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LABOR ABUSES, HUMAN TRAFFICKING AND GOVERNMENT CONTRACTORS: IS THE GOVIERNMENT DOING ENOUGH TO PROTECT VULNERABLE WORKERS?

HEARING

BEFORE THE

SUBCOMMITTEE ON TECHNOLOGY, INFORMATION POLICY, INTERGOVERNMENTAL RELATIONS AND PROCUREMENT REFORM

OF THE

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HOUSE OF REPRESENTATIVES

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LABOR ABUSES, HUMAN TRAFFICKING AND GOVERNMENT CONTRACTORS: IS THE GOVERNMENT DOING ENOUGH TO PROTECT VULNERABLE WORKERS?

Tuesday, March 27, 2012

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON TECHNOLOGY, INFORMATION POLICY, INTERGOVERNMENTAL RELATIONS AND PROCUREMENT REFORM,
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:08 a.m. in room 2247, Rayburn House Office Building, the Honorable James Lankford [chairman of the subcommittee], presiding.

Present: Representatives Lankford, Chaffetz, Kelly, Issa (ex officio) and Connolly.

Staff Present: Alexia Ardolina, Majority Staff Assistant; Kurt Bardella, Majority Senior Policy Advisor; Richard A. Beutel, Majority Senior Counsel; Molly Boyl, Majority Parliamentarian; Gwen D'Luzansky, Majority Assistant Clerk; Adam P. Fromm, Majority Director of Member Services and Committee Operations; Justin LoFranco, Majority Deputy Director of Digital Strategy; Mark D. Marin, Majority Director of Oversight; Peter Warren, Majority Legislative Policy Director; Jaron Bourke, Minority Director of Administration; Devon Hill, Minority Staff Assistant; Rory Sheehan, Minority New Media Press Secretary; and Cecelia Thomas, Minority Counsel.

Mr. LANKFORD. The Committee will come to order.

Just a quick housekeeping piece on the order on how we're going to go. We are grateful to have the two Senators here to speak on this same topic that is happening over in the Senate and the good work that is already happening there.

I am going to open this up with a brief statement, just the overarching feel of what we are trying to accomplish today. I will ask the two Senators to make a statement and then Mr. Connolly, Chairman Issa and I will make a quick opening statement after the Senators have spoken. Then we will set up for the next panel.

The Senators are welcome to stay. You probably have a few things to do as well today. If you would like to be dismissed, you could, whatever is your pleasure. I am sure our opening statements will be riveting to you, so I assume you want to be able to stay as well.

This hearing is on Labor Abuses, Human Trafficking and Government Contracts: Is the Government Doing Enough to Protect Vulnerable Workers?

We are a part of the Oversight and Government Reform Committee. We exist to secure two fundamental principles. First, Americans have the right to know that the money Washington takes from them is well spent. Second, Americans deserve an efficient and effective government that works for them.

Our duty on the Oversight and Government Reform Committee is to protect these rights. Our solemn responsibility is to hold government accountable to taxpayers because taxpayers have a right to know what they are getting from the government.

We will work tirelessly in partnership with citizen watchdogs to deliver the facts to the American people and bring them genuine reform to the Federal bureaucracy. This is the mission of the Oversight and Government Reform Committee and obviously, this subcommittee as well.

With that, Senator Blumenthal, we would be pleased to receive a statement from you on your work.

STATEMENT OF SENATOR RICHARD BLUMENTHAL

Senator BLUMENTHAL. Thank you, Chairman Lankford, Chairman Issa and Ranking Member Connolly, for your leadership and your staffs, and for your very helpful work on this issue. I want to particularly thank my very distinguished colleague, Senator Portman, for joining me today and for his leadership in helping to craft this very, very important initiative.

I also want to say that this effort on the Senate side is really a very bipartisan one as it is here. We have been joined by Senators Franken, Rubio, Lieberman and Collins in introducing the End Trafficking Government in Contracting Act in 2012.

I have a statement which I will submit for the record and it will condense the remarks I have to make this morning.

This Senate bill is a companion to your legislation and it is the conclusion of months of bipartisan work between our members and our staff across the ideological spectrum as it should be because this problem really is not a partisan one in any sense of the word. It basically is to say to the American public and the world that we will no longer tolerate the stain of human trafficking to taint federal grants and contracts overseas.

You will hear this morning from witnesses who will tell you about this problem firsthand, what is happening on the ground and also indicate that our government has zero tolerance for human trafficking, but in practice, on the ground, in the real world, it is happening. It is prevalent, pervasive, insidious, a serious problem across the globe.

The Bipartisan Commission on Wartime Contracting recently completed an exhaustive review of contracting practices in Iraq and Afghanistan and bluntly concluded "Existing prohibitions on trafficking have failed to suppress it." That is a searing indictment of our contracting and our contractors. We need to take strong action to stop it.

This conclusion was echoed last October in hearing testimony before the Senate Armed Services Committee when the DOD Comp-

troller, Dov Zakheim, said that it was quite clear in his words, that fixing this problem "will require legislation" and that is why we are here.

This activity is unconscionable and intolerable and to the observations that you will hear this morning, and that have been made already, I would just add my own ongoing human trafficking on federal contracts is fraudulent, it is immoral and it is a particular threat to the security and welfare of our deployed service members.

We can't guarantee that people interacting with them every day, and I know you have been on the bases as I have in Afghanistan and seen how close and intimate the contact is between those people working on the bases on contracting, whether it is construction or anything else, and the security of the members of our Armed Services really depends on this kind of effort.

Our military relies heavily on foreign contractors to provide logistical support on those bases and I would suggest that this objective ought to be pursued as quickly as possible. The objective is really threefold: prevention, accountability and enforcement. The legislation accomplishes those goals with a number of strong steps that begin at their core with making clear that this activity is criminal and is punishable criminally.

I say that as an Attorney General who was a law enforcer for 20 years. Clear, strong penalties are at the heart of this effort, but so is prevention. By expanding the scope of current language that requires plans and practices specified in advance, stopping the kind of related fraudulent activity, whether it is destruction of documents or misuse of credentials and so forth, misrepresenting wages on work location, using labor brokers who charge exorbitant recruiting fees, the procurement of commercial sex acts, all of those related acts also ought to be prevented.

The bill improves accountability by requiring contractors to notify the Inspector General of any credible evidence of trafficking occurring on the contract or any subcontracts. The Inspector General has to investigate such instances and report any findings to the contract administrators to consider swift, remedial action against the contractor. That can include throwing them off the job, debarment and other measures that have real meaning to a contractor who wishes to do business with the Federal Government.

Those are the important measures and again, there are others that are part of the bill. I would just emphasize how important my colleagues and I regard this measure and how grateful we are for your prompt and very constructive work.

Thank you very much.

Mr. LANKFORD. Senator Portman.

STATEMENT OF SENATOR ROB PORTMAN

Senator PORTMAN. Thank you, Chairman Lankford.

Thanks for your personal commitment to this issue and your leadership on it.

It is great to be here with my colleague, Senator Blumenthal. I appreciate his leadership on this in the Senate.

It is always good to be with my friend, Darrell Issa, Senator Chaffetz and Ranking Member Connolly. We have a number of House members who have done great work on this including the

members here today, and of course Ranking Member Cummings and Congressman Chris Smith. It seems to me this is a great opportunity in a bipartisan way for us to make progress on a critical issue.

In the Senate, we also have a great team. Senators Rubio, Franken, Collins, McCaskill and Joe Lieberman have all signed on to the bill. We have other colleagues who are very interested in pursuing this. Even in times when it seems difficult to achieve reasonable and commonsense objectives, this seems to be one we can move forward on.

I appreciate the leadership you have shown. This cuts across all party lines and philosophical lines because it is really about something much more fundamental and that is who we are as a people. It is about respecting and protecting human dignity. I think this legislation, as my colleague talked about, is designed to ensure that the contracting dollars that come from our taxpayers after all are spent in a manner that is consistent with our deeply held values as a Nation.

It is a lot of money, over $20 billion a year in Afghanistan and Iraq alone. Those contracting dollars are significant and it requires clear rules and oversight.

Despite the existing protections including the Trafficking Victims Protection Act of 2000, reports have made it very clear that human trafficking practices in connection with U.S. overseas contracts remains a very significant problem. To put this in some context, there are over 70,000 third country nationals who now work for contractors and subcontractors of the U.S. military again in Iraq and Afghanistan alone.

In most cases, this work provides valued job opportunities, but it is not hard to see also how these workers recruited for low wage jobs often thousands of miles from their home country can find themselves vulnerable to illegal or fraudulent employment practices. We have heard this most recently from the Wartime Contracting Commission. I know you all looked at that report and also the Inspectors General of the State Department and the Defense Department, each of which have reported the trafficking remains an issue and that existing protections in connection with such trafficking are insufficient.

Broadly defined, as Senator Blumenthal said, it means forced labor and severely coercive labor practices including the practice of recruiting workers who leave home based on fraudulent promises about working conditions or wages and including confiscating passports, charging workers recruitment fees that consume more than a month's salary, and creating indentured, servitude type conditions.

It includes unlawful restrictions on the ability of workers to return home and sometimes failure to assist in the repatriation when jobs are over.

The oversight is limited. The Wartime Contracting Commission, for example, reported that "Some prime contractors, although not themselves knowingly violate the prohibitions on trafficking, have not proactively used all their capacities to supervise their labor brokers or subs." The State Department Inspector General's Report similarly stated "Since contracting regulations do not specify how

to monitor contractors for trafficking in persons, the IG could not conclude that trafficking of persons monitoring is effective." The Inspector General likewise observed that "Contracting-initiated reporting was the only means by which DOD could obtain timely and relevant information regarding actual or alleged violations." That is what we are providing for in this legislation.

I think we should be clear here today that the overwhelming majority of the U.S. contractors and subcontractors are honorable, they are law-abiding and have made it a priority to ensure that abusive labor practices play no role in the very challenging work they are doing for all of us in Iraq, Afghanistan and elsewhere around the world, but there are problems obviously.

Many of the contractors we consulted with already have in place some internal policies designed to prevent, detect and stop human trafficking in connection with their own operations and some of their subcontractors. I think our proposal basically is to ensure that those best practices are adopted by other contractors and they become the standard practices on all significant U.S. contracts broad.

Senator Blumenthal has done a great job laying out the legislation. I think he is right to put it into three categories: prevention, accountability and enforcement. It strengthens current legal safeguards requiring contractors to have these proactive prevention plans. It is a compliance plan to ensure that there is no activity that directly supports human trafficking.

It also gives contracting officers the ability to impose appropriate penalties, very important, including referring a contractor for disbarment for the most serious violations. It beefs up reporting and monitoring requirements to ensure that federal evidence of human trafficking immediately triggers an investigation to uncover the facts. Again, that comes right out of these reports.

The bill closes a loophole in federal criminal law by extending to overseas contracts the same prohibition against fraudulent employment practices they would have here in the United States.

Again, I think these common sense reforms will ensure that the performance of overseas contracts paid for by our constituents, American taxpayers, are consistent with the values that we all hold dear as Americans.

Gentlemen, I look forward to working with you all and my colleagues in the Senate. This Committee will play a central role, of course, to make progress on this important reform effort this year.

Thank you, Mr. Chairman.

Mr. LANKFORD. Senators, thank you for being here. Thanks for your work.

Mr. ISSA. Briefly, if I could, just for one second?

Mr. LANKFORD. Absolutely. Without objection.

Mr. ISSA. I want to thank you for coming here. The fact is that when we show people that we are bipartisan and bicameral, we show people that legislation is possible even in an election year. Both your legislation, the Data Act and some of the other tools that are going to allow us to more efficiently track and inform people when there is, in fact, the possibility of an honest day's pay and an honest day's work not being linked together, which certainly is

often the case where we pay the full dollar and much of it never gets to the recipient who is supposed to get it for doing the work.

Mr. Chairman, thank you for what you are doing, but Senators, I am particularly thankful for your coming here and showing the world that this is an important enough issue to get it done and get it done this year.

Thank you. I yield back.

Mr. LANKFORD. Absolutely.

Gentlemen, thank you for being here. Hopefully, this will grease the wheels for a transportation bill and the budget yet to come. We will get all these things worked out between us.

Senator BLUMENTHAL. Hope springs eternal.

Mr. LANKFORD. It does.

Gentlemen, thank you very much.

With that, we will take a short recess to reset the panel. I would like our witness to come and have a seat. Then we will do opening statements and begin the second panel.

[Recess.]

Mr. LANKFORD. On November 2, this same Subcommittee and the same panel held a hearing entitled Are Government Contractors Exploiting Workers Overseas. Examining Enforcement of the Trafficking in Victims Protection Act.

At the hearing, we were distressed to learn that several U.S. government contracts had used specific labor practices that can only be characterized as involuntary servitude. I said in that hearing, as a Nation, we have certain values that characterize us. We believe that each person has been endowed by their Creator with certain rights, including life, liberty and the pursuit of happiness. These are not rights given by men or confined to our national boundary. They are unique to each person. They are God given rights.

The passion for freedom and our national security has taken us across the globe and in the process of doing the right thing, we must also be careful to do it the right way. Our November hearing determined that within the confusing maize of contractors and subcontractors who support our operations, as already stated, many of them are ethically doing an excellent job.

There appear to be some with a less than reputable job, foreign companies sometimes that engage in labor brokers who apparently, accountable to no one, exploit unskilled workers from impoverished backgrounds, called Third Country Nationals or TCNs. These are the workers who tend the gardens, wash the dishes, prepare fast food meals, do the laundry for American embassy workers, military personnel and others stationed in the Middle East, Iraq and Afghanistan.

They come from countries such as India, Nepal, Bosnia, Pakistan, Bangladesh, Sri Lank, the Philippines, and others. We heard testimony that established that some of these workers have been robbed of wages, injured without compensation, subjected to sexual assaults or held in deplorable conditions resembling indentured servitude by their subcontractor bosses.

Some have paid illegal job broker fees equal to or greater than their final pay. Reports have suggested they are deceived about their work location or conditions when they are recruited. These

unsavory labor practices, collectively called trafficking in persons, is immoral, it is inappropriate and un-American.

The purpose of this hearing is to follow up on our November hearing, to explore whether we are doing enough to stop this abhorrent practice. There are numerous laws and policies already in place but they have not fully stopped trafficking in persons through our contracts.

I asked the witnesses to send us their best ideas about how to address this problem and they have done so. Thank you. We will ask them further to describe these ideas and action plans they intend to follow in the weeks and months ahead and so will we.

In addition, I am pleased to announce that yesterday in a rare display of both bipartisanship and bicameral cooperation, similar legislation was released in both the House and the Senate that should significantly curtail human trafficking in U.S. Government contracting. Our goal in this legislation is to deploy unprecedented economic and purchasing power of the United States Government, the single largest consumer of goods and services in the world, to drive accountability, to establish a higher labor standard than exists in many parts of the world.

We are still the beacon of liberty in the world. We should shine through every relationship worldwide. Our End Trafficking and Government Contracting Act addresses the problem of enhancing prevention, accountability and enforcement. Our proposal prevents trafficking abuses by requiring contractors with contracts over $1 million to implement compliance plans to prevent trafficking, including destroying or confiscating passports, misrepresenting wages or work locations or using labor brokers who charge exorbitant recruiting fees.

The bill improves accountability by requiring that a contractor notify the Inspector General if he or she receives credible evidence that a subcontractor has engaged in prohibitive conduct, requiring the Inspector General to investigate such instances and requiring the Inspector General to investigate all those instances and with that require swift remedial action against the contractor. The bill improves enforcement of anti-trafficking requirements by extending the criminal prohibitions that prevent fraudulent labor practices typically associated with trafficking.

To examine these issues and discuss our legislation, we have two panels today, obviously the Senators who have already spoken, the first panel; and our second panel seated now from the State Department consists of program contracting oversight experts along with programming, contracting and oversight experts from the Department of Defense.

I do look forward to receiving answers on this issue. There is no good explanation of why we would still have contractors using illegal recruiting fees, providing inadequate living conditions for TCNs or violating a multitude of other clear human dignity issues. Ranking Member Connolly and I have worked closely from the start on this. This is truly a bipartisan piece on which we have absolute cooperation and we look forward to a chance to work together all the way through to the end on this and finding resolution.

Mr. LANKFORD. With that, I would like to recognize the distinguished Ranking Member, Mr. Connolly, for his opening statement.

Mr. CONNOLLY. Thank you so much, Mr. Chairman.

Let me echo what you just said. This is a bipartisan effort. This is not going to be an issue that is going to divide us along party lines at all. I have very much appreciated working with the Chairman of the subcommittee and his staff.

When we had this hearing in November, I think our reaction honestly was utter shock at the reality we are talking about. We had a witness who had responsibility for this subject, I believe at the Pentagon, who had never been to Iraq and Afghanistan. It was an academic subject sitting on the desk in Washington in terms of what the nature of the problem in terms of contractors.

We noted that there virtually had never been a prosecution on this charge even though it was a widespread practice in both Iraq and Afghanistan with contractors or subcontractors. Very few debarments or suspensions of contractors even though it was again well known as a widespread practice.

I think that is what prompted the legislation. This is unacceptable. If America is about anything, it is about a value system. At the very essence of that value system is the enshrinement of human autonomy. We haven't always lived that goal. We fought a Civil War to make sure that goal proceeded, but it is a value we assert. It is certainly not a value we can ever sit back and accept to be compromised, especially by somebody in our employ.

I just want to say to all the panelists today, we must show utter and complete passion for this subject. We must stamp it out so that it never even comes close to an association with an American enterprise at a contractor level, subcontractor level or, God forbid, a federal agency. It is unacceptable and must be snuffed out with all of the passion and all of the ability we have. That is what is behind this legislation in both the Senate and the House.

This is not just any housekeeping matter. This is about the preservation of human autonomy, about making sure the people in our employ follow American norms. Otherwise, why are we in places like Iraq and Afghanistan. I just wanted to share that with you because I wouldn't want anyone to think this is just routine legislation. It is not. It has brought us together on a bicameral basis, as the Chairman said, and on a bipartisan basis, fiercely.

We need your help to make sure that the passion we feel and we experience and the disgust and shock we felt at our first hearing you share and that you will go back to the State Department, to the Pentagon and other federal agencies understanding that is what drives and hopefully sharing in the mission to make sure we put an end to this practice as soon as possible.

Thank you for being here.

Mr. Chairman, thank you for your leadership and your bipartisan cooperation. I am privileged to join you as an original cosponsor in this legislation.

Mr. LANKFORD. Thank you, Mr. Connolly.

All the members will have seven days to submit opening statements and extraneous materials for the record.

Let me welcome our panel of witnesses. We look forward to hearing the conversation from them.

The Honorable Luis CdeBaca is the Ambassador at Large at the U.S. Department of State. Ms. Cathy Read is Director, Office of Ac-

quisitions Management at the Department of State. Ms. Evelyn Klemstine is Assistant Inspector General for Audits at the U.S. Department of State. Mr. Richard Ginman is the Director of Defense Procurement and Acquisition Policy at DOD. Ms. Sharon Cooper is Director, Defense Human Resources Activity at DOD. The Honorable Kenneth Moorefield is Deputy Inspector General for Special Plans & Operations at the U.S. Department of Defense. Thank you all for being here.

Pursuant to Committee rules, all witnesses are sworn before they testify. Please rise and raise your right hands.

Do you solemnly swear or affirm that the testimony you are about to give will be the truth, the whole truth, and nothing but the truth?

[Witnesses respond in the affirmative.]

Mr. LANKFORD. May the record reflect that all witnesses answered in the affirmative. You may be seated.

In order to allow time for discussion, I would like you to limit your testimony to five minutes. We will not be absolutely rigid on that, but as close as you can. Your entire written statement will be made a part of the record. Thank you for working hard to pull that written statement together for all of you.

I would like to recognize Ambassador CdeBaca to begin with five minutes.

STATEMENT OF AMBASSADOR LUIS CDEBACA

Ambassador CDEBACA. Thank you, Mr. Chairman and Mr. Connolly. It is an honor to be here today.

I appreciate the series of hearings as an important part of the fight against trafficking in persons.

As we know, the bipartisan Trafficking in Victims Protection of Act of 2000 and its subsequent reauthorizations continue to serve as a touchstone for all of our efforts to combat this crime both here and around the world.

One of the tools that Congress gave us through the TVPA is the annual Trafficking in Persons Report. That report rigorously researched by my office and colleagues in the embassies and regional bureaus has become an unparalleled resource for determining how well governments are responding to modern slavery. It plays a critical role in our diplomacy and development priorities.

Through the years, Congress has sharpened its analysis by adding several different things including an analysis of to what degree peacekeeping operations are driven by human trafficking.

Today, we come together for another issue which is very similar. Reflected in what we have seen in the report over the last ten years, we have come to understand that the role of government need not be limited solely to law enforcement and victim services. As the report reflects, over the last decade we now know more about the market forces that drive modern slavery.

The forced labor taints the supply chain of products that consumers rely on every day. The labor recruiters profit through the use of unscrupulous and non-transparent practices that saddle workers with debts that they will never be able to repay. We know that a global market for cheap goods and commercial sex fuels the demand that the traffickers exploit. Concerned consumers are

pushing more and more companies to do something about modern slavery in their corporate policies.

As Secretary Clinton said earlier this month to her colleagues in the Cabinet, that knowledge becomes particularly important when you think about the government as a consumer, the government buying power. We conduct business on a global scale with a massive roster of suppliers and subcontractors and supply chain monitoring is not simply something for the business community.

What we have learned about supply chain company responsible labor recruitment practices and honorable conduct, if we apply those lessons to government procurement, we feel there would be a ripple effect far and wide out into the private sector as well.

Using government's reach as consumers as a tool to combat modern slavery has been, for far too long, the missing link in this fight. All governments must do more to arrest traffickers and assist victims. When governments take up the cause of fighting modern slavery, their credibility is undermined if their own policies, procurement and personnel practices are inadvertently making the problem worse.

Today's hearing comes at a critical time. At the recent Cabinet meeting, Deputy National Security Advisor Denis McDonough perhaps said it best, "We recognize that across the government, there is still an awful lot to do to improve on this in terms of procurement of goods and labor, and the President is demanding that we do more in exactly this area." Indeed, the President that day issued a challenge to all of us to "find ways to strengthen our current work."

We take his call to action very seriously at the State Department. For instance, to demonstrate our commitment, we are putting place new prohibitions on our contractors that will no longer allow them to charge recruitment fees to the workers. You will hear about that from my colleague Cathy Read from the Bureau of Administration.

Through a subcommittee of the Senior Policy Operating Group, the interagency anti-trafficking organization, we are driving out anti-trafficking training for the federal acquisitions workforce. This is the sort of innovation that will be critical to the future of this struggle and as in some many other aspects of this important work, we must work with you, our partners in Congress, to keep delivering on the promise of freedom.

I have been blessed to be able to help victims as they come out of trafficking when I was a federal prosecutor. I was lucky enough to be able to work on the Judiciary Committee in 2008 when we reauthorized the Trafficking Victims Act, and now have the opportunity to help deliver on your work.

During the Civil War, making it to the lines of the U.S. Army meant freedom for so many. We need to make sure that remains the case.

Thank you and I am happy to take questions.

[Prepared statement of Ambassador CdeBaca follows:]

Thank you, Mr. Chairman, Ranking Member Connolly, and Members of the Subcommittee. It's an honor to be here today. We are always eager to update Members of Congress on the Administration's efforts to combat modern slavery, because leaders on both sides of the aisle and on both sides of Capitol Hill have helped drive so much of the progress we've made in the last decade in the fight against trafficking in persons.

The Trafficking Victims Protection Act of 2000 continues to serve as the touchstone for all of our efforts to combat this crime both at home and around the world. That law and its subsequent reauthorizations have bridged administrations and Congresses of both parties, and modifications over the years have allowed us to keep pace with a criminals who are constantly adapting and changing the face of modern slavery.

One of the tools Congress has given us through the TVPA is the annual *Trafficking in Persons Report*. The *Report* has become an unparalleled resource for determining how well governments are responding to modern slavery. It plays a critical role in our diplomacy on this issue and serves as a guide for governments seeking to translate their political will to stop this crime into concrete results.

Focusing squarely on government action, as the *TIP Report* does, is essential, because governments bear the primary responsibility for fighting trafficking in persons. After all, trafficking in persons is a crime. Only governments can arrest, prosecute, and incarcerate traffickers. Only governments can provide legal recourse and status to survivors. We will continue to push governments to aggressively combat modern slavery using the 3P approach of prevention, prosecution, and protection.

But we've also come to understand that the role of government in fighting this crime need not be limited to law enforcement and the provision of victim services. We know that forced labor taints the supply chains of products we rely on every day. We know that labor recruiters are profiting through the use of unscrupulous and non-transparent practices that saddle workers with debts they will never be able to repay. We know that a global market for cheap goods and commercial sex fuels the demand that traffickers exploit. And we know that concerned consumers are pushing more and more companies to do something about modern slavery in their corporate policies.

As Secretary Clinton said earlier this month when she chaired the President's Human Trafficking Task Force meeting, all of that knowledge becomes

particularly important when you think of the buying power of governments. Governments conduct business on a global scale with a massive roster of suppliers and contractors. Policies that apply what we've learned about supply chain monitoring, responsible labor recruitment practices, and honorable conduct to government procurement and contracting would have ripple effects far and wide into the private sector.

Using governments' reach as consumers as a tool to combat modern slavery isn't just about what governments can do; it's also about what they should do. Governments will remain the primary actors in this fight. Indeed, the growing din of the public outcry and the increased call from consumer activists on this issue does not mitigate government responsibility; rather, it should be heard as a mandate for governments to take aggressive action. When governments take up the cause of fighting modern slavery, their credibility can be undermined if their own policies, procurement, and personnel practices are inadvertently making the problem worse. At the Task Force Cabinet meeting, Deputy National Security Advisor Denis McDonough perhaps said it best when he framed the role the United States needs to play: "We recognize that across the government, there's still an awful lot to do to improve on this in terms of procurement of goods and labor, and the President is demanding that we do more in exactly this area."

We take the President's call to action very seriously at the State Department. To demonstrate our commitment, we are putting in place new prohibitions on our contractors that will no longer allow them to charge recruitment fees to workers. You'll soon hear from my colleague Cathy Read, in the Bureau of Administration, about the excellent work that is being done on these issues.

This is the sort of innovation that will be critical to the future of this struggle. And as in so many other aspects of this important work, we look forward to working with our partners in Congress to keep delivering on the promise of freedom.

Thank you, and I am happy to take your questions.

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Mr. LANKFORD. Thank you, Ambassador.
Ms. Read.

STATEMENT OF CATHY J. READ

Ms. READ. Good morning, Chairman Lankford, Ranking Member Connolly and distinguished members.

Thank you for the opportunity to testify on the Department of State's continued efforts to combat human trafficking and abusive labor practices involving third country nationals hired to perform services overseas and under contracts.

My shop is responsible for 98 percent of the dollars that are obligated by the Department of State and I have approximately 200 acquisition professionals, both in Washington, Florida, Frankfurt and Antwerp who help support that.

Embassies, as you well know, have limited authority to procure supplies and local services. Generally, our most complex and largest contracts are issued from Washington, D.C. and monitored formally by our trained Contracting Officer Representatives who are actually on the ground.

The subject of today's hearing is central to the Department of State's mission and also as a steward to the taxpayer. The Department has been vigorous in its efforts to ensure none of the contracts written by the Department are with contractors that would abuse their employees. We have identified programs which may result in the hiring of unskilled or semi-skilled labor from third world countries and TIP focus is on construction and renovation contracts for new embassy compounds for our Overseas Buildings Offices and Diplomatic Security Programs.

I would like to focus on some of the major initiatives and approaches we have undertaken at State to address the issues.

Training, which is a big thing for us, we have implemented training on trafficking in persons in several areas at the Foreign Service Institute and in the training of our professional acquisition workforce. I have dedicated a senior contracting officer at FSI to help with the day to day COR training and TIP is part of that training. In fact, we utilize the DHS video which has been very successful and every graduating corps gets the ICE card to carry with them which notes indications that could happen under TIP.

Our classroom COR training has a module on managing contracts in the difficult environments. CORs are instructed to work with both political and economic sections at post to learn labor practices and TIP and how they apply at their post. Other FSI training includes regional studies, political and counselor training.

We have implemented many of the CWC recommendations for oversight in Iraq and Afghanistan in our program. We developed a clear working relationship with the program offices, we have contracting officers embedded with our program managers at some of our senior program offices.

We travel consistently all the time to Iraq and Afghanistan at various levels. When a CO goes out, they stay longer and they look at every program, not just their particular line of business. We have a direct hire project manager at many of the difficult posts with instruction or security staff to oversee housing areas. We have

unannounced diplomatic security Diplomatic Security Regional Security Officers visits to compounds for all our local guards.

Our Procurement Information Bulletin issued by our Procurement Executive, as you well know, came out last March 2011 and just yesterday, our Procurement Executive initiated an released the new Procurement Information Bulletin which addresses housing and recruitment fees and is mandated. That is set for implementation now that it has been issued.

In closing, I would like to note that our experience in recent years has reconfirmed the importance of hiring an updated, well trained, on the ground acquisition workforce in adequate numbers and ensuring that everyone is trained to the highest levels and that we have total collaboration among the members.

Contract administration, worldwide and especially in conflicted-affected states can be strengthened only through the hiring of personnel to provide additional governmental oversight of contractors and more importantly, their subcontractors.

Thank you very much for the opportunity and we welcome your questions.

[Prepared statement of Ms. Read follows:]

Good Morning. Chairman Lankford, Ranking Member Connolly, and distinguished Members of the Subcommittee – thank you for the opportunity to testify on the Department of State's continued efforts to combat human trafficking and abusive labor practices involving third country nationals hired to perform services under overseas contracts. My name is Cathy Read, and I am the Director of the Office of Acquisition Management at the Department of State.

Before joining the Department of State, I worked with several private entities, as well as government agencies, including the Department of the Navy and most recently, as Director of Contracts, U.S. Arms Control and Disarmament Agency. At State, I am responsible for providing global acquisitions and logistics support for the people and programs all around the world in support of America's diplomacy. My office is responsible for over 98% of the operational acquisitions for the Department, including all overseas buildings operations, diplomatic security guard services, IT equipment and services, and worldwide operational and support services. My office consists of over 200 acquisitions professionals both in Washington, D.C., and two regional centers in Frankfurt, Germany, and Ft. Lauderdale, Florida. Embassies have limited authority to procure supplies and local services. Generally, our largest and most complex contracts are issued from Washington, D.C., offices and monitored by formally trained Contracting Officer Representatives (CORs) on the ground.

The subject of today's hearing, "Trafficking in Persons," is central to the Department of State's mission. My colleague, Ambassador CdeBaca has discussed State's efforts to combat trafficking as a foreign policy issue. The Department has also been vigorous in its efforts to ensure none of the contracts written by the Department are with contractors that would abuse their employees. To that point, I would like to note that the Office of the Inspector General (OIG) has reviewed several contracts throughout the world in the past 4 years. The OIG identified challenges in ensuring the TIP contract clause is included in contracts, maintaining contractor familiarity with TIP requirements, and precluding contractor retention of passports or other travel documents, but not one report indicated evidence of recruiting or maintaining labor through use of force, fraud or coercion.

We have identified contracting programs which may result in the hiring of unskilled or semi-skilled labor from third countries. For my office of Acquisition Management, TIP focus is on construction/renovation contracts for new embassy compounds for Overseas Buildings Operations (OBO, and Diplomatic Security (DS) protective programs.

Today I would like to focus on major approaches/or initiatives undertaken at State to address these issues:

Training - The Department has implemented training on TIP in several areas at the Foreign Service Institute and in the training of our professional acquisition workforce. Contracting Officers (COs) and their representatives (CORs) are our front line in preventing contractor trafficking in persons and worker abuses. The Department worked closely with the Federal Acquisition Institute (FAI) and the Department of Homeland Security (DHS) to develop on-line training for COs across the government, including at State.

Our classroom COR training has a module on managing contracts in difficult environments. CORs are briefed on the TIP rules and indicators that may signal TIP concerns. They are provided with the steps to be taken as they assume contract oversight, which include TIP discussions during the post-award meeting and TIP inspections during contract monitoring. CORs are instructed to work with the political or economic sections at post to learn labor issues, including TIP at their post. They are given a DHS-produced wallet card with a list of TIP indicators. The FAI training on combating TIP mentioned earlier is also recommended to CORs and others in the Embassy management section. Foreign Service Institute (FSI) on-line COR training is being extensively updated and will contain TIP guidance for CORs when it is released this in the next months. Other FSI training, including regional area studies, political, and consular training, includes sessions touching on human trafficking, organized crime, and gender issues as appropriate for the country or region.

Oversight Recommendations - We have implemented many of the Commission on Wartime Contracting, GAO and OIG recommendations for contract oversight in Iraq and Afghanistan throughout our contracting program. We in acquisitions have developed a closer working relationship with the programmatic bureaus. There are several Contracting Officers collocated with bureau staff outside the contracting office. I have encouraged longer Contracting Officer trips to overseas performance sites. When COs are on temporary duty in a region, they are asked to look at other programs in the area that use contractors. These COs and the program offices are taking extra steps to monitor and enforce TIP programs. In some locations, this includes having a direct-hire Project Manager or COR living on-site with construction or security staff at their housing areas. There are now unannounced DS Regional Security Officer visits to housing compounds for DS local guard programs. In some cases, co-location of contractor life support providers on USG compounds enhances after-hours oversight.

Procurement Information Bulletin, PIB 2011-9 on TIP (issued March 24, 2011) by State's Office of the Procurement Executive, is used by COs to tailor specific oversight requirements based on locale, service, and contract type. New solicitation language regarding recruitment, including a recruitment plan and submission of agreements, has been developed for our contracts to prevent maltreatment of workers.

During a capital construction project, OBO has an on-site Project Director with responsibility for contract administration, including enforcing standards for health, safety, and working conditions. In addition, OBO's Construction Safety and Occupational Health Manager visits each embassy construction site and reports on working and living conditions at the job site. OBO is also testing the use of OSHA Temporary labor camp standard, 1910.143. Once definitive, we will require that a housing plan be submitted as part of contractor proposals with third country national personnel. The contractor is accountable for providing safe and habitable living conditions for any Third Country National workers brought to the project, and these standards will define acceptable conditions. This requirement will also enable consideration of housing and recruitment plans as part of proposal evaluation when appropriate.

In closing, I would like to note that our experience in recent years has reconfirmed the importance of hiring an acquisition workforce in adequate numbers and ensuring that it is adequately trained. Conflict-affected states require special vigilance against trafficking in persons. Contract administration in conflict-affected states can be strengthened through the hiring of adequate federal personnel to provide governmental oversight of contractors and their subcontractors.

Thank you for providing me with this opportunity to appear before you and for your ongoing support for the Department of State. I will be pleased to answer any questions that you have.

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Mr. LANKFORD. Thank you, Ms. Read.
Ms. Klemstine.

STATEMENT OF EVELYN R. KLEMSTINE

Ms. KLEMSTINE. Thank you, Chairman Lankford, Ranking Member Connolly and members of the Subcommittee, for the opportunity to discuss our views on strengthening enforcement of traffic in persons or TIP in government contracts.

Our Office of Inspector General or OIG commends the subcommittee for its leadership in developing critical legislation on TIP enforcement.

Mr. Chairman, OIG believes that TIP compliance can be better monitored by strengthening the legal framework for enforcing TIP compliance and prosecuting TIP violators by establishing requirements in future contracts and the Federal Acquisition Regulation or FAR and by holding Contracting Officers and Contracting Officer Representatives accountable for TIP compliance. In addition, the OIG will continue to vigorously perform its oversight role on this important issue.

First, strengthen the legal framework. OIG supports a robust and comprehensive Civilian Extraterritorial Jurisdiction Act CEJA also the proposed Blumenthal Amendment to 18 U.S.C. Section 1351. CEJA would provide clear jurisdiction to prosecute non-Department of Defense employees and contractors for a broad range of overseas misconduct, some of which are TIP violations.

We do, however, suggest CEJA use the same approach as the Military Extraterritorial Act and provide jurisdiction over all 18 U.S.C. felony offenses. This provides the greatest flexibility for fighting crime associated with U.S. overseas activities.

Second, establish specific requirements in future contracts. OIG supports the proposed amendments to the Trafficking Victims Protection Reauthorization Act, Section 111, which would mandate the inclusion of certain TIP related provisions and contracts.

In addition, future contracts solicitations, which include third country nationals, at a minimum, should require the following provisions: one, the contractor shall provide the agency a detailed description of housing accommodations it intends to provide for its foreign workers; two, provide workers with standard contracts in English and their native languages and include policies on wages, overtime rates, allowances and other personnel matters; three, provide workers with written information about labor laws, including the U.S. Government's zero tolerance policy about TIP in English and their native languages; four, provide written assurance that it violates no U.S., host country or third country labor laws; and five, provide the contracting agency a repatriation plan 120 days prior to completion of the contract.

All future contracts that use third country nationals should include penalties for TIP noncompliance. In addition, incentives should be used in the contracts that motivate contractors to police themselves and their subcontractors.

In addition, we believe that modifying the FAR so that Combating Trafficking in Persons clause includes the same language found in the Contractor Code of Business Ethics and Conduct

clause. This would require timely reporting of possible TIP violations to the OIG which is not currently required.

Third, hold COs and CORs responsible for TIP oversight. COs and CORs are at the front lines around the world and must effectively monitor and enforce standards as well as report violations. The quality, quantity and location of the federal agency CORs are key to combating TIP.

At all federal agencies, COR experience should be made as a desirable and sought after qualification. CORs should be made aware of the importance of their role and they should receive specific, regularly updated training on TIP.

In March 2011, the Department issued Procurement Information Bulletin 2011–09 which provides COs and CORs with suggested actions to minimize the risk of TIP violations in government contracts.

Although the PIB is a good starting point, much of the content of the guidance is not mandated within the Department and is not applicable to other federal agencies. Federal agencies should require their CORs to make at least semi-annual, unannounced visits to the contractor-provided housing site and interview contract employees to ensure they have been briefed on the TIP clause and obtain copies of TIP-related training materials.

The agency should also require that COs and CORs document TIP monitoring programs in their contract files.

OIG will continue to perform audits, inspections and investigations in areas vulnerable to TIP abuses. Since the November 2011 hearing, OIG is conducting a follow-up review of its January 2011 report on TIP for the Arab States of the Gulf. OIG inspections will continue to review TIP-related contract provisions and oversight in the course of post inspections.

Our Office of Investigations has been engaging other federal investigative organizations on ways to broaden involvement in combating TIP abroad. Since November 2011, Investigations has received two TIP-related allegations and one TIP-related investigation remains open.

Once again, thank you and I am pleased to answer any questions you may have.

[Prepared statement of Ms. Klemstine follows:]

Thank you Chairman Lankford, Ranking Member Connolly, and Members of the Subcommittee for the opportunity to discuss our views on strengthening enforcement of trafficking-in-persons (or TIP) in government contracts.

Our Office of Inspector General (OIG) commends the subcommittee for its leadership in developing critical legislation on TIP enforcement in government contracts.

Mr. Chairman, OIG believes that TIP compliance can be better monitored by strengthening the legal framework for enforcing TIP compliance and prosecuting TIP violators; establishing requirements in future contracts and the Federal Acquisition Regulation (FAR) that make the contractor accountable for compliance with TIP laws and regulations; and holding Contracting Officers (COs) and Contracting Officer's Representatives (CORs) accountable for the enforcement of TIP compliance. In addition, the OIG will continue to vigorously perform its oversight role to ensure that the Department is properly discharging its programmatic responsibilities.

1. Strengthen the Legal Framework

To ensure that the Department of Justice (DOJ) and other Federal agencies have criminal sanctions available for use in combating TIP violations, the OIG

agrees with DOJ's support of a robust and comprehensive Civilian Extraterritorial Jurisdiction Act (CEJA) and also the proposed Blumenthal Amendment to 18 U.S.C. § 1351.

CEJA would provide clear and unambiguous criminal jurisdiction to prosecute non-Department of Defense government contractors and employees for a broad spectrum of overseas misconduct, some of which are TIP violations. We do, however, suggest CEJA use the same approach as the Military Extraterritorial Jurisdiction Act (MEJA) and provide jurisdiction over *all* conduct outside the United States that would constitute an offense punishable by imprisonment for more than one year (18 U.S.C. felony offenses). The MEJA approach provides the greatest flexibility for fighting crime associated with U.S. overseas activities and reduces the potential that CEJA might be rendered confusing or obsolete by future amendments to the specific crimes enumerated in 18 U.S.C.

The Blumenthal Amendment to 18 U.S.C. §1351 would specifically criminalize fraudulent recruiting, soliciting and hiring practices for purposes of work on U.S. Government contracts performed outside of the United States or on military installations or missions or other property or premises owned/controlled

by the U.S. Government, clarifying the availability of criminal sanctions for this key aspect of the TIP problem.

CEJA, the Blumenthal Amendment to 18 U.S.C. § 1351, and the modification to FAR 52.222-50 will collectively enable U.S. Government authorities to better enforce and prosecute TIP violations, especially in contingency environments, and provide a greater deterrent by making the threat of criminal sanctions more imminent.

2. Establish Specific Requirements in Future Contracts

OIG supports the proposed amendments to the Trafficking Victims Protection Reauthorization Act (TVPRA), Section 111, which would require a condition in every contract, grant, or cooperative agreement that authorizes Federal departments or agencies to terminate a contract if the contractor or subcontractor engages in human trafficking or uses forced labor. In addition, future contract solicitations, where it is known that the labor force will include third-country nationals should, at a minimum, require the following provisions:

1. The contractor shall provide the contracting agency a detailed <u>description of housing accommodations</u> it intends to provide for its foreign workers.

2. The contractor shall provide workers with standard contracts in English and their respective native language and include policies on wages, overtime rates, allowances, salary increases, the contract term, leave accrual, and other personnel matters.

3. The contractor shall provide workers with written information about labor laws, including the U.S. Government's zero tolerance policy about TIP, in English and the workers' native languages.

4. The contractor shall provide written assurance that it violates no U.S., host-country, or third-country labor laws, including recruiting third-country national employees and improperly retaining employee passports and other personal documents.

5. The contractor shall provide the contracting agency a repatriation plan 120 days prior to completion of the contract.

All future contracts that include the use of third-country nationals as part of their labor force should include penalties for TIP non-compliance. In addition, incentives should be used in the contract that motivate prime contractors to "police" themselves and their subcontractors. An incentivized, self-policing prime contractor community with active and effective COR oversight will increase the likelihood of success in minimizing TIP violations and other overseas contracting

issues. The proposed amendments to TVPRA, Section 111 are a step in the right direction.

In addition, we believe that the FAR should be modified so that clause 52.222-50, "Combating Trafficking in Persons," includes the same language found in FAR 52.203-13(b)(3)(i), "Contractor Code of Business Ethics and Conduct." Specifically, OIG believes that FAR 52.222-50 should state:

> *The contractor shall timely disclose, in writing, to the agency Office of the Inspector General (OIG), with a copy to the Contracting Officer, whenever, in connection with the award, performance, or close out of this contract or any subcontract thereunder, the Contractor has credible evidence that a principal, employee, agent, or subcontractor of the Contractor has committed a violation of Federal criminal law involving TIP.*

The inclusion of this language would require timely, written reporting of possible TIP violations to the OIG, which is not currently required.

3. Hold COs and CORs Responsible for TIP Oversight

COs and CORs are at the front lines of TIP enforcement around the world and must effectively monitor and enforce standards as well as report violations. The quality, quantity, and location of CORs are a key to combating TIP and other

contract oversight problems. CORs should be made aware of the importance of their role, and they should receive specific, regularly updated, training on TIP.

In March 2011, the Department of State issued Procurement Information Bulletin (PIB) 2011-09. Although the PIB requires that the FAR's TIP clause be included for solicitations and contracts over the micro-purchase threshold and requires a housing plan where applicable, it merely provides COs and CORs with suggested actions to follow to minimize the risk of TIP violations in government contracts.

Although the Department of State's PIB is a good starting point, much of the content of the guidance is not mandatory within the Department and is not applicable to all Federal agencies. Federal agencies could improve TIP oversight by drafting regulations requiring their CORs to:

1. Make at least semiannual, unannounced visits to the contractor-provided housing site.
2. Interview contractor employees to ensure that they have been briefed on the TIP clause and obtain copies of TIP-related training materials.

Lastly, the agency should require all COs and CORs to document TIP monitoring programs in the contract files.

OIG will use a cross-disciplinary approach to oversee the Department's overall efforts to enforce its zero tolerance policy regarding TIP-related violations. OIG will continue to perform audits, evaluations, inspections and investigations of areas vulnerable to TIP abuses.

Since the November 2011 hearing, *Are Government Contractors Exploiting Workers Overseas? Examining Enforcement of the Trafficking Victims Protection Act*, the Office of Audits has been conducting a compliance follow up review of its January 2011 report, *Performance Evaluation of Department of State Contracts to Assess the Risk of Trafficking in Persons in Four States in the Cooperation Council for the Arab States of the Gulf,* to determine whether the Department took corrective action in response to our recommendations. The preliminary results of that review indicate that the Department has taken some corrective action, to include improvements in third country national housing in Riyadh, issuance of PIB 2011-09, and improved communication with the contractors concerning the laws and regulations relating to passport retention. However, the Office of Audits has also identified other third country national housing conditions that have not improved and at one location it has deteriorated since we issued the January 2011 report. In addition, the Department has not taken action on other recommendations such as requiring contractors to provide third country national

employees with contracts in their respective languages that include policies on wages, overtime rates, contract terms, leave approvals, and other personnel matters stating that it is too expensive and futile because the third country nationals cannot read. We expect to issue the compliance follow up review report in May 2012.

Our Office of Inspections continues to include reviews of contract provisions and monitoring of the treatment of third country nationals working on U.S. Government contracts in the course of its post inspections. A report of inspection of the Office to Combat Trafficking in Persons will soon be finalized, but that is focused on that office's primary role to report on and assist country efforts to combat trafficking.

Our Office of Investigations (INV) has been engaging the Department of Justice (DOJ) Human Trafficking Prosecution Unit, as well as other Federal investigative organizations with TIP responsibilities, in a proactive effort to determine current law enforcement involvement and ways to broaden involvement in combating TIP abroad. In addition, INV has created a position to manage the OIG TIP investigative program, serving as a primary point of contact and liaison for TIP-related investigative matters. Currently INV is coordinating with the Bureau of Diplomatic Security and the Office to Monitor and Combat

Trafficking in Persons to establish policy designating the OIG Investigation Hotline as the office to which employees and contractors should report suspected TIP violations. In addition, as a new member of the TIP working group in Baghdad, which includes members from other Department entities, Department of Justice, the International Organization for Migration, and non-governmental organizations, INV is now better able to reach areas and victims which they previously could not. Since the November 2011 hearing, INV has received two allegations related to TIP violations abroad and has one open TIP related investigation. Although prior to the November 2011 hearing, in June 2011, as a result of an OIG investigation, a company providing security services to Embassy Kabul agreed to pay $7.5 million to the Department of Justice to settle allegations that the company had engaged in multiple contract violations, including violating TIP-related FAR provisions.

Once again, thank you, and I am pleased to answer any questions you may have.

Mr. LANKFORD. Thank you.
Mr. Ginman.

STATEMENT OF RICHARD T. GINMAN

Mr. GINMAN. Chairman Lankford, Ranking Member Connolly, thank you for the opportunity to appear before you today to discuss our efforts to combat trafficking in persons.

I commend the Subcommittee for the work that it has done to identify trafficking in persons issues affecting government contracts and in searching for solutions to these issues. A commitment to combating trafficking in persons is an essential requirement in any U.S. Government contract.

At the end of the 1990s, the Department of Defense implemented a deliberate strategy to reduce reliance on organic forces for combating service support in favor of contracted support. During Operation Iraqi Freedom and Operation Enduring Freedom, the rate of growth of contracted support challenged DOD to put a framework necessary to properly manage and control contractors in forward contingency areas, including aspects related to the personnel on the battlefield.

The growth of contracted combat service support resulted in an expansion of contractor personnel working and residing on forward operating bases including many personnel from third country nations and local nationals. Department policies and doctrine associated with managing these contractor personnel continues to evolve.

The Department takes seriously its responsibilities in combating trafficking in persons and we need to ensure we properly manage and oversee all contractor personnel authorized to accompany the force regardless of origin.

Like the Committee, Defense is committed to finding solutions that improve our ability to eliminate trafficking in persons. As the Director of Defense Procurement and Acquisition Policy, I am responsible for promulgating contracting guidance to the Department's entire contracting workforce.

With regard to trafficking in persons, my top priority is supporting the Federal Government's and Defense Department's zero tolerance policy. We support the Office of Under Secretary of Defense for Personnel Readiness and their efforts to manage the DOD Trafficking in Persons Program required by the Traffic and Victims Protection Act of 2000 and subsequent reauthorization.

The Department is determined to identify, correct and prevent contracting efforts not in consonance with our government's and Department's zero tolerance policy and to work to identify and implement new policies and procedures that will reduce and/or eliminate trafficking in persons. We will continue to aggressively pursue addressing trafficking in persons challenges associated with the Department's contracts executed worldwide.

I thank you for the opportunity to speak today about the Trafficking in Persons Program at the Department. This concludes my remarks and I ask that my statement be inserted in the record.

[Prepared statement of Mr. Ginman follows:]

Chairman Lankford, Ranking Member Connolly, and members of the Subcommittee, thank you for the opportunity to appear before you today to discuss our efforts to combat trafficking in persons.

I am Richard Ginman, the Director of Defense Procurement and Acquisition Policy (DPAP) in the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(AT&L)), where I am responsible for Department-wide contracting policy and functional leadership. I am a Career Civil Servant, with more than 40 years experience in government and commercial business in the fields of contracting, acquisition, and financial management. Before returning to DPAP duties in October 2006, I held several private sector positions including Vice President of General Dynamics Maritime Information Systems and Director of Contracts for Digital System Resources. I served in the United States Navy for 30 years, retiring as a Rear Admiral, Supply Corps. In addition to three tours afloat, I served in a variety of contracting and acquisition positions that included Commander, Navy Exchange Service Command; Deputy for Acquisition and Business Management in the office of the Assistant Secretary of the Navy, Research Development and Acquisition; and Deputy Commander for Contracts, Naval Sea Systems Command.

I work closely within the Office of the Secretary of Defense to ensure that DoD policies for other functional areas which affect contractors are properly implemented into the Defense Federal Acquisition Regulation Supplement to provide guidance to contracting officers and contractors for executing DoD contracts. With regards to Combating Trafficking in Persons (CTIP), my top priority is to support the Federal Government and Defense Department's zero tolerance policy. We support the Office of the Under Secretary of Defense for Personnel and Readiness in their efforts to manage the DoD Trafficking in Persons Program required by the Trafficking Victims Protection Act of 2000 and subsequent Reauthorizations.

We promulgate contracting guidance to DoD's contracting community primarily through policies and the Defense Federal Acquisition Regulation Supplement (DFARS). The purpose of the DFARS is to provide the roadmap for the acquisition workforce to acquire the goods and services DoD requires to ensure America's warfighters continued worldwide success. At the Federal level, we participate in the Federal Acquisition Regulatory Council and work with the Office of Management and Budget's Office of Federal Procurement Policy, the General Services Administration, and National Aeronautics and Space Administration to manage the Federal Acquisition Regulation (FAR). The FAR provides uniform policies and procedures for acquisition by all Executive agencies.

The DoD CTIP program implements requirements of the Trafficking Victims Protection Act of 2000 and subsequent Reauthorizations in DoD Instruction 2200.01 Combating Trafficking in Persons (CTIP) Series (latest version September 2010). The Department of Defense policy has evolved over time. In 2004, the Secretary of Defense put forth his zero tolerance policy on Combating Trafficking in Persons, which was addressed to all DoD members – military, government civilian and contractor civilian. This was followed in 2007 by Department of Defense Instruction 2200.01, "Combating Trafficking in Persons," which requires the incorporation of provisions in overseas contracts that: a) prohibit any activities on the part of contractor employees that support or promote trafficking in persons and b) impose suitable penalties on contractors that fail to monitor the conduct of their employees. Due to the interagency nature of the policy, a

Federal Acquisition Regulation prescription and clause was developed and implemented as an interim rule in April 2006 and as a final rule in August 2007. Subsequently, the Federal Acquisition Regulation CTIP requirements were updated in 2009. The Defense Federal Acquisition Regulation Supplement at subpart 222.17 provides DoD contracting guidance to implement CTIP in DoD solicitations and contracts. This includes: 1) key policy references; 2) basic contract requirements; 3) Quality Assurance Surveillance Plans requirements; 4) information on where to find Geographic Combatant Commander related CTIP guidance when incorporating such requirements into the contract; 5) notification that the FAR clause cannot be deleted if its use is prescribed; and 6) actions the contracting officer must take when notified of a violation of the clause.

For Iraq and Afghanistan, US Central Command, through the Joint Contracting Command (Iraq/Afghanistan) and subsequently, its successor, the Joint Theater Support Contracting Command, has required that all services and construction contracts which require performance in Iraq and Afghanistan, incorporate into the associated solicitations and contracts, a local clause "Prohibition Against Human Trafficking, Inhumane Living Conditions, and Withholding of Employee Passports." This clause provides additional requirements that contractors must follow to protect its employees and subcontractors at all tiers. This includes:

(a) Reminding contractors of the prohibition contained in Title 18, United States Code, Section 1592, against knowingly destroying, concealing, removing, confiscating, or possessing any actual or purported passport or other immigration document, or any other actual or purported government identification document, of another person, to prevent or restrict or to attempt to prevent or restrict, without lawful authority, the person's liberty to move or travel, in order to maintain the labor or services of that person.

(b) Requiring contractors to comply with the following provisions: 1) Hold employee passports and other identification documents discussed above only for the shortest period of time reasonable for administrative processing purposes; 2) Provide all employees with a signed copy of their employment contract, in English as well as the employee's native language that defines the terms of their employment/compensation; 3) Do not utilize unlicensed recruiting firms, or firms that charge illegal recruiting fees; 4) Provide adequate living conditions (sanitation, health, safety, living space) for their employees. Fifty square feet is the minimum acceptable square footage of personal living space per employee. Upon contractor's written request, contracting officers may grant a waiver in writing in cases where the existing square footage is within 20% of the minimum, and the overall conditions are determined by the contracting officer to be acceptable. A copy of the waiver approval shall be maintained at the respective life support area; 5) Incorporate checks of life support areas to ensure compliance with the requirements of this Trafficking in Persons Prohibition into their Quality Control program, which will be reviewed within the Government's Quality Assurance process; and 6) Comply with International and Host Nation laws regarding transit/exit/entry procedures, and the requirements for visas and work permits.

(c) Advising the Contracting Officer if they learn of their employees violating the human trafficking and inhumane living conditions provisions contained herein. Put on notice that contracting officers and/or their representatives will conduct

random checks to ensure contractors and subcontractors at all tiers are adhering to the law on human trafficking, humane living conditions and withholding of passports.

(d) Requiring incorporation of the substance of this clause, including this paragraph, in all subcontracts under this contract.

More recently, DPAP, in coordination with the CTIP Program Manager, has taken additional actions to improve awareness and the effectiveness of DoD's CTIP Program as applies to contracting and contractors. A brief chronology and description of these efforts follows:

- DECEMBER 2007 - The Defense Contingency Contracting Officer's Guide initially published. It has been updated twice (last update in June, 2010) and exists in both print and electronic versions. Interim updates are published electronically. These guides have all included CTIP content.
- JUNE 2010 – The Defense Contingency Contracting Officers Representative (COR) Guide initially published electronically on the DPAP website, followed by a print version in December 2010. Includes CTIP content.
- FEBRUARY 2011 – DCMA Afghanistan created and published a more robust stand-alone CTIP Examination checklist used by CORs, Quality Assurance Representatives (QARs) and Government Product Representatives (GTPRs) on contracts delegated to DCMA for administration. Similar requirements for Iraq and Kuwait.
- AUGUST 2011 – DPAP released CTIP Brochure "Fair Treatment for All Workers: Supporting U.S. Installations Abroad." Printed copies shipped to C-JTSCC in Iraq and Afghanistan. Electronic copy posted to DPAP and CENTCOM Contracting Webpage.
- AUGUST 2011 - CTIP related guidance for contracting officers approved for addition to DFARS PGI at 207.1(b)(20)(C)(10) (planning guidance) and 222.170 (updated guidance and references).
- NOVEMBER 2011 – Pocket sized CTIP reference card produced, translated into 7 languages: Pashtu, Malay, Urdu, Thai, Tagalog, Arabic and Dari. Printed copies shipped to C-JTSCC in Iraq and Afghanistan. Electronic copy posted to DPAP and CENTCOM Contracting Webpage.
- NOVEMBER 2011 - The DoD amended DFARS PGI 222.1703 to update the link to the DoD CTIP webpage and also update the policy guidance to reflect the 2010 version of DoDI 2200.01 .
- DECEMBER 2011 – Added a CTIP Topic Section to the DPAP Contingency Contracting Webpage
- FEBRUARY 2012 - New contract administration function (S-73) for administering TIP added to DFARS 242.302. Associated language at DFARS 222.1703.
- MARCH 2012 - DoD publishes in Federal Register a proposed DFARS Rule "Alleged Crimes By or Against Contractor Personnel (DFARS Case 2012-D006)." Proposes to expand existing DFARS coverage currently applicable only to DoD contracts performed in Iraq and Afghanistan and make it applicable worldwide for contractors supporting contingency operations, humanitarian or peacekeeping operations, or other military operations or military exercises, when designated by the Combatant Commander. Expanding the coverage worldwide

will provide contractors the guidance they need to take actions should alleged offenses by or against contractor personnel occur.

DPAP will continue to work aggressively with the CTIP Program to support their efforts to improve visibility of and compliance with the Federal and Department of Defense CTIP Program among contracting officers and contractors worldwide. Two of my staff are members of the DoD CTIP Program Manager's Task Force. We participated in the development of the Department's CTIP Plan of Action and Milestones.

Contractors are paramount to the success of DoD's missions. Our efforts include initiatives for their compliance with DoD's CTIP policy. In October 2006, DoD published an anti-trafficking interim rule clause within the DFARS for contracts performed outside the United States. The clause required contractors to establish an awareness program to inform employees regarding TIP. The clause also required contractors to develop policy and procedures that prohibit any activities on the part of contractor employees to establish an awareness program to inform employees regarding TIP.

The Federal Acquisition Regulation was amended to include a TIP clause in 2009 that required the contractor to notify its employees of the US Government's zero tolerance policy toward TIP and to take appropriate action against employees or subcontractors that violate the policy. It did not require contractors to establish an awareness program for their employees. When the FAR rule was published, the DFARS Procedures, Guidance, and Information (PGI) Part 222, was modified to add a clause for contractors regarding DoD's zero tolerance policy and CTIP training program. A DFARS requirement, published in February 2012 the Federal Register, adds additional contract administration duties to maintain surveillance over contractor compliance with Trafficking in Persons requirements for all DoD contracts, as specified in the FAR clause 52.222-50 on TIP.

At the end of the 90's our nation implemented a deliberate strategy to reduce reliance on organic forces for combat and combat service support in favor of contracted support. However, during OIF/OEF, the rate of growth of contracted support challenged DoD's ability to put in place the overarching framework necessary to properly manage and control contractors in forward areas, including aspects related to management of their personnel on the battlefield. The growth of contracted service support resulted in a huge expansion of contractor personnel working and residing on forward operating bases, including many personnel from third country nations and local nationals. While traditionally contractors are responsible for the logistics support of their personnel stateside, the hostile environment in Iraq and Afghanistan dictated that DoD rapidly grow its capability to manage and control the masses of contractor personnel who now lived and worked on forward operating bases. DoD policies and doctrine associated with managing these contractor personnel continue to evolve. The Department takes seriously the responsibilities associated with countering Trafficking in Persons and the need to ensure we properly manage and oversee all contractor personnel authorized to accompany the force, regardless of origin.

I thank you for the opportunity to speak about the DoD's CTIP program and some of our DPAP initiatives to combat trafficking in persons.

Mr. LANKFORD. Absolutely, without objection.

Ms. Cooper.

STATEMENT OF SHARON COOPER

Ms. COOPER. Thank you, Mr. Chairman.

Good morning, Mr. Chairman and Ranking Member Connolly.

My name is Sharon Cooper and I am Director of the Defense Human Resources Activity. It is a field activity in the Under Secretary of Defense for Personnel and Readiness.

It is an honor to be with you this morning to discuss the Department of Defense Combating Trafficking in Persons policy, procedures and the way ahead. Trafficking in persons is a violation of human rights. It is both dehumanizing and cruel and has no place in the defense environment. The Department of Defense has been working to bring an end to this injustice since 2002 through training, education and regulation.

The Department requires all personnel to receive training on combating trafficking in persons. In 2011, over 1.2 million Defense personnel were trained. The Deputy Secretary of Defense, Ash Carter, just last week announced that we will begin training all contractors. The Program Office will begin working with AT&L, Mr. Ginman's office and also the Defense Acquisition University to start this training immediately.

The training is also supplemented through anti-traffic public service announcements over the Department's television/radio spots and the most recently designed mobile applications through iPhones and Blackberrys.

The Department's TIP Program office is manned by two dedicated personnel supported by 53 service and agency contacts with administrative support from the field activity. I am pleased to report that in the coming weeks, a Defense Contract Management Agency representative will be onboard to assist the Program Office in its outreach to all personnel to include contractor employees.

The Department is in the beginning stages of a strategic plan designed to implement practices to ensure contractor compliance and measures to protect workers under appropriate law. The details of this plan, which is a working document, were sent to the subcommittee last month. To work on the plan and to ensure its relevancy, a multiagency, multidisciplinary CONUS and OCONUS Task Force has been established. This task force will provide recommendations for improving the Department's current TIP practices to include more robust data collection, increased oversight and strengthen contract procedures. The first meeting of the task force is schedule for next week on April 4.

I have had the opportunity to read the legislation recently introduced, the End Trafficking in Government Contracting Act of 2012. To the best of my knowledge, the bill has not been reviewed by the Department. My view, however, is that many of these areas we are targeting in the strategic plan and that Mr. Ginman and I have been discussing can be found in the legislation. I am certainly supportive of all efforts to strengthen our ability to hold appropriately accountable all who allow or engage in TIP-related offenses and conduct.

In addition to the Strategic Plan, the TIP Program Office is working with DCMA to facilitate a visit to overseas locations to discuss with contractors and contractor employees. DCMA is our responsible body that is on the ground to oversee the Department's contract compliance.

There is more to do. I look forward to continuing to work with my partners in the Department of Defense and throughout the Federal Government to strengthen the Department's oversight and enforcement mechanism in support of the U.S. Government's zero tolerance policy against trafficking in persons.

Thank you again for the opportunity to update you on this important issue.

[Prepared statement of Ms. Cooper follows:]

Chairman Lankford, Ranking Member Connolly, and distinguished Members of the Subcommittee, thank you for the opportunity to testify on the Department of Defense's continued efforts to combat modern day slavery. I deeply appreciate the Committee's interest and support for the Department's efforts in combating trafficking in persons.

I am pleased to report that since the Department last appeared before you on November 2, 2011, we have undertaken a number of actions based on the Combating Trafficking in Persons (CTIP) Strategic Plan provided to Chairman Lankford in February of this year.

The CTIP Strategic Plan will focus on two major areas. The first area is monitoring contracts to enforce Trafficking in Persons (TIP) regulatory compliance as a preventative measure, so TIP abuses do not occur. The second area is monitoring contracts for non-compliance and taking appropriate remedial action.

To that end, we have completed the first two actions on the strategic plan:
1. Establish a multidisciplinary Task Force, made up of a Continental United States (CONUS) Team and an Outside of the Continental United States (OCONUS) Team to provide advice and recommendations for improving the current implementation, execution, and oversight of CTIP. The CONUS Team will consist of: Defense CTIP Program Management team - Acquisition, Technology & Logistics – Policy, Defense Contract Management Agency, Inspector General, Assistant Secretary of the Army for Procurement, Army CORP of Engineers, and U.S. Agency for International Development. The OCONUS Team will consist of: Central Command Joint Theater Support Contracting Command - Contracting & General Counsel, NATO Contracting - International Security Assistance Force & their Subordinate Commands, and U.S. Army Corps of Engineers Afghanistan Contracting.
2. Identify contracts that have indicators of possible non-compliance with and/or are in violation of the current Federal Acquisition Regulation & Defense Federal Acquisition Regulation TIP clauses.

Ultimately, the Task Force will develop courses of action to improve the Department's management of the contracting process for dealing with TIP, from the policy level to contract implementation on the ground.

The Task Force seeks to engage the Department of State chaired, TIP Senior Policy Operating Group (SPOG) for assistance. The Task Force will ask the SPOG Federal Acquisition Regulation working group to review the Task Force's work and provide advice and guidance as the development and implementation of the strategic plan proceeds.

The first Task Force meeting is scheduled for April 4, 2012.

In addition, as a result of standing up the Task Force an acquisition specialist will be added to the TIP Program Office to strengthen our expertise in this complex area.

In other efforts to combat trafficking in persons, the Department has enhanced our information campaign by producing new combating TIP Public Service Announcements (PSA) addressing both sex and labor trafficking. These PSAs are airing on the Armed Forces Network (AFN) on both television and radio at overseas locations, and the Pentagon Channel here in the United States. We also are continuously updating the Department's CTIP website (http://ctip.defense.gov) to communicate information regarding the Department's TIP training, events and links to other agencies' TIP websites and resources.

We are taking advantage of cutting edge training technology by expanding the availability of our individualized TIP General Awareness training through delivery on the latest mobile devices. The Department CTIP training is currently running on Apple, Android, and Blackberry devices. A full course conversion, as well as a streamline version, will run on any Internet accessible device. Information on this new training method has been made available through workshops, training sessions, emails, and websites in each Service, the Combatant Commands and Department Components. With mobile devices becoming more prevalent in the Department, this will provide another easy means of getting our training products to our personnel.

Our Combatant Commands continue to pursue cooperative efforts within their geographic areas of responsibility to combat TIP. For example, the US Pacific Command (USPACOM) convened an interagency forum to address the problems and increase awareness of human trafficking within the USPACOM area of responsibility. With regard to Filipino women being recruited to work in Korea bars, the United States Forces in Korea (USFK) personnel hold meetings with bar owners, the Philippine Embassy and Philippine women working as bar staff in Korea concerning Korean Immigration Law and the confiscating of employee passports. These efforts to identify possible trafficking victims by USFK law enforcement, in coordination with the U.S. and Philippines Embassies, has resulted in a noticeable reduction in the number of Filipino women working in bars outside USFK installations.

In conclusion, the Department continues to engage in a multifaceted operation to combat trafficking in persons. We continue our education and training programs to keep TIP awareness at a high level amongst personnel assigned to the Department, and are accelerating efforts to end overseas contracting abuses. Thank you, I look forward to working with the Congress in the future to address this important issue, and to your questions.

Mr. LANKFORD. Thank you, Ms. Cooper.

Ambassador Moorefield.

STATEMENT OF AMBASSADOR KENNETH P. MOOREFIELD

Ambassador MOOREFIELD. Good morning, Chairman Lankford, Ranking Member Connolly and distinguished members of the subcommittee.

Thank you for this opportunity to again discuss oversight reporting on combating trafficking in persons by the Department of Defense Office of Inspector General, a goal to which we all are vigorously committed.

Previous DOD IG assessment reports have resulted in the Secretary of Defense Policy Instructions that set forth clear DOD opposition to any activities promoting, supporting or sanctioning human trafficking and also provided guidance that assigned CTIP Program responsibilities across the Department. In addition, CTIP awareness training, which remains an annual requirement, was established for all service members and DOD civilians.

Most recently, in January 2012, DOD IG issued the last of three annual reports requested by the Congress on a sample of contracts or subcontracts under which there is a heightened risk the contractor may engage in acts related to trafficking in persons. These assessments covered, in annual sequence, the Pacific, Central and European and Africa Commands, areas of contracting operations.

One key observation from these reports was that the most current FAR clause was not properly included in a significant number of the contracts reviewed. Although some form of the CTIP clause was present in most contracts. We also observed the contract quality assurance plans did not always include reviews of contractor CTIP compliance, although the Defense Contract Management Agency had included CTIP in quality assurance inspections of contracts in the Central Command theater of operations.

Finally, we reported that DOD contracting officers were not being advised about TIP related criminal investigations once they were concluded by DOD law enforcement organizations, thus precluding subsequent consideration of administrative contractual remedies. The Department has taken or is taking corrective actions in each of these areas.

During this latter review, we identified best practices as well, such as the post contract award orientation reviews of FAR, CTIP clause requirements held by European Command contracting personnel.

In addition to the combat and command contract reviews, DOD has initiated an assessment of CTIP Program compliance and performance by DOD components. This review will also incorporate best practices and lessons learned for application by DOD worldwide, especially as they would apply to contingency contracting environments. We expect to issue that report in the April time frame.

Also, DOD IG has been conducting an assessment of the DOD CTIP Program in Afghanistan. Our team has examined 240 contracts administered by Army, Navy, Air Force and Defense agencies performed in Afghanistan. It found the current mandatory CTIP clause in 93 percent of the contracts reviewed, a significant improvement when compared to previous assessments.

During its Afghanistan field work this February, the team visited nine separate military installations, conducted 110 interviews with military commanders and contracting personnel, met with representatives from 10 U.S. and foreign contracting firms, and with 145 contractor employees, both Afghan and third country nationals.

The team learned of several incidents of alleged or confirmed contractor TIP violations. A DOD criminal investigation into a report of DOD contractor abuse is still ongoing. The team also was informed that an Afghan company under DOD contract had committed trafficking violations and as a result, the U.S. military contracting officer has recommended debarment.

Additionally, the team received information from third country nationals working on a DOD contract at a U.S. military base alleging they were living there in unsanitary conditions. The complaint was referred to DOD contracting authorities and the military base commander who initiated an immediate investigation.

The team also found that third country national personnel value the pocket-sized workers rights cards recently issued by DOD in their own languages and the public service announcements on TIP were regularly transmitted to DOD personnel by the Armed Forces Network and via social networking sites. However, the CTIP oversight challenge continues, particularly given the extent of reliance on contractors and TCN labor in Iraq and Afghanistan and even as that reliance begins to diminish.

The House and Senate CTIP legislation proposed recently will, I believe, enhance oversight, investigative capability and sanctions of violations.

In closing this morning, let me emphasize that the DOD Office of Inspector General remains committed to providing oversight support of the U.S. Government's zero tolerance policy against trafficking in persons. In this regard, we will continue to evaluate DOD's CTIP performance and compliance and report the results to the Congress and the Department of Defense.

I thank you again for this opportunity to discuss DOD IG CTIP oversight work.

Thank you.

[Prepared statement of Ambassador Moorefield follows:]

Chairman Lankford, Ranking Member Connolly, and distinguished members of the Subcommittee on Technology, Information Policy, Intergovernmental Relations and Procurement Reform:

Thank you for this opportunity to discuss past and ongoing efforts by the Department of Defense (DoD) Office of Inspector General (DoD IG) in the area of combating trafficking in persons (CTIP). The DoD IG previously presented testimony on oversight efforts concerning the topic of human trafficking in 2004, 2006, and before your subcommittee on November 2, 2011.

Completed DoD IG Efforts

DoD IG initiated its first assessment of DoD CTIP as a result of a May 31, 2002 request made by thirteen Members of Congress to the Secretary of Defense seeking a "thorough, global and extensive" investigation into the publicized allegation that U.S. military leadership in Korea had been implicitly condoning sex slavery at the hands of traffickers.

In response to those Congressional concerns, the DoD IG initiated an assessment project to assess efforts to combat human trafficking within the United States Forces-Korea. In addition, DoD criminal investigations of DoD contractors underway during this period led the DoD IG to expand its assessment focus to incorporate DoD and DoD contractor activities in the European Command theater of operations, in particular, in Bosnia-Herzegovina and Kosovo.[1] The two assessments recommended that the Secretary of Defense issue a policy statement that clearly and unambiguously set forth DoD opposition to any activities promoting, supporting, or sanctioning human trafficking.

Subsequently, on January 30, 2004, the Deputy Secretary of Defense issued a memorandum, "Combating Trafficking in Persons in the Department of Defense," that stated "It is the policy of the DoD that trafficking in persons will not be facilitated in any way by the activities of our Service members, civilian employees, indirect hires or DoD contract personnel." In addition, DoD established annual CTIP awareness training for all DoD Service members and civilians, which has been in effect since 2004. With respect to the trafficking in persons (TIP) issues raised concerning Korea, the Command has taken multiple actions to prohibit and prevent DoD military, civilian, and contractor personnel from patronizing establishments it had declared off-limits.

[1] "Assessment of DoD Efforts to Combat Trafficking in Persons, Phase I – United States Forces Korea," July 2003, www.dodig.mil/fo/Foia/H03L88433128PhaseI.pdf., and "Assessment of DoD Efforts to Combat Trafficking in Persons, Phase II – Bosnia-Herzegovina and Kosovo," December 2003, www.dodig.mil/fo/Foia/HT-Phase_II.pdf.

In 2005, the DoD IG initiated an evaluation of CTIP efforts across DoD in further response to the 2002 request from Members of Congress. The resulting report, issued in November 2006, recommended that the Office of the Secretary of Defense, the Military Services and Combatant Commands develop CTIP policy and program guidance, and that the military commands evaluate the effectiveness of their CTIP awareness training. In response to the report, in 2007, the Under Secretary of Defense for Personnel and Readiness issued DoD Instruction 2200.01, "Combating Trafficking in Persons," that established policy and assigned CTIP program responsibilities across the Department. The Under Secretary also created and filled the position of DoD CTIP Program Manager within that office. Additionally, the CTIP Program Officer for each DoD Component is required to report annually to the DoD CTIP Program Manager on CTIP training metrics and effectiveness.

The most recent oversight efforts conducted by the DoD IG were in response to Public Law 110-457, the "William Wilberforce Trafficking Victims Protection Reauthorization Act of 2008," signed on December 23, 2008. Section 232 of the Act required the Inspectors General of DoD, State and USAID to "...investigate a sample of ... contracts, or subcontracts at any tier, under which there is a heightened risk that a contractor may engage, knowingly or unknowingly, in acts related to trafficking in persons...." The Act also required the respective Inspectors General to submit a report to Congress, no later than January 15, for three consecutive years beginning in 2010.

The DoD IG consulted with the State Department's Office to Monitor and Combat Trafficking in Persons and selected for assessment four Combatant Commands with overseas responsibilities and contracting presence: U.S. Pacific, U.S. Central, and U.S. European, and Africa Commands, in that order. To date, the DoD IG has issued all three annual reports assessing these commands, the final one on January 17, 2012.[2] The reports primarily focused on whether the contracts sampled were in compliance with Federal Acquisition Regulation (FAR) requirements.

The contract sample in each assessment included all construction and service contracts within the respective combatant command's area of responsibility, with a place of performance outside the United States, a period of performance in FY 2009 or later, and with a total contract value of $5 million or greater. This provided a reasonable data set which particularly focused on labor-intensive contracts.

[2] IE-2010-001, "Evaluation of DoD Contracts Regarding Combating Trafficking in Persons," January 15, 2010; SPO-2011-002, "Evaluation of DoD Contracts regarding Combating Trafficking in Persons: U.S. Central Command," January 18, 2011; DODIG-2012-041, "Evaluation of DoD Contracts Regarding Combating Trafficking in Persons: U.S. European Command and U.S. Africa Command," January 17, 2012. For copies of the reports see http://www.dodig.mil/Inspections/IE/Reports.htm.

The U.S. Pacific Command CTIP report, issued on January 15, 2010, was based on a sample of 99 contracts with places of performance in the Republic of Korea, Japan, and the Territory of Guam. We found FAR clause 52.222-50, "Combating Trafficking in Persons," present in 93 percent of the contracts we reviewed. However, 42 percent of those clauses were added shortly before the site visit. Further, the team found that the Command's contract quality assurance reviews did not specifically include reviews of contractor TIP compliance and/or violations.

The DoD IG also recommended in that report that the Director, Defense Procurement and Acquisition Policy modify widely-used contract writing software to ensure that the FAR CTIP clause was automatically included in contracts or solicitations. We also recommended that the Defense Federal Acquisition Regulation Supplement guidance be updated to require CTIP oversight in contract quality assurance plans. The Director, Defense Procurement, and Acquisition Policy, initiated the software modification and, in January 2011, revised the relevant guidance.

In addition, the DoD IG team determined that contracting offices did not have access to an effective DoD process for obtaining TIP violation information from DoD criminal investigative organizations once their cases were closed, which would then provide the option of administrative contract remedial action. To address this issue, DoD updated DoD Instruction 2200.01, "Combating Trafficking in Persons (CTIP)", September 15, 2010, requiring the Secretaries of the Military Departments and Commanders of the Combatant Commands to "provide information on all known TIP cases to the USD (P&R) DoD Program Manager." However, providing timely, publicly releasable information on TIP-related criminal indictments and convictions to DoD contracting organizations remains a challenge.

The report on U.S. Central Command, issued January 18, 2011, was based on a sample of 369 DoD contracts performed in the Republic of Iraq, the State of Kuwait, the State of Qatar, and the Kingdom of Bahrain. We determined that a CTIP clause was present in 79 percent of the contracts reviewed.

The team also found that the U.S. Central Command Contracting Command had published its own supplement for inclusion in all service and construction contracts within the Command's area of responsibility to strengthen the FAR CTIP clause. This was in response to allegations received by the Command that some DoD contractors were providing poor living conditions or withholding employee passports.

However, the DoD IG team also identified a significant number of contracts where the Command supplement was mistakenly used to replace the required pre-existing FAR clause. The team recommended that the Commander, U.S. Central Command Contracting Command modify the guidance to clarify proper usage of both the FAR and

Command supplement CTIP clauses. The Commander concurred and issued modified guidance in September 2011.

The team also identified examples of proactive action taken by two DoD contracting commands in Kuwait, both of which had implemented a requirement to include CTIP compliance in contract quality assurance reviews. Further, Army Contracting Command-Kuwait had developed and implemented a CTIP questionnaire, translated into five common employee languages, as part of quality assurance audits.

In addition, the Defense Contract Management Agency (DCMA) in Kuwait had included CTIP-focused questions into a Theater Quality Plan for quality assurance contract audits reviewing contractor knowledge and understanding of CTIP clause requirements. DCMA representatives also provided reports based on periodic health and sanitation inspections they had conducted of employee camps in Iraq. In 2010, the DoD IG team visited several employee camps run by subcontractors in Iraq; the employees interviewed verified that DCMA personnel checked conditions on a regular basis. The team did not observe any living conditions in the camps that would constitute a violation of CTIP statutes or regulations.

The DoD IG report on the U.S. European Command and U.S. Africa Command[3], issued January 17, 2012, was based on a sample of 267 contracts executed in the Federal Republic of Germany, the Italian Republic, and the United Kingdom.

We found some form of a CTIP clause present in 70 percent of the contracts reviewed; however, only half had the current required FAR clause. We recommended the Military Departments correct the contracts identified as deficient in our review. The team also determined that three DoD contracting organizations specifically discussed the FAR CTIP clause during post-award orientations with contractors to increase awareness of CTIP programs.

In neither Combatant Command did the team find or have reported to it TIP violation incidents.

DoD IG TIP Investigations

There have been systemic obstacles which have hindered successful TIP criminal investigations, including jurisdiction limitations, foreign law enforcement capabilities, command investigative standards of evidence, and the challenges of evidence collection in contingency operation contracting environments.

[3] U.S. Africa Command is headquartered in Stuttgart, Germany.

In spite of these difficulties, since 2006 the Defense Criminal Investigative Service of the DoD Office of Inspector General has investigated 21 TIP-related allegations worldwide, resulting in five cases being referred to the Department of Justice, of which one was accepted for prosecution. The violation in the accepted case was determined to be centered more on fraud against immigrants than on human trafficking, and, in any case, did not have a DoD nexus. Therefore, the Defense Criminal Investigative Service closed its investigation. The case was pursued by local law enforcement organizations and the U.S. Immigration and Customs Enforcement of the Department of Homeland Security.

DoD Non-Appropriated Fund Organizations

During the DoD IG CTIP assessment of the U.S. Pacific Command in 2009, the team noted that non-appropriated fund entities were not required to include the FAR CTIP clause in their contracts. Therefore, we included an assessment of the Navy Exchange (NEX), and Army and Air Force Exchange Service (AAFES) CTIP policy and procedures within the reviews of the U.S. Central Command and the U.S. European and Africa Commands.

The DoD Resale Activities & Non-appropriated Fund Policy office within the Office of the Under Secretary of Defense for Personnel and Readiness has issued guidance to DoD Non-appropriated fund organizations reinforcing the application of trafficking in persons statutory requirements to their contracting activities.

The review of AAFES Europe identified that the Commander had issued a Manpower Associate "Bill of Rights," available in English and eight other languages, that subordinate organizations were directed to post on employee bulletin boards for easy access. The Commander also had established an employee passport possession policy to ensure that "contractors do not withhold the passports of TCNs [Third Country Nationals] working in our facilities."

In Kuwait during the 2010 field assessment, the DoD IG team observed AAFES passport checks and employee interviews first-hand while accompanying a contracting officer representative to several facilities. No CTIP violations were observed. The team also received a detailed briefing from the AAFES legal counsel outlining several additional TIP-related incidents and the contract remedies applied.

Ongoing DoD IG Assessments

A DoD IG team evaluating the DoD CTIP program in Afghanistan completed fieldwork in February 2012. The draft report will be provided to the Department for management comments within the next few weeks, and the final report is expected to be issued in May 2012.

The team examined 240 contracts administered by Army, Navy, and Air Force commands, as well as Defense Agencies in Afghanistan, and visited nine separate installations throughout Afghanistan. It conducted over 110 interviews with military commanders and contracting personnel, interviewed representatives from 10 U.S. and foreign contractors, and met with 145 contractor employees (Afghan and third-country nationals).

It is worth noting is that the mandatory CTIP clause was included in 93 percent (224 of 240) of the contracts reviewed, a significant improvement from previous Combatant Command assessments, including for the rest of U.S. Central Command.

During our fieldwork, the DoD IG team was made aware of an investigation recently conducted by the NATO International Military Police that had identified an Afghan company as involved in TIP violations. The case had been subsequently referred to the contracting officer, who took action recommending debarment. Additionally, the team was informed by third country nationals at one U.S. base that they were living in what could be adverse living conditions. We referred this complaint to the prime contractor, the U.S. contracting organization responsible for the administrative oversight of the contract, and the base commander/commandant, who initiated an immediate investigation.

In addition to and concurrent with the multi-year review of contracts required by PL 110-457, the DoD IG has self-initiated an assessment of DoD Component CTIP program compliance and performance. As of this date, we have reviewed CTIP policies, procedures, awareness, and implementation in over 70 DoD organizations, including responsible officials in the Office of the Under Secretary of Defense for Personnel and Readiness, and headquarters and major subordinate commands of the Military Services, Defense Agencies, and Combatant Commands. At each location, the team interviewed:

- commanders and staff responsible for the CTIP program,
- law enforcement personnel and legal counsel,
- contracting officers, specialists, and quality assurance specialists, contracting officer representatives, and
- representatives of contracting firms, and when possible, their employees.

This report is scheduled for final release in the summer of 2012.

November 2, 2011 HOGR Hearing

During the November 2 hearing before this subcommittee, the Deputy Inspector General for Special Plans and Operations was asked to provide recommendations for

improving CTIP compliance and enforcement. Our response, dated January 31, 2012, included suggestions designed to strengthen DoD TIP-related oversight, compliance, enforcement, and data availability and accuracy, to include:

- DoD Component Commanders and their Component Inspectors General could make CTIP a special interest item in Command inspections, assessments, or program reviews. Further, these special interest item inspections should include non-appropriated fund activities conducted by any DoD Component. Regular comprehensive reviews by DoD Components oversight agencies would increase Command awareness, improve policies, ensure the inclusion of required CTIP language in contracts, and verify contractor and subcontractor compliance.
- DoD could assess and centralize its TIP-related data collection with respect to: identification of the number of third country nationals supporting DoD contingency operations; consolidating contractual remedies applied in cases of TIP allegations; and identifying instances of criminal violations and sanctions.

Conclusion

The DoD IG remains committed to providing oversight support of the U.S. Government's "zero tolerance policy" against trafficking in persons. We will continue to evaluate the related DoD programs for compliance with relevant statutes, policies and regulations.

I thank you again for this opportunity to update you on DoD IG oversight of DoD actions to combat trafficking in persons.

Mr. LANKFORD. I thank all of you for the work and the focus on this. In our conversation before this hearing started, I told you this is not combative, this is trying to get all our heads together to figure out how to solve this. There are 19 different policies and procedures that previously exist and in our hearing in November, the conversation was though we have many policies in place, it continued still. We are still discovering it and where it is popping up.

Though we have zero tolerance, it has been a rare moment to see a suspension or debarment. I am glad to hear about that already moving forward at this point. It has been rare to get a chance to see the actual engagement. We seem to be zero tolerance in word but not always in action as we go through it.

Let me ask a quick question. The legislation that is being proposed, some of these ideas that came directly from some of you, things you saw to be strengthened. Where the gaps are is one of the thing we asked before with 19 different policies and procedures, what are we missing? Let me run through some of these things quickly and see if there is any one that would say there is an issue with this.

I understand you are not speaking somewhat in your official capacity though you are in a hearing because the agencies haven't made any official statement on this one way or the other, but just your personal perspective on it: certification for contractors, they have to certify they do have a process in place to prevent trafficking in persons; IG reporting, clarity of defining what trafficking includes instead of a broad definition, trying to get some specifics in it; penalty options and laying those out in greater clarity; and also extending legal protections to overseas contracts as it would be in the United States, extending that to the United States operations overseas.

Does anyone have a problem with any of those? That is the core of this piece of legislation. Do you want to make a comment on any of those?

Mr. Ginman?

Mr. GINMAN. I have no issues at all with the legislation that I read.

Mr. LANKFORD. Any questions, observations or anything on it?

Ms. COOPER. I would just like to reiterate that we welcome the legislation and that it seems like it will strengthen our ability to hold accountable those who engage in these acts.

Mr. LANKFORD. Accountability seems to be a big issue. As we discussed in the previous hearing as well, we are sending third country nationals back to their home country bitter at America rather than speaking of American values. That is the exact opposite of what we want to occur. We want goodwill spread across the world that they know if they come and work for Americans, they will be treated fairly, treated with honor and will take that same passion for liberty back into countries that struggle with the issues we can provide to them as a beacon of light. This is a very big issue for all of us and how we are going to take this on.

Mr. Ginman, let me comment on the zero tolerance connection because this is a common statement that everyone has mentioned. There as been a historic issue on that. Ambassador Moorefield mentioned that we have a debarment that is in process that has

been recommended. Do we know of other debarments for trafficking in persons that have existed? This has been something we have tried to investigate. How many suspensions and debarments are out there based on trafficking in persons that we know of, even in the last several years?

Mr. GINMAN. We have identified two referred to the suspension an debarment official in the Army. One was dropped for lack of evidence, so it was not substantiated, I think is the correct phrase. The other, the company was, in fact, debarred.

Mr. LANKFORD. That was recently?

Mr. GINMAN. I want to say it was in 2011.

Mr. LANKFORD. Ambassador Moorefield, this is another one you are discussing that is even more recent than that?

Ambassador MOOREFIELD. Yes, it is. Because it is an Afghan company, regardless whether or not it is an Afghan company, there is an appeals process which is apparently going to be triggered, so that is why we don't have a final determination. Frankly, the evidence seemed pretty clear to our team on the ground.

Mr. LANKFORD. That is a positive thing for us because one of the frustrations that Mr. Connolly and I both mentioned as we went through the previous hearing was there was a lot of conversation about it, there was a lot of sense of this is occurring, but we are not taking the next step to say, what do we do on just the very low threshold of suspension and debarment and start moving on that.

The training you mentioned as well, especially on the DOD side and State, let me again bring up something. I spoke with a United States Marine MP coming back from Afghanistan in October of last year. I asked them specifically about trafficking in persons and third country nationals, living conditions, and some of the dynamics. They spoke very frankly and honestly about the things happening in Afghanistan at their particular base. This was an MP who know what was happening, that knew the dynamics on the ground, who was very aware that many of these people had been trafficked.

My question to them was do you know where to report this? That MP said no. He was aware of it happening, but an MP on the ground in Afghanistan at one of our bases did not know where to report that. While training does need to accelerate, finding the people like the MPs, people who will notice it and see it so it is not just a broad brush of all employees and of all staff, people have a sense of feeling responsibility for that, to say it is my responsibility if I see to turn that in, not just I see, I don't know what to do about it, but that is still ongoing in that work. Ms. Cooper?

Ms. COOPER. Mr. Chairman, if I may, on training, we do have specific law enforcement training we are updating now to do exactly that. It is something we hope to get out very, very quickly. There are three types of training: the general training, a supervisor leadership training which is supplemental to the general training,; and then there is the law enforcement training that we are working on and now we will be having contractor training.

Mr. LANKFORD. That is terrific. Obviously that is an area we can get a chance to step up on then.

You also mentioned the task force that is meeting April 4. Ms. Cooper, can you give me more detail on that?

Ms. COOPER. The task force with the Strategic Plan, we decided rather than created something in a vacuum, we would have something that would be made up of different parts from the Department: AT&L, Policy, PNR and DCMA. We would also be working with the other people in the Federal Government to work both overseas and CONUS in the United States to look at contract policies, to look at best practices, to look at is what is in the DOD regulations now.

I have been working with Mr. Ginman and his staff to decide what it is and this task force will actually look at the thing we are doing. It really is a blueprint of what we want to do, it is a working document. Just since we sent the information to you in February, I have decided that data collection is something. I was reading what the IG said and the data collection is something we really need to focus on more so that we not only collect it but actually take the data we know and the cases we know and put them out to the law enforcement agencies and to the contracting offices so they know what is out there.

We are going to get a subcommittee working on the Defense Manpower Data Center that holds all of this data and how has the overseas contracting data which was just transferred to them earlier this year and they will be working with us on that. That is what we are trying to do with the Strategic Plan.

Mr. LANKFORD. I would like to recognize Mr. Connolly for questions.

Mr. CONNOLLY. Thank you, Mr. Chairman, and thank you all for being here.

Listening to the testimony, it sounds like we have made a lot of progress on getting the policies in place that are right, upgrading the training so that the awareness is hopefully universal, and helping people understand what constitutes compliance.

I am still focused on implementation because frankly, if the message doesn't get out on the field, if people kind of turn a blind eye and it is enforcement by complaint rather than proactive enforcement, if people knew the United States Government is going to be the scourge of God, the one thing you don't want to do ever, is even look like there could be an instance of human trafficking because we will come down on you, like I don't sense that is yet the standard.

That has to do with implementation. It also, of course, is a function of resources. For example, are we randomly and routinely checking housing for people who have been hired by contractors and subcontractors in our overseas operations to satisfy ourselves that bad things are not going on, that it is not substandard housing, but also oh, by the way, the more pernicious aspects particularly of this subject are not occurring? Let me start with you, Ambassador Moorefield.

Ambassador MOOREFIELD. The Defense Contract Management Agency has included housing inspections as part of their regular, periodic inspections of third country national living conditions. We are reasonably confident that it is, both in Iraq and Afghanistan, getting an overview.

One of the things we noted in the recent Afghanistan assessment is you have an estimated 35,000 employees spread across a very

large country in many different sites. Moreover, there is regular turnover of those employees, so I think one of the things we deduced from this is that you need to step up probably the periodicity of that oversight because things may be kosher right now and six months from now, the situation may have changed, contractors change and turnover.

You have Afghan contractors also now in the mix using third country national employees, so the challenge has not diminished. If anything it has slightly stepped up, so we will make sure we share anything we have learned that could be of constructive value to the Department in this respect.

Mr. CONNOLLY. These are unannounced inspections?

Ambassador MOOREFIELD. Frankly, I don't know the answer to that question.

Mr. CONNOLLY. Wouldn't you agree that sort of would be important so that we are all on our toes?

Ambassador MOOREFIELD. Yes, I would agree. They are unannounced.

Mr. CONNOLLY. Okay, they are unannounced. What about the State Department in this respect?

Ms. KLEMSTINE. I can address that on two points. First of all, our recent follow up of last year's 2011 report where we had indications of TIP violations, we have gone back to those Arab States and we found that in some cases, the housing had improved, but in other cases, the housing got worse. We are going to report on that and expect to issue a report in May, but we were kind of dismayed to find out that conditions in some places had, in fact deteriorated.

In addition to that, we have an ongoing effort where we are doing what we call surprise spot checks. This has also been agreed to by the Ambassador in Afghanistan and he wholeheartedly has supported this idea. We have run into some roadblocks lately because of travel restrictions within the country but our plan is to go and do spot checks. We have a list of contractors and as soon as we have clearance to get to some of the sites, we plan on doing that.

Mr. CONNOLLY. Let me ask both of you while I have a little time, both the Pentagon and the State Department, you can decide who wants to answer, in our previous hearing, the inference was drawn that when look you at metrics, how many cases have been referred for criminal prosecution? I think the State Department was zero and not much better for the Defense Department.

When you look at the recommendations for debarment or suspension, we are celebrating one. We have thousands, tens of thousands of contractors and subcontractors. I don't want an arbitrary metric, make sure your number is up, but the fact it would be close to zero suggests we are not taking implementation and enforcement as seriously as we could because that is the ultimate hammer we control, prosecution and status of ability to affect contract or subcontract with the Federal Government.

In the brief period we have, I would be interested in hearing from this panel what can we, what must we do to toughen up that enforcement and to have more rigorous metrics so the word gets out that we mean what we are saying?

Mr. GINMAN. On Ambassador Moorefield's comment, in the theater, they are done on an unannounced basis. On our LOGCAP contracts, it is done bimonthly and on our other contracts, it is done monthly. DCMA, in fact, looks at all contractors and all subcontractors if they are within what we call the wire, inside the bounds, of a FOB.

In February of last year, DCMA expanded their costs to expressly go ask the questions and take a look at what is the housing and where it is. It is the Department's preference that when we find issues, we want them corrected. They have a process within the Contract Management Agency called Corrective Action Reports that if something is identified rather than to immediately throw it into prosecution, we would much prefer whatever the issue is be corrected and move on as opposed to looking to do that.

Mr. CONNOLLY. Mr. Ginman, if I could just interrupt, if the Chair will indulge.

Mr. LANKFORD. Absolutely.

Mr. CONNOLLY. I understand that as a modus operandi and it is a preferable modus operandi, of course, but when you are talking about human trafficking, if you stumble upon a situation where a contractor or subcontractor working for us is running a brothel and has lured women from a third country under false pretenses and, by the way, made them pay for the privilege of it, that to me isn't corrective action, that is you are out of here. We are going to help liberate these women and we are going to make sure you can never do business with or for the United States Government again.

Mr. GINMAN. In every circumstance, it would be as you just described, I would absolutely agree it should be passed to the Criminal Investigative Division.

Mr. CONNOLLY. Has it been?

Mr. GINMAN. To my knowledge, when things are found that are, in fact, illegal, they are passed to the investigative groups, either NCIS to CID, to the Air Force or to the Defense Criminal Investigative Division.

Mr. CONNOLLY. I would just remind you that in our previous hearing in November, the undisputed testimony we received undisputed was that almost never happens.

Mr. GINMAN. What I don't have insight to, to Ms. Cooper's comment on collecting of data, how many have been referred. That is not data we do have. I don't have insight into the investigative arms as to the outcome, did they investigate, did they find something or not. On the policy side, we don't have insight to what goes on.

Mr. CONNOLLY. All right, but I hope you understand where I am coming from. I am all for getting the policy right and it sounds like we are doing that but it has to be backed up top enforcement. Otherwise, it is meaningless.

Mr. GINMAN. I agree with that. The Chairman asked me before the hearing started about things we looked at recently that were not addressed before. The certification requirement you have in your legislation I think goes a long way to have certification. In looking at what was our first opportunity, at least from a contracts perspective, to determine where the hiring practice is inappropriate to start with.

We have a requirement before U.S. contract personnel or TCM contract personnel go into theater to go through what we call a reception center. We have not been asking the question at the reception centers specifically as third country nationals are coming in, how were they hired and where were they and ensuring they are given the brochure we filled out, ensuring they have a labor contract.

In talking with DCMA, we are going to look to now make that a requirement so we have a better opportunity but I don't have insight, and what we haven't been able to think through as an approach, is if somebody is hiring in India, in Malaysia or in an overseas environment, how do we look at that hiring practice and how that is done? Our first real opportunity to touch will be when the third country national shows up at a reception center and asks at that point in time. We intend to go down and add that to our bag of tricks to be able to do that.

Mr. CONNOLLY. Thank you. Thank you, Mr. Chairman, for your indulgence.

Mr. LANKFORD. Absolutely.

Let me just ask a couple questions of State as well.

One of the things we have pursued, and we talked about it at length in the November hearing, was the recruiter fees. That seems to be where we are running into people in debt bondage. Basically, no matter what you ask when they arrive, they know they have to stay here, they have to work this off because they have a tremendous debt back home and can't afford to mess up because they are trapped at this point.

State is recommending, if I am picking up from your recommendations, no recruiter fees at all. Several countries allow some minimal amount of recruiter fee in their law or maybe up to one month of their salary. You are recommending a no recruiter fee at all at that point, did I hear that correctly?

Ms. READ. Yes, and in the procurement PIB that just came out yesterday from our procurement executive, he notes that contractor and subcontractors shall only use bona fide, licensed recruitment companies. All that has to be submitted in writing and it would state in the offer, this would be the recruited employee, would not be charged recruitment or any similar fee.

Mr. LANKFORD. Licensed by the country of origin or licensed by us?

Ms. READ. It must be by the country of origin. We just got this yesterday, so we are just going through this. Any contract exceeding $150,000 where performance will require the recruitment of non-professional, third country nationals, any offeror is required to submit a recruitment plan as part of the proposal. This isn't suggested, this is a shall, which we are very pleased about, and also a housing plan which is also one of the difficult areas.

Mr. LANKFORD. The housing plan, basic stipulation for space or for availability? What is the basic criteria on the housing plan?

Ms. READ. Submitting acceptable plans as appropriate and living conditions, we are going to our overseas building operations inspection protocol for inspection of temporary labor camps. Inspections shall be coordinated with the RSO, should include a commonsense

living evaluation into conditions taking into account local standards.

Mr. LANKFORD. What about the contracts and rights in their native language as well as English?

Ms. READ. That is there as well. There is the whole housing plan. Contractors shall provide all employees with a "Know Your Rights" brochure and document that employees have been briefed, here is the English version and contractor shall provide employees with signed copies of their employment contracts in English and the employee's native language.

Mr. LANKFORD. That is new as well?

Ms. READ. That is brand new.

Mr. LANKFORD. Because there was some consideration, DOD has tried to take that on as well; State seems to be fairly recent in trying to add that, in their native language as well as in English. That is good to hear.

Tell me about the role of the course and the follow up. That came from everyone at this point, to try to do the follow up on that because I agree with Mr. Connolly, it is great to have the policy on that, it goes back to our zero tolerance policy, but it doesn't matter if we actually never prosecute and go through the process, if we don't have someone to follow up on it.

Again, when I was in Afghanistan back in December, I asked some contract officers on the ground, who is following up on this to try to get the process and see what is happening with it for the CORs who were there, how is this happening in real life?

Ms. READ. I will take that one. For State, it is a three-prong approach. It is the contracting officer at the COR, then we also consider it a management initiative. The contracting officers travel frequently all the time to Iraq and Afghanistan. For Iraq specifically, for the Diplomatic Security Corps and also the overseas building operations, we have the COR, before they go out in theater, meet with the respective contracting officer and also at a higher level, one of my division directors.

Before they are ever nominated for COR, these are our top notch CORs that go in the field, they all meet together. We go over trafficking in persons, we assist whatever questions they may have. They also are updated with COR training if they so need it, they may actually be up to date and don't need a refresher, and they actually live on the man camps, both in the Afghanistan diplomatic security end and also in the Iraq man camps.

We implemented all contracts, we double check, they all have the TIP clause in them and then when my contracting officers go on travel, which there are no real announcements but everyone knows with the country clearance they are coming in, they hit all of those posts, all those places in Iraq, so Diplomatic Security CO can visit an OBO man camp and in fact, that is how we discovered the one problem in Iraq that we had. COR came back, said we have substandard living conditions, not necessarily a TIP but substandard living conditions.

Mr. LANKFORD. Ms. Klemstine, is this the one you are referring to or a different one?

Ms. KLEMSTINE. No, the one I am referring to is in neither Afghanistan nor Iraq, it is another Middle East country.

Mr. LANKFORD. We will come back to that. I am going to let you finish.

Ms. READ. The COR came back to the one of my COs and said, we have a living condition issue here, it is substandard. We reached out to the vendor, who was an American prime who had a subcontract in-theater, and we said, fix it now. My CO was having to travel two days later. The CO got on the ground, it wasn't fixed and we shut down the man camp. We referred it and right now, it is pending with our suspension and debarment official. They can revisit it to look at contingencies there.

Unrelated to that but somewhat similarly related, we ended up TforD'ing that prime contract because they could not proceed. They had failure to make any sort of forward movement. That one is not suspended or in debarment yet. We issued the note from the procurement shop and that one is ongoing.

What I believe is only because the COR knew what to look for and related back immediately to the CO back here and then that CO traveled out, that was our two prong. What I do at my level, and I think it is very important, is we bring in all the vendors, all of our IDIQ contractors for diplomatic security, we did this a month ago, at the highest levels, they are CEOs and COOs, and we discussed issues.

We discussed how often they have compliance officers come into their corporation and they are visiting, so they come in quarterly; we talked about TIP on the field and we warned them in a nice, firm manner that if there are any issues, they will not be around.

Mr. LANKFORD. We would appreciate that in a nice, kind manner as well, that you would pass that on because this is not something we need to export, people bitter at the United States of America back to their third world countries. It just doesn't share our values.

Ms. Klemstine, you mentioned and I want you to give more detail, you said it is not in our contingency theater at all.

Ms. KLEMSTINE. No. During our follow up review, one of the countries we went to was Saudi Arabia. Previously reported on living conditions in Riyadh and time, we found the conditions had improved in Riyadh but had deteriorated in Dammam.

Mr. LANKFORD. Are there things you would want to be able to respond to from your report, give us an advance on it?

Ms. KLEMSTINE. I would rather wait a little bit because the report is still in the process of being reviewed.

Mr. LANKFORD. Okay, so you are going to leave us out there in suspense?

Ms. KLEMSTINE. Yes.

Mr. LANKFORD. We will take that. Are there other comments from other folks here?

Ambassador MOOREFIELD. I would just add one thing, Mr. Chairman. We looked at some recent statistics regarding investigations conducted by our Defense Criminal Investigative Service, which is part of DOD IG, and out of 21 investigations they have conducted, 16 were in OCO countries. Of those 16, 3 were presented to the Department of Justice.

I can't respond to what happened to them at Justice, that is of course, internal to them, but 16 cases investigated in OCO countries out of 21 and 3 referred to the Department of Justice.

Mr. LANKFORD. Mr. Connolly?

Mr. CONNOLLY. Thank you, Mr. Chairman.

I am just going to ask one question but Mr. Chairman, we are going to work up some questions about metrics and I would like to do it jointly with you, if you like, and would ask the witnesses to get back to the Committee in writing or by email with respect to those questions with a little more depth on metrics so we are creating a baseline.

Ambassador CdeBaca, other than your testimony, you have not said anything in this panel. Your portfolio is in human trafficking?

Ambassador CDEBACA. It is, sir, although I think since our contracting professionals are carrying a lot of the weight, I am content to wait to be called on.

Mr. CONNOLLY. Well, I am calling on you. My one and only question is to give you an opportunity to share your insights with us in light of what you have heard and the questions coming from us in terms of the nature of the concerns we, in Congress, have and I am very gratified at the testimony today in terms of we clearly share common objectives and that is good but I want to give you an opportunity and that is my one and only question, Mr. Chairman.

Ambassador CDEBACA. Thank you, Mr. Connolly.

One of the things that struck me as I was listening to the other panelists was in last year's trafficking report, we actually had a sidebar on optimal regulatory approaches for labor recruiting, not specific to government contracting, but labor recruiting in general. That can be the folks that are building those high rises in the Gulf, those could be folks coming to work for folks as a nanny in another country.

Ticking those off, not only do I hear a lot of that from the other panelists in reviewing the draft legislation, with the caveat that we don't have official positions on it, that notion of the recruitment fees being dealt with, that there is actual competition among the recruitment agencies so that it has better services offered to the workers, enacting criminal laws that penalize fraudulent recruitment, imposing sanctions on private recruitment agencies that break the law, have compensation mechanisms for the workers, vigorous investigation, and adequate complaint procedures to actually identify and examine allegations of violations.

That is not only the optimal approach we are suggesting for the rest of the world, but in the legislation that has now been introduced, I think it is something hopefully will bring the United States to the level we are suggesting to other countries. We very much appreciate that.

As a former prosecutor that did human trafficking cases, I think the expansion of the exterritorial jurisdiction to make it clear that the fraud and labor recruiting provision of the 2008 Trafficking Act, which was such an important addition to the arsenal of the federal prosecutors, making sure that is available because it does get a bit murky when you are talking about the TCNs, especially if they are on a military base in a place where there are restrictions of movement applied to everyone. Things we would normally use as evidence of enslavement, were that to happen in the United

States, may be present for everyone on that base, as far as not being able to come and go.

This opportunity to also use the fraudulent recruiting and take that step back and really have the protections in there seems to be a good one. I will defer our colleagues at the Department of Justice as to what their official response is to that provision, but I would have very much appreciated having that when I was a prosecutor.

Mr. LANKFORD. Mr. Kelly is recognized.

Mr. KELLY. Thank you, Mr. Chairman.

I really would just like to take this opportunity, first of all, to thank you for H.R. 4259. I think one of the things in being elected and coming to Congress is that you start to find out about things you never would have known about in your private life. I thank the panel for being here today too.

These hearings really give us an opportunity to present a picture that most of our fellow citizens have absolutely no idea even exists, almost to a point that we have become naive or believe that the rest of the world really operates at a much higher level of decency than what I have come to know. I know we share a lot of these same concerns.

I–90 in the upper part of the district that I represent is one of the areas where a lot of this trafficking takes place. I know we are talking now about DOD and labor people being brought in but the frequency and the overwhelming number of people involved in this is so appalling to me and the fact that it has become such a huge part of a business model where people are used as chattel property throughout the world is appalling, appalling to most of us as Americans and yet it happens with such great frequency and has such a cost in the human condition.

I applaud you for what you are doing, I thank you for having this hearing and Mr. Connolly, these are the things that we really can make a difference in, and what you are doing really makes a difference to the rest of the world. Those the United States is taking a lead in, we are starting to talk about these things in such an open forum and from a platform that really needs to be spoken from much more often.

Again, I just wanted to take the opportunity to thank you, Mr. Chairman, for your piece of legislation and Mr. Connolly, thank you, and to say this is something that keeps you up at night. It is one of those things where you get really tired and fall asleep but you wake up in the middle of the night and say, we have to be able to fix this, we have to be able to do something. It is not just something we need to do, it is something we absolutely have to do.

I thank you all for being here and for being on the panel and making more Americans aware of what is going on.

Thank you, Mr. Chairman, and I yield back.

Mr. LANKFORD. Thank you.

It is a reminder that the American value is not the same as the rest of the world so when we hire a foreign contractor or subcontractor to be able to come in and provide labor, we have to be diligent to make sure they share our values and how they bring in a workforce. I do appreciate that.

Talk is cheap and we have had multiple moments of discussing it to death. I am glad to be able to hear the actions you all have

already taken and will continue to take. We are looking for a partnership from you to say you are going on the ground working on this all the time, you are face to face with the people and have the accountability for it. I appreciate your diligence and focus on it.

We need to know what we can do to help to continue to send the message and also provide legislation that says we do want to help support this and make sure we are exporting our values around the world when we interact with people from around the world who work with us.

With that, thank you very much for your testimony and your time.

We are adjourned.

[Whereupon, at 11:34 a.m., the subcommittee was adjourned.]

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