMA	Traumatic Brain Injury	Surveillance	A216: Neuro-cognitive assessment.

Question: Are you engaging the States to assist in closing gaps that exist?

Answer: The Chief fo the National Guard Bureau identified a Public Health Service officer, Captain Joan Hunter, to serve as the "Director of Psychological Health" beginning in early March. Her responsibilities will be consistent with those recommended by the Mental Health Task Force. She will be instrumental in working with the States and in identifying gaps in services and coordinating resources and effecting policies to help close those gaps.

In addition, the Defense Center of Excellence (DCoE) for Psychological Health and Traumatic Brain Injury has developed a strategy that includes interacting with the States through their Reserve component affiliates, medical and academic organizations, and State and local government stakeholder organizations. The Reserve components were actively involved in a recently conducted DCoE strategic planning conference, where the strategy for engaging State National Guard and Reserve units through telehealth was planned. As the DCoE expands its network of affiliates, both State and local governmental organizations will be invited to participate.

WOUNDED WARRIORS

Question: As part of its efforts to improve Wounded Warrior care, the Army established 32 Warrior Transition Units to provide a unit in every medical treatment facility that has 35 or more eligible service members. Challenges have emerged in filling these 2,410 positions. As of September 13th, only 35% have been permanently assigned, 19% have been temporarily borrowed from other areas with in the Army and the remaining 47% remain unfilled.

How is the remaining 47% being filled?

Answer: To date, the Army has established 35 WTUs. On February 1, 2008, senior commanders at all installations with WTUs reported that all 35 WTUs had attained full operational capability. The Army expects to have approximately 2,586 military and civilian personnel assigned or attached as cadre to these WTUs by mid-March. Of this number, 267 (10.3 percent) represent borrowed military manpower (BMM). This compares to 20.5 percent BMM as reported by the Government Accountability Office in its September 2007 testimony before the House Committee on Oversight and Government Reform Subcommittee on National Security and Foreign Affairs. Although combined authorized strength for all WTUs is 2,434, we have assigned an additional 152 personnel. These additional personnel demonstrate the Army's commitment to maintain established ratios of staff to warriors in transition to ensure provision of the best possible care.

Question: What are your plans to accelerate the hiring of "fulltime" people for these positions?

Answer: Our 35 Warrior Transition Units (WTUs) will be staffed with 2,586 personnel, which exceeds the authorized strength of 2,434 by 152 personnel. These additional personnel demonstrate the Army's commitment to maintain established ratios of staff to warriors in transition to ensure provision of the best possible care.

Only 267 positions (10.3 percent) are being filled on a temporary basis by borrowed military manpower. All civil service positions not permanently filled are being actively recruited as preferred positions on the Office of Personnel Management's USAJOBS website. For health care professional positions, the enhanced hiring authority authorized by Congress in the National Defense Authorization Act for Fiscal Year 2008 provides the Army the opportunity to better compete for these critical positions. Additionally, the Assistant Secretary of the Army for Manpower and Reserve Affairs recently established a team to develop effective strategies for successfully recruiting and retaining WTU staff.

Question: Is there any correlation to the soldiers "falling through the cracks" and the lack of fully assigning the 2,410 positions?

Answer: The Army currently has an additional 152 personnel assigned as Warrior Transition Unit (WTU) staff over the combined authorized strength for WTUs of 2,434. These additional personnel demonstrate the Army's commitment to maintain established ratios of staff to warriors in transition to ensure provision of the best possible care.

Question: What issues are surfacing with establishment of the Warrior Transition Units?

Answer: The most significant challenge in establishing WTUs is the recruitment, assignment, and development of a fully-trained and committed staff for all 35 WTUs. It has taken a great deal of effort over a short period of time to ensure that each member of the WTU staff understands the unique demands and challenges of caring for wounded, ill, and injured Service members requires, as well as possess the courage, commitment, compassion, and dedication required to meet these challenges. The Army remains committed to meeting these challenges by providing the resources, facilities, and training that WTU staff, warriors in transition (WT), and their family members require to recover, rehabilitate, and reintegrate to continue military service or, as veterans, prepare to be productive and successful citizens.

Forecasting and managing the growth of the WT population has been challenging. The population of WTs has grown substantially over the past year. The current Table of Distribution and Allowances for the WTUs was based on a total population of 10,000 WTs. We forecast that the population could rise to 11,600 WTs within the next few months and are taking steps to meet the new demand. We will continue to pursue preferred hiring of civilian positions; and hope to leverage the hiring authorities established in the Fiscal Year 2008 National Defense Authorization Act. We are currently performing an in-depth manpower audit to determine WTU staffing requirements. This systematic approach will form the basis for future staffing determinations and will ensure optimum staff ratios based on actual patient acuity.

In addition to the ongoing challenge of sustaining and improving this program, there remains a requirement to fund and complete necessary construction of accessible housing, adequate administrative facilities, and Soldier Family Assistance Centers, all developed in close proximity to each other and to the military treatment facility to create WT complexes. These complexes will provide WTs and their families ease of access to the care and support they require.

INTERVIEW WITH MILITARY MEDICINE/NBC TECHNOLOGY

Question: Dr. Casscells, in your interview with Military Medicine/NBC Technology (Jan/Feb 2008) you state "in December 2007 the Department announced the enterprise-wide release of enhancements to the systems that allow DoD to share electronic health information with the VA, namely the Bidirectional Health Information Exchange and the Clinical Data Repository/Health Data Repository Interfaces."

Are you telling this Committee that since your appointment as Secretary in April 2007 you have only accomplished two initiatives?

Answer: In the article, I mentioned a range of undertakings that military medicine has successfully accomplished since April 2007, from the ongoing gallant and often heroic efforts of health care providers in Iraq and Afghanistan to humanitarian medical missions in Bangladesh, South America, and the Caribbean region. Moreover, the progress in sharing a patient's medical information electronically between the VA and DoD since April 2007 can be gauged by the number of successful initiatives that have taken place since then. Of these initiatives, the Bidirectional Health Information Exchange and the Clinical Data Repository/Health Data Repository Interfaces are two. Other successful initiatives have been:

Federal Health Information Exchange (FHIE)

- The transfer of medical information to the FHIE repository increased from over 3.6 million patients to over 3.9 million patients' medical information

Deployment Health

- Pre- and Post-deployment Health Assessments and Post-deployment Health Reassessments (PDHRA) available to the VA increased from more than 1.4 million to over 1.7 million forms
- Assessments increased from over 604,000 to over 706,000 individuals
- Began PDHRA monthly data transmissions
- Began PDHRA weekly transmissions for individuals to be referred to VA for care or evaluation
- New Capabilities
  - PDHRA Implementation
- DoD/VA Wounded Warrior Medical Image and Scanned/Electronic Document (ISDS) Sharing Initiative-Electronic Transfer of Radiology Images and Scanned Medical Records from Walter Reed Army Medical Center (WRAMC), National Naval Medical Center Bethesda (NNMC), and Brooke Army Medical Center (BAMC) to the VA Polytrauma Centers (Tampa, Richmond, Palo Alto, and Minneapolis) in support of the most severely wounded and injured Service members transferring to VA Polytrauma Centers for care
- DoD started sending radiology images and scanned paper medical records electronically from WRAMC, NNMC, and BAMC to the VA Polytrauma Centers
- WRAMC, NNMC, and BAMC transferred images for 33 patients to VA Polytrauma Centers
- WRAMC and Bethesda transferred 38 scanned medical records to VA Polytrauma Centers

Laboratory Data Sharing Initiative (LDSI)

- LDSI operational sites increased from 7 sites to 9 sites
- Anatomic Pathology and microbiology testing completed at El Paso, San Antonio, and Pensacola
- National Defense Authorization Act San Antonio demonstration site became operational with Anatomic Pathology and Microbiology
- New Capabilities:
  - Electronic order entry and results retrieval of anatomic pathology and microbiology

DoD/VA Joint Inpatient Electronic Health Record

- A contract to perform a study for the Joint DoD/VA Inpatient Electronic Health Record (EHR) Project was awarded to Booz Allen Hamilton. The study will assess the new clinical and business application in VA and DoD requirements inventory relevant to the inpatient EHR for potential joint application. Specifically, the study will assess VA and DoD business and clinical processes, design features, and system constraints relevant to the inpatient component of an EHR. An analysis of alternatives will then be conducted to develop a recommendation for the best technical approach. The results of this analysis are due in June 2008.

Other data sharing accomplishments included:

- Development of high-level requirements and cost-estimates for 18 information technology requirements in support of business Lines of Action
- DoD made theater clinical care data accessible to VA providers. The ability to view theater clinical data from both outpatient encounters and inpatient stays further ensures continuity of care for our wounded warriors
- The capability became operational for Providers to view ambulatory encounters/clinical notes, procedures, and problem lists via the Bidirectional Health Information Exchange. Increasing the number of shared patients with real-time, bidirectional information available to DoD and VA providers enhances continuity of care for patients treated by both Departments
- Inpatient discharge summaries from Landstuhl Regional Medical Center (inpatient mental health) became available to VA providers for those patients transferred to VA
- The capability enabling the exchange of computable outpatient pharmacy and medication allergy data was made available to all DoD sites. The exchange of computable outpatient pharmacy and medication allergy data enables drug-drug interaction checking and drug-allergy checking using consolidated pharmacy and allergy data from both Departments
- DoD expanded available Veterans' Group Life Insurance/Service Members' Group Life Insurance benefit eligibility data to Reserve and Active members.

Question: In the same interview you stated that the Department will spend $43 billion from the Defense budget on health care for our service members, family members and retirees.

Is the $43 billion from the base bill?

Answer: The $43 billion reflects the military health system's total Unified Medical Program. The specific amounts that comprise this number are included in the table

below. The Defense Health Program (DHP) Appropriation includes operation and maintenance, research, development, test and evaluation, and procurement budget activities. The assumed savings, based on the Task Force on the Future of Military Health Care Benefit Reform recommendations, were included as a legislative proposal. Costs outside of the DHP include military construction, Medicare Eligible Retiree Health Care Fund Normal Cost Contributions, and salary for military personnel.

Appropriation	Fiscal Year 2009 President's Budget (millions)
Operation and Maintenance	$23,117
Procurement	304
Research, Development, Test and Evaluation	194
Military Construction	514
Medicare Eligible Retiree Health Care Fund	10,351
Military Personnel	7,100
Task Force Recommended Savings for Health Care Benefit Reform	1,184
Total Cost of Military Health Care	42,764

Question: What will the $43 billion provide?

Answer: The funding will provide the capability for the military health system (MHS), which consists of the medical services of the Army, Navy (including health care support for both the Navy and the Marine Corps), and Air Force, the TRICARE Management Activity, and the Office of the Assistant Secretary of Defense for Health Affairs to perform its primary missions, which are: (1) deliver quality health care benefits to approximately 9.2 million eligible beneficiaries—Active, Reserve and National Guard service members and their family members, plus military retirees (including those eligible for Medicare) and their family members; (2) protect the health of the Armed Forces; and (3) deploy a trained and ready medical capability for the full range of worldwide military operations. The MHS's commitment to be a world-class health care system is evident through measurable and sustained efforts of providing a fit and protected force; optimizing deployable medicine; ensuring wounded warriors are receiving the best care, treatment and support throughout recovery, rehabilitation, and reintegration; satisfying beneficiaries; and building healthy communities under a world-class health benefit. Details on the $43 billion total Unified Medical Budget are included in the table below.

Appropriation	Fiscal Year 2009 President's Budget (millions)
Operation and Maintenance	$23,117
Procurement	304
Research, Development, Test and Evaluation	194
Military Construction	514
Medicare Eligible Retiree Health Care Fund	10,351
Military Personnel	7,100
Task Force Recommended Savings for Health Care Benefit Reform	1,184
Total Unified Medical Budget	42,764

Question: You also state that the Department is hiring, training and empowering case managers and patient advocates.

How many case workers and patient advocates have actually been hired?

Answer: The military health system's (MHS) clinical case managers are registered nurses or social workers. The numbers available represent a mix of military, civilian, and contract case managers. Following are the number of MHS clinical case managers:

Air Force: Number of available clinical case managers: 147 (for all types of beneficiaries)

Army: Number of Warrior Transition Unit case managers: 470

Navy: Number of available clinical case managers: 133 (for all types of beneficiaries)

The Department of Defense (DoD) MHS case management (CM) initiatives reflect the DoD's commitment to providing the assistance and support required to meet the

challenges that confront our severely injured and wounded Service members and their families. The goal of our CM effort is to improve the delivery of safe, high quality, and timely medical care to wounded, ill, and injured (WII) Service members through the seamless provision of CM services in both the DoD and Department of Veterans Affairs systems.

The TRICARE Management Activity (TMA), Military Service-designated CM representatives, and Health Affairs developed DoD clinical CM policy for WII Service members *("Interim Policy for Implementation of Clinical Case Management," Draft 2008).* Major policy elements include WII identification criteria, description of the Federal Recovery Coordination Program, data capture requirements, reporting, training, and CM documentation guidance.

As part of the DoD CM policy, TMA and Service representatives have established medical expense and performance reporting System evaluation and management codes for clinical case managers across all three Services. This will allow for the identification and tracking of clinical case managers using the Management Analysis and Reporting Tool. Furthermore, this will ultimately capture the total number of case managers throughout the MHS, number of patients receiving facility-based case management care, and number of Active component personnel receiving case management care through Service-specific wounded warrior programs.

Question: How many are physically located at installations helping soldiers transition?

Answer: Presently, the TRICARE Management Activity and Health Affairs are gathering additional data on the distribution of clinical case managers from the military services. This information should be available mid-April 2008.

QUESTIONS FROM STATEMENT

Question: In your collective statement, you state that the Department has established a comprehensive plan of action based on a vision for the future and a strategic plan with five guiding principles.

Can you outline this plan for the Committee?

Answer: The Department of Defense's strategic plan for providing excellence in protection, prevention, diagnosis, treatment, recovery, and care transition for our Service members and their families who experience mental health conditions or traumatic brain injury as a result of the global war on terror is based on five guiding principles:

1. Furnish strong, visible leadership and the resources necessary to provide for Service members who experience traumatic brain injury (TBI) or psychological health (PH) concerns and conditions;
2. Create, disseminate, and maintain excellent standards of care across the Department;
3. When best practices or evidence-based recommendations are not readily available, conduct pilot or demonstration projects to better inform quality standards;
4. Monitor and revise the access, quality, and fidelity of program implementation to ensure standards are executed and quality is consistent; and
5. With constant attention to the needs of our Service members and their families, construct a system in which each individual may expect and receive the same level of service and quality of service regardless of Service, Component, status, or geographic location.

We developed seven major initiatives consistent with these guiding principles. The initiatives will turn strategy to action and include:

1. Leadership and Advocacy—The health of the force and the community is a leadership responsibility. We are working first and foremost to build a strong culture of leadership and advocacy.
2. Quality of Care—Quality care requires that we develop and ensure consistent standards and excellently trained clinicians both in our military treatment facilities and in the TRICARE provider network.
3. Access to Care—Ensuring easy, timely access to the full continuum of care, regardless of location, calls for an increase in health care providers and expanded telehealth services for hard-to-serve areas and populations. We have funded Service-specific telehealth initiatives and will coordinate standards and expand access through a centralized focus on telehealth and technology incorporated into the Defense Center of Excellence.
4. Resilience Promotion—Our goal is to build strong minds and strong bodies. That requires solid prevention and protection, in addition to diagnosis and treatment. For this reason, we focus on PH, which includes the full continuum—removing or mitigating organizational risk factors, strengthening individual and family health and wellness, and traditional clinical diagnosis and treatment.

5. Screening and Surveillance—Our objective is to ensure early identification for individual conditions and concerns to afford the earliest possible intervention; identify trends as they emerge in the community so population-based changes may be made; and provide a solid structure for information management.

6. Transition and Coordination of Care—We are partnering with federal agencies, including the Department of Veterans Affairs and the Department of Health and Human Services, as well as our TRICARE managed care support contactors, to ensure there are no gaps in care as patients transition through various systems of care or transition to different duty stations or geographic locations.

7. Research and Development—We have expanded the research opportunities for PH and TBI to establish a strong foundation of medical and cross-functional research. We will continuously improve as researchers report findings and new information that shapes and reshapes our vision of the future.

Question: What has been accomplished to date?

Answer: The following is a short list of the recent major accomplishments in the area of psychological health (PH), Post Traumatic Stress Disorder (PTSD) and traumatic brain injury (TBI):

• Enhanced and coordinated leadership: The Department formed a Senior Oversight Committee, chaired by the Deputy Secretary of the Department of Defense and the Deputy Secretary of the Department of Veterans Affairs (VA). This high-level committee meets weekly and established Lines of Action items to develop and implement detailed plans to address TBI and PTSD. The committee continues to provide oversight to ensure success in execution.

• In November 2007, the Department established the Defense Center of Excellence (DCoE), which commenced operations.

• Planning for the National Intrepid Center of Excellence (anticipated completion in fall 2009), a building funded by the Intrepid Fallen Heroes Fund to house the DCoE that will be located on the Bethesda, Maryland campus adjacent to the new Walter Reed National Military Medical Center.

• TBI training course attended by more than 800 providers, including VA providers.

• Aggressive hiring efforts designed to increase staff by more than 750 mental health providers and about 95 support personnel across the Department. All funds for these providers have been distributed to the Services for their execution. They will be a mix of civil service and contract personnel. The military treatment facility commanders have direct hire authority and will be increasing their staff through local means to meet any unique demands in their community.

• The managed care support contractors have added more than 3,000 new mental health providers to the TRICARE network across the three regions.

• Added questions to both the Post-deployment Health Assessment and Post-deployment Health Reassessment to facilitate TBI screening.

• Deployment of initial identification teams at high-density deployment platforms to ensure screening is accomplished in a consistent manner and to further evaluate and treat those who screen positive.

• The Marine Corps created a robust call center within its Wounded Warrior Regiment to follow up on Marines diagnosed with TBI and PH concerns to ensure they are successfully maneuvering the healthcare system until their full recovery or transition to the VA.

• The Navy is hiring PH coordinators to work with their returning reservists, and the National Guard is hiring Directors of PH to put at each State headquarters to help coordinate the care of guardsmen who have TBI/PH injuries or illness related to their mobilization.

• Completion of scientific peer review of all submitted proposals and programmatic review for several awards, including a recommended priority list for funding.

Question: When will this plan and process been turned in to action and care for the soldiers and their families?

Answer: We are already taking action on many fronts to implement our strategic plan. The following are a few highlights of recent accomplishments:

The Defense Center of Excellence (DCoE) for Psychological Health (PH) and Traumatic Brain Injury (TBI) opened its doors in November 2007 and is already:

1. Mounting an anti-stigma campaign projected to begin this Spring through a national collaborative network that includes partnering with the Uniformed Services University for the Health Sciences, the National Institutes of Health (NIH), the Department of Veterans Affairs (VA), the Substance Abuse and Mental Health Services Agency, our coalition partners, and others in the public and private sectors;

2. Establishing effective outreach and educational initiatives, including creating an information clearinghouse, public web site, a wide-reaching newsletter, and a 24/

7 call center that will allow any Service member or family member who needs assistance in navigating the system of care to get help with a single phone call. The call center would equally serve clinicians across the Department with questions concerning clinical practices, training, or standards of care in the area of PH and TBI;

3. Promulgating a telehealth network for clinical care, monitoring, support, and follow-up;

4. Coordinating an overarching program of research that is relevant to the needs of the field, in coordination with other Department of Defense organizations, VA, NIH and other partners;

5. Providing training programs aimed at providers, line leaders, families, and community leaders; and

6. Designing and planning for the National Intrepid Center of Excellence (anticipated completion in Fall 2009), a building funded by the Intrepid Fallen Heroes Fund to house the DCoE that will be located on the Bethesda campus adjacent to the new Walter Reed National Military Medical Center.

Our quality of care initiative is progressing as evidenced by the following activities. We funded a TBI training course attended by more than 800 providers, including VA providers. We will repeat this training in 2008 to provide a basic level of understanding of mild-TBI to as many health care providers as possible. Over the coming months, we will be consolidating and standardizing these training efforts under the DCoE umbrella. In 2008, we will be updating clinical practice guidelines, and enhancing screening, diagnosis, and recovery support for Service members and their families.

Another key initiative, access to care, has received focused attention. In 2007, we issued new policy that reiterated that patients should be scheduled for initial primary appointments within seven days of request.

In terms of civilian and contract providers, we are increasing our mental health staff by more than 750 mental health providers and about 95 support personnel across the Department. All funds for these providers have been distributed to the Services for their execution. They will be a mix of civil service and contract personnel. The military treatment facility commanders have direct hire authority and will be increasing their staff through local means to meet any unique demands in their community.

Within the past few months, the managed care support contractors have added more than 3,000 new mental health providers to the TRICARE network across the three regions.

In an effort to identify all who need care the screening and surveillance initiative promotes the use of consistent and effective assessment practices along with accelerated development of electronic tracking, monitoring, and management of PH and TBI conditions and concerns.

We added questions to both the Post-deployment Health Assessment and Post-deployment Health Reassessment to facilitate TBI screening. We also are supporting initial identification teams at high-density deployment platforms to ensure screening is accomplished in a consistent manner and to further evaluate and treat those who screen positive.

We will move toward incorporating baseline neurocognitive assessments into our lifecycle health assessment procedures from access through retirement.

Several key programs are supporting our transition and coordination of care initiative. The Marine Corps created a robust call center within its Wounded Warrior Regiment to follow up on Marines diagnosed with TBI and PH concerns to ensure they are successfully maneuvering the health care system until their full recovery or transition to the VA. The Navy is hiring PH coordinators to work with their returning reservists, and the National Guard is hiring Directors of PH to put at each State headquarters to help coordinate the care of Service members who have TBI/PH injuries or illness related to their mobilization.

Information sharing is a critical part of care coordination. The DCoE is also tasked with implementing telehealth and technology systems that will assist in documentation and in sharing of information, as well as tracking and coordinating care for war-fighters and their families as they transition back to their hometowns.

Our research and development initiative resulted in the Post Traumatic Stress Disorder (PTSD)/TBI Research Program, which challenged the scientific community to design innovative research that will foster new directions for, address neglected issues in, and bring new investigators into the fields of PTSD- and TBI-focused research.

We recently completed scientific peer review of all submitted proposals and programmatic review for several awards, including a recommended priority list for funding. The Department is pleased that the response to this solicitation for research was very robust.

The final programmatic review for the Clinical Consortium, Advanced Technology-Therapeutic Development and Multidisciplinary Research Consortium Award mechanisms will occur in early March 2008. This timeline for execution is on schedule with the time period briefed to Congress in September 2007.

Question: You also discuss a Senior Oversight Committee headed by the Deputy Secretary of Defense and the Deputy Secretary of Veterans Affairs that meets weekly to plan and monitor the work being accomplished.

What are they monitoring if nothing has been implemented and you have only spent $53 million?

Answer: The Senior Oversight Committee oversees nine Lines of Action (LOAs) items, each addressing some of the recommendations of the various task forces, such as the "The President's Commission on Care for America's Returning Wounded Warriors." It keeps apprised of the progress of all the initiatives in each LOA for wounded, ill, and injured Service members, not just issues related to psychological health and traumatic brain injury (Line of Action #2).

The initial focus of this Committee was to make decisions on the approaches for integrating and accommodating the many recommendations received from the outside commissions and task forces on wounded warrior care. The current focus is to provide oversight on progress in implementing these decisions including evaluating and redirecting efforts to ensure compliance with the National Defense Authorization Act for Fiscal Year 2008 provisions for wounded warrior care.

Question: Who does the Committee report to?

Answer: The Secretary of the Department of Defense and the Secretary of the Department of Veterans Affairs.

Question: How are their findings and changes implemented?

Answer: The Department of Defense (DoD) will revise policy, prioritize projects, recommend changes in legislation, and align and coordinate efforts between the DoD and the Department of Veterans Affairs.

Question. You have established a spend plan monitoring program and a monthly reporting requirement.

What does this report provide and to whom?

Answer: We provide to the House and Senate Appropriations Committee staff a monthly update of the spend plan for the supplemental appropriations funding we received for psychological health and traumatic brain injury. That spend plan includes a monthly plan for expenditure along with the amount actually obligated and disbursed. A copy of the most recent report follows:

Defense Health Program Traumatic Brain Injury/Psychological Health Spend Plan (Operation and Maintenance *)

		Cumulative												
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Civilian Pay	Plan	-	178	398	621	923	1,388	1,932	4,820	6,893	9,481	11,593	13,746	15,755
	Obligations	13	13	27	82	477	-	-	-	-	-	-	-	-
	Disbursements	13	13	27	73	477	-	-	-	-	-	-	-	-
Travel	Plan	860	927	993	1,086	1,270	1,703	2,502	4,751	6,325	8,177	8,994	11,751	12,310
	Obligations	325	341	433	509	612	36	36	36	36	36	36	36	36
	Disbursements	76	232	332	381	474	-	-	-	-	-	-	-	-
Other	Plan	-	38	122	5,550	5,586	6,347	17,610	26,538	30,232	33,752	37,393	41,035	45,207
	Obligations	-	32	32	34	45	-	-	-	-	-	-	-	-
	Disbursements	-	32	32	33	33	-	-	-	-	-	-	-	-
Contracts	Plan	41,632	53,693	87,276	88,452	90,510	132,869	148,240	177,120	331,544	388,331	410,137	441,274	454,007
	Obligations	41,950	52,137	53,475	56,366	62,760	-	-	-	-	-	-	-	-
	Disbursements	31	255	256	677	1,335	-	-	-	-	-	-	-	-
Supplies	Plan	-	20	46	79	111	365	613	1,041	1,410	1,880	2,252	2,715	2,951
	Obligations	-	-	-	117	121	-	-	-	-	-	-	-	-
	Disbursements	-	-	-	2	6	-	-	-	-	-	-	-	-
Equipment	Plan	1	59	269	436	1,269	5,285	14,401	16,739	18,846	25,632	27,504	29,964	30,175
	Obligations	1	1	1	8	134	-	-	-	-	-	-	-	-
	Disbursements	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	Plan	41,959	54,915	92,431	104,704	117,612	147,823	185,263	231,009	395,250	467,253	497,873	540,485	560,405
	Obligations	42,289	52,524	53,969	57,116	64,149	136	136	136	136	136	136	136	136
	Disbursements	120	532	647	1,167	2,325	-	-	-	-	-	-	-	-

* Total O&M Appropriation $600 million, Phase III funding was distributed January 18, 2008; undistributed balance as of January 31, 2008 is $39.6 million.

Defense Health Program Traumatic Brain Injury/Psychological Health Spend Plan (Research, Development, Training & Evaluation**)

		Cumulative												
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Peer-Reviewed Post Traumatic Stress Disorder (PTSD)/Psychological Health (PH) Research	Plan	3,613	3,613	3,650	13,650	17,000	17,000	17,000	17,000	30,000	50,000	80,000	100,000	146,250
	Obligations	3,509	3,766	4,595	4,697	4,951	-	-	-	-	-	-	-	-
	Disbursements	-	-	-	-	-	-	-	-	-	-	-	-	-
Peer-Reviewed Traumatic Brain Injury (TBI) Research	Plan	3,850	3,850	3,900	25,000	40,000	40,000	40,000	40,000	50,000	75,000	100,000	146,250	146,250
	Obligations	4,229	4,413	5,472	5,488	5,228	-	-	-	-	-	-	-	-
	Disbursements	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	Plan	7,463	7,463	7,550	38,650	57,000	57,000	57,000	57,000	80,000	125,000	180,000	246,250	292,500
	Obligations	7,738	8,179	10,067	10,185	10,179	-	-	-	-	-	-	-	-
	Disbursements	-	-	-	-	-	-	-	-	-	-	-	-	-

** Total RDT&E appropriation $300 million; $7.5 million (2.5 percent) withheld for Small Business Innovation Research (Small Business Act, 15 United States Code 638)

Army Traumatic Brain Injury/Psychological Health Spend Plan (Operation & Maintenance)

		Cumulative												
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Civilian Pay	Plan	-	6	53	101	231	523	892	3,426	5,144	6,875	8,518	10,144	11,796
	Obligations	13	13	27	82	477	-	-	-	-	-	-	-	-
	Disbursements	13	13	27	73	477								
Travel	Plan	860	871	881	903	1,003	1,177	1,454	2,090	2,665	3,406	3,901	4,372	4,848
	Obligations	325	341	388	417	453	-	-	-	-	-	-	-	-
	Disbursements	76	232	322	359	388								
Other	Plan	-	-	46	80	78	107	1,134	5,386	5,443	5,497	5,524	5,552	5,600
	Obligations	-	32	32	33	45	-	-	-	-	-	-	-	-
	Disbursements		32	32	33	33								
Contracts	Plan	40,124	49,082	51,354	52,026	52,248	52,811	54,698	58,561	173,692	199,953	207,844	214,596	214,744
	Obligations	40,111	48,071	50,255	50,422	52,608	-	-	-	-	-	-	-	-
	Disbursements	31	255	256	624	1,215								
Supplies	Plan	-	7	20	35	55	114	159	416	609	896	1,166	1,478	1,697
	Obligations	-	-	-	17	21	-	-	-	-	-	-	-	-
	Disbursements	-	-	-	2	6								
Equipment	Plan	1	1	47	47	746	2,546	11,281	13,370	13,422	19,517	21,129	22,529	22,529
	Obligations	1	1	1	1	123	-	-	-	-	-	-	-	-
	Disbursements	-	-	-	-	-								
Total	Plan	40,985	49,967	52,401	53,192	54,361	57,278	69,618	83,249	200,975	236,144	248,082	258,671	261,214
	Obligations	40,450	48,458	50,703	50,972	53,727	-	-	-	-	-	-	-	-
	Disbursements	120	532	637	1,091	2,119	-	-	-	-	-	-	-	-
Phase III Distribution		54,769												

Air Force Traumatic Brain Injury/Psychological Health Spend Plan (Operation & Maintenance)

		Cumulative												
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Civilian Pay	Plan	-	-	-	-	-	-	-	-	-	-	-	-	-
	Obligations	-	-	-	-	-	-	-	-	-	-	-	-	-
	Disbursements													
Travel	Plan	-	-	-	8	36	36	36	543	1,086	1,737	1,954	2,170	2,170
	Obligations	-	-	-	8	36	36	36	36	36	36	36	36	36
	Disbursements				8	36	-	-	-	-	-	-	-	-
Other	Plan	-	-	-	-	-	-	-	13	13	13	13	13	13
	Obligations	-	-	-	-	-	-	-	-	-	-	-	-	-
	Disbursements													
Contracts	Plan	-	-	-	100	100	100	400	9,223	17,877	27,986	31,356	34,722	34,722
	Obligations	-	-	-	100	100	-	-	-	-	-	-	-	-
	Disbursements				-									
Supplies	Plan	-	-	-	-	-	16	21	114	207	317	357	396	396
	Obligations	-	-	-	-	-	-	-	-	-	-	-	-	-
	Disbursements													
Equipment	Plan	-	-	-	-	-	-	-	-	-	-	-	-	-
	Obligations	-	-	-	-	-	-	-	-	-	-	-	-	-
	Disbursements													
Total	Plan	-	-	-	108	136	152	457	9,893	19,183	30,053	33,680	37,301	37,301
	Obligations	-	-	-	108	136	136	136	136	136	136	136	136	136
	Disbursements	-	-	-	8	36								
Phase III Distribution		1,729												

TMA Financial Operations Traumatic Brain Injury/Psychological Health Spend Plan (Operation & Maintenance)

		Cumulative												
		Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Civilian Pay	Plan	-	172	345	520	692	865	1,040	1,394	1,749	2,106	2,460	2,815	3,172
	Obligations	-	-	-	-	-	-	-	-	-	-	-	-	-
	Disbursements													
Travel	Plan	-	56	112	175	231	287	350	406	462	525	581	637	700
	Obligations	-	-	24	62	69	-	-	-	-	-	-	-	-
	Disbursements			8	10	42								
Other	Plan	-	38	76	5,470	5,508	5,546	14,740	18,022	21,304	24,590	28,204	31,818	35,440
	Obligations	-	-	-	1	-	-	-	-	-	-	-	-	-
	Disbursements													
Contracts	Plan	1,508	4,611	35,922	36,326	38,162	59,769	60,206	62,042	79,989	80,426	81,977	97,848	109,779
	Obligations	1,508	1,508	1,508	1,537	2,437	-	-	-	-	-	-	-	-
	Disbursements				52	65								
Supplies	Plan	-	13	26	44	56	69	86	98	111	128	140	152	169
	Obligations	-	-	-	100	100	-	-	-	-	-	-	-	-
	Disbursements													
Equipment	Plan	-	58	222	389	523	657	793	927	1,061	1,197	1,357	1,517	1,679
	Obligations	-	-	-	-	-	-	-	-	-	-	-	-	-
	Disbursements													
Total	Plan	1,508	4,948	36,703	42,924	45,172	67,193	77,215	82,889	104,676	108,972	114,719	134,787	150,939
	Obligations	1,508	1,508	1,532	1,700	2,606	-	-	-	-	-	-	-	-
	Disbursements	-	-	8	62	107	-	-	-	-	-	-	-	-
Phase III Distribution		12,080												

Question: How does the planned rate of expenditure compare to actual expenditure?

Answer: The actual expenditures are lower than planned.

[Clerk's note.—End of questions submitted by Mr. Murtha.]

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