

STATUS REPORT ON THE TRANSITION TO A CIVILIAN-LED MISSION IN IRAQ

HEARING

BEFORE THE
SUBCOMMITTEE ON NATIONAL SECURITY,
HOMELAND DEFENSE AND FOREIGN OPERATIONS
OF THE

COMMITTEE ON OVERSIGHT
AND GOVERNMENT REFORM
HOUSE OF REPRESENTATIVES

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CONTENTS

	Page
Hearing held on October 12, 2011	1
Statement of:	
Kennedy, Patrick F., Under Secretary for Management, U.S. Department of State; Alexander Vershbow, Assistant Secretary for International Security Affairs, U.S. Department of Defense; and Alan F. Estevez, Assistant Secretary for Logistics and Materiel Readiness, U.S. Depart- ment of Defense	5
Estevez, Alan F.	24
Kennedy, Patrick F.	5
Letters, statements, etc., submitted for the record by:	
Estevez, Alan F., Assistant Secretary for Logistics and Materiel Read- iness, U.S. Department of Defense, prepared statement of	26
Kennedy, Patrick F., Under Secretary for Management, U.S. Department of State, prepared statement of	8

STATUS REPORT ON THE TRANSITION TO A CIVILIAN-LED MISSION IN IRAQ

WEDNESDAY, OCTOBER 12, 2011

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON NATIONAL SECURITY, HOMELAND
DEFENSE AND FOREIGN OPERATIONS,
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM,
Washington, DC.

The subcommittee met, pursuant to notice, at 10:01 a.m. in room 2154, Rayburn House Office Building, Hon. Jason Chaffetz (chairman of the subcommittee) presiding.

Present: Representatives Chaffetz, Tierney, and Quigley.

Staff present: Thomas Alexander and Richard A. Beutel, senior counsels; Brien A. Beattie, professional staff member; Molly Boyd, parliamentarian; Mark D. Marin, director of oversight; Rafael Maryahin, counsel; Cheyenne Steel, press assistant; Nadia A. Zahran, staff assistant; Ashley Etienne, minority director of communications; Carla Hultberg, minority chief clerk; Paul Kincaid, minority press secretary; Adam Koshkin, minority staff assistant; and Scott Lindsay and Carlos Uriarte, minority counsels.

Mr. CHAFFETZ. Good morning. The committee will come to order.

I would like to begin this hearing by stating the Oversight Committee's mission statement.

We exist to secure two fundamental principles. First, Americans have the right to know 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 get from the government.

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

I would like to welcome everybody to this hearing. It is entitled, "Status Report on the Transition to A Civilian-led Mission in Iraq."

I would like to welcome Ranking Member Tierney and other members of the subcommittee and thank members of the audience for their participation and attendance here today.

Today's proceedings continue the subcommittee's effort to examine the challenges facing the Defense Department and the State Department as they transition from a military-led to a civilian-led

effort in Iraq. This is the subcommittee's second hearing on this matter.

On November 17, 2008, the Bush administration and the Government of Iraq signed a Status of Forces Agreement which set a December 31, 2011 deadline for the departure of all U.S. military forces from Iraq. To date, the Defense Department has redeployed thousands of troops and dramatically reduced its footprint. From all outward appearances, the Department seems to be hitting its benchmarks.

As they draw down, the State Department is increasing its footprint. To fill the void left by the Defense Department, the State Department will hire thousands of private contractors to complete the mission. In all, the State Department's footprint will balloon to approximately 17,000 personnel. According to the Government Accountability Office, the GAO, nearly 14,000 will be private contractors.

These contractors will perform a wide range of tasks including life support services and logistics. They will also recover downed aircraft and personnel, dispose of ordinance and transport personnel. The State Department will also hire a private army of nearly 7,500 security contractors to do everything from guarding the walls and gates to guarding VIP convoys and flying UAVs.

While they will have the ability of sense and warn of incoming ordinance, they will not have the ability to shoot it down. I find this puzzling and would like to discuss this further.

As the Defense Department winds down, the State Department is ramping up in what may be more of a political shell game than a draw-down of forces. When President Obama tells the American people that forces will be out of Iraq, I am not sure the average American understands that the troops will be replaced with a private army of security contractors.

Nevertheless, the State Department faces a daunting and unprecedented challenge. Many have expressed doubts as to whether the State Department will meet the December 31st deadline and whether it can oversee the administration's surge in private contracting. According to the GAO, the State Department "has acknowledged that it does not have the capacity to independently acquire and oversee the scale and nature of contracted services needed."

The Commission on Wartime Contracting has also expressed tremendous concern. Last July, it wrote that despite interdepartmental efforts "the current planning for the Defense to State transition of vital functions in Iraq is not yet adequate." On March 1st, Commissioners Grant Green and Michael Thibault testified before this subcommittee. When asked whether the State Department was ready, they answered no. They explained that it has neither the funds to pay nor the resources to manage the thousands of additional contractor employees.

Last week, six of the eight Commissioners testified before the full committee about billions of waste, fraud and abuse in contracting, something in the range of \$30-\$60 billion. They warned that the State Department is struggling to prepare requirements for contractors and to effectively oversee them.

In other words, it appears the State Department has not made enough progress to ensure a smooth transition. I hope it has a different message to convey this morning. A commitment from Ambassador Kennedy that the State Department will be fully capable on January 1st would be a great start.

On a related matter, I would appreciate it if the Defense Department would clear up some confusion surrounding its draw-down. There have been numerous reports that President Obama may order thousands of combat troops to remain in Iraq at the Iraqi Government's request to conduct training of the Iraqi military.

While I understand negotiations are ongoing with the Iraqi government, I believe the American people have the right to additional clarity on how many troops will remain and what their mission and legal status will be. The Iraqi Government has said that it will strip away any U.S. troops that remain next year of the limited legal immunity that they currently enjoy. No one here wants to see brave American soldiers prosecuted in Iraqi courts for defending themselves from insurgent attacks. Our troops should have the same legal protections on January 1st as they did on December 31st. It is the President's obligation to see that they do. With only 2½ months, the administration must work quickly to get this done.

We have a distinguished panel here today that has been very involved in this and I appreciate each of your gentlemen joining us here today. I look forward to hearing from this panel of witnesses.

I would now like to recognize the distinguished ranking member, the gentleman from Massachusetts, Mr. Tierney, for his opening statement.

Mr. TIERNEY. Thank you, Mr. Chairman.

Our current military operations in Iraq, Operation Iraqi Freedom, as we all know, began on March 20, 2003 when President Bush ordered the invasion of Iraq. I can remember, as many of you probably do, watching it on television. I watched with great trepidation, based on the weaknesses of the administration's case for striking in the first place.

Since then, our brave men and women in uniform have fought hard to help return the country to civilian rule. After heroic sacrifices over 8 years, that has cost over 4,000 American lives and nearly \$1 trillion, the men and women of our armed forces can leave Iraq with their heads held high. I am not so sure about those policymakers who made the decision to put their lives and America's treasure at risk.

We are now ready to enter the next stage of our efforts in Iraq. In 2008, the Bush administration agreed to withdraw all U.S. troops from Iraq by the end of 2011. The Obama administration has tried to stick to that agreement and indicates that it is on track to meet that deadline. I think that is what we will explore here today.

The State Department has been charged with the responsibility for supporting the stability and development of Iraq once the military has left. Now the task is to make sure that our military's efforts are not squandered and that Iraq's fragile stability is not lost. Let me be clear, I strongly support the draw-down of military forces in Iraq and the transition to a civilian-led mission.

I understand the extraordinary burden this will put on the State Department, particularly since some who seem to be complaining most about the transition and whether or not it will work are the ones who voted against reducing the State Department's budget which is sort of a contradiction in the situation.

Our role today should not be to blame the State Department for the military to civilian transition that been in process for 3 years and is required by a bilateral agreement with the sovereign nation of Iraq. Rather, our committee's role should be to press for greater management and oversight of the resources that State will be deploying in the name of the United States.

This is our third hearing on this topic in the last year under both the Democratic and Republican majorities in the House. By most accounts, State has made important progress and is now ready to assume the mission. I want to acknowledge State for its hard work in preparing for the transition.

Still, today I would like to address one ongoing concern I have about the continuing use of private contractors in war zones. Just last week, the full committee held a hearing on the Commission on Wartime Contracting's final report to Congress. At that hearing, the Commission raised significant concerns about the future role of private security contractors who will be employed by the State Department after the military leaves Iraq.

At the hearing, Commissioner Robert Henke highlighted a recently adopted Office of Management and Budget policy memo that for the first time addresses the proper role of security contractors in combat zones. The policy memo embraced a risk-based analysis to determine what functions are inherently governmental and what functions can properly be delegated to a contractor. It is an important step in the right direction.

The memo continues by defining specific examples of inherently governmental functions that should never be performed by a private contractor. Notably it found, "Security operations performed in environments where, in the judgment of the responsible Federal official, there is significant potential for the security operations to evolve into combat" should be considered an inherently governmental function.

I would like to hear from our witnesses today, and specifically Ambassador Kennedy, about the intended role of security contractors in Iraq after the transition. I would like you to specifically address OMB's guidance that was cited by Commissioner Henke.

In his written statement today, Ambassador Kennedy said the Department of State will employ approximately 5,000 private security contract employees in Iraq. I agree with his assessment but this is a significant number. Beyond the number of security contractors that will be employed in Iraq, I am concerned about the specific functions these contractors will be expected to perform.

For example, I understand the Department will employ a number of contractors to be responsible for rapid response to security situations in the field in addition to the stationary security forces who will be responsible for protecting the Embassy. These rapid response forces will be responsible for emergency response including securing State Department employees in the case of an attack.

To my mind, this situation will almost certainly require the private security contractor to engage in combat. I think any reasonable person would see that to be in direct conflict with the OMB policy memo and therefore an improper use of private security contractors under that guidance.

Ambassador Kennedy, I look forward to hearing how the Department plans to deal with this issue and others. I want to thank all of our witnesses once more for showing your interest here today.

Mr. CHAFFETZ. Thank you.

Members will have 7 days to submit their opening statements for the record.

I would now like to introduce our distinguished panel. We have Ambassador Patrick Kennedy, the Under Secretary for Management, at the Department of State. Ambassador Alexander Vershbow is the Assistant Secretary for International Security Affairs at the Department of Defense. Mr. Alan Estevez is the Assistant Secretary for Logistics and Materiel Readiness at the Department of Defense.

Pursuant to committee rules, all witnesses are to be sworn before they testify, so I would ask you to please rise and raise your right hands.

[Witnesses sworn.]

Mr. CHAFFETZ. Thank you. Let the record reflect the witnesses answered in the affirmative.

In order to allow time for the discussion, please try to limit your opening testimony to 5 minutes but we will be fairly generous with those 5 minutes. It is also my understanding that the Department of Defense will issue a joint verbal statement that will be given by Mr. Estevez.

I would like to start with Ambassador Kennedy. You are now recognized for 5 minutes or little bit more if you need it.

STATEMENT OF PATRICK F. KENNEDY, UNDER SECRETARY FOR MANAGEMENT, U.S. DEPARTMENT OF STATE; ALEXANDER VERSHBOW, ASSISTANT SECRETARY FOR INTERNATIONAL SECURITY AFFAIRS, U.S. DEPARTMENT OF DEFENSE; AND ALAN F. ESTEVEZ, ASSISTANT SECRETARY FOR LOGISTICS AND MATERIEL READINESS, U.S. DEPARTMENT OF DEFENSE

STATEMENT OF PATRICK F. KENNEDY

Mr. KENNEDY. Thank you, Mr. Chairman and Ranking Member Tierney.

Thank you for inviting me to update the State Department's progress in transitioning from a military-led to a civilian-led presence in Iraq, from DOD's mission to State's mission. I ask that I be permitted to submit my full testimony for the record.

Mr. CHAFFETZ. So ordered.

Mr. KENNEDY. Continued U.S. engagement with Iraq is essential. A stable and self-reliant Iraq is profoundly in the national security interest of the United States. Our diplomatic presence is designed to maximize influence in key locations, Erbil and Kirkuk in the north, Baghdad in the center and Basra in the south. State will continue the police development program, moving beyond basic po-

licing skills to provide police forces with the capabilities to uphold the rule of law. The Office of Security Cooperation will help close gaps in Iraqi security forces capabilities through security assistance and cooperation.

Turning now to our safe and secure management platforms, we have made much progress since March when I discussed eight key components to launching these platforms in Iraq. My written testimony details our progress in each area. I will focus here on contract oversight in security.

First, with regard to our entire support platform, we are not struggling to award contracts. We have competitively awarded all contracts for facility construction fit out, for security and aviation support to stand up three diplomatic support hospitals and for life support. We are mindful of recent reports such as that by the Commission on Wartime Contracting regarding waste. We understand the extraordinarily difficult budget environment and have carefully assured prudent use of our funding.

We have continued to work very closely with DOD every day at unprecedented levels. The Joint DOD Equipping Board has identified more than 3,200 pieces of equipment worth approximately \$224 million to be transferred as excess, sold or loaned to State. In the area of contracting and contracting oversight, throughout our efforts, State is always cognizant of inherently governmental functions.

We contract for services that are not inherently governmental. State personnel were actively engaged with the Office of Federal Procurement Policy in preparing its new policy letter. We continue to focus on effective transition contracting and deploying experienced contracting personnel. State can surge resources to address specific contingency needs through an internal funding mechanism which is a 1 percent fee charged on all contracting services.

We have hired 102 additional contracting staff and support staff over the past several years and made improvements in the area of suspension debarment, increased competition and enhanced training.

In the area of security, task orders for static and movement security have been competitively awarded for all State sites in Iraq on the basis of best value. In the past few years, State's Diplomatic Security Service has expanded its plan for oversight and operational control of private security contractor personnel. It will have more than 175 direct hire, State Department personnel to administer the contract and its task orders in Iraq ensuring contract compliance by approximately 5,000 security contract employees.

These 5,000 will cover all of our sites in Iraq to protect U.S. Government staff, reflect State's continuous operation in locations where previously we had not been able to operate, guard forces in Iraq or like other local guards, serving as the first line of our defense for our facilities and staff.

They differ, however, from our typical guard force in that they have higher recruiting, screening and training requirements, a higher percentage of American and third country national personnel and specialized weapons and equipment which are necessary to defend our personnel and facilities from attack.

In contingency areas such as Iraq and Afghanistan, our security contractors are under the direct management and oversight of State Department Diplomatic Security Service direct hire personnel. Their function was illustrated last September 13th during the terrorist incident in Kabul where the Embassy security elements acted swiftly to protect Embassy staff and Afghan visitors and moved them to safe locations, took defensive actions as directed by the Chief of Mission and acted in concert with host nation security forces.

We are staffed to achieve the operational measures and increase direct oversight to ensure professionalism and responsibility of security contractor personnel. Diplomatic security personnel at each post in Iraq and Afghanistan serve as managers for these security programs. They provide direct operational oversight of all protected motorcades in Iraq and Afghanistan. This is done for each and everyone.

We fully realize the scope of our diplomatic activities in Iraq are beyond anything that we have done in the past. However, State has a history of embracing challenges. We have the competence and the personnel to mobilize in Iraq and we have DOD's full partnership at every level from Secretary Panetta and Chairman Dempsey to the excess property clerks on the ground.

With the teams in place, our executive steering group, our Baghdad team, joint State/DOD teams and State's Iraq transition coordinator, we will deliver on this new State Department mission because it is in the U.S. national interest that we do so.

Thank you very much, Mr. Chairman, for inviting me and for your continued support and that of Ranking Member Tierney for the Department of State. I will welcome any questions you may have.

[The prepared statement of Mr. Kennedy follows:]

STATEMENT OF AMBASSADOR PATRICK KENNEDY
UNDER SECRETARY FOR MANAGEMENT
U.S. DEPARTMENT OF STATE
Before the Subcommittee on
National Security, Homeland Defense, and Foreign Operations
House Committee on Oversight and Government Reform
"Status Report on the Transition to a Civilian-Led Mission in Iraq"
October 12, 2011

Chairman Chaffetz, Ranking Member Tierney, distinguished members of the Committee, thank you for inviting me to testify before you again today to discuss the State Department's preparations for the United States' transition from a military-led to a civilian-led presence in Iraq. I want to focus my testimony on the progress made since I was last here in March. With your permission I will summarize my statement and submit my full testimony for the record.

After a long and difficult conflict, we now have the opportunity to see Iraq emerge as a strategic ally in a tumultuous region. A sovereign, stable, and self-reliant Iraq that can act as a force for moderation is profoundly in the national security interests of the United States. Ensuring that Iraq can realize its full potential to be our strategic partner is exactly what the civilian-led presence can accomplish.

We also understand how extraordinarily difficult the budget environment is now and will continue to be in the coming years. We have carefully examined our implementation plans to ensure we are being prudent with our allocated funds

while fulfilling the critical national policy objectives entrusted to us. To advance U.S. national interests in Iraq and the broader region, we must see this transition through -- Iraq must remain a key priority for our government.

And we do this mindful of recent reports such as the Commission on Wartime Contracting (CWC) regarding waste in contingency contracting in order to ensure that US dollars are spent efficiently in this effort.

Continued U.S. engagement is essential to helping Iraq achieve stable institutions and economic strength. In a whole of government approach, Embassy Baghdad and our consulates will be staffed with experienced, capable Foreign Service and civil service personnel, working alongside staff from 15 other federal agencies.

The civilian-led presence will be composed of **three major components** designed to impact critical areas and will build on progress made so far by our Embassy and military colleagues.

- Our Diplomatic Presence. Our diplomatic presence in the north, center, and south of Iraq is designed to maximize influence in key locations.

North

- Engagement through our **recently opened** Consulate General in Erbil is essential for facilitating agreements between Baghdad and the Kurdistan

Regional Government on internal disputes. Erbil can assist Embassy Baghdad in covering the Sunni political heartland.

- o Co-locating a diplomatic presence with an Office of Security Cooperation (OSC) site will allow the USG to maintain a daily presence in the contested area of Kirkuk, a territory most likely to generate Arab-Kurd conflict that has the potential to endanger Iraq's unity government and undermine Iraq's internal stability. This arrangement would also provide a platform for core program activities (security, judicial, economic engagement) and operations of the Police Development Program, the U.N. and other civilian agencies.

Center

- o Our Embassy in Baghdad is the foundation for all of our programs and efforts. Embassy civilians will continue to monitor and engage on national issues such as sectarian tensions, economic development, international investment, and strengthened relationships with neighboring states.

South

- o Work from our **recently opened** Consulate General in Basrah in Iraq's Shia heartland is critical to helping Iraq achieve its full economic potential. Basrah is home to 80% of Iraq's known oil and gas reserves,

and development of these resources provides Iraq its best opportunity to invest in diversifying its economy, improving basic services, and enhancing government institutions. Our presence in Basrah is also critical to supporting American companies invested in Iraq and the many more that are considering investing.

- Police Development and Rule of Law. Over the past seven years, we have helped Iraq's Ministry of the Interior expand its police forces and train them in counterterrorism and basic policing skills. Now we must ensure that these forces have the management, leadership, and technical capabilities to provide for internal security, protect minorities, and uphold the rule of law. These are basic elements for a stable society and reliable economic growth. Effective and reliable Iraqi Security Forces (ISF) also help to ensure the safety of our mission personnel, and will eventually reduce the cost of our presence as security in the country improves and we can rely on Iraqi security for our own protection.
- The Office of Security Cooperation. The OSC will help close gaps in ISF capabilities through security assistance and security cooperation. These programs support Iraq's air, land, and maritime sovereignty missions, sustain our investments in the ISF to date, and play a critical role in building our strategic partnership with Iraq.

=====

I turn now to an update on the safe and secure management platforms needed to support successful implementation of our policy in Iraq, which is my responsibility as the Under Secretary for Management. We have made much progress since I was here last March. Some things remain the same – we still have a robust contracting oversight system firmly in place and being executed by our Bureau of Administration. The Bureau of Diplomatic Security is overseeing its competitively awarded security task orders using the enhanced oversight and management system put in place over the last several years. Also, we continue to work very closely, every day, on an unprecedented level with our DoD colleagues on implementing this transition; support from DoD is essential to our success, and our cooperative efforts continue to flourish.

As discussed in March, there are eight key components to launching these platforms, and I am pleased to give you a brief status report on our progress for each.

Property: The Embassy is aggressively pursuing property negotiations with the Government of Iraq and has conveyed diplomatic notes detailing the language of the agreement and specifying the requested locations. We are awaiting a formal response from the Government of Iraq's Ministry of Foreign Affairs to ratify the agreement.

Facilities: Construction contracts for all sites have been competitively awarded and build-out is underway. To the maximum extent possible, we are repurposing existing DoD infrastructure and property at all of our sites. DoD is transferring a significant amount of building/construction materials to State (e.g. containerized housing units and T-walls).

Security: In order to meet a set of unique security challenges, the Department's Diplomatic Security Bureau is taking on new missions and roles. The Department has deployed DS security professionals, including members of the newly created Security Protective Specialists job category, to posts throughout Iraq. DS has established an unmanned aerial vehicle program to conduct reconnaissance for protective security details and over-watch of our facilities. We are putting in place Sense and Warn systems to maintain the capability to detect, and alert us to indirect fire attacks. The deployment of mine resistant – ambush protected (MRAP) vehicles will enhance our ability to respond defensively outside of secure Mission facilities and increase our Quick Reaction Force capabilities.

As we discussed in March, the Department competitively awarded a base contract for Worldwide Protective Services to eight companies in September 2010. Task orders under this contract are competed among base contract awardees and awarded on the basis of best value, allowing for increased competition and thereby

controlling costs. As of now, task orders for static and movement security have been awarded for all Department of State sites.

The joint DoD Equipping Board has identified more than 3,260 individual pieces of equipment worth approximately \$224 million to be transferred as excess, sold, or loaned to State. These include medical, sense-and-warn, IT, and biometric input equipment, as well as 60 MRAPs. Sustainment for this equipment will be provided on a reimbursable basis through a contract managed by the Army Sustainment Command at Rock Island.

DoD is also loaning the State Department its Biometric Automated Toolset System (BATS) and Biometric Identification System for Access (BISA). Use of DoD's BATS/BISA systems and data bases will greatly assist the Embassy's Regional Security Office (RSO) in facilitating access control and identifying and vetting prospective locally engaged staff.

As discussed in March, we have worked over the past few years, to enhance Department oversight of all our contracts, including those for private security contractors. The private security contractors who protect our diplomats in high-risk environments perform an essential function that enables the conduct of American diplomacy in the places where it is needed most. Our Bureau of Diplomatic Security has refined and expanded its plan for oversight and operational control of PSC personnel. For the Worldwide Protective Services

contract, Diplomatic Security will have more than 175 direct-hire personnel to administer the contract and its task orders, to ensure contract compliance of approximately 5,000 security contract employees.

Much attention has been focused on the US Government's use of private security contractors in conflict zones. DoD has used PSCs in Iraq to perform personal security, convoy security and statistic security. DoD reports approximately 9,500 security contractors in Iraq as of the 4th Quarter 2011, down from a high of about 15,280 in June 2009. For State – 5,000 is a significant number, but it reflects the need to secure our facilities and protect USG staff from a number of agencies, most of whom are civilians, when traveling outside our compounds, in what remains an unstable security environment. This staffing level reflects State's continuous operations in countries such as Iraq and Afghanistan, where previously we would have suspended our operations.

We have sought to reduce risks associated with using contractors through robust oversight. Contractors are operationally overseen and contractually managed by direct hire Department of State personnel. We have also instituted cultural training and behavioral standards to lessen the chance that a contractor's behavior will offend the sensibilities of the local populace. In situations where private security contractors have acted inappropriately or not performed as required we took corrective action.

The Baghdad guard force and other PSCs in contingency areas such as Kabul are like other local guards, serving as the first line of defense for our facilities and staff, but they differ from our typical local guard forces in that they have higher recruiting, screening, and training requirements; a high percentage of American and Third Country National personnel; and some specialized support services such as medical and logistics.

The Kabul and Baghdad guard forces also have specialized weapons and equipment which are necessary to defend against the extreme threats in those countries and defend our personnel and facilities from attack.

The recent terrorist attack in Kabul illustrates the critical need for enhanced and robust security programs, including properly equipped private security contractors who are operationally overseen by direct hire members of the Department's Diplomatic Security Service and act in concert with host country security forces. In contingency areas, such as Iraq and Afghanistan, our PSCs are under management and oversight of DS direct hire personnel; as illustrated by the September 13 terrorist incident in Kabul, the Embassy's security elements acted swiftly to protect embassy staff and Afghan visitors in the compound, moved them to safe locations, assumed defensive positions, and took defensive actions as directed by the Chief of Mission.

Oversight of security contractors is an area where CWC's recommendations have been particularly helpful. CWC provided strong support to the Department, resulting in the enactment of an authority in the Consolidated Appropriation Act of 2010 that allowed guard contracts in Iraq, Afghanistan, and Pakistan to be awarded on a best value basis. Previously we could only award on the basis of lowest cost, technically acceptable. Enactment by Congress of this authority presented the opportunity to combine the World-wide Personal Protective Services II, Baghdad Embassy Security Force, and Kabul Embassy Security Force requirements into a single multiple award, indefinite delivery/indefinite quantity (IDIQ) contract for non-permissive environments.

The CWC in its final report of August 31, 2011, provided in recommendation 4 that:

- When private security or other contractors are to be armed, they should be overseen by government employees and tracked in a centralized system, as is done in Iraq.
- Reliance on private security contractors should be accompanied by greater use and emphasis on vetting, training, authorizing arms, and weapons control; post-convoy debriefing, locational tracking and video monitoring; and more thorough and comprehensive management.

State has already instituted operational measures, as well as increased contract oversight to ensure professionalism and responsibility through improved direct oversight of security contractor personnel when CWC's report was written. Diplomatic Security is already staffed to achieve this oversight. Its actions for management, oversight, and operational control of contract personnel include:

- DS Special Agents at each post in Iraq and Afghanistan serve as managers for the Static Guard and Personal Protective Security programs;
- DS Special Agents at each post also serve as Contracting Officer's Representatives (CORs) and Assistant CORs (A/COR) for the direct management and oversight of the Worldwide Protective Services (WPS) contract;
- DS personnel at each post are assigned as Government Technical Monitors (GTMs) to assist the COR and A/COR in the oversight of the WPS contract;
- DS personnel provide direct operational oversight of all protective motorcades in Iraq and Afghanistan;
- DS personnel continue to conduct frequent, unannounced health and welfare after-hours visits to WPS housing compounds. Collocation of contractor life support areas on Embassy, Consulate or other compounds enhances after-hours oversight of contractor personnel;

- Revised mission firearms policies strengthen rules on the use of force and new less-than-lethal equipment has been fielded as a means to minimize the need for deadly force;
- Video recording systems and tracking systems installed in vehicles to enhance oversight and contractor accountability;
- All incidents involving a weapons discharge and/or other serious incidents are thoroughly investigated by the Regional Security Office.
- Revised standards of conduct are in place, including a ban on alcohol.
- In Erbil under the new WPS contract, all Third Country National (TCN) guards are being replaced with Local National (LN) Kurdish guards, thus reducing costs and building permanency in the guard force program.

Additionally, the Department tracks both security and non-security contractors through the USG-designated common database for contracts and contractors in Iraq and Afghanistan - SPOT, the "Synchronized Predeployment and Operational Tracker," which was developed by DoD.

Mr. Chairman, the Department responded to your June 8 letter concerning the "lost functionalities" that will be transitioned to the Government of Iraq (GOI) once the U.S. military departs, or will be shared between the GOI and the remaining USG civilian mission. We hope you found our response helpful in

addressing your concerns, and I will be glad to discuss this topic further today. We understand that there are risks, but we are committed to executing our assigned mission – advancing U.S. national security by maintaining a strong U.S. diplomatic presence in Iraq.

Life Support: A scope of work for life support – facility operation, food service, laundry, etc. – was developed and a solicitation was issued. We will procure life support services under DoD’s competitively awarded Logistics Civil Augmentation Program or LOGCAP.

Kellogg, Brown & Root (KBR) won the competitively competed Iraq Post 2011 Base Life Support Task Order on Aug 1st and has begun the transition from LOGCAP III to LOGCAP IV.

Medical: To ensure the safety and well-being of our personnel, we are establishing robust medical units, staffed and equipped to stabilize trauma cases that would then be moved to nearby, first-world medical facilities in Jordan and Kuwait. State competitively awarded a medical contract in June 2011 to CHS Medical to provide the country-wide medical support in Iraq covering Chief of Mission personnel. The implementation phase is on schedule, and the scope is expanding to include Ambulance Services, Mortuary Services, and Food Inspection.

Aviation: Implementation of aviation support is progressing smoothly under an existing competitively awarded contract. This will manage and execute State Department's aviation operations in support of all U.S. Government elements, using five fixed-wing aircraft (Dehavilland "Dash 8") and 34 helicopters. This program will provide medical evacuation support, movement of Quick Reaction Force personnel, transportation of personnel by fixed and rotary wing aircraft within Iraq using a "hub and spoke" concept, and fixed wing movement of personnel into and out of Iraq.

Information Technology (IT): We are implementing a full range of IT support services: terrestrial circuitry and satellite to support our unclassified and classified networks, our telephone and radio programs, and our diplomatic pouch and mail requirements. In many cases we partnered with DoD to improve efficiency and reduce costs. For example, DISA is our provider for high speed connectivity to Embassy Baghdad. Additionally, where appropriate, existing DoD equipment such as telephone switches are being used to sustain diplomatic operations.

Contracting and Contract Oversight: Since Iraq remains a non-permissive operating environment, we continue to focus on an effective contracting effort to implement the transition. To ensure we meet this critical goal, we have developed a contracting strategy that takes into account life support, security,

transportation, communications, and facilities which I discussed in March. The Department has deployed experienced contracting personnel and has the ability to surge other resources when needed to address specific contingency operations. Through internal funding mechanisms (a one percent fee charged on all contracting services), the Department is able to draw upon its own resources, including the hiring of 102 additional contracting staff over the past several years.

As noted above, we continue to leverage the DoD resources in theater where DoD has superior capabilities, as in our use of LOGCAP IV. Use of LOGCAP will give the Department sufficient time to solicit for and award a life support contract of its own.

The Department is working jointly with the Army Contracting Command, and with State Bureaus including Near Eastern Affairs, Diplomatic Security, and Internal Narcotics and Law Enforcement, on the training and deployment of CORs.

Throughout our contracting efforts, the Department is always cognizant of inherently governmental functions, and we contract for services that are not inherently governmental. Department personnel were actively engaged with the Office of Federal Procurement Policy and with our colleagues in other agencies, including DoD, on preparing both the draft and final Policy Letter to better define inherently governmental performance.

There is no doubt that the scope of the Department's diplomatic activities in Iraq is beyond anything that we have done in the past. However, State has history of stepping up to, and meeting, challenges, from opening over two dozen new diplomatic posts after the fall of the Berlin Wall, to constructing 82 new embassy compounds in the past 11 years, after the bombings of our East African embassies. We now operate in countries where, in the past, we would have closed operations.

We have the competence and the personnel to mobilize in Iraq, and we have DoD's full and unerring support and partnership at every level from Secretary Panetta and Chairman Dempsey all the way down to the excess-property clerks who give us equipment.

With the teams we have in place – the executive steering group, our team in Baghdad, led by Ambassador Jeffrey, joint State-DoD teams, the Department's Iraq Transition Coordinator Ambassador Haslach, and the staff that I work with every day on Iraq transition issues – we will deliver on this mission because it is in the U.S. national interest that we do so.

Thank you again for inviting me here today and for your ongoing support for the Department of State. I welcome any questions you have.

Mr. CHAFFETZ. Thank you.
I now recognize Mr. Estevez for 5 minutes.

STATEMENT OF ALAN F. ESTEVEZ

Mr. ESTEVEZ. Chairman Chaffetz, Ranking Member Tierney, thank you for the opportunity to appear before you today.

We have a written statement to include in the record that provides a more general overview of the situation in Iraq. However, in the interest of time, I would like to summarize the progress that the Department of Defense has made as it supports the Department of State during the transition to civilian control in Iraq.

The Department of Defense remains fully engaged in support of Operation New Dawn and is committed to a smooth transition to the Department of State in support of the enduring diplomatic and security assistance missions in the region. We are in execution phase of this transition and are on track and in some cases, are ahead of schedule with all of the logistics functions associated with the draw-down of forces and support to the Department of State.

Both the Department of Defense and the Department of State are committed to working together to achieve a successful transition. Although the Under Secretary of Defense for Acquisition, Technology and Logistics is not responsible for establishing policy in this area, we are responsible for many of the details associated with the transition, including contracting support, maintenance and supply support and other logistics components of the transition.

As the principal Deputy Under Secretary of Defense Acquisition, Technology and Logistics testified on March 2, 2011, we have established a temporary Senior Executive Steering Group focused on coordinating and synchronizing the materiel and support aspects of the transition. Our combined Office of Secretary of Defense Joint Staff Equipping Board has addressed the individual equipment items that the Department of State has requested which range from medical equipment to camera rocket protection.

As Ambassador Kennedy noted, to date we have identified more than 3,200 end items that are being transferred, sold or loaned to the Department of State. These items represent 100 percent fulfillment of the Department of State's request for equipment support. In addition to 60 Caiman plus mine resistant ambush protected vehicles that were approved for loan at the time of the last testimony, the Department of Defense has since agreed to loan to the Department of State two Giraffe Radar rocket systems and a suite of 164 biometric collection and identification systems.

As of October 1, 2011, our force numbers are down to roughly 43,500. The contractor population also continues to decrease as the number of military personnel lay support diminishes. We have also made steady progress in executing the plan to retrograde and redistribute equipment.

Over the last year in Iraq, joint Department of Defense and Department of State teams have executed well coordinated plans that have synchronized the handoff of responsibilities to the Department of State at those locations where the Department of State will be the lead agency. The transition of these sites is not a turn key operation and each site presents its own unique set of challenges.

As we resize these sites to fit the diplomatic mission, new perimeters continue to be established. Containerized housing units are moved in accordance with mission requirements; utilities are being rerouted; and as required, additional site preparation and force protection materials are being installed.

The Department of Defense is also providing a number of specific functions on a reimbursable basis under the authority of the Economy Act. The LOGCAP IV Task Order was awarded to provide the Department of State with base life support and core logistics services. This contracting mechanism is scalable and can respond to changing conditions on the ground.

Food distribution as well as fuel supply and disposition services will continue to be provided by the Defense Logistics Agency. The Army Sustainment Command recently modified its contract for maintenance of select equipment and is providing contract services for static and movement security. The Defense Contract Management Agency and Defense Contract Audit Agency will continue to provide administrative contract support and oversight. Again, the Department of State will reimburse the Department of Defense for all contracts and service support provided.

In closing, let me reassure you that the Department of Defense is proactively partnering with the Department of State, is fully engaged in executing the draw-down of U.S. military forces and equipment in Iraq, and remains agile enough to respond to any potential changes in these requirements.

Thank you for your time and I look forward to your questions.
[The prepared statement of Mr. Estevez follows:]

**STATEMENT OF THE DEPARTMENT OF DEFENSE
BEFORE THE SUB-COMMITTEE ON NATIONAL SECURITY,
HOMELAND DEFENSE AND FOREIGN OPERATIONS
UNITED STATES HOUSE OF REPRESENTATIVES
October 12, 2011**

Chairman Chaffetz, Ranking Member Tierney, and distinguished committee members, we appreciate the opportunity to appear before you today to provide an update on the issues and challenges associated with the United States' transition from a military to civilian-led presence in Iraq.

Given Iraq's importance, situated strategically in the Middle East, it remains profoundly in the American national interest that Iraq emerge as a strategic partner to the United States; a sovereign, stable, self-reliant nation; and a positive force for moderation and stability in the region.

We intend to abide by our commitments in the 2008 U.S.-Iraq Security Agreement. Consistent with that agreement and with Presidential direction articulated on February 27, 2009, more than 100,000 U.S. forces have departed Iraq since January 2009 in a way that has been careful and responsible, and has allowed the Iraqis to build up their security forces and improve their capacity.

On August 2, the Iraqi political leadership indicated publicly that they are interested in an ongoing training relationship with the United States post-2011. On October 4, the Iraqi political leadership reaffirmed the need for U.S. training, but said there was "no need to grant immunity to trainers." We are talking to the Iraqis about what this means specifically in terms of our security cooperation under the Strategic Framework Agreement.

We believe that an enduring partnership with the Iraqi government and people is in America's interest, and a relationship with the Iraqi Security Forces (ISF) will be an important part of that partnership. We are currently in discussions with the Iraqi government about the nature and scope of that relationship. No final decisions have been made.

The Security Situation in Iraq

Over the last few months, it has been clear that Iraq still faces dangerous and determined enemies and that terrorist and militia attacks continue to pose a threat. Tragically, U.S. service members have suffered further casualties since we last appeared before you. It is important to emphasize that these enemies do not have the support of most Iraqis, these attacks have not sparked a return to widespread insurgency and communal civil war, and overall levels of violence have remained dramatically reduced from where they were in 2006 and 2007. This is even more remarkable considering the ISF has assumed primary responsibility for security and our force numbers have decreased from 144,000 in January 2009 to roughly 43,500 as of October 1, 2011.

Transition

Ensuring the ISF reach minimum essential capabilities (MEC) and establishing an Office of Security Cooperation-Iraq (OSC-I) are two key components of the transition. These programs are the foundation for our strategic partnership with Iraq.

The ISF modernization program is designed to provide the ISF with the MEC required to defend Iraq against internal threats, while creating foundational capabilities to defend against external threats. Although the ISF is currently functioning well as a counter-insurgency force and demonstrating the capability to maintain internal security, U.S. Forces-Iraq (USF-I) assesses that gaps, particularly in the capability to defend against external threats, will exist in December 2011. USF-I assesses that the broad categories of projected gaps are cross-ministerial intelligence sharing; combined arms capability; integrated air defense and air sovereignty enforcement; and sustainment and logistics. A smooth transition from funding the train and equip mission with the Iraqi Security Force Fund appropriation to Foreign Military Financing in FY 12 will be critical to support the ISF as Iraq works to close these gaps.

Following the completion of the withdrawal of U.S. forces from Iraq by December 31, 2011, the OSC-I will form the cornerstone of the U.S.-Iraqi strategic security partnership, and it will serve as the hub for any future security assistance and security cooperation activities. The OSC-I will be

under Chief of Mission authority and facilitate the transition from a military-led to a civilian-led mission by continuing to support ISF development and modernization. The OSC-I represents a critical component of the normalization of the U.S.-Iraq bilateral relationship.

Continuing to Set State Up for Success as DoD Draws Down

The Department of Defense (DoD) is committed to ensuring a smooth transition of DoD functions to the Department of State in support of the enduring U.S. Government diplomatic and security assistance missions in the region. We continue to provide oversight of the logistical functions associated with the orderly withdrawal of U.S. forces by the end of December 2011. With regard to logistical issues, we are in the execution phase of this transition and are on track, and in some cases, are ahead of schedule.

DoD recognizes the importance of the transition in Iraq and is committed to executing these tasks by the end of the year. Although the role that the Department of State will ultimately take on in Iraq is consistent with its work throughout the world, we continue to see that the scale and complexity of the transition presents a huge undertaking that requires close cooperation and synchronization. Both DoD and the State Department are committed to working together to achieve a successful transition.

As the Acting Under Secretary of Defense (Acquisition, Technology and Logistics) explained in our March 2, 2011 testimony, the Defense and State Departments established a Senior Executive Steering Group focused on coordinating and synchronizing the materiel and support aspects of the transition. That same group continues to lead the initiatives associated with this transition. It is co-chaired at the Deputy Assistant Secretary level and meets biweekly to review milestones and ensure regular progress is being made in the eight subordinate functional areas (supply chain, equipment, contracting, medical, facilities and construction, information technology, security, and aviation). This past Tuesday (October 11, 2011) marked the 28th meeting of this group. We have had constant, direct participation from the U.S. Embassy in Iraq and from USF-I as well as from other key players in Washington, D.C. The Executive Steering Group reports to both Ambassador Kennedy, the Under Secretary of State for Management, and to Acting Under Secretary of Defense Kendall on a regular basis in order to

ensure that we meet our milestones and address any issues that may impact the transition. DoD has embedded staff officers with the Department of State and they have served as a bridge between departments and have helped to facilitate timely coordination.

Additionally, we previously testified that DoD established a combined OSD and Joint Staff equipping board to address individual equipment items that the Department of State requested, which ranged from medical equipment to sense and warn rocket protection. We are happy to report that the board has completed the evaluation of the State Department's initial requirements and has now shifted its efforts to overseeing the transfer of items identified as excess, as a sale from stock, or to be loaned under the authority of the Economy Act. To date, we have identified more than 3,260 end items that are being transferred, sold, or loaned to the Department of State. These items are valued at more than \$224M and represent 100 percent fulfillment of the Department of State's request for equipment support.

We also continue to identify items that DoD will loan to the Department of State in order to meet expected requirements. In addition to the 60 "Caiman Plus" MRAPs (Mine Resistant Ambush Protected Vehicles) that were approved for loan at the time of our last testimony, DoD has since agreed to loan the State Department two Giraffe Radar (rocket warning) systems and a suite of biometric collection and identification systems (164 pieces of Biometric Identification System for Access (BISA), and Biometric Automated Tool Set (BATS) biometric collecting equipment).

The contractor population continues to decrease as the number of troops they support diminishes. From a contractor population of approximately 138,000 in the spring of 2009, DoD now has less than 53,000 contractors supporting operations. We have also made steady progress in executing the plan to retrograde and redistribute equipment.

Currently in Iraq, joint State Department and DoD teams are positioned in each of the remaining locations and are developing practical solutions to deal with the challenges of occupying these downsized sites. The transition of these sites is not a turn-key operation, and each location presents a unique challenge. For example, new perimeters are being established, containerized housing units are being moved to where they are

needed, utilities are being rerouted, and, where required, additional site preparation and force protection materiel is being installed. These actions are occurring at all the sites simultaneously, yet priority is being given to those sites that transition first or where operational conditions dictate. To enable secure communication at these sites, DoD has also restructured the classified computer network (SIPRNET) infrastructure in theater to accommodate the changing footprint.

Acting Under Secretary Kendall last visited Iraq in September and met with Ambassador Jeffrey and General Austin. He came away from this trip confident that the Defense-to-State transition and the drawdown are on track. The Department of Defense has provided to the Department of State equipment, supplies and contracting support to help it perform its diplomatic mission post December 31, 2011.

Since the Department of State does not have the capacity in theater to immediately handle the large scale support requirements, DoD is providing a number of specific functions on a reimbursable basis under the authority of the Economy Act:

- The LOGCAP IV Task Order was announced on August 1, 2011, to provide the State Department with basic life support and core logistics services. This contracting mechanism is scalable and can respond to changing conditions on the ground. The Army has developed a comprehensive transition plan to ensure that the conversion from LOGCAP III to LOGCAP IV will be seamless, with no impact on either DoD or State Department operations.
- Food distribution as well as fuel supply and disposition services will continue to be provided by the Defense Logistics Agency.
- The Army Sustainment Command recently modified the Field and Installation Readiness Support Team (FIRST) maintenance contract for those items of equipment not maintained under existing State Department contracts, LOGCAP IV, or the appropriate Program Executive Office, such as the sense-and-warn systems and MRAP vehicles.
- The Army Sustainment Command is also providing selected security contract support to the State Department under three Indefinite

Delivery Indefinite Quantity (IDIQ) Contracts in support of the Security Support Services - Iraq (SSS-I) requirements.

- DoD will also provide fixed site contract security, under Combatant Commander rules, for the independent sites operating in support of the OSC-I.
- Administrative contract support and oversight will continue to be provided by the Defense Contract Management Agency and Defense Contract Audit Agency.
- Two DoD IT Systems - the Synchronized Pre-deployment and Operational Tracker (SPOT) and the Total Operational Picture Support System (TOPSS) have been designated by the State Department as its preferred personnel management tool.

Again, the State Department will reimburse DoD for all these contracts and services provided.

Conclusion

Although there has been excellent progress in both drawing down U.S. forces in Iraq and providing support to the Department of State, challenges exist and more still needs to be done. We will continue to coordinate closely with the State Department to address these challenges and any other issues that might arise over the coming months as we continue to draw down forces responsibly, reallocate or redeploy equipment, and dispose of material appropriately.

We are now at the point where the strategic dividends of our sacrifice are within reach, as long we take the proper steps to consolidate them. A long-term strategic partnership with Iraq, based on mutual interests and mutual respect, presents many advantages for the United States. At a time of unprecedented change in the Middle East, we must stay focused on Iraq in order to advance our broader regional objectives of peace, prosperity, and security.

Mr. CHAFFETZ. Thank you. I assure you that your full written statements will be entered into the record. Without objection, so ordered.

I would now like to recognize myself for 5 minutes. Ambassador Vershbow, I would like to start with you.

An article came out yesterday in the Philadelphia Inquirer with the headline "U.S. Military Trainers Can Stay, Leader Says." I am troubled by what President Talaboni said, "We have agreed to retain more than 5,000 American trainers without giving them immunity. We have sent them our agreement to retain this number and are awaiting their response, yes or no."

I find it deeply troubling that there is the prospect of our troops being in Iraq without immunity. I think this is totally unacceptable. Can you please give us an update on the situation?

Mr. VERSHBOW. Yes, Mr. Chairman. I would be happy to respond.

Indeed there are some important issues raised by that article. First of all, Iraq's political leadership has indicated that they are interested in a training relationship with the United States after 2011. We very much want to have an enduring partnership with the Iraqi government and people and a relationship with the Iraqi security forces would be a very important part of that relationship.

I think as you know we have long been planning to have the Office of Security Cooperation Iraq, OSCI, which would be under Chief of Mission Authority, serve as the cornerstone of a strategic security partnership and it would be the hub for a range of security assistance and security cooperation activities. That, of course, is the baseline.

We have been reviewing the official statement issued by Iraqi leaders on training assistance on October 4th and discussing with them how this fits into the principle of security cooperation under the 2008 Strategic Framework Agreement. I should add that we appreciate the democratic spirit displayed by Iraqi leaders in debating this important subject and we will continue discussions with our Iraqi counterparts in the days ahead.

These negotiations are ongoing and it is premature to discuss what any potential training relationship might look like.

Mr. CHAFFETZ. Will our troops have immunity, yes or no?

Mr. VERSHBOW. I will get to that issue, Mr. Chairman.

As we work to define the parameters of what it will look like, the issues raised yet again in this article regarding status protections, of course, will be an important issue. Again, I don't want to get into the specifics of the negotiations but we will always ensure that our forces have the appropriate protections that they need when they are deployed overseas.

Mr. CHAFFETZ. When you say appropriate protections, is that immunity?

Mr. VERSHBOW. I think there is a difference terminology implied.

Mr. CHAFFETZ. Yes. That is why I am seeking a little clarification here. I am not feeling too comfortable at the moment. Will our troops have immunity?

Mr. VERSHBOW. They will have status protections which has been defined under the security agreement, the Status Forces Agreement, that now applies as indicating that our forces will be subject to U.S. law rather than Iraqi law. We will be looking for something

going forward that provides a comparable level of protection. Exactly how that will be achieved, again, is the subject of ongoing negotiations.

Some of the personnel, as I mentioned, under the OSCI will be covered under the Chief of Mission authority. The question that is still being discussed is whether any additional personnel would be involved and how they would be protected. We certainly take very seriously the concerns you have expressed.

Mr. CHAFFETZ. Let me move on. I think this is a major, major point of concern. It is obviously a major point of difference. It is something that obviously must be resolved. It is totally unacceptable to think that our troops would be there without immunity as they enjoy currently.

Ambassador Kennedy, let me go back to these lost functionalities. Last time we gathered together, we were referred to the July 12, 2010 Commission on Wartime Contracting Special Report. It talked about the lost functionalities—this is on page 4 of that report. There were 14 specific security-related tasks now performed by Department of Defense that State must provide as the military draws down.

I know there has been progress on at least seven of those, but could you give me an update as to of those 14 specific ones, what are you not prepared to take care of?

Mr. KENNEDY. Mr. Chairman, as we outlined in my June 8th letter to the committee, we believe that we have covered the functions that are absolutely essential to our operations there.

Mr. CHAFFETZ. Would that be all 14 of these?

Mr. KENNEDY. I think you can say we will have the ability to do everything except, for example, the recovery of downed aircraft. Should an aircraft go down, we will be able to move to recover the personnel from those aircraft but because we don't have quite the heavy lift of the Department of Defense, we may not be able to recover the airframe itself.

Mr. CHAFFETZ. So of the 14, that is the only one that you are concerned about?

Mr. KENNEDY. I am concerned about everything possibly going wrong.

Mr. CHAFFETZ. But functionality?

Mr. KENNEDY. Earlier in your opening statement, you asked about counter battery neutralization. We will have the ability, thanks to my colleagues in the Defense Department with a system which is called Giraffe, which is an early warning system that tracks incoming rockets or mortars and gives us sufficient warning to deal with that so that we will be able to sound the alarm.

In the construction activities that we are undertaking at all the sites where our personnel will both work and live, we are constructing overhead cover that means should one of those missiles or mortars strike one of our facilities—this has happened in Baghdad and the construction techniques we have been using in Baghdad have proven very, very effective—there is no penetration of the building itself.

Mr. CHAFFETZ. Can we or will we fire back?

Mr. KENNEDY. Sir, the State Department has no howitzers and no counter rockets. We will not fire back, that is not a diplomatic

activity. We now have a diplomatic mission in Iraq, not a military mission, but if I might add, we are partnered extensively with the Iraqi military and the Iraqi police who have been assisting us during the last few months we have been without such a counter battery fire ability and the Iraqi police and Iraqi military has been of great assistance of disrupting the attempts of forces to attack our facilities via rockets and mortars.

Mr. CHAFFETZ. God bless the men and women who are going to continue to be there because if it is the policy of the United States not to fire back, I have deep concerns. We will continue to discuss this.

I have been very generous with my time. I now recognize the gentleman from Massachusetts, Mr. Tierney.

Mr. TIERNEY. Thank you.

Ambassador Kennedy, will you describe or compare for me what a normal State Department deployment to any particular country would be and how that stacks up against what you are going to be doing in Iraq. Take a non-conflict area and talk about size of operation for a comparably sized and populated country and how the missions are going to vary.

Mr. KENNEDY. I think, Mr. Tierney, that in terms of the personnel deployed to do what I will call substantive and basic administrative and logistic work, our Embassy and consulates in Iraq would be comparable to a similar country. What is different in Iraq is the additional layers of security, medical and life support that we have to provide there because our people cannot go shopping on the outside. There is an active and ongoing threat to life and limb.

We have taken a package that is necessary to conduct the State Department's mission. There is obviously a police training component which does not exist in every country and then we have added security, medical, logistics and life support that is appropriate for the situation on the ground in Iraq but we very much believe, and we think we are seeing evidence, that supplement, so to speak, will be able to be withdrawn measure by measure over time as the security situation further stabilizes and as we are able to obtain more goods and services on the local economy.

Mr. TIERNEY. In how many locales will State Department diplomatic personnel be located?

Mr. KENNEDY. Four, Mr. Tierney.

Mr. TIERNEY. Widely disseminated around the country or closely knit?

Mr. KENNEDY. They will be in the north in Erbil where we have two closely linked sites; in Baghdad where we have our Embassy and two other compounds literally right across the street, a police training compound on the other side of the river and a logistics hub at Baghdad Airport. We will have a small consular presence co-located with the Office of Security Cooperation in Kirkuk and then we will have a Consular General in Basra in the south, sir.

Mr. TIERNEY. There will be convoys, I assume, going from one to the other from time to time?

Mr. KENNEDY. There will be supply convoys. Our plan is to conduct those movements via air.

Mr. TIERNEY. All to be via air?

Mr. KENNEDY. Obviously except the ones across the street and the road to the airport is very often safe. We have an aviation capability, thanks to Congress' assistance, that will enable us to move personnel via either fixed wing in from Amman or Kuwait and the long distances, Baghdad up to Erbil, Baghdad down south to Basra, and then we have distributed helicopter rotary wing capability in order to move our personnel should it be required between nearly placed locations.

Mr. TIERNEY. You are essentially going to have no ground convoy security issues?

Mr. KENNEDY. Obviously there are some movements within Baghdad or outside of the compound in Basra where yes, there will be security issues which is why we have turned to our colleagues in the Department of Defense and they have been providing us on loan with mine resistant transport vehicles.

Mr. TIERNEY. Who is going to provide the human security for those convoys?

Mr. KENNEDY. That security will be provided by contractor personnel but each one of those movements with contract security personnel, each and every one of those will have a State Department diplomatic security officer in the convoy who is the agent in charge, using security parlance. He or she is in charge, they give the orders. The contractors only respond to the orders given by the diplomatic security Federal employee.

Mr. TIERNEY. Has there been any thought given to taking State personnel from other locations around the world and locating them in this conflict likely area and instead using the contractors elsewhere?

Mr. KENNEDY. We have analyzed that. I have a grand total of 1,800 diplomatic security special agents and about another 100 security professionals in my entire staff. I would have to strip the entire world, and given what we all know to be the threats against U.S. interests around the world, plus my requirement to protect the Secretary of State, distinguished foreign visitors to the United States and enforce the passport and visa laws of the United States, I simply do not have it. I have stripped to 175 to make sure that I have professionals overseeing the contracts as a whole and then a State Department direct hire professional in each one of those convoys.

Mr. TIERNEY. The Secretary of State has written Members of Congress indicating a concern for proposed reductions in the State Department's budget. If those reductions are enforced, will that impact your ability to hire and train additional people to perform that function?

Mr. KENNEDY. It will, sir. We know that we have this mission. We have been, I think, as judicious as possible, as streamlined as possible, borrowing and receiving transfers of equipment from the Department of Defense, but if the President's budget request is not enacted, we will have a severe difficulty maintaining our tasked presence there in Iraq, Afghanistan, Pakistan and worldwide, for that matter.

Mr. TIERNEY. I yield back for now. There will be another round, I assume.

Mr. CHAFFETZ. Thank you.

Ambassador Vershbow, let us talk about the number of U.S. troops. What are the Iraqis requesting or authorizing, how many is the President authorizing?

Mr. VERSHBOW. Mr. Chairman, no decisions have been made. Discussions are still ongoing on the nature of the relationship, from which would be derived any number.

Mr. CHAFFETZ. The number of 3,000 to 4,000 troops that we hear, is that accurate or inaccurate?

Mr. VERSHBOW. As I said, there are a lot of things going on in these discussions which predates the announcement of October 4th when the Iraqi leaders took the position they have taken regarding no immunities. Obviously the discussions now have taken on a different dimension. Beyond that, I really cannot say because nothing has been decided. The shape of the relationship will be determined in part by how this issue of status protections is addressed.

It is a work in progress. Even as we speak, discussions are taking place between our Ambassador, the Commander, General Austin, and Iraqi leaders. It is really difficult to give you more than that today.

Mr. CHAFFETZ. There was a report that General Austin had asked for between 14,000 and 18,000 troops. Is that true?

Mr. VERSHBOW. Again, I cannot comment on internal deliberations. A lot of different ideas have been bounced around in the course of the last few months.

Mr. CHAFFETZ. Do you know what the actual request was?

Mr. VERSHBOW. The military leadership was asked to provide a range of options and they have done that. That was the basis on which we engaged the Iraqis.

Mr. CHAFFETZ. Do you know what General Austin requested?

Mr. VERSHBOW. I cannot talk about that in an open session, Mr. Chairman. It is classified.

Mr. CHAFFETZ. Fair enough.

When do we have to make this decision? I guess it is the end of the year, right? Is there a particular timetable to this?

Mr. VERSHBOW. There is no absolute deadline. Right now we are on the trajectory that was established by the agreement by the previous administration in November 2008 to draw down all of our forces which are now around 43,000 and then move in 2012 to the Office of Security Cooperation Iraq which would have 157 U.S. military and DOD civilian personnel and additional security assistant team contractors supporting specific FMS cases.

The discussions that are going on now relate to what potential additions to that presence would be agreed. Whether that would be before or after the end of the year remains to be seen. Obviously the discussions are ongoing. It might be simpler to reach the agreement before all of our forces have left, but we are talking about an entirely different relationship in either case. I cannot predict when these discussions will close.

Mr. CHAFFETZ. Thank you.

Ambassador Kennedy, let us talk about the hiring of all of these contractors. When we get to January 1st, based on where we are at here in October, where are we going to be on the staffing levels? Are we set to hit 100 percent of the goal, if you can clarify that a bit for me? There are obviously different categories. Security is

may be a bit more important but food service is going to be equally as important. Where are we in that spectrum of being able to accomplish that goal?

Mr. KENNEDY. We have awarded contracts for all the services that we require in Iraq at all the installations and those contract task orders have been awarded. The contractors are in the process of mobilizing. The medical contractor, for example, is already mobilized. The aviation contractor is already mobilized. The life support contract has been awarded thanks to my colleagues at the Department of Defense, awarded on our behalf, and a contract that we will fund. That contractor is mobilizing and it is, in fact, a contractor that DOD has been using at all the sites that we will be engaged in except two and that is well on the way.

We believe that we will have no problem in those support services areas being fully staffed and fully supportive of our personnel before December 31.

Mr. CHAFFETZ. Can we talk about the hospital? You mentioned the hospital or medical needs. There has been some concern that there won't be the capacity to deal with a mass casualty event, that the medical facility at the Baghdad International Airport will have the capability to only handle six patients overnight. Do you have any concerns with that?

Mr. KENNEDY. Mr. Chairman, yes, I do have a concern, but I also have to operate in the realm of reality. We do also have a medical unit at the American Embassy compound downtown. It is not a hospital unit staffed with surgeons. Also because of our aviation capabilities, have the capability of quickly transporting personnel who have been stabilized but need further surgery to locations such as Jordan, Kuwait, Turkey or all the way to Europe should it be required.

We believe we have put into place a layered system that would be able to deal with what we foresee as the facts on the ground.

Mr. CHAFFETZ. Thank you. I will now recognize Mr. Tierney.

Mr. TIERNEY. Ambassador Kennedy, the protection for the logistical contractors and various functions that they are doing whether it be kitchen help or people over the police training area, is that also going to be provided by private contractors?

Mr. KENNEDY. Yes, sir, that is within the number of 5,000 which is approximately 3,500 static perimeter guards around our facilities and 1,500 movement personnel.

Mr. TIERNEY. Will they be getting a similar type of State employee or security personnel supervision?

Mr. KENNEDY. Yes, sir. The Diplomatic Security Service will control both the static guards and the movement guards.

Mr. TIERNEY. Who specifically is going to be training the police on that and under which program?

Mr. KENNEDY. That is under the Bureau of International Narcotics and Law Enforcement, the police training program under Assistant Secretary Brownfield's leadership.

Mr. TIERNEY. It is a combination of State personnel?

Mr. KENNEDY. It is a combination of State Department personnel and some contract trainers for some activities.

Mr. TIERNEY. Has there been any consideration given to doing out of country training of these police personnel?

Mr. KENNEDY. There has been some consideration of that. I will have to get back to you sir with more details. What we are trying to do is a large number of people with sort of second echelon. The Bureau of Narcotics and Law Enforcement and my DOD colleagues have done a great job in training the police on the beat. This training is, in effect, advanced training and we believe that one of the most important locations to do that is at the Baghdad Police College which adjoins the training center I mentioned.

Mr. TIERNEY. If you have done an analysis of the possible benefits of out of country training of that nature by the U.S. personnel or by a combination of international personnel, I would like to see it if you could.

Mr. KENNEDY. I will ask Assistant Secretary Brownfield to get that to you.

Mr. TIERNEY. Who has been vetting and training the private contractors that are going to be providing security?

Mr. KENNEDY. The State Department Diplomatic Security Service runs background investigations on every single one of these individuals. They are given sir, what are called public trust clearances which is the equivalent to a secret security clearance, although they do not have the need to know. It is the same rubric, police checks, national agency checks, interviews, vetting, records checks. We feel very, very comfortable that the individuals we are engaging to do this security work are of the highest standard.

Mr. TIERNEY. The Wartime Contracting Commission basically indicated they thought there should be consideration given to the operational, the political and the financial aspects or risks of contracting functions on that. I am assuming you were precluded from doing that because of the limitations you have in personnel? You simply had to spread your people thin to manage and supervise contractors and really didn't have the opportunity to weigh it and those other factors of risk?

Mr. KENNEDY. There are two parts to that. Obviously there is personnel and resources. I only have 1,800 as I mentioned, but I try to take the holistic approach. What I see are requirements in both Iraq and Afghanistan, if I might add that. This is a surge; this is not a permanent requirement that I see the Bureau of Diplomatic Security having to rise to adding 5,000 additional personnel for the long haul, the number we will have in Iraq.

I see this as a surge. The State Department, other government agencies have always dealt with surge requirements by turning to contractors. To hire someone, to promise them a 20, 25 or 30 year career when we do not see the need for their services beyond 3 to 5 years, just citing that as a factor, would saddle the State Department and the American taxpayer with a number of level of personnel that is not in the best interest.

Mr. TIERNEY. That would be one of the considerations I assume they would want to measure. The other, of course, would be the potential of non-State Department or non-Defense Department people performing an act or taking on some activity that totally puts the country at risk or makes some political situation untenable.

Mr. KENNEDY. That is entirely possible, but that is why though, all of our personnel, whether static or movement, act under the di-

rect supervision of diplomatic security special agents or security protective officers who are all direct hire.

Mr. TIERNEY. What contingency plan does the State Department have if facts on the ground change substantially enough that it is no longer feasible to have private security contractors in use?

Mr. KENNEDY. I think that is an option I have thought about. I cannot speak for my colleagues. I think I would have to report to the Secretary that we would have to severely scale down our operations in Iraq. I have even done an analysis based upon an old General Accounting Office study on the number of Federal law enforcement personnel in the entire Federal Service. Even if I took 10 percent of the Bureau of Prisons guards, I would not have enough static officers there and the Bureau of Prisons might have some comment on that.

I believe that these professionals that we engage that we vet, that we rewrite the syllabus for their training, we spot check their training, we direct their performance hands-on, eyes-on, I believe that is the way to go.

Mr. TIERNEY. The plan is if it becomes untenable, then there is a scaled down operation as opposed to hiring more and more contractors?

Mr. KENNEDY. I am sorry?

Mr. TIERNEY. So many things on the ground change and become so violent over there.

Mr. KENNEDY. I am sorry, I thought you meant I could no longer keep contractors there?

Mr. TIERNEY. Right and that is my point if it comes to a point where the contractors are not feasible to operate where you have made the analysis on that, it is not to keep loading them in hoping things are going to change just to scale down operations?

Mr. KENNEDY. I think we have in our plan sufficient contractors to provide perimeter security in cooperation with the Iraqi police and military.

Mr. TIERNEY. I know you do but contingency plans are for when that doesn't work. I think I heard you say you would recommend the Secretary scale back?

Mr. KENNEDY. Yes, sir.

Mr. TIERNEY. Thank you. I yield back.

Mr. CHAFFETZ. Mr. Estevez, do you have a dollar figure or estimate of what assets will be either turned over to the Iraqis or left behind?

Mr. ESTEVEZ. There are a couple different programs we have for turning things over to the Iraqis, including foreign military sales. They are buying military equipment from us which is not left behind, basically new equipment. There are some things they have purchased from us.

Mr. CHAFFETZ. What is the value? How much have they purchased?

Mr. ESTEVEZ. I am trying to give you a couple different programs, under what we call foreign excess property is \$321 million to date. That will go up as we continue over the next 3 months to draw down.

Mr. CHAFFETZ. That is where the Iraqi government pays the United States.

Mr. ESTEVEZ. No, that is we give it to them. That is because the cost benefit analysis is we don't need this stuff. It includes T-wall barriers and generators that don't work in the United States and vehicles that aren't up to U.S. vehicle code. The cost benefit analysis says we save \$600 million by not transporting that equipment back to the United States where the military doesn't have programs to sustain that.

Mr. CHAFFETZ. We didn't try to trade it for something? We are just handing it to them?

Mr. ESTEVEZ. It is in our benefit to help them build their capability so that their military and security forces can sustain.

Mr. CHAFFETZ. These are not all military assets?

Mr. ESTEVEZ. Again, we are talking about generators, housing, air conditioners, TVs, things like that. Before it goes to the Iraqis, we have processes that are for the United States—States say the State of Utah wants that. They have capability to say we want that.

Mr. CHAFFETZ. Sign us up.

Mr. ESTEVEZ. Your plan, you just have to pay the transportation back to the United States for that piece of equipment.

I don't think I have the dollar value of what we have given them under what was 1202 authority which was authorized by Congress to provide them with equipment they need to buildup their military capability so that we can depart and they can sustain themselves, for their internal security and eventually for external security for the nation.

Mr. CHAFFETZ. Is there a way to look at the list of the assets and say the State of Utah, if they want it, come get it.

Mr. ESTEVEZ. We have put that process in place.

Mr. CHAFFETZ. Process in place?

Mr. ESTEVEZ. Before we turn over something, we say here is the list of equipment, Base X, that we are turning over to the Iraqis and there is an organization called National Association of Surplus—it is NASAP—that screens that, the State of Utah says I am looking for a generator for a hospital, they say a there is a generator available. Here is how you get it back and that becomes available.

Mr. CHAFFETZ. We don't have time in these few minutes, but if you could help clarify both the dollar value, the assets themselves and these programs if they are available to States or municipalities, wherever they might be, that would be helpful.

Mr. ESTEVEZ. I would be happy to do that.

Mr. CHAFFETZ. Is there a grand total number of the assets we are leaving behind?

Mr. ESTEVEZ. That is that number. There is about 50,000 other pieces of military equipment that we have provided to the Iraqis again under congressional authority.

Mr. CHAFFETZ. Do we have a dollar value?

Mr. ESTEVEZ. I do not have the dollar value on that but I can get you the dollar value on that for the record.

Mr. CHAFFETZ. I would appreciate that.

Mr. ESTEVEZ. Let me see if I can give you the number that we have given to the States. But I will give you that as well. Other than that, nothing else if being left behind. We are retrograding,

other than those types of equipment that we really don't need anymore. The process is that if it is needed in Afghanistan, it goes to Afghanistan. If it is needed somewhere else in the U.S. Central Command, it goes there. Most of the equipment there belongs to the units that we deployed there and when they return, they carry that back with them to the United States.

Mr. CHAFFETZ. The logistics of this must be amazing. If you could please keep looking for that number. Let me go back to Ambassador Kennedy.

I want to talk about the \$481 million is my understanding for the interim consular post. These are interim facilities, right? They are supposed to last 3 to 5 years. This would be in Erbil and Basra as opposed to building more permanent type structures? I know there was a congressional funding issue here in play. The concern is spending \$481 million on what would be an interim facility that is only going to last a few years.

Mr. KENNEDY. Mr. Chairman, I will get you the specific breakdown of that figure. We are being as minimalist as possible. We are reusing T-walls, the sites we are using both in Basra, Erbil, Baghdad and Kirkuk are all former U.S. military troop sites, so we are using equipment they are transferring to us under another one of the programs you were just asking my colleague about.

Mr. CHAFFETZ. Am I off on the number, the \$481 million for two facilities?

Mr. KENNEDY. I think that number includes things that artificially inflate the number. I will give you a piece of paper on that.

Mr. CHAFFETZ. Fair enough. I would appreciate that.

The last thing I want to discuss here is what is happening with Iran and their presence there. We have had previous incidents with Iranian-made missiles being fired at us. What do you see happening right now? It appears they are just laying low waiting for January 1st to come about and the concern is they are going to step up these things and start to go after our 17,000 personnel there. What is your assessment of the situation?

Mr. KENNEDY. My assessment is that Iran does not wish to see a stable, democratic Iraq as a lynchpin of a new way of doing business in that part of the world and they will go to significant extremes to disrupt our efforts to assist the government and people of Iraq to achieve the democracy. They have a fledging democracy. It is building, it will take a while to build the democracy as I think we know from our own country. It is in the interest of the Iranians to disrupt our efforts and I believe that they will continue to do so.

Mr. CHAFFETZ. How do we defend ourselves? Basically, we are taking a position that it is going to be our policy to just duck and cover without the ability and the opportunity to fire back. How capable do we think the Iraqis are going to be to actually go out and take out the threat of somebody actually continuing to fire upon an embassy, for instance?

Mr. KENNEDY. Because of the excellent training and joint operations that our military has been conducting with the Iraqis over the last few years, I believe, and I could ask my DOD colleagues to comment, that the Iraqi capabilities are growing significantly and continue to grow.

Mr. CHAFFETZ. Are they adequate?

Mr. KENNEDY. They are certainly not up to U.S. military standards, no, sir, but it is an effort that is on the upswing. I believe they are cooperating with us. The Iraqi police are working with us and I believe we will be able to accomplish that over time.

Mr. CHAFFETZ. I guess I am concerned about January 1st, which isn't too far around the corner. One of these letters from Joseph McManus, Acting Assistant Secretary, Legislative Affairs, Department of State, back in July 2011 said "Although the competency and capabilities of the ISF have improved in recent years, they are generally capable of providing internal security for Iraq, they still face specific capability gaps and continue to operate in an uncertain security environment." This is just an ongoing concern. We think we can expect the expansion of Iran's presence there to try to disrupt what is going on and I do not know how we would defend ourselves against it.

Mr. KENNEDY. I believe that our continued cooperation with Iraqi officials—the Iraqis want to have a democracy in Iraq. They do not want to be a satellite of Iran. There was a very, very bloody war that took place several years ago between Iraq and Iran. I believe we can count on the Iraqis to pursue their own self interest which is to maintain a free democratic and stable Iraq and we need to partner with them in that endeavor.

Mr. CHAFFETZ. Thank you. I yield.

Mr. TIERNEY. Ambassador, one of the tools, as a diplomat you will recognize we are not using with Iran in this situation is diplomacy. I think that might have some limiting effects on our ability to try and bring some order to what is going on in that part of the world and is something for us all to consider.

I won't ask you to comment on it because you are a diplomat and I know what your answer will be. Certainly I think it is something we should think about because we have all these people so well trained as diplomats and then not use one of the tools in our arsenal on that.

Mr. Estevez, can you tell me how much money the Department of Defense will no longer have to spend in Iraq once the transfer is made over to State on an annual basis?

Mr. ESTEVEZ. I cannot. I will have to provide that for the record.

Mr. TIERNEY. Ambassador Vershbow, do you have any information on that?

Mr. VERSHBOW. I don't have the numbers in front of me. We will get back to you.

Mr. TIERNEY. I know Ambassador Kennedy does, don't you?

Mr. KENNEDY. Figures I have seen, Mr. Tierney, say that the difference is approximately \$50 billion a year by the Department of Defense versus an estimated \$6 billion a year for the Department of State. I think that is a significant shift in mission; I think it is a significant reduction in funding.

Mr. TIERNEY. I know we discussed it before. I thought these gentlemen had it. I wanted to make sure they had an opportunity to say if they knew it was otherwise.

The \$6 billion the Department of State has, are you now forced under the current budgetary situation to take that from other Department of State activities or have you received adequate funds to plus up that amount?

Mr. KENNEDY. In the President's budget request for fiscal year 2012, the State Department budget is presented in two segments, a regular budget and an overseas contingency operating budget which is a parallel to what the Department of Defense has used for many years. If the President's budget request is enacted as requested, meaning both the regular budget and the contingency operating budget, we would not have to draw funds from the regular to support the contingency operation.

Mr. TIERNEY. What would happen if the House budget, as it passed the House, were the effective operating vehicle?

Mr. KENNEDY. At an 18 to 20 percent cut to State Department operations, I literally, even though it is my responsibility to plan for contingencies, my pencil can't get there, sir.

Mr. TIERNEY. I think it is reasonable to assume if we want to fund the \$6 billion for your operation in Iraq, it has to come from somewhere which means other areas that are already under funded will be drawn down.

Mr. KENNEDY. Absolutely.

Mr. TIERNEY. Are you knowledgeable of any USAID activities that will be continuing on in Iraq?

Mr. KENNEDY. I know that AID will continue to operate in Iraq. There is funding requested in the Foreign Assistance Program for them. Frankly, I am not an expert on the AID programs. I know that we are making provisions, I and my colleagues, for the platform on which AID will have a presence in Iraq.

Mr. TIERNEY. That is what I was getting at. The security for AID would be through you or directly on their own hires?

Mr. KENNEDY. Since they are under Chief of Mission authority, their security will be provided by the Diplomatic Security Service.

Mr. TIERNEY. What steps have you taken at the State Department to deal with the issue of debarment and suspension? I know First Kuwait couldn't get debarred when there was little doubt it should have been, so how are we improving that situation so contractors will always know there is some bite when they violate?

Mr. KENNEDY. Working with the Procurement Executive at the Department, he has just issued a new State Department PIB that increases substantially our ability to follow up on the Commission on Wartime Contracting's recommendations, not in this report but in previous ones and we will be able to provide a greatly upgraded ability to suspend and debar under the program we have set forward. I would be glad to send a copy of our new program to you and your staff.

Mr. TIERNEY. Last, what measures has State taken to ensure they will have adequate oversight of the LOGCAP IV when you take over the contract and how long do you think that is going to last? Will that be your vehicle after 2012?

Mr. KENNEDY. I think it will be a vehicle for more than 1 year. We realize this is a major activity. Someone took a quote of mine or one of my colleagues totally out of context saying that the State Department does not have the resources to oversee the LOGCAP IV contract. That is entirely true but there was a semicolon there and that is why we, on a reimbursable basis, engaged the Defense Contract Audit Agency and the Defense Contract Management

Agency as our partners in overseeing the LOGCAP contract. It will be fully overseen and fully audited.

We are just using professionals from the Department of Defense who have the career specific talents and abilities to do that kind of life support contract which we don't. I would never have engaged in that route unless I had agreement with DCMA and DCAA to provide us on a reimbursable basis the oversight that is required.

Mr. TIERNEY. Thank you. I yield back.

Mr. CHAFFETZ. I would now recognize the gentleman from Illinois, Mr. Quigley.

Mr. QUIGLEY. Thank you, Mr. Chairman.

Ambassador Kennedy, you just touched briefly on the debarment issue. We have years of frustration to counter a report that promises hope as we finish our activities, the report you just referenced to Mr. Tierney. Just to use a few examples of the frustrations we might face here, the First Kuwaiti General Trading and Contacting Co. as an example.

Do you recall being here 4 years ago in 2007 before this same committee and we were talking about the construction and they were the prime contractor to build the State Department Embassy in Iraq. There were cost overruns of \$144 million, labor abuses and from what we now know, a kickback scheme involving hundreds of millions of U.S. taxpayer dollars. Despite all these problems, the State Department has allowed First Kuwaiti to continue to operate around the world, including in Saudi Arabia and other countries.

If you cannot deal with that after all these years, what gives us any hope that debarment and suspension will have some sort of effect because there is a new plan?

Mr. KENNEDY. I don't want to debate specific numbers with you because I would like to sit with you and discuss them, but there were not cost overruns of \$146 million, nor am I aware of a huge kickback scheme for First Kuwaiti related to State Department activities amounting to hundreds of millions of dollars.

We monitored that. I will admit in building the American Embassy in Kuwait, the then Director of Overseas Buildings used a construction oversight model which did not deliver everything that I would have wanted if I had been the Under Secretary at that time. That model has been changed.

The State Department outside of the contract in Baghdad has never awarded a contract to First Kuwaiti. The references you made to Saudi Arabia and also one in Indonesia were awarded to an American company registered and operating in the State of Maryland named Grunley Walsh. They subsequently sold to another American company called Aurora who utilized First Kuwaiti as a subsidiary of theirs.

Mr. QUIGLEY. Doesn't that seem like an obvious way to get around?

Mr. KENNEDY. I am not a lawyer.

Mr. QUIGLEY. The fact they can actually use them anyway, it is semantics that you are getting into at this point. We didn't actually do it, somebody else did. The fact that they are allowed to gets to the point. I would love to have the private debate that you encourage about the problems that existed with First Kuwaiti.

Mr. KENNEDY. I would be glad to call upon you and I will seek an appointment. We have no plans to use First Kuwaiti ever again. The problems that arose in Baghdad were, in effect, almost parallel to the awarding of the original contracts for Surabaya and for Jeddah and the problems were unearthed along the way. The contract was already in place with the American company and we put additional monitoring personnel on those.

Because of the potential cost to the American taxpayer of stopping a contract in the middle and breaking it and then trying to restart it, we have been moving very, very expeditiously. The contract in Jeddah, in fact, is suspended. There is no work. I have halted work on that. They are at 99 percent complete.

Mr. QUIGLEY. Were there problems or not? Why would you think about stopping a contract in the middle if there weren't any problems? What were the problems?

Mr. KENNEDY. The problems came out in Baghdad and in Surabaya and Jeddah in effect simultaneously.

Mr. QUIGLEY. What were the problems? If I had it all wrong, what were the problems more specifically?

Mr. KENNEDY. Poor management onsite, on-scene.

Mr. QUIGLEY. Poor management created what problems?

Mr. KENNEDY. Time delays. We have State Department construction engineers and architects onsite. I think in the building trades it is called the owner's representative on-scene in Jeddah and in Surabaya. Those representatives were constantly requiring work to be stopped and work to be redone at the contractor's expense, not at ours.

That is the poor performance leading to seeing a product that was not headed in the direction that we wanted. That is why we have representatives onsite who can tell the contractor that wiring, that wall is not built according to the specifications, the contract and the bid documents. You tear it out, you get no additional funds for correcting your errors.

Mr. QUIGLEY. I have run out of time. Can you quickly tell us how many contractors has the State Department suspended or debarred in Iraq?

Mr. KENNEDY. Suspended or debarred in Iraq, I don't have that number at the tip of my tongue. I will get that for you.

Mr. QUIGLEY. Can you get it to the full committee?

Mr. KENNEDY. Absolutely. We will address it to the chairman.

Mr. QUIGLEY. Thank you, Mr. Chairman.

Mr. CHAFFETZ. The gentleman yields back. I recognize Mr. Tierney.

Mr. TIERNEY. Ambassador Kennedy, have you taken advantage of the good offices of the Special Inspector General for Iraq or the Government Accountability Office, or both at the outset of your venture for what advice and counsel they may give you and lessons learned on past contracting situations?

Mr. KENNEDY. Yes, sir. The Special Inspector General for Iraq, the Government Accountability Office, the State Department's Inspector General, have been engaged in an incredible number of inspections and oversights. I have a long list that I won't bother to read off to you of all the work they are doing. There are multiple audits and inspections going on. I believe two of them, as we speak.

Mr. TIERNEY. That is one argument. The other is using them for advice and counsel as you startup.

Mr. KENNEDY. We read every single one of their reports and use those as lessons learned for the future.

Mr. TIERNEY. But you have not engaged directly with them at any point in time?

Mr. KENNEDY. The Inspectors General do not like to give advice because if they give advice, in effect they feel it is a pass they have given me. I would say you have told me to do X, I did X, it didn't work.

Mr. TIERNEY. I had a different impression from talking to folks over there but I understand that aspect of it but I do think it is important to glean all the lessons learned that we can.

Mr. KENNEDY. I read every single one of the reports they have done on the platform that I have built, my predecessors built and we plan to continue.

Mr. TIERNEY. Thank you.

Mr. CHAFFETZ. I have one last question and will give you each an opportunity to cite your biggest concern moving forward, but before we get to that, I am still concerned about the capability for medical type situations with only six beds overnight. Does the State Department have a plan for evacuation should that need to occur? We are talking about 17,000 people. How do you address that?

Mr. KENNEDY. We have been working with the Department of Defense and with our embassies in Inman and Baghdad on mass casualty scenarios using both our assets and assets that we might be able to call upon from DOD. There is such a plan being developed.

I might point out the number is not 17,000; it is much closer to 16,000.

Mr. CHAFFETZ. I feel so much better.

Mr. KENNEDY. If you take just the State Department component there, it is actually closer to maybe 10,000 plus my Department of Defense colleagues.

Mr. CHAFFETZ. When you say 10,000, 10,000 what?

Mr. KENNEDY. I would say 10,500–11,000 State Department government employees and contractor support. As my colleagues from Defense discussed, there is the Office of Security Cooperation which is part of the Chief of Mission's responsibilities but they have their own personnel.

Mr. CHAFFETZ. As we move forward, would it be reasonable by the end of the month you could provide me a specific number and how that breaks down so there is no confusion moving forward?

Mr. KENNEDY. Today, if I tote up everything, the answer for State and OSCI is 16,009. We track this very, very closely because we have no intention of over building and I do not wish to under build either.

Mr. CHAFFETZ. Thank you.

Let me start with Mr. Estevez. I want to wrap up here. We need to be brief. Your biggest concern moving forward, the thing we have to achieve and tackle by the end of the year?

Mr. ESTEVEZ. Under the current scenario of drawing down to zero, aside from the OSCI presence in Iraq, it is a massive

logistical move, 43,000 folks in about 2½ months, about 800,000 pieces of equipment to come out—actually closer to 850,000, so from the standpoint of logistics, that is a phenomenal piece of work.

We have done that and we have been doing this for the last 2 years really, the draw-down. We are confident we can do it but there are always hitches in this type of operation. Should there be successful negotiations, turning some of that around is also complicated but absolutely executable.

Mr. CHAFFETZ. Thank you. Ambassador Vershbow.

Mr. VERSHBOW. I think that from a policy point of view, between now and the end of the year, we hope that we can come to an agreement with the Iraqis on the full dimensions of a long term security relationship with that country that meets their needs and which also serves our long term strategic interest.

I think the long term success of Iraq's efforts to consolidate its sovereignty, its democracy, its stability has become even more important in the wake of the Arab spring. The Iraqis face many threats, some internal, some external. I share your concern, Mr. Chairman, about Iran. As Ambassador Kennedy said, they don't necessarily have an interest in stability in Iraq or in seeing Iraq become a sovereign state that determines its own destiny. Indeed, Iranian militias are likely to continue to pose a threat to security.

That makes it all the more important that we develop a strong and robust security partnership with the Iraqis that helps them improve their abilities which have improved significantly since we basically handed over the principal responsibility to them more than a year ago. They recognize that they need additional support going forward and I think it is in our strategic interest to develop a relationship that meets their needs so we can help them counter these threats and become an anchor of stability in a turbulent and fast changing Middle East.

Mr. CHAFFETZ. Thank you. Ambassador Kennedy.

Mr. KENNEDY. When we started this transition process, my great fear was that we would not be mission capable to take over the responsibilities given to the Secretary of State under the new system. I believe that today we are mission capable. The remaining task is to complete the physical plant build out. We have the aviation in place, we have the security personnel in place, we have the logistics in place, we have the life support in place. All our building projects are under way.

There have been the normal delays operating in a war zone from delays getting steel into the country to we thinking the U.S. military would be offsite X on day one and they were offsite on day 27. That is not pointing at them in any way, they have been absolutely fabulous in their cooperation. We could not have asked for anything more.

We are now mission capable but I still have to complete internal and some external build-out of facilities within our compounds.

Mr. CHAFFETZ. Very good.

Thank you all for your commitment to our Nation and our country, the hard work and dedication and your patriotism. I appreciate the staff that does so much of the work here in helping us along the way. I thank Mr. Tierney.

I would also appreciate that if there are additional updates you feel need to be brought before the committee, we would certainly appreciate that.

The committee now stands adjourned.

[Whereupon, at 11:20 a.m., the subcommittee was adjourned.]

