

THE CONTINGENCY ACQUISITION WORKFORCE: WHAT IS NEEDED AND HOW DO WE GET THERE?

THURSDAY, SEPTEMBER 16, 2010

Commission on Wartime Contracting

Washington, D.C.

The Committee met, pursuant to notice, at 9:00 a.m., in Room G-50, Dirksen Senate Office Building, Hon. Christopher Shays, Co-Chairman of the Commission, presiding.

Present: Commissioners Green, Henke, Schinasi, Tiefer, Zakheim.

Good morning. I'm Christopher Shays, co-chairman of the Commission on Wartime Contracting in Iraq and Afghanistan. I'll make an opening statement about our hearing and our witness panels in a few minutes.

But first, I want to recognize a distinguished visitor, United States Senator Jim Webb of Virginia, who will offer some brief remarks before moving on to his Senate commitments for the day.

Senator Webb understands from personal experience the importance of contract support for our nation's warfighters. He was a decorated Marine officer in Vietnam and later served as Secretary of the Navy. He, like Senators Claire McCaskill of Missouri and Susan Collins of Maine, was a key Senate sponsor of the legislation that created this commission.

We deeply appreciate their support of the commission's work, and acknowledge the interest of many other lawmakers in the Senate and the House.

Welcome, Senator. We are pleased to see you here, and are eager to hear your insights and suggestions. Please begin.

(JOINED IN PROGRESS DUE TO TECHNICAL DIFFICULTIES AT SOURCE)

WEBB:

My best wishes for the continuing work that you're doing.

We were walking over here this morning and I was thinking about a hearing that I was participating in on the Foreign Relations Committee in '07 right when I came to the Senate, where they were talking about Iraq reconstruction funds, State Department reconstruction funds. And as I recall in that hearing, the witness mentioned that there had been \$32-billion worth of

reconstruction funds that had been dedicated to Iraq from State Department appropriations to that point.

And I asked the State Department witness for an accounting of the contracts, where the money had gone, what the purpose of the contracts were, what the results of the contracts were—basic information. There are a number of people who are on your panel right now who have spent time in the Pentagon. I spent five years in the Pentagon, as you alluded to earlier.

That's the kind of information that should have been available within a day. And months later, the State Department still could not give us a line-by-line accounting of the monies that had been spent. And that was one of the principal motivations behind the creation of this commission, when Senator Claire McCaskill and I sat down and had a discussion about the billions of dollars that were being sent to Iraq and Afghanistan in an environment where we quite frankly had not been prepared to have the right kind of accounting for a lot of different reasons.

That really was the most striking example to me when I came here to the Senate about why we needed a commission such as now exists. And another important part of that discussion and of the idea of creating this commission was that it should be sun-setted, that people are frustrated in this town with the creation of commissions that seem to take on a life of their own.

And with respect to the work that your commission is doing, we find, as an observer from the outside watching it, we find that actually the importance of this commission, the charter that you have, has increased over the past year or so with the dramatic draw-downs in Iraq and the change in the wartime-contracting tempo in Afghanistan, that we really need the type of template that your commission is putting together so that we can build the proper efficiencies into these processes.

So as you I'm sure you know, we have communicated the importance of this commission to military leaders and we've gotten very good feedback from them from across the board, including General Petraeus just a week or so ago talking about how the sorts of things that you're looking at now are a mandatory command function, not simply something to be passed over outside of the normal chain of command.

So I wanted to just re-emphasize the importance of the work that this commission is doing and the value that you can bring to our process beyond the time period that this commission exists in terms of creating the template and putting the set of procedures into place that will outlive the very important examinations and recommendations that you're doing right now.

So again I wish you the best. I have been in continual contact with your commission through my office and personal meetings. I appreciate the visits from members of the commission to our office and I look forward to continuing to work together so that we'll have a lasting set of procedures that we can look back on five, ten years from now and say that we've really done a service to our country.

Thank you very much.

SHAYS:

Senator, I know you need to get on your way, but on behalf of all the commission we just want to say that your support has been invaluable and we think that whatever success we will have will be due in large measure to the work that you and others are doing, so thank you.

WEBB:

Thank you very much.

SHAYS:

I'd invite our first panel to come. We'll put the name tags out and then I'll read our opening statement.

Good morning.

As I said before, introducing Senator Webb, I am Christopher Shays, co-chairman of the Commission on Wartime Contracting in Iraq and Afghanistan.

We are a commission created by Congress to examine federal-agency and military use of contracting. We will issue a major report the beginning of January with proposals for statutory and administrative changes. We will make a final report to Congress in July 2011.

This opening statement is made on behalf of Co-Chairman Michael Thibault who regretfully is not here today, our fellow commissioners, and myself.

Commissioners at the dais are Grant Green, Robert Henke, Katherine Schinasi, Charles Tiefer and Doug Zakheim.

So why are we here? We are here to address some of the concerns mentioned by Senator Webb. They are not just concerns for us or for him.

At our very first hearing on Capitol Hill in February 2009, the senator said his concerns included, and I quote, "Poorly defined requirements and insufficient competition, inadequate government oversight owing to a lack of properly trained personnel, insufficient numbers to the task, extensive waste, fraud and abuse." That's the end of the quote.

Our hearing is especially timely in light of the September 14th memo sent to acquisition professionals by Undersecretary of Defense Ash Carter. Early in his 17-page memo, Secretary

Carter said, quote, "A capable, qualified and appropriately sized acquisition will be key to achieving efficiencies," end of quote.

We fully agree. Our research underscores the importance of personnel issues and its impact on oversight and outcomes. No human system is perfect, but there can be no doubt that a well-funded, well-organized, well-trained, and well-deployed acquisition workforce would help reduce the frequency of incidences like these.

In January, 2010, an Army Reserve lieutenant colonel was sentenced to 42 months in federal prison for conspiracy to commit bribery, wire fraud, and other charges related to misconduct during two years as a project officer in Iraq.

In May 2010, federal prosecutors charged a former employee of a U.S. construction contract in Iraq with conspiracy to defraud the government by accepting \$384,000 in kickbacks from subcontractors.

In July, 2010, the special inspector general of Afghanistan reconstruction reported that construction of a U.S.-funded Afghan army garrison at Farrah was more than a year behind schedule, lacked a full justification, had citing and construction problems, and may not be technically or financially sustainable by the Afghan government.

We picked these recent examples because they involve actual or alleged misconduct by both government and industrial personnel and project results that may be a disservice both to American taxpayers and the Afghan people we are trying to help.

When you consider that the Department of Defense spent \$384 billion on contracts in 2009, more than double the level in 2001, while its organic acquisition workforce actually declined, we are forced to suspect that opportunities for waste, fraud, and abuse have multiplied. Many acquisition outrages could be avoided or at least mitigated by a more-effective federal acquisition workforce.

Our focus at this hearing, however, is more specifically the contingency acquisition workforce. That bureaucratic-sounding phrase simply means that we are talking about the federal civilian and military folks who define requirements, procure goods and services, manage contracts, and provide oversight and accountability in support of contingency operations.

Contingency operations include those going on in Iraq and Afghanistan, but can also involve other situations where active-duty troops are or may be involved in hostilities or in a declared national emergency such as a major natural disaster or a mass-casualty terrorist attack,

In other words, "contingency" is a broad category. By definition, most of the acquisition activity in contingencies is likely to be executed by the Department of Defense. DoD is the focus of today's hearing, but we should not lose sight of the fact that other departments, such as the Department of State and the U.S. Agency for International Development, can also be involved in

contingency operations as they are in Southwest Asia and that many of the challenges we discuss today also apply across the federal acquisition workforce.

What may be the simplest aspect of the acquisition workforce, sheer numbers, is already receiving attention. The DoD's strategic human-capital plan update published in April 2010 describes initiatives intended to add 20,000 defense acquisition personnel by 2015.

That would bring the department's total acquisition workforce to 147,000. That is a laudable increase, but one that would still lag the growth in acquisition activity and only slightly exceed the personnel count of 1998 by a thousand personnel. And we still aren't up to that 147,000 number. Since that DoD plan update was released, Secretary of Defense Gates has spoken forcefully to his department on the need to recognize looming pressures on DoD appropriations and to achieve \$100 billion of savings over the next five years.

To his credit, Secretary Gates said he will not look to the acquisition workforce for cutbacks, but adequate funding will undoubtedly remain a challenge.

The defense acquisition workforce currently stands at 133,000 people, about 11, percent and 89 percent civilian. That sounds like a lot of people until you notice the DoD includes 1.4 million active duty, 846,000 Guard and Reserve, and 752,000 civilian personnel in non-acquisition jobs.

So the DoD acquisition workforce is only four percent of the people connected with the department. I might add that the overall budget of DoD for contracts is more than half of the entire budget.

Numbers, however, are not the only issue and may not be the most critical. As Undersecretary of Defense Carter said in his preface to the April plan update, quote, "While our hiring initiatives are on track, the department must act now on its strategy to increase its acquisition management, technical and business capability, and capacity to manage and oversee the acquisition process from start to finish," end of quote.

That is a wise perspective. Simply piling on warm bodies and cold cash won't fix systemic problems and quality concerns. For example, on a broad-front approach to the contingency acquisition workforce, we need look no further than the United States Army.

In 2007, the Army initiated its Commission on Army Acquisition and Program Management in Expeditionary Operations. That commission produced what has been known as the Gansler Report.

We will hear from the chairman of that commission, Dr. Jacques Gansler, during our first witness panel. The Gansler Report observed, quote, "Army culture is focused on warfighting and thus neither recognizes the critical and complex nature of contracting nor rewards people in the contracting community," end of quote.

The report made numerous recommendations to numbers, status, and career opportunities of contracting personnel, to restructure contracting organizations and increase general-officer presence, to improve training and exercising for expeditionary missions, and to obtain legislative and other support for office billets, incentives for civilian deployment, and provide pre-position funding and acquisition flexibility.

DoD and the Army have made progress on many of the Gansler Report recommendations. We are concerned, however, that some general-officer billets remain unfilled, that few civilians are deploying overseas, that contingency workforce augmentation is unsustainable, and that several other recommendations still await action. We look forward to hearing Dr. Gansler's view of progress on these issues.

We have 10 additional expert witnesses on our panel today. Some of them have key responsibilities in policy and operational decisions. The commission will be posing specific questions to them after their testimony.

I would like to indicate the range of concerns that can be expected to surface during this hearing. They include: Who is the actual lead agency for establishing, coordinating, training, and maintaining a viable contingency acquisition workforce? If there is none, is that prudent?

Are the DoD organizations involved in contingency acquisition-policy execution and oversight, effective planning, and achieving results in meeting needs for critical workforce skills? Are training programs, initiatives, and accomplishments on track with organizational commitments?

Can organizations protect critical acquisition workforce needs from fiscally driven resource reductions? If workforce shortfalls persist, have DoD organizations identified ways contractors could help without intruding upon inherently governmental functions?

Have DoD organizations correctly identified barriers to reform and improvement? If so, have they thought about mitigations and countermeasures? Has anyone done a thorough staffing study to assess contingency-operation needs such as for certified subject-matter experts or for getting sufficient audits in theater and how these needs are affected by possible changes in organization, technology, or doctrine?

Do organizations' acquisition-workforce plans fully and realistically embrace the doctrine and practical necessity that contractors are a vital part of the total force in contingency operations?

That's a big buffet of concerns and we could list more, but they all need to be addressed. Future contingencies like the contingencies in Iraq and Afghanistan can cost Americans thousands of lives and literally billions and billions of dollars. Before our current operations cease, before memories fade, and before the sense of urgency dissipates, we need to be sure that

the problems revealed and the lessons learned in Southwest Asia are addressed in reforms of the federal contingency-acquisition workforce.

On-the-job training for these operations is a bad option. Here's the bottom line. The U.S. military has often stated that money is a weapons system and has invoked that statement to emphasize the importance of good stewardship of taxpayer funds.

Without a fully trained and operational acquisition workforce, however, our money will be a weapons system turned against us in the form of waste, fraud, and abuse that erodes morale, undermines mission, and betrays taxpayers.

That is why the commission considers this hearing so important. In keeping with the importance and the broad reach of today's hearing topic, we have two panels comprising 11 experts with expertise and responsibility in contingency-acquisition issues.

Panel one consists of Jacques Gansler, Ph.D., Center for Public Policy and Private Enterprise, School of Public Policy, University of Maryland. As already noted, he is the former chairman of the Commission on Army Acquisition and Program Management and Expeditionary Operations.

Charles Grimes, deputy associate director for employee services, Office of Personnel Management; Daniel Gordon, Administrative Office of Federal Procurement Policy; Kathy Ott, acting deputy undersecretary of defense for civilian personnel policy; and James McMichael, Ph.D., acting president, Defense Acquisition University.

Witnesses for panel two, and I appreciate their being here as they are right now to listen to the first panel: Charles Williams, director, Defense Contract Management Agency; Patrick Fitzgerald, director, Defense Contract Audit Agency; Lieutenant General Phillips, U.S. Army, principal military deputy to the assistant secretary of the Army for acquisition, logistics, and technology, ASALT; Lieutenant General Mark Shackelford, military deputy of the assistant secretary of the Air Force for acquisition; and Lieutenant Robert Van Antwerp, commanding general, U.S. Army Corps of Engineers; and Jeffrey Parsons, executive director, Army Contingency Contracting Command.

On behalf of the commission, we welcome all our witnesses for participating in this hearing. Several of them are repeat visitors and thereby qualify for special welcome.

Thank you all.

We have asked witnesses to offer brief oral summaries of their testimony. The full text of their written statements will be entered into the hearing record and posted on the commission website. We ask that the witnesses submit within 15 days responses to any questions for the record and any additional information they may offer to provide.

And I'd point out that our previous witnesses have been very timely on that and we thank you for also being timely as well.

So I'd ask our witnesses to stand and we'll swear you in.

Raising your right hand, do you solemnly swear or affirm that the testimony you will give in this hearing is the truth, the whole truth, and nothing but the truth?

The record will note that all our witnesses have responded in the affirmative.

And Dr. Gansler, we're going to have you start off—and welcome.

GANSLER:

Thank you very much, Mr. Chairman.

In 2007, as you noted, the Army secretary established an independent, and I emphasize that, Commission on Army Acquisition and Program Management in Expeditionary Operations. And our objective was to review the lessons learned in recent operations, but also to provide forward-looking recommendations to ensure that future military operations achieve greater effectiveness, efficiency, and transparency.

I was honored to chair that commission and to be joined by five very distinguished commissioners with expertise and insight into government acquisition, including program management and contracting.

Commissioners included General (Retired) Dave Maddox, who represented the Army's operational side; General (Retired) Leon Solomon, who represented the Army's acquisition community with extensive experience in that contracting area; Rear Admiral (Retired) Dave Oliver, who provided alternate-service representation since we did want to consider alternate services but also Dave had recent experience in Iraq through his service with the Coalition Provisional Authority; and then two very senior experienced Department of Defense civilians in Dave Berteau and George Singley.

We were tasked to ensure that institutionally the Army is best positioned for future operations which will be expeditionary, joint, and as you pointed out, Mr. Chairman, likely to be multi-agency political-military events.

Although the secretary tasked our commission to look at acquisition and program management broadly, we were necessarily drawn to the contracting problems plaguing Operation Iraqi Freedom and Operation Enduring Freedom.

During the 122 interviews we conducted, we received almost universal agreement on what the issues are, what changes are required, and the absolute need for change. As a result, the

commission crafted a broad-based strategy for addressing shortcomings which we published in our independent report dated October 31, 2007 entitled *Urgent Reform Required: Army Expeditionary Contracting*.

The secretary of defense, the secretary of the Army, and the Congress favorably received the report. Consequently, Congress enacted section 849 of the National Defense Authorization Act for fiscal year 2009 which required the department to analyze our commission's recommendations for the Army, determine their applicability to the other services, and to report back.

A key accomplishment, in our opinion, in response to the report, was the Army's establishment of the Army Contracting Command as a major subordinate command of the U.S. Army Materiel Command, and they stood this up on October 1, 2008.

Contracting should be a core capability of the Army, but our opinion is that it has been treated as an operational and institutional side issue. We found that the DoD has an extremely dedicated corps of contracting people. The problem is that they are understaffed, overworked, undertrained, under-supported, and, I would argue most importantly, under-valued.

A combination of acquisition workforce reductions and the huge increase in acquisition spending has taken its toll. The DoD Authorization Act for fiscal year 1996 required DoD to reduce its acquisition workforce by 25 percent by the end of fiscal year 2000.

After those reductions, the department has not increased the acquisition workforce even though the appropriations have gone up dramatically since 9/11/01. In fact, despite about a seven-fold workload increase and the greater complexity of contracting in this intense environment, the civilian and military contracting workforce had been declining.

Further, the leaders for this dwindling community had also diminished. In the 1990s, there were five Army general-officer slots and four Joint general-officer slots in key contracting and contract management positions. But at the time of our commission's study, there were no Army slots and only one joint slot, that was the commander of the CENTCOM Contracting Command, and the Army couldn't fill that slot.

Our commission identified specific improvements required in four areas, as you noted, Mr. Chairman: contracting personnel, organizational responsibility, training and tools, and legislation, regulation and policy.

Today I'd like to very briefly focus on selected topics within those areas, highlighting both positive accomplishments and areas of continuing concern.

Our over-arching concern is that the Army has not yet positioned itself for success. The Army cannot achieve the needed cultural change into an entity that recognizes and values contracting as a core capability without general officers from the contracting field able to stand ground with

the operational leaders, and without not only those senior leaders, but also sufficient and well-trained, motivated, and experienced contracting personnel, the Army cannot meet the wartime needs.

To put this in perspective, at the time of our commission's analysis, there were about 270,000 contractors in the Iraq and Afghanistan theater. As our highest priority, we recommended and Congress authorized five Joint billets and five Army billets for general officers.

However, our commission desired that these billets be permanently assigned to contracting, but Congress tagged them for acquisition. So there is a future danger they may be diverted outside of the contracting field to another discipline under the broad acquisition umbrella.

Currently, two of the Army's five general-officer billets are filled. The importance of having general officers in place cannot be emphasized enough. They are essential in leading Army transformation to make contracting an Army core competence.

Although our commission's report was focused on the Army, we also made note of the importance of general officers for contracting positions in the Air Force and Navy, and we remain disappointed in the cursory response provided by these services in the section 849 report provided to the Congress.

SHAYS:

Mr. Gansler, I'm going to just ask you to suspend a second. You are basically setting off this hearing and you're the testimony that others will be responding to, so we are going to add another five minutes, we're going to let you finish your statement.

I would like to say to the other witnesses we can't do that for the rest of you. And I will all of the sudden appear very severe. We'll let you go a little over the five, but not much.

But Mr. Gansler, you have five more minutes, OK?

GANSLER:

Thank you, Mr. Chairman. I don't expect to use all that.

SHAYS:

OK.

GANSLER:

Our sense was that the importance of career contracting personnel has waned, even in the Air Force, which has traditionally been the premier promoter of this career field for the military personnel.

Returning to the Army, our commission recommended an increase in Army contracting personnel authorizations both military and civilian. We recommended an increase of just under 2,000 people, which was a 38-percent increase relative to the total people currently in the Army contracting field. But still, it was only 70 percent of the 1990 levels despite the increased workload that today's professionals face.

We understand that growing the contracting workforce cannot be accomplished overnight, but the pace at which the Army has approached this challenge makes contracting appear to lack sufficient momentum to make this timely.

In accordance with its 849 report to Congress, the Army is to assume responsibility for contingency-contracting administration services in 2012. However, the Army subsequently determined its resources would not be ready for this mission until 2015.

As we stated in our report, if the Army is serious about its commitment to support the expeditionary mission, it must channel more soldiers to the contracting field and they must do so rapidly and at an earlier point in their military careers. That's an important point.

And I must emphasize this problem is further compounded by the immediate and ongoing need for contracting officers' representatives, the CORs for contract-management oversight. We found that was very deficient in our commission findings.

Finally, the commission continues to believe that government contracting civilians, who are all volunteers to deploy for this wartime expeditionary operations, are grossly undervalued in their compensation, in their education and training, in their career opportunities, and in other occupational incentives.

As a result, many approved contracting positions go unfilled especially in theater, or what we found is they're filled with uncertified people. At the time of our commission's study, only about half of the personnel were certified for the positions they were filling.

Although the undersecretary of defense for personnel and readiness has sponsored a civilian-expeditionary workforce initiative, we question whether the effectiveness of the implementation of this effort is moving rapidly enough. Last we heard, it had filled only one position. We encourage the Wartime Commission to carry the torch and enable DoD to reward our civilian patriots in their support of our military operations.

In closing, changes are clearly required in the area of Army contracting and throughout the DoD, especially directed to future expeditionary operations. We believe these changes are essential and I hope you will agree and provide the needed support.

I think our troops deserve it.

Thank you, Mr. Chairman.

SHAYS:

Thank you, Dr. Gansler, and we appreciate all your work and there is a very important torch that does need to continue to be carried.

Mr. Gordon, I'm sorry I didn't get to greet you personally, and Ms. Ott, but welcome as well and we appreciate all our witnesses.

Mr. Gordon, you have the floor.

GORDON:

Thank you, Chairman Shays.

Good morning, Chairman Shays and members of the Commission. Thank you for giving me the opportunity to appear before you today to discuss the challenges we face with our federal acquisition workforce.

My goal in my brief opening statement is to save you some of your time. I will try to speak less than five minutes if I can.

My comments this morning are going to be in the context of the broader issues of the federal -- federal acquisition system. I'm going to defer to my colleagues in DoD who you'll be hearing from today to discuss the unique challenges that we face associated with wartime contracting.

The office that I lead, the Office of Federal Procurement Policy, has broad responsibility for ensuring the efficiency and the effectiveness of federal acquisition as a whole. And in particular, it has responsibility for the civilian agencies' acquisition workforce.

We do partner, of course, closely with DoD to support the department's workforce responsibilities under the Defense Acquisition Workforce Improvement Act, DAWIA.

As I re-read the Gansler Commission report in preparation for this hearing, I was struck not only by the high quality of the report, but also by the similarities between the challenges that face us across the federal acquisition workforce and not only in the context of the Army.

We simply don't have enough staff. The staff that we do have have inadequate training and we don't give enough attention at the high levels, particularly to contracting, but to acquisition more broadly. In the context of the Gansler Commission report, there was talk of the need for flag officers, general officers, but a similar phenomenon exists in the civilian agencies.

The result: poor acquisition planning; not enough competition for our contracts; poorly structured, poorly written contracts; and in particular, woefully inadequate contract management. I recognize that the wartime context exacerbates the challenges, but the challenges are challenges we face at every agency in our federal government.

The reasons and the historical context you're very familiar with. Our spending on contracting more than doubled over the past nine years, but the numbers in our acquisition workforce remained relatively flat. That's true for our contracting personnel, the 1102s [GS 1102 Contracting Specialist] and others. It's true for the program and project managers, and it's true for the contracting officers' technical representatives, or COTRs, as they're called in DoD.

The inattention to the contracting function and the acquisition function has resulted in increased use of high-risk contracting vehicles, insufficient focus on contract management, and in particular, excessive dependence on contractors including in the contracting function itself.

This administration is committed to addressing the challenges. You saw it in the president's March 2009 memorandum on government contracting and I'd like to talk to you very briefly about some of the initiatives we've undertaken.

To strengthen the acquisition workforce in the civilian agencies, the president's budget for fiscal 2011 includes an unprecedented request for \$158 million to be reserved solely for the civilian agencies' acquisition workforce—that is both to support hiring and to support training.

We and OMB [Office of Management and Budget] have required the civilian agencies to submit acquisition-workforce human-capital plans for 2010 for the first time. The goal: to institutionalize planning for their acquisition workforce, to tie it to the agency's mission needs including contingency contracting, and to tie it to the budget process at OMB.

We at OFPP are also working closely with our colleagues in the Office of Personnel Management to improve hiring, which has been a significant challenge for our acquisition workforce. We need to move faster. We need to streamline our job announcements. We need to get people on board both at the entry level and at the mid-career level.

We need to reduce risk through un-competed contracts and improper use of time-and-materials contracts. We need to reduce our improper and excessive dependence on contractors. As you may know, we issued a draft policy letter in March of this year to clarify when work is inherently governmental and needs to be reserved for federal employees.

We also need to support our contingency and emergency contracting. We created a new chapter, a new part of the FAR, chapter 18 to bring together the authorities in one place. We've updated our emergency acquisition guide and as you know, under the 2009 NDAA there is now a contingency contracting corps which GSA takes lead responsibility for, but which we are supporting.

In short, and I want to be careful of my time, this administration is committed to increasing the capacity and the capability of our acquisition professionals, including our contracting officers' technical representatives. We want to decrease the use of risky contracting vehicles. We want to improve contract management.

I commend the commission for its work. We look forward to your report and recommendations, which we hope will improve the acquisition management practices across the government.

I'll be happy to answer questions afterwards.

Thank you.

SHAYS:

Thank you, Mr. Gordon, for your very strong statement.

And the commission will look forward to working with you and the administration on this. Thank you.

Mr. Grimes?

GRIMES:

Chairman Shays and commissioners: on behalf of the U.S. Office of Personnel Management thank-you for the opportunity to participate in this hearing regarding the role and effectiveness of the contingency acquisition workforce in supporting military operations in Iraq and Afghanistan.

I appreciate the commission's interest in understanding the various human resources authorities, and flexibilities that can help agencies develop and retain an effective acquisition workforce.

OPM has been collaborating with the Federal Acquisition Institute and the Office of Federal Procurement Policy on specific initiatives to strengthen the acquisition workforce, as well as developing the tools federal agencies need to recruit, retain, and train that workforce.

In 2007, OPM designated the contract-specialist field as a government-wide, mission-critical occupation requiring focused attention on recruitment and development. As a result, federal agencies have been required to submit data to facilitate the assessment of their acquisition workforce.

Generally, agencies track the number of budgeted positions and the number of actual on-board employees. They then set targets for closing the gap in hiring.

In accordance with OFPP guidance, agencies also assess the acquisition competencies required of their workforce, develop strategies to address competency gaps, set targets, and conduct before-and-after assessments to measure progress.

There are a variety of hiring authorities available to all federal agencies to help close the gap in acquisition talent, in particular, contract specialists. The direct-hire authority authorized by Congress permits a streamlined process for selecting qualified candidates for certain acquisition positions into the competitive service.

In FY 2009, 311 acquisition positions in 34 agencies were filled using this authority. In the first two quarters of FY 2010, 155 acquisition positions in 29 agencies were filled.

Congress has also authorized federal agencies to hire annuitants to fill critical vacancies in the acquisition field without offsetting their salary by the amount of their annuity as is generally required. OPM partnered with OFPP in issuing guidance to agencies in implementing these provisions.

OPM has also been working on a comprehensive hire-reform initiative that will help make applying for a federal job easier and speedier. On May 11, President Obama issued a memorandum that directs agency heads to take specific actions to streamline the application process by trimming job announcements by over 75 percent, writing job announcements in plain language, using category rating instead of the outdated rule of three, and eliminating questions requiring written essay-style responses.

Last year, OPM worked with OFPP, the Chief Acquisition Officers Council, and FAI [Federal Acquisition Institute] to develop job announcements and occupational questionnaires for mid-career federal contract-specialist positions. OPM is currently developing state-of-the-art assessment tools to enable federal agencies to better identify top applicants for a number of key occupations, including contracting-specialist positions.

These reforms, coupled with training and support that OPM has been providing, will help agencies meet their hiring needs. In June 2009, the Government Accountability Office reported on differences among federal agencies and policies on compensation and medical benefits for deployed federal civilian employees.

GAO suggested that disparities may exist because of the discretionary nature of various compensation authorities, as well as the existence of independent pay authorities. GAO found that when these civilians served side by side, differences in pay and benefits may become more apparent and may undermine morale. In response, OPM and the Departments of Defense, State, and Labor worked in partnership to develop a legislative proposal to provide more uniformity and transparency to the pay and benefits for deployed civilian employees.

The proposal would allow the secretary of state, in coordination with the secretary of defense, to designate an area where there are exceptional levels of armed violence as a designated zone of armed conflict. This designation would make federal civilian employees serving in that zone entitled to certain standardized pay and benefits.

The legislation was transmitted to Congress by OPM and the Department of Defense on June the 9th. We believe this legislation is essential for the federal government to support employees who deploy to dangerous areas, often at great inconvenience and risk to themselves, and hope that Congress will consider it this year.

Thank you again for the opportunity to discuss these matters with you. I would be happy to respond to any questions you may have.

SHAYS:

You yielded back 17 seconds. Very nice.

Miss Ott?

And it's nice to see you smile. You look very serious, but this is a good communication we're going to have with each other.

OTT:

OK.

Good morning, Chairman Shays and members of the commission.

On behalf of the undersecretary of defense for personnel and readiness, Dr. Clifford Stanley, thank you for the opportunity to appear before the commission. Dr. Stanley regrets that he is unable to be here and has requested that I represent him in his absence.

As the acting deputy undersecretary for civilian personnel policy, I am responsible for planning and formulating civilian personnel policies and programs across this civilian-career life cycle. I also oversee the department's civilian and strategic human-capital management plan.

The department relies on our civilian personnel as part of our total force to support a range of essential missions, including those involved in contingency operations. This expeditionary capability is known as the civilian expeditionary workforce, or CEW.

Today my testimony will focus on three primary CEW issues. First: CEW capability, training, medical care, and family support. Secondly, improvements made in support of the CEW program

since the Gansler commission report. And lastly, what still needs to be done to further improve the contingency workforce.

In January of 2009, the department issued a DoD directive which put into policy the CEW concept. The policy established four CEW designations, two of which are position-based and two of which are volunteer-based. Implementation of these designations will be in two phases.

Phase-one concentrated on volunteers. Phase two will be our position-based designations. It also established medical and training requirements for those deploying. To carry out the directives, the department established a CEW program integration office, or PIO, in March of 2009 which serves as an additional sourcing venue.

The PIO also provides oversight of training, medical, and mobilization issues that may arise. There are currently over 5,000 CEWs serving in theater with almost 4,100 deployed in Iraq and Afghanistan, of which 316 have been sourced through the CEW PIO.

In fiscal year '11, we will implement the second phase of the CEW program and will begin to identify those positions that are essential to support contingency operations. We will also refresh our database of volunteers to identify those who have the primary skills which the last two years have told us we need.

In addition, we will work to identify future skills required to support our contingency missions. Regarding training, the department implemented a joint pre-deployment training program in January 2010 at the Camp Atterbury and Muscatatuck Urban Training Center.

To date, approximately 160 have gone through the full 10-day training course, with an additional 300 having participated in other components of the training.

Regarding medical care, the department established medical treatment policies and guidance that covers pre-deployment, in-theater injuries and illnesses, and post-deployment care including treatment in medical treatment facilities as appropriate. We have also worked with the Department of Labor to streamline processing of injury compensation claims for those injured in theater.

We require all deployed civilians to have a validated family-care plan and have explanatory information on our website for the families of those deploying.

The department has taken a number of actions to address the Gansler Commission report. We have obtained new authorities to strengthen benefits for the deployed civilians and have implemented a streamlined hiring authority for acquisition personnel. This hiring authority was implemented in December of 2008 and to date, over 5,700 acquisition positions have been filled using it.

We have also improved our forecasting efforts, as well as aggressively marketed the CEW program. We recognize that more needs to be done. In fiscal year '11, we will be refreshing our position designations in light of current and anticipated department challenges, developing additional training for supervisors, human-resource professionals, family members, and those being re-deployed, examining ways to adopt a more comprehensive medical-care policy, and we will be launching our formal CEW marketing campaign.

The department has worked in partnership with OPM, the Department of State, the Department of Labor to propose legislation for a comprehensive, standardized federal benefits package for all federal employees deployed to zones of armed conflict.

We believe the proposed benefits will further incentivize federal employees to deploy, while ensuring that all similarly situated federal employees receive consistent and equitable benefits commensurate with the risks of deployment. The department will begin implementation of that legislation when enacted, subject to any required implementation policies and regulation.

The department is committed to the use of the CEW and we will continue to develop and implement policies to ensure the CEW can be used as an effective force multiplier.

Thank you again for the opportunity to be here today and I stand ready to address any questions you may have.

SHAYS:

Thank you, Ms. Ott.

Dr. McMichael?

MCMICHAEL:

Good morning, Chairman Shays and distinguished members of the commission.

I have 35 years of federal service.

SHAYS:

Doctor, could you pull the mike a little closer?

MCMICHAEL:

I apologize.

Since July, I've been the acting president of Defense Acquisition University. Unlike my predecessor, who also directed human capital initiatives, my purview is DAU, which provides training, knowledge, support, continuous learning, and mission assistance to the acquisition community.

The contingency acquisition workforce was ill-prepared and ill-supported in 2007. The Gansler Commission and this commission have driven needed change, and speaking for DAU, we're very appreciative.

One of the key focus areas is workforce training and job-support tools which I will address. Contingency contracting officers, I'll call them CCOs, now have a 13-course qualification program. It starts with basic contingency courses and adds specialized contingency training.

The centerpiece is CON-234 joint contingency contracting, a two-week, hands-on classroom course with simulation. DAU trains approximately 350 students a year in CON-234. Recently, we fielded CON-334 for leaders of contingency-contracting organizations.

Rounding out the program, we offer assignment-specific training in construction and a refresher course. Pre-deployment is the ideal time to deliver training, and DAU goes where we are needed. Two examples: last month, we taught CON-234 and 334 to the Army's 413th Contracting Support Brigade right before they deployed early in September. And DAU is the pre-deployment provider to the Marine Corps with about 35 graduates a year meeting the Marines' requirement.

Contract management, particularly contracting officers representatives, I'll call them CORs, is important, is problematic, and our training for CORs in 2007 was inadequate. So we worked with the panel on contracting integrity to develop a COR-qualification framework which Undersecretary Carter has signed out.

To support it, we've built five training courses. There are courses for all CORs plus specialized training for contingency CORs. The online introductory course graduates about 35,000 students per year. The four-and-one-half-day classroom course, COR 222, is the centerpiece of DAU's COR training and the Army Logistics University offers an equivalent course.

Just last month, we began offering COR 222 online which means the throughput is now virtually unlimited. The plus for CORs working in a contingency environment is a course on the basics of contingency contracting, cultural differences, ethical and business considerations, useful tools, and situations that contingency CORs may confront, such as trafficking in persons, bribery attempts, and so on.

Since the April fielding, there have already been over 2,000 graduates of this online course. Our CORs can now go into theater well prepared for what they can expect.

The and this commission's interim report also focused on gaps in tools to support the contingency acquisition workforce. I agree. Training alone is not enough. Tools are absolutely essential. I'll mention six that are enterprise-wide.

The defense contingency-contracting handbook written by experienced CCOs [contingency contracting officers], goes in-theater with all of our CCOs. And at DAU, we use it for CON 234, which closes the loop from lessons learned to the handbook to the training, to the next cadre of CCOs. We train as we fight.

Second, after-action reports and lessons learned are being captured. The three-in-one hand-held device is for cash buys by field ordering officers. It automates a cumbersome paper process—result efficiency and accountability. It's a new contingency-acquisition support module, originally an Air Force product for writing contract requirements.

For CORs, we have a joint contingency COR handbook and are deploying enterprise-wide the Army's COR tracking tool which collects data on CORs and automates key parts of the — qualification process. With these and the tools and training provided by the services, our troops are well served compared to three years ago.

Nor are we losing any momentum. There's always more to be done.

Thank you and I look forward to your questions.

SHAYS:

I thank all our witnesses for really enabling us to keep on time, and I'll just say I think it's pretty obvious, but we have a lot of information and all of you are right in the center of this issue. So congratulations to staff for putting together such two fine panels.

I'm going to defer my questions to the end and ask Mr. Henke to go first, but I want to put one thing up as a basis of conversation. Dr. Jacques Gansler kind of put the ball in play and we in a sense are responding to it.

And when our staff looked at the statements, we kind of had a sense that DoD in particular was seeing things pretty good in a green light. We saw Dr. Gansler as having some real qualifications. We put yellow. When I went to speak to him, he said yellow to orange, and then when I asked him about my statement, he said my statement was probably a definite orange. So I'm kind of in the same boat as we the commission is. DoD is here. So we'll have a good time talking with all of you about what we all have to learn.

But that's in play, and Mr. Henke you have the floor for eight minutes.

HENKE:

Thank you, Mr. Chairman.

I'd like to start my questions for OPM and DoD, Mr. Grimes and Ms. Ott, and if I have a chance to get to question for Dr. Gansler in this round, I'd like to.

The third line on this chart is basically the ability, the deployability of the civilian workforce. And the question first, just a short reaction question: Ms. Ott, DoD's plan to increase the civilian workforce by civilian acquisition workforce, excuse me, by 20,000 from about 127,000 to 147,000; 10,000 people from straight regular new hires and 10,000 people from the in-sourcing initiative. Is that 20,000 growth still the plan?

OTT:

Yes, sir. It is.

HENKE:

OK. So it's not been affected by the recent changes and in-sourcing. It's still OK.

OTT:

Yes, sir.

HENKE:

The reaction question I wanted to pose to you, and I'll be candid. I was very impressed with your testimony. It was very thoughtful. I want to ask you how do you define the total force?

OTT:

We look at the total force to include our military, civilian, reservist, contractors, and our NGOs [nongovernmental organizations], as well as when we are in contingency-operation environment, our Afghani and Iraqi partners.

HENKE:

OK so your definition is—that's good. I'm glad to hear that because it's broader than what I thought it was. When I hear "total force," I think of active, guard, reserve, civilian, but you have expanded it to include contractors now as a part of it.

OTT:

Yes, sir.

HENKE:

Is that a recent change or is that . . .

OTT:

No, sir. When we look at our mission requirements, we look to see how best they could be performed through military, civilian, or contractor. We do an analysis and act accordingly.

HENKE:

This is your workforce-mix analysis you do?

OTT:

Yes, sir.

HENKE:

I want to quote something that you have in your testimony from the QDR [Quadrennial Defense Report]. "In a reconfigured total force, a new balance of skills must be coupled with greater accessibility to people so that the right forces are available at the right time. Both uniformed and civilian personnel must be readily available to the joint commanders," end of quote.

I couldn't say it better. That's exactly the issue that you're working on. We have a civilian workforce in DoD of about, what, 750,000, 760,000 roughly, and you have about 5,100 in theater, so well under one percent.

My sense of how you do it today is you put out a call for volunteers. You get on the tallest building you can and you say, "I'll take all volunteers." And then you deal with what you get. And you have to put out a package of incentives to make that an attractive idea.

What your testimony, your civilian expeditionary workforce establishes is the first two tiers are going to be required.

OTT:

Correct.

HENKE:

Required in war. You call it EE, emergency essential. That position is so important that I need it to go to the fight.

OTT:

Correct.

HENKE:

Number two, noncombatant essential, humanitarian operation, peacekeeping operation. So you're going to go through this process in the next year of moving from the volunteer model—all-volunteer civilian model—to starting to require the deployability of civilians.

I commend you for that. Go ahead.

OTT:

I just wanted to modify. We already have some positions that are designated as EE, as emergency essential. What we are going to embark on in fiscal year '11 is a scrub of all of our positions based on the engagements in which we have been involved over the last several years to make sure that we have the EE designations correct and that we have sufficient numbers of people ready.

HENKE:

Right. And is your starting point what the joint commander needs? So in other words, the starting point will be analysis of operation plans and CON plans that will say, "If we go to another theater again, we're going to need X-thousand contract administration people and X-thousand civilian contracting officers."

OTT:

Yes, sir. We actually have members of the CEW PIO [Civilian Expeditionary Workforce Program Integration Office] who are working with the joint staff on the manning documents to include those that are logged in our contingency operations.

HENKE:

Where do you see—this is the nut of the question—where do you see the challenge, the difficulty? Where can that effort go off track? I think it's the right answer. Make DoD civilians more deployable. They're not working at the department of—pick one, Agriculture, Interior. They chose to work at DoD. Part of that means being able to deploy. So what's going to be the hard spot in making more civilians deployable, required to be deployable, not volunteer?

OTT:

Well, I think certainly there will be a culture change because we are not asking that of all of our employees right now. But we have been gratified by the results that we've gotten from our solicitation for volunteers. We have about 17,000 people in our volunteer base right now and it was way above what we thought we were going to get.

And even when we began this effort with the PRTs [Provincial Reconstruction Teams] a few years ago, we were able to meet most of the requirements that were given to us. So I think there's going to be a culture change. I think there's going to be an education change. There's going to be some marketing that we need to do to show people what it's like to actually be in theater and the kinds of skills that we need for them to take with them. So I think that's the number-one thing, the culture.

HENKE:

The culture change. Do you actually anticipate making a current person in a current position changing their job descriptions to say, "You're an EE; you go. You have to go in the future"?

OTT:

Yes, sir. So if we have a position that is not currently designated as EE and we determine that it should be, there will be a 90-day notice requirement going out to the employee. And if the employee says, "Uh uh, this is not for me," or the person's not medically fit, then we will do everything we can for soft landing as far as like reassigning them into the non-EE position.

HENKE:

OK. Do you have a sense for how many category-one and category-two you're going to find when you do your analysis?

OTT:

I really don't at this point in time. We haven't done this in a while, so we need to do a thorough scrub of all the positions. And it's going to take some time because we have 752,000 and about 750 career fields within the department. But we know that we have missing critical occupations. We have also gone through all of our engagements since Bosnia and have looked at all of the skill sets that we have used on the civilian side from Bosnia on. And that will give us a pretty good indication of the kind of skill sets that we need to pursue.

HENKE:

By occupation, by series or . . .

OTT:

Yes, sir.

HENKE:

OK. Now, my question for Mr. Grimes and Ms. Ott as well: Sometimes when I hear the solution is more pay, more pay, more benefits, more benefits, I wonder why that is. Your testimony talks about aggregate pay limits and my reaction to that is we're talking about the vice president's salary. We're talking about \$231,000 a year as an aggregate payment to get someone to go to theater.

I don't question the dedication or the skill that people bring to theater, but when I hear it's just put the carrots out there and put more pay, more benefits on the table, bring back re-hired annuitants and pay people 35-percent hazardous duty and 35-percent locality pay or different whatever it is, you're quickly talking about paying a civil servant in the \$200,000 to \$300,000 range. What they make stateside is probably a third of that.

Your effort, Ms. Ott is different. The pay may not be different, but you'll be at least able to require people. My question is: Do we have the right balance? In my overtime, I have a minute here to wrap up, maybe, Mr. Chairman. Do you have the right balance of carrot and stick? It sounds like when I read your testimony, Mr. Grimes, all I hear are carrots. We're going to put more pay, more pay, more benefits, more R&R, more overtime for senior executives.

SHAYS:

I think the point's been made, and if you could make your response fairly short, both of you if you'd like.

GRIMES:

Thank you. I'll make it short. I think that OPM is in the business of providing the tools that agencies would use to get their jobs done, and this aggregate-cap thing has been a thorn in agencies' side when they deploy people overseas. The non-standardization causes morale problems. So to the extent that we can address those, great.

But you know, it doesn't mean that you have to work people long enough to get those high salaries. But I think the balance is probably best served by the folks on the ground and how they do their workforce planning and deployment of civilians.

HENKE:

OK. Ms. Ott, real quick: Carrot and stick?

OTT:

I think we're doing a little bit of the carrot, a little bit of the stick—the carrot to maintain consistency with some of the other federal agencies. We're also doing a third thing. We're marketing through some motivation as far as public service and I'll show you this. This is our marketing for our CEW, and it talks about some of the career development, the dedication to national security defense initiative, et cetera. So we are doing three approaches.

SHAYS:

Maybe one of the staff can pick that up and we can just pass it on.

Thank you.

Ms. Schinasi?

SCHINASI:

Thank you, Mr. Chairman.

And before I start my own questions, I'm just going to ask Dr. Gansler if you have any response to what Ms. Ott has said, particularly the idea that the department does really consider a total workforce when it's looking at how it needs to accomplish its mission and, you know, the efforts that are being taken now, maybe are they too little too late?

GANSLER:

Well, I guess they're certainly in the right direction. That's very important there. I think there is a growing recognition of the total force. It's obviously a great concern. For example in Afghanistan today, as I understand it, it's about 75-percent contractors in the mixed force. And so you need to have contracting people, inherently governmental work, in the battlefield area and that's a high risk and something that I think the Defense Department has recognized and starting to move. As with many of these areas, I guess, the problem is implementation versus desire; plans versus implementation.

I'm often reminded of Thomas Edison's statement here that, you know, "Planning without implementation is hallucination." You don't want to fool yourself to think you're doing it if it's not being implemented effectively.

And it's going to take time, I recognize that, but it also takes a valuing of this function, and in many cases this becomes the combatant commander's issues, and I think that's why the chairman pointed out that General Petraeus has recently made the statement that this is a warfighting need, not just a desire to have some contracting people there or worrying about fraud and abuse. You're really worrying about can you get the mission done. And it's the mission focus that's so important. And I think we haven't fully gotten that into the DoD.

SCHINASI:

Thank you. And I think to pick up on that, the things that I found really right-on in the report that you issued—thank you, I've just been given a little more time—were, you know, the focus on leadership which is critically important, the focus on military leadership, and the focus on the need to get outside of the contracting world into the acquisition world, but even into the requirements world.

I think what we are trying to do here, and hopefully as a government, is to align our workforce strategies both within and across agencies to support the use of contractors in a contingency environment. And I would argue that those military commanders are really important.

And if we can figure out a way to make them understand the opportunity cost of their decisions, you know, that money that they're spending here, or wasting here in some cases, is money that can't be spent for something else, I think that will go a long way to making that

equation balanced on both sides. It's not just the workforce. It's the environment within which that workforce is operating.

You know, you issued a report that talked about "urgent" a couple years ago. And you know, we're going to hear a lot today about the half-full glass. I'm more interested in why it's still half empty. And in your statement, I think you say it's not surprising that the Army staff has not been able to clear plans for contingency-contracting personnel.

I wonder if in retrospect now there is something not different that you would have recommended, but is there something that is missing in all of our efforts to really get this cultural change that we're talking about. And you referenced Secretary Gates' statement, who says now, you know, the money we're putting in through contractors is really an element of military power.

That helps, but is there anything else where you're working today that you would kind of push a little harder on?

GANSLER:

One of the things that we found was that in the combatant-command area that there was zero in their training programs associated with the contractors or the mixed force. And so that's a cultural question and of course, it will take time to make the cultural change and it does require leadership to really recognize the importance of it.

I would go back to actually the Goldwater-Nichols bill which required the same promotion in the acquisition workforce as in the combatant side. And when I was undersecretary, I'd have to send a little reminder note to each of the service secretaries they were violating the law because they weren't, in fact, giving equal promotion.

And when the fact that the Army went from five general officers to zero during the time period when we did the commission, it's pretty obvious they weren't following the law.

And the intent of the law was to place emphasis on the contracting and acquisition workforce. And without that leadership, it's not going to happen. The leadership is the thing that can make the cultural change. And they have to be in many cases in uniform in order to be able to balance off the force of the combatant side, but you'd really like the combatant side to recognize the importance of it.

That's the really important statement that has to be made and that has to be pushed from the top down.

SCHINASI:

Terrific. And thank you. That will be a question on our second panel for both our Air Force and Army witnesses, whether or not they agree with that statement.

Mr. Gordon, you referenced in your testimony the Contingency Contracting Corps that was directed to be set up in the FY '09 National Defense Authorization Act. GSA has responsibility for doing that and by all accounts, it's been pretty much a failure to date to get that set up.

I wonder if you would care to talk about the causes for that failure. There's a systems side and then perhaps there are some of the issues we've been talking about on trying to recruit people on the individual side.

GORDON:

Thank you, Ms. Schinasi.

A few thoughts on that: There has been very modest progress. I hope that's a safe way to describe it. We've had discussions between us and OMB and GSA recently. They are moving forward. They will be calling for volunteers on the program project-management side and the COTR side next month.

They do have a number of volunteers, but I think it would not be useful for this commission to pin too many hopes on the Contingency Contracting Corps for a couple of reasons. One, I think that the statutory scheme setting up that corps was really focused on a short-term emergency. The fact is it was set up as a response to the Katrina situation and it is looking for volunteers—that's under the statute—who are already members of the federal acquisition workforce.

Focusing on that corps to help us in wartime contracting, I don't think is likely to be helpful. The fact is even though we use the word "contingency" when we talk about Iraq and Afghanistan, we're not talking about short-term needs such as post-Katrina.

In a sense, if we were to focus on that corps, and I wouldn't recommend that, we'd really be cannibalizing our acquisition workforce, taking them from other agencies to use them overseas in a wartime environment. I would not recommend that. It would be like, if you'll forgive me, rearranging the chairs on the deck of the Titanic. The focus needs to be increasing the size of the acquisition workforce, improving their training, and not just moving people around.

Thank you.

SCHINASI:

Thank you.

And I'm going to turn to you next, Mr. Grimes. We've heard a lot about the difficulty in getting individuals to sign up and volunteer for overseas deployment. And you've indicated that you're looking to make more consistent the tenets under and the rules under which they are deployed as a result of the reporting and recommendations that have been made to you.

But when we talk to private companies who are pretty successful in getting people to go overseas, they talk about their ability to target individual packages to individuals and put together with a menu that they can put together a package that meets the needs of any individual. In some cases, it is pay, but in some cases it's the ability to pick where you're going to be stationed when you come back. So there are, you know, non-monetary but career-related pieces of that as well.

Have you done any surveys to find out what it is that people who aren't going, why they aren't going? Or people who are going, what it is that is attracting them? How broad is our knowledge base here on the data side?

GRIMES:

I'm not aware of any surveys, Ms. Schinasi, that have been done to determine whether, you know, why people go or why they don't go, though the ability of the private sector to target particular packages to folks is certainly something that they can do to get that person to deploy.

Our focus has been more on providing more standardized tools that agencies can use so that we don't create the sort of haves and have-nots that could occur if you allowed packages to be sort of tailored to individuals.

We want the same sorts of benefits and pay to apply. One example is locality pay. Generally speaking, if you're deployed overseas you don't get locality pay. If you are deployed overseas on a detail basis, you carry your locality pay with you.

The legislation would standardize that and allow that locality pay to be paid to everyone. So I think we're looking more at providing standardized entitlements, rather than something that is tailored.

Thank you.

SCHINASI:

And in my next round of questions, Ms. Ott, I'll come back and ask you how you see what Mr. Grimes has said. Thank you.

SHAYS:

If you have a short answer, you could give right now. If it's longer, we'll wait.

OTT:

Short answer is when folks are either in theater, or upon their return, we do informally talk with them about the benefits package, what kind of things we could have done better. That's how some of our training was developed. We, as a result, have done some things with R&R and things of that nature, but I don't believe that we have done a survey of benefits.

SHAYS:

Thank you.

Dr. Zakheim?

ZAKHEIM:

Thank you, Mr. Chairman.

So many questions, so little time.

Just a general point: My sense listening to this and all these hearings is that DoD has a war, maybe part of State. The rest of the government just goes about its peacetime business. And the reason I say that is even in the testimony today you see this whole question of priorities. And it seems to me if the United States is at war and our kids are getting killed, that is top priority. I would move people overseas. Anything that helps them not to get killed is top priority. I don't see that. I have not heard that. It really troubles me big-time.

I want to pick up on what my colleague, Bob Henke said. He worried a little bit about why all these additional bennies and bennies and bennies. One thing that has not been talked about, and I'd like to ask Dr. Gansler first, why not give priority for promotions to those who serve overseas? That doesn't cost you money, and I guarantee you, and all of you know this because you're all serving or have served in the federal government, you put priority to promotions and you're going to be swamped with volunteers. That's my thesis.

Dr. Gansler, what do you think?

GANSLER:

One of the people that we interviewed during the commission was a woman who was doing contracting in Iraq, and she said that she was promised a promotion. She also said she was

promised she could live in the castle, in the palace. She said, "I didn't get my promotion. I'm living in a tent."

And so she was highly disappointed.

We also found that many of the people who went, went with their supervisor's great reluctance because there has been no planning for the civilians to go through these expeditionary operations. In the military, the planning and the staffing is under the assumption that one-third of them at any given time will be in training or rotation or travel. But the civilian side doesn't do that, so every time you ask a civilian to go even to war and they want to volunteer, their boss says, "Well, gee, I don't have anybody to fill in for you and you're doing something really important back here. We can't let you go."

I totally agree, though, with your recommendation, namely that promotion is a very important incentive, and I think one that ought to be credited for the fact that they're going into a war zone with the potential of being killed, but also the fact that we found these people were working 24/7. It's not a normal environment. Things have an urgency to them besides the fact that they are in danger.

ZAKHEIM:

So, Mr. Grimes, why aren't you guys pushing that one?

GRIMES:

I'm still on talk.

We provide the tools that agencies could use to get their jobs done.

ZAKHEIM:

No, but you also make the rule, excuse me, Mr. Grimes, you guys make the rules. Every time when I was in government if I tried to play around with civilian personnel rules, I was told you can't do it; OPM says no. You make the rules. Why isn't this a rule?

GRIMES:

Just as a point of clarification, we make maybe some of the rules, but much of the rules that we promulgate come from Congress. There are laws that affect how civilian personnel are treated. There are civilians in military for a reason. If you want to treat civilians as military, well

that would require a change in many laws. So we do what we can to help agencies get done what they need to get done, but we can't get involved in abrogating law to make it so.

ZAKHEIM:

Therefore, are you saying that you need legislation in order to give priority for promotion to people who serve in contingencies?

GRIMES:

I would think that that would be something that we could look at.

ZAKHEIM:

Would you advocate that?

GRIMES:

I would think that that might be a good thing to look at. I'd be happy to do that.

ZAKHEIM:

OK.

Ms. Ott, what do you think about this?

OTT:

We have within the department as an example to be considered for a senior executive service position. We have a 6E CQ [senior grade in senior executive service] that we have added on national security and Joint experience. Certainly, our employees who come back from overseas tours will have a competitive advantage in that because they have now shown national security as well as a joint experience.

That kind of experience will give them the competitive advantage in competing for other positions as well, because we do value that joint experience.

ZAKHEIM:

All right. Let me pick up on another thing Dr. Gansler has talked about: tax-free status of civilians.

Mr. Grimes, Ms. Ott, what do you think about that?

GRIMES:

I think as Americans, we all pay taxes. I think that first of all, a position on that would have to come from the Treasury, but in terms of the consequences of such a thing, it would matter more possibly to someone in a higher tax bracket than a lower tax bracket. So you'd have differential effects, and I think that it's not as transparent as something in compensation that you look at in the aggregate—that everyone gets the same thing and they can see it. And people perceive that as being fair.

So I think there's a possible unfairness component that could creep in there if we're not careful.

ZAKHEIM:

Dr. Gansler, the military gets that. Nobody complains about it. What's your reaction to that statement?

GANSLER:

That was the finding of the commission that the equity here is the other people who are serving overseas. You look at the military on one side of you and the contractor on the other side of you, and even State Department people who are also serving in the area. And are they all being treated equally? And the impression we had was that the DoD civilians going over there were not in that same category and therefore that was where the equity was unfairly being treated. And that was why we suggested the tax incentive.

ZAKHEIM:

So it's actually just the opposite of what Mr. Grimes said.

How about you, Ms. Ott? Where are you on this tax-free status situation?

OTT:

Sir, we've been discussing it within the department and looking at the cost-benefit analysis of it. A decision has not yet been made on it.

ZAKHEIM:

OK.

Dr. Gansler, you rightly said that the law says you need more general and flag officers in acquisition. Secretary Gates has—actually, I was part of the briefing to a small group where he said he wants to cut the number of GOs [general officer] and FOs [flag officer], and I actually asked him about contingency contracting and he's very supportive of what's being done.

How do you square that circle? The services are being told to cut the number of flag and general officers. You're talking about adding them for this. What should be done? Where should these GOs and FOs come from?

GANSLER:

I think what Secretary Gates is concerned about is what he calls "overhead," the nonessential elements, maybe, of the overall mission. And it's very clear to me that the contracting portion of it is essential. That when you're in a war zone with 270,000 contractors and numerous contracts constantly being changed and implemented, including the concern about transparency and fraud and so forth, that you need people not only writing the contracts, but overseeing them and managing them.

That is, (A), an inherently governmental function, and (B), a very critical function for achieving the mission. I don't believe Secretary Gates intends to cut in that area, but that's why it's so important that the people who get the general-officer positions in contracting have a background in contracting. It's not just a matter of putting a star on their shoulder and saying, "Now you're a contracting officer."

You know, they have to actually understand and be able to do it and that's why it's the development of the program that's so important and those people need to have a spot that they can go to. So when you're a young officer saying, you know, "Do I go into contracting or not?" Well, if there's some general-officer positions available, then they might do it because they can become general officers and they can gain experience in contracting.

ZAKHEIM:

Thank you. My time is up.

Let me just say to the people in uniform who are going to be testifying later, I hope you've taken note of what Dr. Gansler said because I'm going to ask you about it.

SCHINASI:

Thank you, Dr. Zakheim.

Mr. Green?

GREEN:

Thank you, Co-chair Schinasi.

Let me take this to about the 30,000-foot level, if I may. I believe, I hope that you know, we all have the same objective here when it comes to contingency contracting. And the one area and the subject of this hearing today is really workforce and increasing both the number and the quality of that contracting community.

I don't think it's any secret that the defense budget, and I'll leave State out of it because their budget is always a problem, but the defense budget's going to go down. A number of reasons. You know, the American public is concerned about the federal spending and paying down the debt.

I think continued support from within the Congress is tenuous and we've already seen that in a couple instances where they have cut requests for Iraq funding, specifically for the State Department. Several people have mentioned Secretary Gates' announcement to economize and save \$100 billion dollars over five years. And I'll get to the general/flag officer issue in a moment.

All of these things, regardless of how you apply them, even with the promises that we're not going to touch the acquisition workforce, we don't know what's going to happen when the secretary leaves. But historically, whether it was done by the Congress or it was done internally, historically, reductions in force structure, and we're going to see them, are disproportionately allocated to the combat-service support and the acquisition community.

So I guess my question is this. I'm kind of skeptical, very frankly. And, Dr. Gansler, I'm in lockstep with you on the culture issue. I beat the drum on culture till all these folks get sick of hearing it.

But in addition to some of these little speed bumps that I've mentioned, you know, there are many unknowns today. What's going to happen during the Iraq transition when and if we really don't have any more combat forces in Iraq or forces I'll characterize it as?

In this environment, this budget environment that I've just touched on and you folks know it probably a lot better than I do, how do you change the culture to realize the goal of increasing the

acquisition workforce to include the senior leadership, these general and flag officers that Dr. Zakheim has mentioned? How do you square that circle?

Right now I think we have people's attention, not we the commission, but the country, the Congress, you folks who do with it every day. We have people's attention because we're at war. But if we can't get it right now, in the long term how do we institutionalize some of this momentum that's been built up? And it's just not putting more manuals on the shelf.

Particularly, I think we face a challenge when we come home. When this is over and units are now involved in training and reset, contingency contract, and they're not dealing with contractors on a daily basis, I think it'll be all but forgotten.

You know, this isn't real sexy stuff, very frankly. But this is the way we're going to go to war. We're going to war with contractors, and we have to have the force in place to oversee those contractors or perform the mission.

So, Dr. Gansler, would you just comment? I spent too much time talking and not enough time for you to give your answers, but . . .

GANSLER:

Well, first I think that it's pretty obvious that future events, whether they be wartime or other contingency events, are going to have significant representation of the contractor community and therefore will need to have the contracting officers, the contracting management functions, and so forth.

If that is the case, then one way to help get people prepared for that is through the exercises. We don't do exercises jointly, and we need to. Joint in that sense, now, is not just joint multi-service, but contractor and military.

I think I was very surprised when in the commission we asked the State Department to take part in those, because we thought they would also be involved in these geopolitical events. They said they didn't have the resources to do it and didn't want to put any people into it. And I think that's a mistake. I think it should be a multi-agency as well as a civilian and military exercise.

So one way to help change the culture and get ready is to require that these exercises be joint exercises to get ready.

I think another way to do it, you know, permanence you're concerned with, and we are concerned about that, too, that even if they make a few positions general officers in the services, that these could disappear as they did in the post-Cold War period, and that's what your concern is.

I mean, there was a dramatic drop-off in the post-Cold War period because the dollars fell off, and so we didn't need as many contracting people, but we lost the senior people. We lost the experience. And then when the dollars and the need turned around, we didn't replace them. And that was large groups of people.

We also need to make sure we're defining acquisition at least in terms of those jobs that are inherently governmental rather than, for example, wrench turning, which some people would say, "Oh, well, we'll add a few more people into the logistics area," which managing is an inherently governmental function, but doing in that area is not inherently governmental as contrasted to, say, writing contracts, writing requirements, doing budgeting. These are inherently governmental functions.

GREEN:

If you look at history and what has been done in the past when force-structure adjustments have been made, I'd like to ask each one of you what is your level of comfort based on what I've laid out here and other things, what is your level of comfort that we will give this priority, the priority we're talking about today, to the acquisition community, and we won't cut more people, we will save or fence those general officer positions?

I'd like, on a scale of 1 to 10, what is your level of comfort?

OTT:

You mean comfort?

GREEN:

Yes, comfort. What is your level of comfort that we will actually follow through on this?

GANSLER:

Is one high or low on your scale?

GREEN:

One is low; ten is high.

GANSLER:

OK. I would guess I'm very concerned that we will not follow through in terms of the culture change in the current culture. I think we need to make the cultural change, and then it can be maintained. You have to fence, in a sense, the positions for the contracting people, not simply say we'll try.

And what I am concerned about is that we not simply fill those positions with people so that we can say we have some general officers in those positions, but if they don't have any experience in contracting throughout their career, then you haven't really done what was needed.

GREEN:

Well, what do you give it, Jacques? Three?

SHAYS:

What's your number?

GANSLER:

Three.

SHAYS:

Yes.

GREEN:

Three.

GORDON:

If I could, very briefly, Mr. Green, I would say that I have a high level of concern and therefore a low level of confidence that we are going to maintain our commitment to the acquisition workforce, number one.

Number two, I've got to tell you I've got a high level of concern that we will continue to rely on contractors. So we have a disconnect there.

But number three, I'd say this commission can play a very useful role by insisting that we increase the size of the acquisition workforce. Thank you.

GREEN:

Well, give me a number.

GORDON:

I'm sorry. I said it three in terms of my level of concern.

GREEN:

OK.

GORDON:

Probably an eight in terms of reliance on contractors.

GREEN:

Mr. Grimes?

GRIMES:

I'll give you a four.

GREEN:

Four.

GRIMES:

I think there's a problem maintaining such a workforce in the absence of the work, so when we come back from Iraq, come back from Afghanistan, that's a problem.

GREEN:

Yes.

Ms. Ott?

OTT:

Ever the optimist, I'll give it a seven. I think that if we institutionalize this process, designate our positions as emergency essential, continue with the training, we've already . . .

GREEN:

I agree with you. If we institutionalize it. That's the challenge.

OTT:

And I believe that we're on the path to do that.

GREEN:

OK.

MCMICHAEL:

Well, Ms. Ott can testify that expecting to be last, I wrote down my number before I heard the others, and I had written down an eight.

Although I have seen these decreases that originated with the Congress, as Dr. Gansler pointed out, and then eventually climbing out of that deep hole that we were in, I believe that with some appropriate legislation to be a good foundation, as we have for workforce development and training, that this need not dissipate.

GREEN:

OK. Thank you very much. I'm well over my time.

ZAKHEIM:

Mr. Chairman, can I just point one thing out?

SHAYS:

Absolutely.

ZAKHEIM:

I just want to point out that by the time the government gets up to speed on some of these things, whatever contingency is involved has ended. Then it drops down like a rock.

The only problem is if you actually look at our behavior in the last 25 years, there hasn't been more than a two-year gap before we're involved in something else. Think about it. When did Bosnia end? We still have people in Bosnia, by the way. But when did it, quote-unquote, end? And how many years were between that and Afghanistan? The answer is about 18 months.

SHAYS:

Mr. Tiefer?

TIEFER:

Dr. Gansler, let me observe that you're a chaired professor at the University of Maryland. I'm a professor at the University of Baltimore Law School. And I think that our students in that system . . .

ZAKHEIM:

You broke your record.

TIEFER:

Well, I'm obviously not an under-tapped resource on this point, but I think our students are.

Mr. Gordon, your testimony on page four notes that that procurements open to competition but generating only one bid, only a single bid, increased in the period of time you're studying, 2000 to 2008, from \$14 billion to \$67 billion. And I want to understand this category.

I take it that when you use those figures, if there is an IDIQ [indefinite delivery/indefinite quantity contract] that was competed, but then when the time comes to compete the billion-dollar task award, there's only one bidder, that you're talking about that is not being competitive, but rather having only one bidder. Am I right?

GORDON:

I'd want to go back and check. The figures come from the federal procurement data system, with which you're very familiar, Professor Tiefer.

What we're talking about, though, are situations that we view as high risk, because a competition officially took place, but only one bid was received. I don't believe we're referring to the task order under an IDIQ situation, but I will double-check on that.

TIEFER:

Do you think there's been a 500-percent increase?

GORDON:

There are situations, yes, sir. From FPDS [Federal Procurement Data System] what we're seeing are situations, and I would note that GAO called attention to concern in this very area in a recent report.

TIEFER:

And when you said there are things you want to decrease, this is something you want to see decrease.

GORDON:

Absolutely. Every time that happens, it should be a red flag. We should be finding out why only one bid was received.

TIEFER:

We should try to decrease that in the contingency contacts, yes?

GORDON:

In every context, absolutely.

TIEFER:

OK. All right.

Dr. Gansler, your report recommended, I believe, that civilians should have the same tax exemption that others get for their work in theater. I take it you're still with that.

I want to know what do you say back when the departments say, gee, we're not willing to go forward with that, because it would exacerbate certain pay differentials between the military and civilians, and so the military would complain about it? Do you have a response to that kind of thing?

GANSLER:

I guess it's a fairness question, frankly. And I think the civilians who are being shot at and risking their lives for the nation, deserve the compensation for it.

I personally think, to go to Mr. Green's question earlier that part of this culture change is also on Capitol Hill. And I think that the commission can have an impact there as well.

I think the fact that Congress legislated a 25-percent cut last time there wasn't an activity going on in the acquisition workforce, and you may recall a leading congressman referred to them as shoppers, rather than the importance of contracting to the total force and to the mission achievement, and I also that if you think back to the spare-parts scandal, Congress's reaction to that one was not in terms of the contracting importance and the management importance . . .

TIEFER:

Dr. Gansler, let me go on, because your message is loud and clear, but my time is limited.

Mr. Gordon, you touched on the lack of need, the sufficiency of FAR Part 18 and therefore the lack of need for a contingency FAR. And I know you and I have separately talked about this, and I know our positions.

Let's put it that the commission has some changes in the FAR that it has in mind, because it studies the range of contingency issues. I'll give you an example. I'm not asking for where you stand on it.

Foreign subcontractors, meaning regional foreign subcontractors, not a big issue outside of contingencies, but a big issue inside. Can we reach them directly? Do we have the tools? Do we have the flow-down clauses, things like that?

If we have the proposed changes in the FAR, do you think that they could be accommodated in FAR Part 18 without creating a whole new contingency FAR?

GORDON:

Yes. It would be better done in the Federal Acquisition Regulation, whether in Part 18 or elsewhere. In my personal opinion, adding a contingency FAR, a parallel regulatory system, would be very unhealthy and unjustified.

TIEFER:

OK.

Mr. Grimes, we've been looking for those steps that might induce more civilians to be willing to go overseas and that have not even been proposed. And I want to ask if I'm right about two of them and whether they might have some benefit even if you haven't yet come to the point of instituting them or proposing them.

One is to factor promotion much more into—that is, if a civilian is willing to volunteer to go into an expeditionary force, you get a specific numerical amount that this would help them progress toward a promotion.

And the other is a family support center for those who go overseas. We understand the military have often found it's not specific money, but their families find it a resource, and therefore they're more willing to do it.

Am I right that these have not been implemented? And do you think they might have merit?

GRIMES:

I would have to look to see if, you know, a job had been announced that said if you go overseas, you have promotion potential. But as I mentioned before, it certainly sounds like a good possibility.

I would like you to know also, though, that there is a lot of support for civilians that go overseas now. There's a lot of support for the family. There's . . .

TIEFER:

Is there a specific thing like the military have—a family support center?

GRIMES:

I will have to defer that to Kathy to talk more about that, because I wouldn't be familiar with exactly what that is. I know. . .

TIEFER:

I'm not so much . . .

GRIMES:

. . . some personal experience that . . .

TIEFER:

Right.

GRIMES:

. . . when you go overseas, you do have an awful lot of support.

TIEFER:

Of course, that's a given. I just want to know about the specific point, because we want to know whether something could be made, a proposal that isn't in place now. To your knowledge, there's no family support center itself, whatever is given.

GRIMES:

I'm not aware of any family support center.

TIEFER:

OK.

Another thing I would like to ask is whether we now have an adequate pay ceiling. The question is whether there could be things, bonuses which go outside the pay ceiling for things like being willing to sign up for more than a year, something that's immensely valuable.

We seem to have a situation in—well, I'll just stop there, because my time's almost running out. Do you think it would be possible? Do you think it would be possible, might be useful to have bonuses that go outside of the pay ceiling?

GRIMES:

I think from an equity standpoint, you always have to be concerned about compensation ceilings and aggregate compensation limits. But again, it could be looked at for its utility.

TIEFER:

Thank you.

SHAYS:

I love this panel. I like your directness. I like your concise answers. And we're learning a lot, and we can almost spend a day with each of you.

I want to ask each of you, and it may seem like almost a frivolous question, but it will lead to something. I want to know if you think intuitively we are using too many contractors. In other words, have contractors becomes the default mechanism to make up for other failures? Maybe that's two questions. But first, do you have a sense that we're using too many contractors?

Dr. Gansler?

GANSLER:

No.

SHAYS:

Mr. Gordon?

GANSLER:

I think . . .

SHAYS:

I'm sorry. Go on.

GANSLER:

The critical issue here is the skill that you need when you need it and that you can get rid of it when you're done with it. And that's the benefit of the contractor. They come with the skill, and they can go when they're not needed.

SHAYS:

So what I'm hearing you say is the oversight people intuitively and the people working for government we keep, but we don't have to keep that bigger cost, which are the contractors.

GANSLER:

Correct.

SHAYS:

OK.

Mr. Gordon?

GORDON:

In many areas I don't think we're using too many contractors. There are areas where I think we are. In particular, in the acquisition area we are relying on contractors to do work that should only be done by federal employees.

SHAYS:

OK. Thank you, Mr. Gordon.

Mr. Grimes?

GRIMES:

I will agree with Mr. Gordon that there are cases where the reliance is probably too much and others where possibly not enough and that definition of inherently governmental is very important.

SHAYS:

I'd just inject—and you in your answer, very concise, you said, in a sense, hard to pay for people when they're not working. But, you know, that's what we do in a sense with the military. I mean, we have people trained in tank warfare and, you know, they're not being used all that much right now in tank warfare, and so in others.

So it is a characteristic of the military. You have people in place when you need it. And it describes to me a challenge we have, because until the military thinks of a contractor as the same kind of—I mean, the people overseeing contractors in the same way, yes, they're going to disappear when they shouldn't.

Ms. Ott?

OTT:

It's a little difficult for me to respond to, since I don't have visibility over the entire contract workforce. However, I do know that the department is taking a very hard look at all of our contract services through its in-sourcing initiative.

SHAYS:

Good. And I appreciate that.

Dr. McMichael?

MCMICHAEL:

I'll agree with the earlier comments of, yes, there are too many in acquisition. And we've programmed for a reduction of about 10,000. We'll see if that's where it ends up. And that money has been taken from the budgets and reprogrammed for internal use. So I have to agree.

SHAYS:

Thank you.

Dr. Gansler, we interpreted your statement as yellow, and you said afterwards it's probably more like an orange, which means closer to red. And then I said, well, what about our statement, because I realize in our statement, the statement I read, I just said acquisition, and I didn't say contracting. And in your statement, you kind of point out the difference between contractors, so I want to ask you if I'm thinking about this properly.

The acquisition workforce is a big, broad topic that includes lawyers, program managers, contracting officers. Within that contracting officers, we'd had PCOs procuring contracting officers that they create the contract. We have the ACO, the administrative contracting who manages the contract. And the TCO, terminating contract officer, closes out the contract.

So those are under that contracting part. And then I would keep going and say we have the finance and budget office under acquisition. We have the quality-assurance people. And then we have the auditors.

Do you want us to have a keener sense of contracting within the auditing part? Is it one of your messages?

GANSLER:

Yes. Many of the functions that you listed there require government people in inherently governmental functions overseeing those functions as contrasted to doing them. In the contracting area those are all inherently governmental and need to be done by government people and the management of the contract, the overseeing of the contract, those are inherently governmental.

So I would definitely agree with you that we want to distinguish between those functions, and that was the point that I think other members of the panel made between the inherently governmental functions and the overall acquisition area. Some of those functions are clearly things that can be done by contractors in support of the inherently governmental positions.

SHAYS:

Yes, I'm not finding inherently governmental all that helpful, because basically if it's inherently governmental, then nobody but government should do it, even legally. And, you know, international law and federal law, frankly, allows us to use contractors in a broad spectrum, including carrying guns and being involved in warfare.

So when I think of inherently government, I kind of think, well, the contractor can do it, but should they? And so when I'm hearing you use the word "inherently governmental," I'm just going to tell you I'm just hearing more, well, really, should we be using contractors here, even if we could?

So in terms of the yellow or orange that you might give DoD, it's because they are putting things under acquisition and saying that's contracting when the resources are being put there rather than put more in the contracting area. I'm hearing you say that, and I'm hearing you say that it's not just people and money, but you got to make sure that they're experienced.

Let me just add one more. I think I heard you say that, you know, a flag officer who's under acquisition but doesn't have years of contracting experience, that's not meeting what you were trying to get DoD to think about. Is that correct?

GANSLER:

That's correct, sir. The idea here is that contracting does require experience and that you will want to have people in those senior positions in contracting who have done it before, not simply being plugged into that position because a slot exists—the training, the development, and particularly the experience.

And I would distinguish contracting from the very broad acquisition area. I would say the same thing about program managers, though, and about CORs. They should have some experience as well.

SHAYS:

Mr. Gordon, I found myself saying yes to all your answers and I thought, boy, that's terrific if you recognize it in the position you're at. I'm interested, and I would love afterwards to have a dialogue with you about solutions, because I feel that we're all pretty much on the same page. But this is my last basic issue.

We've recognized the systemic and cultural issues and the reason why, you know, Mr. Grant did something uncharacteristic. Grant Green did something uncharacteristic. He usually asks a lot of questions and then yields back the balance of his time. But on this issue he's really been on our case to say all this work is for naught if it's not institutionalized.

And so we all recognize we've got to do it. I want to know how we get there and how long it will take. And there's a sense of urgency that I'm not sure we have. Now, I have very little time, so I'm going to just say that's going to be my question for my shorter follow-up. How do we get there and how long will it take? Because I think we all know we've got to get there.

GORDON:

May I give you brief answer now?

SHAYS:

If you've got a brief one.

GORDON:

But I'm happy to talk more afterwards.

SHAYS:

OK.

GORDON:

We didn't get into this hole overnight. It took us something like 15 years. It will take us years to get out. We need to institutionalize. Mr. Green is absolutely right. We need more people in the acquisition field especially in the contracting field. We need to be more sensitive to what positions should not be done by contractors and need to be done by federal employees, especially in the acquisition world.

SHAYS:

And I'm just going to express a concern that I'm going to follow up in my next one. And that is I think the most shocking thing to me, joining this commission in 21 years in Congress and overseeing Defense and State in my chairmanship of the committee I had in government oversight, I was stunned by the lack of civilians overseas and the amount of money we had to pay them to get them to go.

And to me it's almost a dirty little secret, frankly, to have to pay someone 230,000 to get them to go overseas. It's shocking. And I don't know how we deal with it, but we've got to find a better way than just encouraging that you go because of money. I think . . .

Yes, sir?

ZAKHEIM:

Mr. Gordon, you just worried the heck out of me with that 15-year statement, it'll take that long. The joint staff was a place where you went to terminate your career. Goldwater-Nichols was passed in 1986. Within three years the best and the brightest were going to the joint staff—

three years. By the way, not a penny more in salaries, in benefits, in bonuses, not one cent. It was promotions. It was career management. And it took less than three years.

And what my co-chairman has just said, this sense of complacency, 15 years. It won't be on my watch. That scares me, and that should scare everybody in this room.

GORDON:

Dr. Zakheim, I very much appreciate your point. I didn't say it would take us 15 years. I said it took us 15 years to get where we are in terms of letting this acquisition workforce deteriorate. I think we're already making progress, but I very much agree with you. The need is urgent. We need to move, and we need to move promptly.

SHAYS:

Thank you. That's great to have that clarified.

I think we're on our second round, and I am going to try to really be tight on this five minutes so we can get to the next panel. We have a distinguished second panel that has been patiently waiting.

HENKE:

Yes, sir. I'd like to put up charts 3 and 4 and have a discussion, if I could, with Dr. Gansler.

Sir, the basic point of your report is you want the army to realize, number one, contracting is a basic thing we do as an institution and, number two, we take it to war now. We go to war with contractors.

Your report is replete with examples between the services. And as you know well, sir, Air Force has a model for they consider it a basic thing you teach a second lieutenant how to do, and you grow them all the way up to be a colonel or a general.

The Army model is different. You join the contracting field at about the six to eight to 10-year point. You bring them in, and that's when they start their contracting work.

A great quote from your report, and I'm sure you remember it, I'm assigned to a field-grade command, meaning an 04, 05 major, lieutenant colonel, with lieutenant qualifications. Well, that's the result of the model of making it a secondary and incidental thing.

Sir, you're familiar with Army basic branches: infantry, armor, field artillery. The Army has a list of different basic branches: air defense, field artillery, aviation, combat support branches,

signal, military police, Corps of Engineers, combat service. And these are all things that new officers start out in: adjutant general corps personnel, finance corps, transportation corps, ordinance corps, quartermaster corps, supply and logistics. And then you get into the medical field: chaplains, doctors, dentists, veterinary corps.

My question to you is, if we're going to make it really important and really put it in the DNA of the culture, instead of treating it as an operational institutional side issue, which is from your testimony, what about an idea of making the acquisition corps include contracting, a basic branch in what the Army does. Put it on a par with the finance corps and the transportation corps, quartermaster corps.

Can you give us a response to that thought?

GANSLER:

We specifically recommended it in terms of the contracting corps, if you will, so that people would spend their career and be reviewed for promotion by their superiors who are in that part of the business.

We also recommended that the Army not only start earlier, but that they do what the Air Force does in using NCOs . . .

HENKE:

Right.

GANSLER:

. . . as part of the overall contracting capability. So we definitely feel that there should be a professional area in the same way that, you know, surgeons—you wouldn't want to not do that.

HENKE:

And make it a basic branch, so when someone joins the Army, they can join in the acquisition corps and become in that a program manager or a contracting officer and the like.

GANSLER:

Yes, the only thing we were emphasizing is that if you are in the, quote, "acquisition area," you could spend your life in logistics and not really ever get exposed to contracting. So it's important to distinguish even within the word "acquisition" that contracting is a specialty.

HENKE:

Right, right.

Sir, if you could take a look at chart 3, it's the red and blue bar chart up here, not the one with the general officers. This is the contracting career field in DoD. It's about 28,000 people in total. The subset, as you know, is the acquisition workforce. The blue is military and the red our civilians.

And as you noted in your report, the mix in the services varies a lot—Air Force 30/70, Navy Marine Corps 80/20. Army uniformed contracting people are about 8 percent of the total. Does that indicate to you that it's an operational, an institutional side issue still?

GANSLER:

I think the facts speak for themselves. I would argue that the Army's major step forward in creating the Army Contracting Command was a really positive thing . . .

HENKE:

Right.

GANSLER:

. . . clearly talking about the uniformed people, and I strongly support what they're doing there and would encourage it to move as fast as possible, because that would address your specific chart.

HENKE:

The other chart puts quantities to this issue of general and flag officers. The point here very simply is there are about 700, roughly, generals and admirals in the services, about 80 for an acquisition and 10 now, ten in contracting. The five green, five in Army, came from your report, and the Army's going about filling those. Navy Marine Corps five, and the Air Force has zero.

What's your reaction to that? And by the way, the contracting field, 400 of the 700 billion is contracted. Is that the right ratio?

SHAYS:

This will be the last question.

HENKE:

It is.

GANSLER:

Very clearly, we felt not the right ratio, and zero is certainly shocking when you think that historically the Air Force has been the one who've really focused in this area. And you used to be able to know who were the experts, who were the general officers, who had contracting background. And the fact that it's zero is something that I think the Air Force needs to clearly address.

HENKE:

Yes, sir. Thank you, Mr. Chairman.

SHAYS:

Thank you.

We'll go to Ms. Schinasi.

SCHINASI:

Thank you. If this problem wasn't already big enough, I realized earlier this week that it's bigger than we're even talking about here, because I attended a debrief by a unit that had recently come out of Afghanistan. And in that debrief, the logisticians were talking about their inability to get into pre-deployment exercises and training with the operational unit.

So, you know, the acquisition and the contracting are even one and two removed from that so, you know, I think culture change is really at the top of why we're going to try and do it.

And I just want to go back to something I raised in my first round of questioning.

Dr. Gansler, again in your statement it's not surprising that the Army staff has not been able to clear plans. Why is it not surprising, and who isn't that's not clearing these plans?

GANSLER:

Well, the issue here is the military senior leadership. Do they value this contracting area as much as they should? And are they aware that future operations will have this mixed force, as was pointed out, and for which the total force now is dependent on these contractors? And the supervision of it is a combatant commander's responsibility.

And that's why I was so pleased with General Petraeus's statement to the force. Pay attention to contracting. It's part of your critical mission.

SCHINASI:

And so how long does that statement take to filter down to get the resources assigned? How long should we wait? How patient should it be?

GANSLER:

As you know, you can't make a cultural change by putting out a memo. It takes a sustained effort by leadership. First, it takes recognition of the need for change by a wide group. And then it takes a vision, strategy, and a set of implementations and some metrics, as they're shown up here on these charts, to be able to get full implementation. But it takes top-down pressure continuously and lots of communication about it in order to make the culture change.

SCHINASI:

I'm going to ask a question about another initiative. This is one that was put out by the Congress on the defense acquisition-workforce fund. I think there was a recognition that we needed to fence some money, and we needed to really focus on the acquisition workforce, and the Congress stepped up and did that.

So I'm going to ask Dr. McMichael, you know, you didn't even mention this in your statement, and we have an Army audit report from last summer that says it looks like that money is going to be pulled away, because the services haven't even been able to spend that. I mean, that is such, you know, a disturbing example and one that really can make you angry if you let it.

You know, here is the money given to you, and you still can't spend it. Do you want to weigh in on what's happened there?

MCMICHAEL:

I'd be glad to. I didn't mention it in my oral testimony. I did indicate in my written testimony some of the beneficial uses and training to which that fund has been put.

SCHINASI:

But the money is there to be spent.

MCMICHAEL:

I want to get right at your Army audit-report question. That was an issue of under-execution. You're right. The Army was not going to be able to execute the funds and that's why OSD [Office of the Secretary of Defense] was looking to apply them to something that would have had benefit.

Now, the Army did turn to and look at all five, I believe, or six of the recommendations and take appropriate action, so that now, here we are coming close to the end of the fiscal year and they are lined up now to execute those funds.

They have also been looking at the recommendation with us on, I'll call it, "How do you keep this sort of thing from happening again?"—closer working relationship between OSD and the Army having, they suggested, a memorandum of understanding. I would suggest maybe not that vehicle, but something that was department-wide to help define . . .

SCHINASI

But Dr. McMichael, I think, my point is, far be it from me to question the value of auditors, but if you have to have an audit agency come in and replace management and leadership, something is really seriously wrong. And this is a pretty recent example. And it makes me angry, frankly.

That's the end of my time. Thank you.

MCMICHAEL:

I understand your point and I, too, have great respect for auditors.

SHAYS:

I have never seen her angry.

Dr. Zakheim?

ZAKHEIM:

I'd like to pick up on something else, Dr. McMichael.

I'd like to have a sense of why it is—you mention in your testimony that you are the pre-deployment provider for the Marine Corps. The Marines obviously recognize that people who go over need to go to DAU [Defense Acquisition University] first. But there are three other services, I'll leave the Coast Guard alone, three other services much bigger than the Marine Corps. Why haven't they come to you? What is going on? Or is this back to Dr. Gansler's point and my colleague Grant Green's point that it's just not in their culture?

MCMICHAEL:

Well, they have. That's one answer to your question. The Marine Corps, having worked for the Navy for a number of years, often recognizes when it's the right thing to do, to go out and find a way to get the job done. In this case, it's a relatively small requirement. As you said, the other services have larger requirements, well beyond the capacity of DAU to solve. So they work primarily within their own resources, but when we are called upon to go, we go.

ZAKHEIM:

Wait a minute. If beyond the capacity, have they actually come to you and used you to the maximum capacity you've got?

MCMICHAEL:

They've actually come to us. As was said earlier, what could have higher priority than warfighting? I don't want to say that we're used to the maximum capacity, but our resources are well used in this regard.

ZAKHEIM:

Yes, but if you're not used to the max, you know, last time I checked, the Marines fight wars, too, and so the warfighting is hardly an excuse, it seems to me, for the other services. So you've answered my question and, again, we see that there is something wrong with the culture here.

You've offered a number of these courses, and to what extent are you getting feedback from students, from the commanders in the field saying, "You know, you ought to modify this, you ought to add that." What kind of outreach do you have to make sure that the courses you're offering really are what's needed?

MCMICHAEL:

We constantly do that. Every course has an end-of- course survey that each student gives us that kind of feedback. Right now I have four faculty Air Force officers deployed. We get feedback from them and we use just every way possible to try to improve our courses. I did mention in my testimony the vital role that the contingency contracting handbook plays because it's written by contingency contracting officers based on their experience and after-action reports and we use that. And so that loop is well served in a feedback sense.

ZAKHEIM:

So, Dr. Gansler, I know that my colleague to the right of me already mentioned that you are a distinguished professor at Maryland. Yes he did mention Maryland as well, absolutely. So let me ask you, how would you evaluate DAU, the course work, the performance, the use that the services are making of DAU? You know, in the last minute-and-a-half that I have, could you give us a sense, as a distinguished educator, of how DAU is doing?

GANSLER:

Well, a couple of observations. One is that we did get feedback from the field and I think the point behind your question is an important one for them to consider is follow-up, not just at the end of the class, but two years later did you get the right information? And some of the feedback we got was somewhat critical in the sense of a lot of theory, but not practice, and things like that.

But they have made some major steps forwards, for example, by using case studies rather than the way they used to teach there. I think that's made a major step forward for them. And they have stepped up their courses at least in terms of trying to address some of the expeditionary needs. That's an important point.

I did a study a number of years ago for the chairman of the Joint Chiefs looking at the level of the faculty and their experience. And that's one of the things that a typical university would evaluate. And we did find that the level in terms of the experience, rank, and so forth of DAU was not even as high as some of the other war-college experiences. And I think that's an important consideration for the future.

I mean, I have friends who are tank commanders, but you don't want a tank commander teaching a course in acquisition. You want someone who's done it before and has experience and the same thing with contracting. It should be a prestigious position, rather than a place to go to get out and then become a professor someplace.

ZAKHEIM:

Well, thank you very much. We're going to follow up on that one because I think one of the areas, and it's too bad I can't ask Mr. Grimes about this, one of my major concerns is the whole follow-up professional education for civilians is just a disaster compared to the military side, and I appreciate your answer Dr. Gansler.

SHAYS:

Thank you.

Mr. Green?

GREEN:

Thank you.

We've talked about leadership, how important that is. In my mind, that's it. All the technical manuals, field manuals, regulations, even statutes aren't going to make it work unless senior leadership makes it work. And there used to be an old saying in the Army, "A unit does well only those things the commander checks." Well, you can expand that a little and say an organization does well only those things the boss cares about and checks. And whether that boss is the SecDef, the secretary of state, the secretary of the army, or a senior commander in the field, it's got to get done. So that's my gratuitous comment.

Very quickly, and I don't want you to expand on it because I have a final question that maybe is more important, what are your feelings, very briefly, or would you support, I guess I should say, a Goldwater Nichols-like arrangement for the contracting, or expand that and say the acquisition community?

Don't give me all the pluses and minuses because I don't have time.

GANSLER:

I took part in the Packard Commission and testified with Dave Packard and Bill Perry on the Goldwater-Nichols bill, and I agree with Dr. Zakheim's statement earlier that the principal reason for the upgrading of the jointness in the DoD is the fact that you cannot become a general officer unless you serve in a joint position. And so if we're going to establish a career path in contracting, then it's important that when you get to be in these positions that are established for general officers in contracting that you have contracting experience. That's absolutely essential to me.

GREEN:

So you would support a Goldwater-Nichols-like arrangement?

GANSLER:

You know, the problem is that it can get overused.

GREEN:

Oh, no, I . . .

GANSLER:

I would support some legislation that encourages these positions to be permanent in the sense of contracting, and that the people in them have experience in contracting, not simply a spot that you put someone with a general officer.

GREEN:

OK.

Any others?

GORDON:

I concur with the way Dr. Gansler put it. The essence is strengthening this position and showing commitment to it.

GREEN:

OK. Anybody else? Or do you all agree?

OK. Everybody agrees.

Dr. Gansler, I hate to keep picking on you. This commission, I think, has a challenge, the same one or one that is very similar to the challenge that you faced in wrapping yours up, and that is how do we carry on after the report is done and the recommendations are on the shelf gathering dust? What would you recommend we do, and maybe it's lessons learned from your experience, what would you recommend that we do to make sure that whatever recommendations and hopefully they'll be decent ones, are applied?

GANSLER:

When we did the Packard Commission, one of the things we said we were going to come back a year later and see if the implementation matched what we had asked for. I think an evaluation a year later would be highly appropriate. It keeps the pressure on.

GREEN:

Yes.

Mr. Gordon?

GORDON:

Again, I concur. The trick is to follow up and see whether you made change happen. We need change in this area.

GRIMES:

I certainly agree with that.

OTT:

Agree.

GREEN:

Everybody agrees.

Well, we probably need to give a report card, too. You know, do a red, yellow, green kind of a thing. These, you know, secretaries hate to see that they're falling behind their counterparts. I went through the presidential management-agenda stuff and, you know, if you were a red and secretary so-and-so was a green, that gave you quite a bit of concern.

OK, that's all I've got. Thank you.

SHAYS:

Thank you.

Mr. Tiefer?

He's a professor, a little absent-minded, Dr. Gansler?

ZAKHEIM:

That wasn't you though.

(LAUGHTER)

I don't know how I would get through the day without you, Dr. Zakheim.

SHAYS:

Could I just interrupt the gentleman? He will get all of his time, but he is noted in contracting. He's the expert on contracting and teaches it and he is an incredibly valued member of this commission, but we do have fun once in a while and give him grief.

TIEFER:

Mr. Gordon, besides what we talked about earlier, which was competition, you have the figures in your statements showing that President Obama wants to get down the number of contracts that are cost reimbursement and do more by fixed price. Well, let me ask you a couple of questions and put the answer together.

Isn't it likely that we are, in effect, wasting a great deal of money by not having transitioned more off of cost reimbursement to fixed price, especially in contingency? I know you answered more broadly. And isn't it one of the reasons we're talking about this today that if we had a stronger acquisition force, we could make some of the transitions that would save that wasted money?

An example being that where we're using an overall contractor like KBR to provide the DFAC facilities, the dining facilities to the troops, and they in turn have billion-dollar subcontractors who work for them for fixed prices. If we could break out of the cost-reimbursement overall contract the pieces that are individual fixed price, if we had the personnel to do that, we could avoid large amounts of waste. That's my bottom line. Aren't personnel shortages meaning large amounts of waste?

GORDON:

Professor Tiefer, I very much agree. The personnel shortages and the lack of training is causing our people to cut corners in ways that we would not be doing if we had enough staff. Too many situations where we're using time and materials, in particular, but also cost reimbursement, where we should be able to transition to fixed price. I very much agree with you.

TIEFER:

And, come on, let's hear the "W" word. Isn't it producing a large amount of waste?

GORDON:

Absolutely. We believe that when we talk about fiscal responsibility and this administration's commitment to fiscal responsibility in the area of acquisition, we highlight the improper use of cost reimbursement. Now sometimes, as you know well, Professor Tiefer, cost reimbursement is a lower risk and a more sensible way. We're not going to go back to the R&D fixed-price contracts of the '80s, but too often we use cost reimbursement because the prior contract was cost reimbursement, not because it's still justified. We need to transition and we need to transition to fixed price whenever we can.

TIEFER:

OK.

Another point you made, with which I was in strong agreement, is that you said, Mr. Gordon, we're using contractors too much for contracting itself. That is, you know, the situation where we have a contracting officer and next to them there is someone from a contractor body shop who is doing sort of half the work, and what we're doing is we're buying from a contractor body shop, very possibly his predecessor as a resource. The contractor up and retires, makes himself available again as part of a company, and we should be doing that—am I right? Do you consider this a significant problem? And do you have a sense, as I have had, that this is a particular problem in contingencies?

GORDON:

It is certainly a serious problem in our contracting shops. We have contractors who are writing statements of work for other contractors. We have contractors who are helping us evaluate proposals for other contract awards. We have contractors who are overseeing other contractors.

Just within the last week I spoke to a contractor who told me that they have to train the contracting officer's representatives because the government officials don't know how to do their

work. This is not an acceptable situation and I believe that this commission can make a real difference in committing to strengthen our acquisition workforce.

TIEFER:

Mr. Grimes? We have something of a policy that, in terms of rotation of contracting official officers, contracting personnel in theater, that some agencies will only do that for a six-month rotation. An example is the Air Force, which provides a great proportion of the contracting personnel we use in theater, which does only six-month rotations.

Doesn't this raise concerns that by having these rapid rotations we don't have someone who is experienced in watching what are, frankly, corrupt local contractors? And as soon as they figure it out and they figure out who's who, they're back in the states and somebody has taken their place?

GRIMES:

I think it certainly would raise that issue, the lack of experience due to quickly rotating so it's in and out. And it's also expensive. So you're paying for it as well.

TIEFER:

If I may ask a quick one: Would you be in favor of reforms so that agencies were encouraged to have at least a one-year rotation period?

GRIMES:

It sounds like that would be a good idea. Yes.

TIEFER:

Thank you.

SHAYS:

I have, when I represented the district, three brothers who were incredibly successful in finance and business. And I asked one of them, "Why are you all so successful in one family?" And he said, "Because I think our success is based, in large measure, on the fact that we deal with reality, not the way we want things to be."

And so I want us to deal with reality. And so in the end—but this may be such a general question. The question on the table is: How do we get there, in other words, and how long will it take? And since if you say more than a few months, you'll get criticized on how long it will take, but seriously, I mean, how long is this going to take if we do it right? And how do we get there? Give me one or two—this is the way I'll ask the question: give me one or two things that you think would be the best way to impact the culture so that change occurs and it stays.

And Dr. Gansler, I'm going to ask you last, so Dr. McMichael. If you don't have an answer, that's OK. Don't pretend you do.

MCMICHAEL:

Well, I guess I'll let others be the judge of that. I have a somewhat different perspective to offer, but I do have an experience with transformation at Defense Acquisition University under my predecessor, Frank Anderson. It was a very successful transformation. It was a cultural change. That's been over a period of 10 years. I'd say in retrospect, we reached a tipping point in maybe three or four.

SHAYS:

OK. How do we get to that tipping point? What's the one thing you've got to do?

OK. You've answered the question. You say that it could be two or three years that we get to a tipping point.

MCMICHAEL:

I'd like to answer that because I believe that the priority is on changing behavior, that that comes first. And how do you do that? Leadership, and that's how it happened at DAU.

SHAYS:

OK. Let's leave it at that. That's a good answer. I mean, in other words, it's concise.

Let me go to Ms. Ott.

OTT:

I would concur with leadership; examples of what we're doing within the department. The civilian expeditionary workforce is one of Secretary Lynn's number-one priorities. We report on

it on a quarterly basis. We are institutionalizing the concept of CEW through a Department of Defense directive, which I have already briefed, but we will be issuing a Department of Defense instruction. It's currently drafted and will be put out for coordination within the next couple of months to further institutionalize it.

The third part, once we do our scrub of our emergency-essential positions, our noncombat essential positions, I think that will further institutionalize the number of positions that we have.

So it's culture, leadership-driven, and then the practicality of actually identifying the positions.

SHAYS:

OK.

Mr. Grimes?

GRIMES:

I think the two key things are top-leadership involvement and setting priorities and then evaluating the effort.

SHAYS:

Submit it again. It was so quick.

GRIMES:

Top leadership involvement and setting that priority and then evaluating the effort.

SHAYS:

OK. Thank you.

Mr. Gordon?

GORDON:

We need to mainstream contracting. We need to mainstream acquisition. We need to show that they are not a back-office function. They're a critical function. It has to come through words from the top and deeds from the top, consistently and repeatedly.

SHAYS:

OK. Thank you.

Dr. Gansler?

GANSLER:

At the risk of repetition, certainly leadership emphasis is the number-one priority. I would put secondly incentives, which I would put in the priority for promotion. That was a really important step, I think, in terms of promotion for both civilian and military, and then I would put evaluation and metrics as a third item.

SHAYS:

OK.

Let me just end by saying: Is there any question that you hoped we didn't ask that you had studied long and hard to answer? Do you want to ask that question and answer it? Or is there any question that we should have asked that we didn't? I mean, there are probably a lot, but any one in particular that you want to get on the record?

Dr. Gansler?

GANSLER:

I think you've covered the material very well and I think it's important to keep the momentum going. There are clearly steps being undertaken and we want to make sure that those visions get implemented.

SHAYS:

Mr. Gordon?

GORDON:

Nothing to add, sir.

SHAYS:

Thank you.

Mr. Grimes?

GRIMES:

No.

SHAYS:

Thank you.

OTT:

Just a piece of information regarding what Dr. Gansler reported about the CEW only filling one position. We have sourced 316 positions and we are currently in the processing of sourcing 20 acquisition positions as a result of General Petraeus's request. That request came in in July and we have submitted at least 17 résumés to him for consideration, to his people for consideration.

SHAYS:

Thank you.

Dr. McMichael?

MCMICHAEL:

Well, sir, you perceptively read what I had done. I got seven pages of those kinds of questions.

SHAYS:

Well, you know what we're going to do? I would love to come and visit you? Frankly, I would make a request that some commission members and some staff just personally meet with each of you to go into a little more detail about what you've talked about. And so we'll have some follow-up calls to do that because we really need to. Any one that you want to share? You got me scared.

MCMICHAEL:

No, I'll just say that the first one that was presented by the staff on the effect of the secretary's recently announced deficiency initiatives, we've talked a lot about fencing the acquisition workforce and continuing the growth, and that's all so. But I want it to be understood that the acquisition organizations are no different than other organizations in being challenged and held feet to the fire in terms of accomplishing more, building capability without additional resources. So, we're looking for efficiencies even as we look to increase the size of the workforce.

SHAYS:

Terrific. I'm just going to end by saying that, Dr. Gansler, I've been eager to have you come here since you have had such an impact and had done things so quickly. All of you have been great witnesses. This has been a terrific panel. But obviously, there is the Gansler Report. And I try to think: Well, how do you get a commission named after yourself? And my theory was if you have a Commission on Army Acquisition and Program Management and Expeditionary Operations, the title is so damn long that people say, "It's the Gansler Report." But having you come testify, I understand why it's called the Gansler Report.

Thank you all very very much. We're going to go to our next panel. Thank you.

We'll have a five-minute break. Yes, thank you. Just for five minutes. It's going to be quick.

(RECESS)

SHAYS:

The order that we are going to proceed—you know what, I don't even think I swore in our previous panel.

SCHINASI;

Yes you did.

SHAYS:

Yes, I did. I did. OK. OK. You know what I need to do? I feel it's almost redundant swearing in military folk because I think they're always sworn in, but if we could, and if you would rise, I need to swear everyone in. Raise your right hand.

Do you solemnly swear or affirm that the testimony you will give before this committee is the truth, all truth, and nothing but the truth?

Note for the record that our witnesses have responded in the affirmative.

We are going to start with General Phillips and go down the line there, and then Mr. Williams and Mr. Fitzgerald will bring up the closing here and I thank you. So it would be Mr. Parsons and Mr. Williams and then Mr. Fitzgerald, and thank you for letting me just proceed that way.

Again, thank you for waiting and participating in this hearing by listening. We will be very happy to have you comment on anything that you've heard that you just want to clarify or so on, and we will go with you, General Phillips. Thank you.

PHILLIPS:

Commissioner Shays and distinguished members of this committee, let me say up front that it really is an honor to be back here. I've met many of you in theater during my time as the CG [commanding general] of the Joint Contracting Command in Iraq and Afghanistan, and I appreciate the hard work and dedication of this committee and what you've done to focus on contracting and, in particular, contingency contracting. So it's great to be back with you again, sir.

SHAYS:

Thank you, General. It's an honor to be in your presence, all of your presence, so thank you.

PHILLIPS:

I want to again thank you for the opportunity to discuss contingency acquisition workforce. Sir, I would like to submit my official comments that are extensive for the record, if that's OK?

SHAYS:

It will be in the record.

PHILLIPS:

Sir, I have a couple of comments that I would like to share with you, just for a couple of minutes.

This is a subject of great importance to the Army and joint operations worldwide, and I am pleased by this opportunity to discuss our plans and progress in projecting and sustaining our

warfighters. I have a detailed written statement, sir, as you just mentioned, that will go into the official record.

Over the next couple of years, the Army has made significant strides in strengthening and improving the contingency acquisition workforce and in institutionalizing the tenets of the Gansler Commission's recommendations. And, sir, if I can make one comment, Dr. Gansler's focus on contracting inside the Army has been incredibly powerful from our perspective and we thank him so much for his testimony today, but more importantly for what he has done for the Army over the last several years.

In particular, the commission recommended and Congress authorized five contracting general-officer billets in the Army's active component. We have filled two of them and nominated two additional officers who are currently pending congressional approval, and upon confirmation, those two officers are expected to fill two additional positions.

In total, since the Gansler Commission and pending the confirmation of those two officers that I just mentioned, that will actually result in the Army having had five contracting general officers selected with extensive contracting background inside our Army.

I know each one of these officers personally. I have worked with them and I can vouch for their contracting background, and I know that they will lead Army contracting and Army acquisition into the future. And I can assure you that throughout my tenure as the military deputy to the ASALT [assistant secretary of the Army for acquisition, logistics and technology], that I will closely monitor their progress.

The Army continues to implement the Army-specific recommendations by the Gansler Commission with, one, to increase the military and civilian contracting workforce and ongoing initiative that requires additional time to hire and train new personnel. We continue to implement section 852 of the fiscal year 2008 National Defense Authorization Act and support acquisition-workforce growth, which includes a new-hire target of 1,885 acquisition professionals, of which 1,650 of those are contracting personnel.

We hired 543 interns in FY '09 and 381 interns to date in FY '10. That work is ongoing for FY '10 and it forms a basis of our contracting-officer succession planning. Section 852 legislation and the funding it provides has been incredibly positive. It has helped the Army tremendously and we appreciate the support of this commission and of Congress.

In the area of training, we work closely with the Army sustainment community, the Joint Staff J4, and the U.S. Army Materiel Command to improve contingency planning-related training for both the acquisition and non-acquisition workforce.

We are augmenting the mission of the Defense Acquisition University and DAU-certified curricula developed and instructed through a partnership between the acquisition community and

the Army Logistics University. In addition, we integrated and implemented acquisition and operational contracting support training into all three training domains: operational, institutional, and self-development.

Ongoing initiatives include resident courses, distance training, and unit training, handbooks, and others. This training includes general officers and other members of the senior executive service. The chief of staff for our Army has personally asked me to participate in Army senior leader training, and may I add that, quite often, and just this week alone, I had extensive discussions with our chief of staff of the Army and senior Army leaders on the status of contracting and contracting personnel inside our Army. Those sessions that I've had with those senior leaders have been incredibly positive.

In addition to these initiatives, the Army is working with the Office of the Secretary of Defense and our fellow services to streamline and improve standard operations among our contracting officers. These initiatives include the contingency acquisition support module, the contracting-officers-representative tool, and the three-in-one tool, all of which are further defined in my written statement.

Let me add that we continue to get great support from Dr. Carter, OSD AT&L [acquisition, technology, and logistics], Mr. Hale from OSD comptroller, as well as those from within the Army and this committee.

Chairman Shays and distinguished members of this commission, the Army has been working hard to build a stronger contracting workforce and I can assure you and Congress that we are going to stay on point to make sure that we continue to build this incredible capability and skill inside our workforce.

Sir, I look forward to your questions.

SHAYS:

Thank you, General Phillips.

General Shackelford?

SHACKELFORD:

Chairman Shays, members of the commission, thank you for the opportunity to appear before you to discuss the contingency-acquisition workforce. I am pleased to report that the United States Air Force continues to provide significant contributions to the joint team, as well as excelling as a service.

The Air Force is filling the Department of Defense's wartime contracting mission by providing 70 percent of the joint contingency-contracting capability in support of U.S. Central Command and the Defense Contract Management Agency. Our contracting personnel are making significant contributions to meeting CENTCOM contracting and Defense Contract Management Agency joint-manning requirements, as well as Air Force and other requirements.

We deployed 335 contingency contracting officers in fiscal year 2007, growing to 531 in fiscal year 2009. Our contracting organization is currently sized to accomplish its 66 overseas contingency operation requirements by providing 132 personnel annually.

The Air Force is committed to innovative improvement in contingency contracting operations, while lessening the deployment burden on our airmen. Using reach-back, we have successfully shown that continental-United States contracting actions can provide direct support to combat, humanitarian, and disaster relief efforts, while reducing the number of forward-deployed contingency contracting officers.

In support of overseas contingency operations Iraq and Afghanistan, CENTCOM contract command's reach-back cell has successfully conducted 844 contract actions worth more than \$65 million dollars in six months with only five personnel. In the recent Haiti earthquake, the Air Force deployed three contingency contracting officers, while setting up a 24-hour reach-back cell at Hurlburt Field.

Contingency contracting officers on the ground assessed whether procurement would be more effective locally or through reach-back. Given the enormity of Haiti's devastation, most items were purchased through reach-back, demonstrating the success of the new model.

In addition to reach-back, we are reinvigorating the contracting career field through training, streamlined recruiting, and hiring. These efforts align with the Department of Defense acquisition-workforce growth strategy and contribute to our goal of recapturing acquisition excellence.

Again, I thank the commission for allowing me to appear before you today and for your continued support of the Air Force. I request my written statement to be submitted for the record and I look forward to your questions.

SHAYS:

Thank you, General Shackelford. Appreciate it.

General Van Antwerp?

VAN ANTWERP:

Thank you Chairman Shays and commissioners, and thanks for this opportunity to come and testify before you today. This is a very very important mission for us. Contingency operations in both Afghanistan and Iraq continue to be among our highest priorities. Our primary mission in Iraq and Afghanistan is to design, award, and execute construction projections in accordance with our construction-agent responsibilities.

Since 2001, the Corps averaged over 12,000 contracting actions a year in those theaters. The total construction costs of those contracts added all together is about \$17 billion. The mission has required a dedicated, and I would say a very dedicated and also expeditionary workforce of the Corps of Engineers. We just passed a mark. We passed the 10,000th civilian-deployed mark. Now, some people are counted three or four times as they have had multiple deployments, but over 10,000 civilians and the Corps have deployed. We're very proud of that.

The Corps has established a national contracting organization. We actually started a review in 2007 and it resulted in a national contracting organization consistent with the Gansler Commission to establish a single command structure for the Corps of Engineers. The national organization now has an authorized strength of 1,504, of which 1,300 are contracting officers or contracting specialists. A brigadier-general position, as General Phillips mentioned, has just been approved, subject to Senate confirmation, to be appointed as deputy of our national contracting organization.

Another very important initiative for the Corps is the deployment contracting capability, and what we have is nine teams that will be forming. We actually have 32 people on board or identified, but ultimately we will have nine teams of four people each, military, to be a contingency contracting team to go out wherever we need them in the world.

Our districts, of course, work on project basis, so if we have projects, there's money, there's workforce. Without projects, there's no money, there is no workforce. So we're right-sized based on projects. Our programs have declined in Iraq. As they did, we deactivated the Gulf Region Division. At one time, I'm sure you know, we had a division in three districts. We're down to one district in Iraq at this time, the Gulf Region Central District, or we now just call it Gulf Region District.

On the other hand, in Afghanistan, because of the growing workload, last August, on August 6th, we put in a second district in Afghanistan and we've gone from what was about 320 people in Afghanistan, now to over 800. So that's how we right-size our workforce. Of course, our contingency contracting workforce also gets right-sized as we do that.

A key component of our support to overseas contingency is what we call field-force engineering. We have a number of field-force engineers that we can assemble. We have nine-person teams. We call them a FEST-A, an engineer support team A. We have a FEST-M, a larger team of 38 people. We have two of those. In fact, we have one of those in theater right now and they are basically the nucleus. If we had to go in a new theater, they would go in first

and be the nucleus of whatever we would put together. They also are great for relief operations, of which we have many, as we have hurricanes and other things.

Our U.S.-based divisions support our staffing of our deployed districts. We established deployment-coordination administrators in each of our divisions and they support deployed districts by recruiting for critical positions. One valuable recruitment tool for the Corps is schedule-A authority, and we use that very heavily. It allows us to quickly hire experienced professionals throughout the United States and government, and so we have a lot of schedule As. Almost half of our people are schedule As.

We have implemented a formal family-readiness support program. We have deployment coordinators and readiness representatives in our divisions and districts and we treat it just like they're military units. A little different, because people live in the same subdivision for their whole lives, perhaps, but we still really work that family-readiness part.

I will end it at that point and just say I appreciate the opportunity to be with you today and look forward to your questions. So thank you, Mr. Chairman.

SHAYS:

Thank you, General Van Antwerp. I appreciate your testimony.

Mr. Parsons, we are going to go to you, and then Mr. Williams and Mr. Fitzgerald.

PARSONS:

Thank you.

Commissioner Shays and distinguished members of the Commission on Wartime Contracting, thank you for the opportunity to speak to you today regarding the contingency acquisition workforce, what is needed, and how do we get there.

As many of you know, I was assigned as the executive director of U.S. Army Contracting Command in March, 2008 upon the provisional standup of the organization. In this capacity, I established five strategic priorities for U.S. Army Contracting Command.

The five priorities are as follows: one, grow and develop a professional civilian and military workforce; two, maintain superior customer focus; three, standardize, improve, and assure quality business processes and policies across the organization; four, obtain and maintain needed resources; and five, enhance the working environment and quality of life for our personnel.

My written statement discusses in more detail our challenges and progress in executing these priorities. It also provides an update on the progress made by the command regarding the

principal recommendations of the Gansler Report. Since the Gansler Report was issued, we have benefited greatly from the active support and encouragement of senior leaders in the Army and on Capitol Hill.

With more than 5,000 military and civilian employees working in 117 locations worldwide, the Army Contracting Command has a global reach and impact. The command is organized from an enterprise approach, to serve as a vital partner with the Department of Defense, our sister services, and the Department of the Army in meeting the current and the future needs of our nation's warfighters.

A global organization with approximately \$100 billion in annual contract obligations, the Army Contracting Command is aggressively building our workforce capability and capacity to provide enhanced contracting support in an expeditionary and peacetime environment.

The major challenges facing us over the next few years are the recruitment and training of a large number of new civilian contract specialists and quality-assurance representatives; the expeditionary deployment of our military and civilian personnel; the expected personnel losses from our aging Army workforce, compounded by base realignment and closure relocations, mission migrations, and increasing demands placed on the entire federal acquisition workforce.

For our contracting soldiers, the challenges are perhaps greater in terms of personnel availability and limited resources. From a human-capital perspective, these challenges include recruiting, developing, and retaining our professional workforce both civilian and military.

The success of our warfighters and those who lead them is linked directly to the success of our contracting workforce. The Army Contracting Command is working hard to help facilitate a cultural change in the Army to building understanding of the critical and complex role of contracting as an Army core competency. The command is also moving aggressively to build, nurture, and sustain a corps of career Army military and civilian contracting professionals.

The Army Contracting Command is actively recruiting interns, hiring experienced mid-level civilian contract specialists and developing an officer and NCO cadre of more than 650 active duty soldiers. That number increases to over 1,100 when the Army National Guard and the U.S. Army Reserve are added. Congress has provided the necessary authorities to expedite hiring and incentivize retention of our contracting labor force.

Army contracting, however, is not fixed. We are on a journey that will take several years to grow and train an experienced military and civilian contracting workforce.

Again, thank you for the opportunity to appear before you today and I look forward to answering your questions.

SHAYS:

Thank you Mr. Parsons.

Mr. Williams?

WILLIAMS:

Good morning, Chairman Shays and commissioners. Thank you for the opportunity to discuss DCMA's [Defense Contracting Management Agency] progress in funding, planning, training, and equipping the contingency acquisition workforce.

Before I begin my remarks, I would like to acknowledge the daily efforts of the military forces in theater, as well as our government civilians and the contractor workforce. To support them, we have implemented changes that give us a high degree of confidence that we are utilizing the resources at our disposal in an efficient manner and that we are even better prepared to respond to new challenges as they are identified.

I would also like to add my thanks to the commission for the work that this commission has done in helping focus and shine the light on areas that we definitely need to do better.

Immediately following the Gansler Commission report and the recognition that the department needed a far more robust contingency contract-administration services capability, DCMA was tasked with significantly expanding our efforts in-theater. We were called upon to increase oversight of the LOGCAP contract, as well as pick up additional delegated responsibilities in support of a theater-wide contracting effort.

This expanded requirement, coupled with a limited number of military personnel assigned to DCMA, made it very challenging, if not impossible, to fulfill our CCAS [Contingency Contract Administrative Service] requirements in the traditional manner. Therefore, we implemented a robust sourcing strategy which also included the use of civilian emergency essential personnel, service-provided individual augmentees, and subject-matter experts.

We gained support from the services via a CENTCOM-approved joint manning document and proceeded to augment DCMA organic assets with 102 service-provided personnel and later with subject-matter experts.

We indeed would not be where we are today without the full cooperation of the military services. As noted previously, our sourcing strategy relies on 243 civilians who are members of our emergency-essential program and stand ready to deploy whenever and wherever needed.

In December of 2007, for example, we only had about 68 of these employees in place. Also today we support a forward-deployed force of 356 personnel in Afghanistan, Iraq, and other locations. This is in contrast to the less than 100 personnel deployed prior to December, 2007, and very importantly, we now have a flag officer leading DCMA international.

On a more strategic level as an agency, we are working very diligently to rebuild our workforce. As a result of the Defense Acquisition Workforce Development Fund Initiative, known to many as section 852, and the secretary's direction to rebuild the acquisition workforce, we have grown our agency by a little more than 1,000 personnel since 2008 and are on track to grow by almost 3,000 over the next few years. Much of this hiring has been within our intern program, and let me say we are very proud of the new interns that represent the future of the DCMA workforce.

While funding is crucial to the effective support of present and future contingency contract oversight, it also takes planning to ensure that the right people, equipped in the right manner and trained in the right processes are in the right place at the right time. To ensure we are engaged in department-wide contingency planning efforts, we have embedded liaison officers in the joint staff and the COCOMs [Combatant Command]. The LNOs are critical to ensuring DCMA is appropriately engaged in COCOM exercises, pre-deployment training, and exercises with the services and component commands.

Additionally, we have DCMA liaison personnel who sit in the CENTCOM Contracting Command headquarters in both Iraq and Afghanistan. This provides us valuable insight into emerging contract activity that DCMA may eventually need to manage. This insight, along with our efforts to develop a resourcing construct or model, will help us better define in a more predictive way our future resource requirements.

Although a model will help us understand the resource requirements of a static environment, we all know too well that the contingency-contract environment is quite dynamic.

Let me for a moment turn to the area of training, where we have partnered with the LOGCAP program manager to meet deploying units at training centers and conduct contracting officer representative training. This ensures that CORs arriving in theater have a better appreciation for what is expected of them.

Secondly, we have improved our basic contingency-operation training course, which is now designed to provide even more specialized training for personnel in some non-core areas which DCMA supports. Some of these specialty areas include petroleum, water, and food service quality assurance training sponsored by the Army's Sustainment Center for Excellence at Fort Lee.

The final ingredient to effective and efficient performance is equipping the workforce to succeed. In DCMA, this equates to ensuring proper policies, procedures, and guidance are in place.

In closing, I want to assure you that DCMA is committed to learning from the experience gained in Iraq and Afghanistan and is working internally and across the department in a DoD

enterprise to refine business processes, procedures, and policies to meet the challenges of today and the contingencies of tomorrow. Our warfighters and taxpayers deserve no less.

Again, thank you for the opportunity to appear before the commission and I look forward to your questions.

SHAYS:

Thank you, Mr. Williams.

Mr. Fitzgerald, you will close.

FITZGERALD:

Chairman Shays and fellow commissioners, thank you for the opportunity to appear before you today.

As requested, I am pleased to provide you an overview of the Defense Contract Audit Agency's role in supporting overseas contingency operations and to discuss the progress we have made towards providing an effective workforce to support these operations.

I assumed the duties of the director of the Contract Audit Agency in November, 2009. Previously, I served as the auditor general of the Army and led the Army Audit Agency. During my 30 years of government service, I have held a wide variety of assignments within the department.

The agency supports DoD efforts to obtain maximum value for the dollars spent for the warfighter and the taxpayer. We audit approximately 9,000 contractors each year. To carry out that mission, the agency has about 4,700 employees at 111 field offices around the world. Our workforce is a highly professional one, with approximately 47 percent of our auditors possessing either a professional certification or an advanced degree.

I will briefly discuss the recent changes we have made to support overseas contingency operations and the actions we are taking to increase our workforce capacity to more effectively deliver on our mission. The agency is responsible for providing in-theater contract-audit services to both DoD and government organizations for about 120 contractors. These contractors hold more than 310 prime contracts with ceiling amounts of about \$97 billion dollars.

Soon after my appointment as the director of the Defense Contract Audit Agency, I identified and communicated to our workforce and the acquisition community that audit support relating to awarding and administering contingency contracts is one of the agency's top priorities. Since that time, we have coordinated closely with the acquisition community to ensure that we have appropriate audit coverage for the high-risk contingency contracts.

We have increased the resources dedicated to contingency operations in 2010 and will increase it again in 2011 for a total increase of about 80 percent. This includes both audit efforts in theater where we have about 40 auditors in place, and our audit efforts here in the states. We are also supporting Task Force 2010 and the CENTCOM Contracting Command. And based on my recent visit in August and the request I received, we are assessing whether we need to identify additional auditors for in-theater work.

To date, we have performed 428 audits, covering about \$21 billion in proposed or claimed contractor costs. These audits recommended reductions in proposed or billed costs of about \$1.2 billion and about \$4 billion in estimated costs where the contractor did not provide sufficient information. Since inception, our agency has reported total exceptions of about \$22 billion related to our oversight efforts in theater.

Not only have we been able to increase resources devoted to contingency operations, but overall as an agency we have increased resources. Since 2008, Defense Contract Audit Agency staffing has increased by almost 500 work-years, an increase of about 11 percent. However, despite these increases, I do not believe the agency currently has the resources to perform all the work it currently is being asked to carry out.

I expect that we can move toward resolving this problem by using a risk-based process that focuses on the highest-payback areas for the department and we are working with our stakeholders in the acquisition community to identify low-risk work that can be divested or deferred and this effort is consistent with Secretary Gates' direction to reduce the cost of support operations.

In addition, we have made changes to opening up our hiring process. We have developed new assessment tools to allow recruiting from outside the agency and currently have an open announcement to recruit mid-career candidates from outside the government.

We are also revamping our training to ensure our new hires are brought on board and trained effectively. This includes new training classes not only for our new hires, but for our supervisors. And we are also creating additional programs at the local office to ensure that our new employees are provided on-the-job training under the direction of an experienced DCA auditor.

In closing, I would like to say I am very proud of DCA's highly skilled, hard-working, and dedicated workforce that support our important mission. I would like to personally acknowledge the 250 auditors that have served with our troops in Iraq, Afghanistan, and Kuwait. Our workforce remains vigilant in support of the warfighter and the taxpayer, and I thank you for the opportunity to testify and would be glad to respond to any of your questions.

Thank you.

SHAYS:

Thank you, Mr. Fitzgerald.

The order of questioning will be Ms. Schinasi, then Dr. Zakheim, then Mr. Green, Mr. Henke, and then myself.

I just want to note that anything that you heard in the first panel, if you aren't able to cover it in response to any question, we'll make sure that at the end you have a chance to clarify or question or, you know, just distinguish where you might want to take issue with something or qualify something or expand on something that you heard from the first panel. We'll make sure that that happens.

And the second thing that I just want to note is that we have three distinguished generals, three-stars, but behind you are some very distinguished members of the military, and we thank you all for your service and we thank you for your presence at this hearing today. Thank you.

And with that, Ms. Schinasi?

SCHINASI:

Thank you, Mr. Chairman.

And I would like to reiterate our appreciation of having you here today.

I think you heard a lot of discussion from Dr. Gansler and the other members of the last panel and us as well, that it is important to have general officers involved in this process. It's so very important. I would only note that if we are looking to change the culture of the department one general at a time, that I hope that's a consecutive process and not a sequential one because that's going to take us way too long.

So one of my measures of how successful are we being in changing the culture is that by the time this commission goes out of business next year, I hope, General Phillips, there is somebody else we can call on to come and talk to us about contracting and the issues that you are responsible for right now.

PHILLIPS:

Yes ma'am.

SCHINASI:

"You do too" is what my colleague has said. So we heard Ms. Ott in our last panel talk about the success that she believes the department is having with the civilian expeditionary workforce. And she gave an example of that, the 17 names they just sent to General Petraeus for help. But our understanding is that none of those names are really for contracting professionals.

So I would like to ask a couple of you if the CEW has provided any contracting officers to you all to relieve your burden? So Mr. Parsons, have you gotten help from the CEW?

PARSONS:

Ma'am, we have not tapped into the civilian expeditionary workforce. I can't speak for the CENTCOM Contracting Command on whether they've had access to that. We continue to solicit volunteers for deployments that we need to support and have been able to get volunteers from within the command so far.

SCHINASI:

General Phillips, gotten any help?

PHILLIPS:

Ma'am, when I was the JCCIA [Joint Contracting Command Iraq/Afghanistan] commander, we sought some help through that avenue as well, working through the J4 for the joint staff and Mr. Ed Harrington, who is my DAS [deputy assistant secretary] now, when I was in theater, and I don't recall that we did get help or anyone that deployed through that process.

But I must add also that we did achieve success during my tenure of getting 33 civilians across all the services and one Air Force, Army, and I believe one person from OSD that did deploy as a civilian. To me, they were request for forces, urgent requirement.

SCHINASI:

General Shackelford, have you all availed yourself of that?

SHACKELFORD:

Ma'am, we generally don't tap the CEW. We apply voluntary civilians as they volunteer, but in general we deploy only our military.

SCHINASI:

Mr. Williams, I guess you would be the other organization I would ask.

WILLIAMS:

Yes, we haven't utilized the CEW. We have submitted some requests to them to see if they could fill them, but to date, to my knowledge, we haven't received any applicants from them. We run our own recruiting program for civilians, and as I mentioned we have 243 EEs [emergency essential] that we got through that program where we do our own recruiting.

SCHINASI:

I guess I think it's important because that is the department's, you know, effort and if it's not really working too well, then maybe something needs to be done there.

There also was a request, I think, that was very important that was sent in by CENTCOM, in particular for looking at the Afghan army and police contract, and the request went in for 60 additional contracting specialists and that went to the secretary of defense and the chairman of the Joint Chiefs. That request was not filled, as far as we can tell, and I think a couple of things. One, actions speak louder than words, so all the processes that are in place aren't going to do much unless you actually get the resources you need. But it's the joint commander, I think, that's making that request and that is very important.

And so a couple of questions for that: I guess the idea of taking a joint focus on this problem, a multi-service focus, is something that, I think, might raise the importance of it and the resources that are able to be devoted to it. I know the Army situation and the Air Force has been supportive as well, but we haven't heard much about the Navy in this operation.

Does anyone care to comment on whether, you know, forcing a more-joint approach and looking all of the military departments as being responsible for supporting the combatant commander would make a difference?

I am going to start with you, General Phillips.

PHILLIPS:

Ma'am, up front, it is a joint fight and it is important, I believe, that all the services participate in the process, whether it is contracting or other operations. When I was JCC . . .

SCHINASI:

May I just interrupt you for a minute? Because I think that's an important distinction. It's a joint fight. Operations is joint. Goldwater-Nichols has made that joint. What we don't have is the joint support on the business side. And so I am particularly focused in looking at the business side of supporting these contingencies as a joint responsibility.

PHILLIPS:

Yes ma'am. I think if you looked at the JCCIA JMD [joint manning document], you'd look and you'd find that the majority of it, as General Shackelford mentioned earlier, is Air Force, followed by Army, and then Navy and the Marines have participated as well, but there's not very many JMD slots within it.

I think it would be important to take a look as a whole as to how the structure that is coming out of CENTCOM for contracting is the force structure that is being presented and doesn't show balance across the services and the departments. I think you have to look at that holistically.

SCHINASI:

OK.

General Shackelford?

SHACKELFORD:

Ma'am, the Air Force has I believe stepped up to the joint need to support the joint manning requirements above and beyond what would normally be what we would expect to do, given the amount of resource or requirement that is actually associated with the Air Force over in Southwest Asia.

That is somewhat at peril to our workforce. We have had retention problems with our military because of the deployment tempo that they are in and so we have been searching for ways to get relief on that, such that we have less trouble retaining our officers.

Reach-back is a good example. We have found ways to also in limited numbers use other acquisition specialties that don't require a contracting warrant in a very few number of positions. So there are ways to reduce that forward-deployed footprint, but we're all in for the fight.

SCHINASI:

Yes. I recognize that. I guess my question is from a higher level, to see this as joint, the business operation side of this. Is there any objection to thinking about it as something that everyone has to step up and support?

SHACKELFORD:

I think everybody should, or all of the services should be stepping up to support. The only question would be: what is the proper spread of resource required from each service.

SCHINASI:

Right.

General Van Antwerp, do you want to comment on that?

VAN ANTWERP:

Ma'am, I think we're in a little bit different situation in that our acquisition is for design services or construction contracts. So we don't really have that same thing where we operate with NAVFAC [Naval Facilities Engineering Command] that is our counterpart in the Navy and also with AFC [Air Force Contracting], which is our counterpart in the Air Force, and we're very much transparent to the use of each other's contracts and even contracting officers, if required. But basically, each of us has kind of our lane.

SCHINASI:

OK. Thank you, and my time is up.

SHAYS:

Thank you.

Dr. Zakheim?

ZAKHEIM:

Thanks very much.

I also want to reiterate my thanks to all of you for your service and it's good to see so many of you back again.

Let me pick up where you just left off, General Shackelford. First of all, why don't you have civilians doing any of this?

SHACKELFORD:

Dr. Zakheim, the Air Force model for who we deploy into a combat zone leads to us sending uniformed people rather than civilians, and that's the way the entire Air Force is put together from a deployment perspective. We at the same time within our contracting community don't have a dedicated contingency contracting organization, per se. We have a contracting organization from which we designate contingency contracting officers, which is sized appropriately for Air Force for deployment needs and we surge beyond that using the uniformed people that we have.

We are able to do that because our civilians are holding the fort, so to speak, conducting the day-to-day operations at Air Force installations in the United States, as well as worldwide, such that were we to deploy the civilians, change that culture if you will, we would be at risk of losing them in larger numbers and we simply cannot afford to do that.

Going to the incentive arena, we support what OPM is trying to do to equalize the incentives, not looking for any kind of special incentive, but I think based on a comment from the previous panel, it's that feeling of equality that is important. And to get civilians to volunteer to start with would be easier if they were treated the same as other non-DoD agencies.

ZAKHEIM:

So as I understand it, your people in uniform are pulling more than their weight?

SHACKELFORD:

Yes, sir.

ZAKHEIM:

All right, Army folks: General Phillips, Mr. Parsons. Why does the Air Force have to pull more of its weight and cover for you guys?

PHILLIPS:

Sir, I'll start and then ask Jeff Parsons to weigh in, but, it begins with the requirements that come out of CENTCOM. The Army doesn't set the requirements. The JMD [joint manning

document] is worked by the COCOM commander and his staff, and it flows up from both Iraq and Afghanistan. And I had a play in that while I was in theater, working the latest JMD and I understand that the JMD has gone from about 274 to 337. But it's important that you look at it holistically.

We talk often about Iraq and Afghanistan, but I think you need to look at it in terms of the contingencies that are across the world. For example, and Jeff can talk more about this, outside of Iraq and Afghanistan, we did 108 missions and deployed about 277 contingency contracting officers worldwide, to include 18 officers that went into Haiti when that occurred.

We have folks that are serving today in Pakistan on an urgent requirement to provide relief to the Pakistanis. It's not just what we do in Iraq and Afghanistan. If you look at it holistically, I think you'll get a big picture, but I have to say this. The Air Force noncommissioned officers and officers that worked for me during my one year in theater were incredible. They were smart. They do it extremely well. I am so proud to serve with them, and I agree with the Air Force, General Shackelford and others, that we need to work hard to grow our contingency workforce capability and provide the Air Force some relief.

PARSONS:

Sir, I would just add, I think when you look at just the CENTCOM Contracting Command and look at that composition, you can come to that conclusion that the Air Force is carrying. And there's no doubt and I think that it's pretty clear that in terms of numbers of officers and NCOs that have contracting backgrounds, it's much greater than what we have in the Army.

But I agree with General Phillips. You really need to take a look at this holistically. And I won't speak for Lieutenant General Van Antwerp, but when you take a look at the U.S. Army Corps of Engineers and the number of people they have deployed, to include contracting officers over there, then it starts changing the balance.

I would also comment that through our reach-back efforts, I have nearly 50-60 civilians dedicated out at Rock Island that are providing contracting support.

And then from an enterprise approach, if you take a look across the entire Army Contracting Command and the types of contracting that we are doing in support of theater operations, while we may not be executing the contracts in theater, we are doing the Afghan national-army training contract, the Afghan national-police training contract, the Logistics Civil Augmentation Program contract. We have had literally 20 to 30 contracting people supporting that. And as you know, the LOGCAP program office has numerous people that are deployed into theater supporting that.

So, you know, I do get concerned when we don't look at the holistic picture on what the Army is providing in terms of support to the theater.

ZAKHEIM:

Thank you.

General Phillips, Mr. Parsons, General Shackelford, you all really work inside the service secretariats. Correct? You report to those folks. So then left me ask you this. Dr. Gansler pointed out that it's really important to, as several of you mentioned, to keep promoting and adding to the number of general and flag officers that are in this business. I asked him and you probably heard, "Well, what about Secretary Gates' directive?" He said, "Well, that's, you know, priority should still go there, give up general officers and flag officers from elsewhere."

Can I get a commitment from the three of you who do work in the secretariat that that's what's going to happen?

General Phillips?

PHILLIPS:

Sir, I would simply say this, and I mentioned it a little bit in my opening comment. We will continue to give the chief of staff of the army, secretary of the army, and others our feedback of the importance of contracting and contracting generals. And I think that we've proven that over the last three years of selections as we selected five, two of which have yet to be confirmed, but we will continue to emphasize to the Army the importance of this skill. No guarantees that something might happen in terms of numbers of general-officer slots, but we will make sure that it stays on the radar screen of senior leaders making those decisions, sir.

ZAKHEIM:

OK.

I assume, Mr. Parsons, you were nodding in agreement so I think you're in the same place.

PARSONS:

Yes. I think the Army really has demonstrated that they are following through, and I have seen the directions that have gone to the general-officers' boards and it is clear that the Army is still committed to doing this.

ZAKHEIM:

OK.

And General Shackelford, where is the Air Force on this one?

SHACKELFORD:

Yes sir, Dr. Zakheim.

The Air Force leadership is the most committed I've ever seen in my 24 years in acquisition to recapturing acquisition excellence, and are supporting the promotion rates that are appropriate to go with the statute. I expect that to continue. It remains to be seen what the actual targeted impact of Secretary Gates's reductions in general officers and senior executive service have at a specific level, but we will certainly be defending the acquisition positions that are potentially questioned.

ZAKHEIM:

OK. Staff just gave me a piece of paper with a very interesting point. The Army, you folks said you've got other contingencies. Well, so does the Air Force. And yet, 8 percent of the Army's side are in contracting and 28 percent is it of Air Force contracting.

HENKE?

Dr. Zakheim, may I?

Of the Air Force workforce, contracting workforce, 28 percent military; Army side, 8 percent.

ZAKHEIM:

So then what's going on here? The Army is the executive agent.

SHACKELFORD:

Sir, we are the executive agent for contracting in theater, but we're not responsible for the workforce or the allocations of the JMD as it comes up through CENTCOM, as I mentioned earlier. And also it's important that we continue to grow our workforce. One of those areas where we have grown is noncommissioned officers. Of those 650 that were shown on the chart earlier, we continue to grow NCOs. We aren't there yet in terms of total numbers.

Over the last couple of years we've grown to 208 in terms of noncommissioned officers. As we've grown the expeditionary contracting command, we've grown to about 397 today that work under Mr. Parsons. Of those, about 32 percent of that 397 have less than one year. We would like

for those folks before they deploy to a contingency to have the skills of at least a year under their belt so they know a little bit about contingency contracting and they can deploy in the theater and be successful.

Another key part of growing our capability, I might add, is through the Reserve or the National Guard. We have approximately 300 officers and noncommissioned officers within the Guard that we have grown through contingency-contracting teams and that's going to help us, I think, tremendously, to be able to deploy greater capabilities, especially on short contingencies—maybe not long-term, but Haiti, Pakistan, other contingencies like that that will help us provide relief to the active Army as well as provide relief to some of the other services.

ZAKHEIM:

Thank you, and thank you Mr. Henke for clarifying my question.

SHAYS:

Thank you.

Mr. Green?

GREEN:

Thank you.

I guess I'm still in the skeptical column. I hope you heard my earlier question that related to the decrease in the defense budget for many, many reasons, the initiatives that the secretary has proposed. When you add all those things together with the fact that at some point, hopefully, units will be returning back to the United States or their home stations, wherever they may be, and the searchlight, the spotlight, is off contracting because we no longer have a 100-plus thousand contractors that we're dealing with.

I'm just afraid that again, if you look at it historically, what has happened to the support part of our military, I am very skeptical that you're going to be able to hold the line. And I would ask each one of you two things. How do you protect this acquisition-contracting community? I'm not going to worry about general officers now. How do you protect that community? How confident do you feel that you will be able to protect that community on a scale, again, of one-to-ten with one being not very and ten being highly confident? And how would you fix it?

So let's start. Mr. Williams, how are you going to protect your organization when the defense budget, which has been growing for 12 years or so at 6 percent a year, goes south?

WILLIAMS:

Thank you.

First of all I would articulate that I think the leadership today are all putting the right things in place that would help institutionalize the themes and successes that we've made and the gains that we're trying to make in terms of the acquisition workforce.

I think you heard and read Dr. Carter's statement just this week regarding the acquisition workforce. You've seen the actions of the secretary. Now what we have to do is to follow through to ensure we institutionalize the things necessary budget-wise and otherwise to ensure that we can continue that growth.

So I am confident that we're headed in the right direction. Obviously, it takes a bigger community than just within the department to ensure that we can continue that growth because we have to be careful that we don't make changes elsewhere in the federal government that have an impact on our budget.

From a perspective of confidence, I would say I'm at a six because, again, for the things that I've just said, there are things that I've seen put in place recently that have not been in place in the past. The secretary has put in place a board which is stood up specifically to look at operational contract support.

GREEN:

All right, let me just interrupt you there because I want to give everybody a chance to at least give me a sentence on it. And as you're doing this, do you think legislation is required to help you protect this community?

Mr. Fitzgerald?

FITZGERALD:

Commissioner Green, I guess I'll talk from the Defense Contract Audit Agency. One is I'm getting outstanding support from the OSD comptroller. He recognizes where we're at as an agency and what we need to do to address some of the quality issues that have been brought up. But I think long-term how we make this thing stick, from my perspective, is to really add value; to show that there is a return on investment for the money invested in our agency, and that we look at that on an annual basis to show that the investment people have made in our agency, that we can show where we're returning on that investment. I think that's the best way for us to show that this makes sense and should be continued.

GREEN:

General Phillips?

PHILLIPS:

Sir, quickly, I think we have the appropriate authorities from Congress. So I'm not sure we need anything more at this point. I can share with you, this is my seventh testimony before Congress or a commission since coming back from Iraq, and they always ask me about the acquisition workforce.

Second point, Secretary Carter—I was with him the other day when he made his announcement. It was very clear that Secretary Gates and the Department of Defense and Secretary Carter himself supports the growth of the acquisition workforce. The Army is going to grow by 1,885. We didn't stop there. In actuality, I am planning to grow by over 2,200 by FY '15. So we intend to meet and exceed what we've been given from OSD.

It's important that for me and OSD, as well as Congress, to make sure it stays on the radar screen of senior leaders within the Department of Defense, and for me within the Army to make sure it stays on their radar screen and then the oversight from Congress.

GREEN:

One to ten?

PHILLIPS:

Sir, I'm an optimist, so I am confident that we are going to continue to grow the acquisition workforce and I would rate it as an eight. I am confident.

GREEN:

General Shackelford?

SHACKELFORD:

Sir, the Air Force presently has programmed into the budget an increase of 5,600 people above what our baseline was two years ago in the acquisition workforce. I believe that growth is going to continue through the FYDP [Five-Year Defense Program] based on how it's planned. I would

suggest that the pressure on changing that would be a direct correlation to whether or not our Defense Department top-line budget falls in line with Secretary Gates's insight and assumptions.

GREEN:

If that budget comes down, you're all hurting.

SHACKELFORD:

As the budget assumptions change, the pressures will change and I would suggest, while we want to build up to a level of acquisition workforce that we were short on due to the reductions in that workforce over the last 10 to 15 years, and that is what we are doing right now. What we don't want to do, if we move out into the future and have a downward-directed budget is over-facilitize acquisition at the expense of the rest of the . . .

GREEN:

I mean, there may be the flip side of this argument is, hey, when we're no longer there messing around, we don't need as many people to oversee contractors, as an example. We don't need all the CORs. We don't need all the contracting officers.

General Van Antwerp?

VAN ANTWERP:

Yes, sir, I think you've summed it up for me. I would give this a seven based on our commitment that we're going to do it, but it's a seven for right-sizing, not for any-sizing. You size it today, what is it going to look like 10 years from now. As a chief of branch, when they talk about how many engineers we need, and I'll give you that just as a parallel, the first question is: How many do we need? What is the mission requirement?

So to say protect 2,200 or 50,000, we're going to protect what—to me, we've got to right-size it. It has to be right-sized. I think the commitment to right-size it is there, but to protect a given number 10 years from now, I'm not for that. I'm for getting it right because we're taking enormous pressure in a lot of areas, as you know. But, I think our commitment to get it right is there.

GREEN:

Jeff, quick.

PARSONS:

Yes, I would add that I think that the fact that the Army implemented one of the key Gansler Commission recommendations, which was to put this Army Contracting Command a four-star Army Materiel Command sends a real message. And I know that the four-star that at the time took that mission on, and General Dunwoody today, having really embraced this mission that they've been giving, having to do with supporting expeditionary contracting.

And I agree with Lieutenant General Van Antwerp. I think, you know, the real impression is the right-sizing, but I think that having the four-star involved and responsible for this mission ensures that we will get the support that we need and, quite honestly, the way we've organized with the expeditionary contracting command and the contracting support brigade commanders who are aligned with the Army service component commanders, which are ones that are tasked to give support to geographic combatant commanders, they have really embraced this concept and understand the importance of contracting, and I think we will always continue to get that support from them as well.

While I've been in this business a long time and I can understand your skepticism and share some of that, I think, though, that we have seen a significant cultural shift at the senior leadership level in the Army to help protect having this capability into the future.

GREEN:

Yes. My only concern is when this is over, do we still have that same dedication. You know, when troops, brigades, go back to Fort Carson or Fort Drum or whatever and get wrapped around the axle on training and other things, will we still care about this? So my time is up.

PARSONS:

Sir, if I could just add, real quickly, though, I think the chief of staff of the Army with his Army force-generation model which envisions one corps, five divisions, 20 brigade combat teams, and 92,000 enablers always being ready to be involved with a contingency operation, overseas contingency operation.

When we take a look at that 92,000 enablers, I think one of the other indications that they are committed to this is they are counting on us deploying three contingency contracting battalions and 34 contingency contracting teams as part of those 92,000 enablers. So I think what the chief and I think the Department of Army is demonstrating through this Army force generation model is the recognition that as part of those 92,000 enablers, contracting needs to be a part of that.

SHAYS:

I am just going to use this opportunity, just to make this point to you, Mr. Van Antwerp—General, excuse me, General. The right-sizing is, you're right on target, I think we would all agree. The question is when there is no contingency, what is the right size in order to maintain institutional knowledge? And if you can help us with that one, that would be helpful.

VAN ANTWERP:

I totally agree with that, Mr. Shays. I believe what was just mentioned, by having in the enablers' part of what you have that is standing ready, not even necessarily deploying, but ready and available at all times, if there isn't the acquisition part in there to train it.

Now, there's a lot of ways to train it. We train a lot of ours in the Corps of Engineers when we respond to Haiti, American Samoa. We go to a hurricane somewhere in the world. We're sending people that are being trained for this contingency, too. So, you've got to keep the hot base even if you're not using them. That's the challenge.

SHAYS:

And so the question is, when we don't need any right at that moment, what is that right size?

Do you have any comment, Mr. Phillips, General Phillips? I'm sorry. I don't know why I'm saying "mister." I guess I'm feeling very intimate all of a sudden here.

PHILLIPS:

Sir, it's important. I would just add that it's important that you do right size. But the key is you need to have the capability so when they ask you to deploy, you are able to deploy the assets because you do not create a contracting officer overnight. Probably a minimum of five years to create a really good contracting officer; 10 years to create one that can do almost anything in contracting.

So we're moving toward in the 1,885 that we've been given, the number that we think is right for us to have the capability to meet future contingencies and the R4 Gen construct that our chief of staff is driving the Army towards, if that helps, sir.

SHAYS:

Thank you.

And thank you, Mr. Henke.

HENKE:

I'm sitting here and I'm going to use a quote from my co-chair, if I might. Sometimes it just makes me want to scream. I think we're missing a lot of pieces here and I think everyone's being very, you know, very politic, very artful with their words and how they phrase things, but we're not getting at the issue here.

I think the issue is the Air Force. General, your testimony is really compelling and I thank you for that. It is direct and candid.

You're telling us that contracting officers have the highest operational tempo in the Air Force—not pilots, not UAV [unmanned aerial vehicle] people, the contracting officers have the highest operational tempo in the Air Force, among the—no, the highest. You're telling me that your fair share for the manning in CENTCOM for contracting officers is 29 percent, but you're pulling 80-percent duty. Simple, right? Is that accurate, sir?

SHACKELFORD:

Yes sir, that's accurate based on OSD's fair-share allocation.

HENKE:

Right. We're not going to unpack what the fair share is, but based on the fair share that they say it is, it's 29 percent and you're pulling 80 percent.

Now, sir, you have 2,000 on the red/blue chart. You have 2,100 uniformed contracting officers. General Phillips, you've got 650 and you're on the way to grow to about 1,100, plus or minus, 1,100 or 1,200, whatever, multi-compo, Guard, Reserve, active.

PHILLIPS:

Eleven-hundred.

HENKE:

Why is that the right number? And don't take me into R4 Gen model. I don't want to get to that point of it. Maybe I need to come to your office and do that. General, you've always been straight with us and I'm sure that you'll be straight with us today, and we were on the phone with you

when you were the JCC commander working through some issues and I think the world of your people over there.

Every time I've visited Afghanistan, they've been our host—Colonel Cottrell, Colonel Bailey, some of the Air Force officers over there. They're wonderful people. I would assert to you that the number is too small, the number you're building to, and you're not building it fast enough. Can you respond to that?

PHILLIPS:

I think, again, you have to look at it holistically instead of just looking at Iraq and Afghanistan, and I'll make that statement once again. So I think it's important that OSD would take this on to take a look at what's the contingencies worldwide and how we should we make sure that all of the services are postured appropriately to be able to support those missions.

The Army mission may be a little different on how we manage our military officers than the other services' mission, and the way that we bring them into the acquisition corps, and we may use NCOs a little bit differently than others do, even though I really applaud the Air Force for how they manage their noncommissioned officers in contracting.

As a matter of fact, much of the work that I'm doing today, that I brought back from my experiences in Iraq and Afghanistan, has helped me orchestrate a better strategy and plan over the last six months to bring our NCOs into the Army and to train them in much the way that the Air Force is doing today. I don't know if 1,100 is too many or maybe too much. It gets back to some of the early discussion about what is the right size for us to be prepared for the next mission.

HENKE:

General Shackelford, is 1,100 for the Army the right number?

SHACKELFORD:

I wouldn't go so far as to try to define how the Army should manage theirs. What I will point is that the Air Force builds acquisition professionals and contracting professionals from airmen and second lieutenants.

HENKE:

Right. Exactly. Can you hold that thought sir?

SHACKELFORD:

I can.

HENKE:

Back to General Phillips: You just told us that it takes about 10 years of experience for a contracting officer to be worth his salt to be able to do contracting work, right?

PHILLIPS:

Sir, let me qualify that.

HENKE:

Hold on, sir, please. You said five to 10 years to be worth his salt. OK.

PHILLIPS:

Five years minimum.

HENKE:

Roger. So why do you start building them at the eight to 10-year point? Why don't you build them as second lieutenants?

PHILLIPS:

Sir, that's a good question. I think this is incredibly important and maybe my experience is important as well. And I don't like talking about myself, but I'm the first level-III contracting officer and level-III program management both to serve as the military deputy, the first one in the Army ever, so I have an extraordinary or a lengthy contracting background. I have commanded from O5 [lieutenant colonel] all the way to major-general . . .

HENKE:

Right.

PHILLIPS:

. . . and now in the highest position for an Army acquisition on the secretary's staff. So I think that message is—and my background also is field artillery and aviation.

HENKE:

Right.

PHILLIPS:

So before I became an acquisition officer, I had a background in field artillery and I flew helicopters for many years. So I had an operational background that I brought to my acquisition experience. I served time in a program office and I served time in contracting for both systems associated with ammunition and artillery and also aviation. So that was my background.

HENKE:

Right.

PHILLIPS:

Having that operational experience early in your career, all the way through commanding a company or a battery, and then transitioning into acquisition, for me, I believe, it's incredibly powerful. Because first and foremost, I think our warfighting mission and understanding warfighting in a basic branch is important. So that's why, about the sixth year, maybe as early as four, potentially, but at the sixth year, we ask our officers to . . .

HENKE:

Sir, I want to make a statement. Warfighting: contracting is now part of the warfighting. It's not . . .

PHILLIPS:

Yes, sir. Absolutely.

HENKE:

. . . not an afterthought, and you know this, and we talked to AMC [Army Materiel Command] about this last week. It's not an afterthought or an addendum or something you do stateside and you deploy forces overseas. It is part of it, just like the Transportation Corps, the Signal Corps, the Quartermaster Corps, the Ordnance Corps, the Veterinary Corps, the Dental Corps. Those are things you take to the fight.

PHILLIPS:

Sir, I agree.

HENKE:

Why don't we build, why doesn't the Army build an acquisition basic branch from 01 to 09 [service ranks]?

PHILLIPS:

Sir, acquisition is a branch, but it's not a basic branch where you bring . . .

HENKE:

It's not a basic branch . . .

PHILLIPS:

. . . soldiers or officers in to begin with. But I fall back on my earlier comment. I think it is extraordinarily important. My background as a field artillery officer and as an aviator for several years has served me so well in my acquisition career.

HENKE:

OK. Sir, I take your point and I get it. That's the strong argument in favor of it.

Now, General Shackelford, what he's saying is that your second lieutenants and your first lieutenants and your captains in contracting don't have any operational experience and don't understand the Air Force. Is that correct?

SHACKELFORD:

That's not entirely correct. They get an assignment, typically one three-year assignment that is an operational experience kind of assignment to give them an opportunity to see what the Air Force does outside of the acquisition arena.

HENKE:

So that's how you've solved that problem?

SHACKELFORD:

That, and we do transplant some other career fields into acquisition. I'm an example of that. Some of our senior leaders are who came from the operational world, as did General Phillips, and then moved into acquisition later on.

HENKE:

Would you, General Phillips, would you give us, Mr. Gansler. Dr. Gansler talked about acquisition versus contracting. His recommendation was five contracting GOs [general officers]. The law came out and said acquisition GOs. Would you give us your commitment that the Army won't morph those back into acquisition GOs, but they'll keep five contracting GOs?

PHILLIPS:

Sir, I can't give you 100 percent level of confidence that won't happen. But I can tell you that in my conversations with senior leaders within the Army, on the last board, four acquisition generals selected, who have yet to be confirmed . . .

HENKE:

Right.

PHILLIPS:

. . . 50 percent, two of those, were contracting generals. On the previous board, there were two contracting generals selected and the board before that was General Nichols, who was selected, so five general officers, two pending confirmation. Again, I think the Army has shown its commitment to the importance of contracting as a skill and, sir, I think we'll continue to support, but I can't give you a 100-percent commitment.

HENKE:

Gentlemen, my time is up. I do want to come back in my second round, if I may, to this issue of what's the right size of the blue box for the Army. I'm not convinced that 1,100 is the right answer, so I'll come back, and I think there are implications to that with what is going on today with the demand on your force, General Shackelford, and then what comes of that with the reliance on, I can't get it to be military, I can't get civilians to go because they're all volunteered, so I go to contractors. I'll come to that in the second round. Thank you.

SHAYS:

I've really been intrigued by this last line of questioning. Mr. Henke has kind of followed up on the others and I think that's the level of intensity we need to have in this discussion, for you all to leave feeling like we dealt with the conversation in a realistic way.

I want to go to that chart and just say, you know, this was our staff's interpretation, reading the statements of where people were. And Dr. Gansler was basically saying to me as he looked at this chart, he said "I'm really a little more orange than yellow," because he was saying it's not just the people, but are they in contracting versus just acquisition. And do they have the skills versus just being put in a position.

And what I'm struck with is the difficulty of the conversation we're having here is that we're really all on the same page. I mean, you get it, but you don't represent all the military, you represent the responsibilities you have, but it's convincing the rest of the military and so on, that what you all do is incredibly important. And it's difficult for you to say that to your colleagues because what they do is important too.

So we realize the challenge that you're in. But why do you come across as green when your answers to the questions kind of say, "I don't have enough people; I don't have enough qualifications. We've got a long way to go." Are you green because you feel you're headed in the right direction? And I love the word "tipping point" that was used by one of our witnesses. I thought that's really the issue. I mean, we may say it takes 10 years, but if the tipping point means that after two years Mr. Green is going to see that it's so moving forward that we're actually going to succeed in institutionalizing.

So explain to me why we tend to think of your testimony as green, when, that we think that you think it's green, when we think it's yellow. Where is the disconnect that's taking place? And I'm going to start with you, General Van Antwerp, and we'll go to you, General Shackelford and then General Phillips.

VAN ANTWERP:

Sir, for us, I guess if you say the tipping point might be four or five years, we've been at this much longer than that from the Corps of Engineers standpoint. I'm going to stay in my lane here and let General Phillips take the larger Army, but we do have incredibly expeditionary civilians and we have been deploying them since 9/11 and really in great numbers since about January of 2004, and all the way up to this time. We're way past our tipping point.

We are definitely green in our civilian personnel for contingencies, our deployable contracting personnel, but our deployers are in that red bar over here, not in that blue bar. That's where our contracting officers—and I'll just say in Afghanistan today, I have 14 contracting officers, seven administrative contracting officers, 81 CORs, and 96 quality-assurance representatives.

They're all civilians and I just got one of those to be confirmed is a general officer, not deployed, but now in the headquarters. So I am kind of yellow, yellow-green on that one. But the other two for the Corps, we're definitely green.

SHAYS:

I'm going to keep you as yellow. OK? You can't choose yellow-green.

VAN ANTWERP:

OK. It's confirmed I'll be green.

SHAYS:

But actually, Mr. Green said I chose orange so you can have yellow. I can't get away with anything with Mr. Green here or any of my other commissioners actually. But didn't you say you had trouble getting personnel overseas or am I mixing . . .

VAN ANTWERP:

You're mixing. We do it largely on a volunteer basis, too, but we have an incredible expeditionary culture. We hired . . .

SHAYS:

You're right. You're right. I'm mixing.

VAN ANTWERP:

And we hired 8,213 people last year, 2009, in the books from outside the corps. Why? Because our workload is 45-billion dollars under contract right now in the corps, and that's BRAC [base realignment and closure], that's grow the Army, that's in Korea, it's in Japan. I just came from Israel and Germany, huge missions. So . . .

SHAYS:

The mission in Israel, what do you mean?

VAN ANTWERP:

We have missions in Israel with foreign military sales and other missions that we do with the Israelis. So the Corps of Engineers—we're in 34 countries.

SHAYS:

I didn't know the Corps . . .

VAN ANTWERP:

So, we're in there.

SHAYS:

OK.

VAN ANTWERP:

But, so, basically, what we have done is when we hire a new person we talk to them about deployment. A lot of them have deployment clauses in them. If they're going to be part of a contingency team, a FEST-A [Forward Engineer Support Team-Advanced], a FEST-M [Forward Engineer Support Team-Main], either a nine-person or a 38-person, where they're going to be part of a—we have real-estate people that are in Afghanistan big-time right now.

They have deployment clauses in their contracts. When I hire an SES [Senior Executive Service], and I've hired 19 in the three and a half years I've been the chief, every one of them

gets this question, "Will you deploy?" because we're deploying them. And, so, that's how we do it. We start up front. We're not disguising that. We're not saying we're not going to deploy. We say, "We are going to deploy, will you still take this job? Would you like it if you're selected?"

SHAYS:

Thank you for that.

Dr. Shackelford, General Shackelford, thank you.

SHACKELFORD:

Sir, with regard to the general officers and contracting, we have one at present time and our agreement with the Office of the Secretary of Defense is it will grow that to three over a period of time into the next decade, actually. That is a function of where we are as a victim of our past, if you will.

SHAYS:

OK.

SHACKELFORD:

When the acquisition reform initiatives came along in the late '90s, one of the reactions the Air Force had to that was to switch contracting, senior contracting, to Senior Executive Service positions. So we decreased from the earlier-referenced standard of general officers and contracting to very, very few, and, at this point in time, we have very, very few actual billets that would be chosen to be general officers, which we're going to change, but then brings up the question of the pipeline, if you will.

SHAYS:

So we should really put that as a yellow.

SHACKELFORD:

I think you could come with a yellow with it. We do need to grow that, we recognize that. Having the bench of properly qualified people who are competitive for promotion beyond colonel is our present problem, but that's all in our game, bringing these people along.

SHAYS:

Well, you don't have deployable contract personnel.

SHACKELFORD:

Deployable contracting personnel, I would suggest, is green because we are properly sized for what we need to do for an air force and what we would do. We're the joint community, if a joint requirement was spread more evenly, we would have plenty of deployable . . .

SHAYS:

And, in terms of civilians, you don't use, so.

SHACKELFORD:

And we don't use civilians.

SHAYS:

Got you. OK.

General Phillips?

PHILLIPS:

Sir, thank you.

One comment up front: I want to say this again. Dr. Gansler did great work for us.

I think you have to look at what we have done since the Gansler Report, and we are implementing many of the recommendations from Dr. Gansler. We have not closed out all of them.

One of them is the acquisition-workforce growth that is continuing that I mentioned in my testimony. We're definitely green in general officers selected within the Army, pending the two that are confirmation that I mentioned earlier.

We are continuing to grow our deployable contracting personnel. We have not reached the numbers that are reflected on this board that you see.

However, the way that I would look at that in terms of green is that we have met our commitments to JCC-I/A and other commitments around the world, the 108 that I mentioned other, the missions that we have included.

I would also say for civilian personnel for contingencies we have 41 that are serving, Army civilians that are serving in Iraq and Afghanistan today. When we've ask to fill certain positions, our extraordinary civilians and contracting have stepped forward, volunteered, and are serving today.

In my time, when I went into Iraq, we were around 40 or so in terms of Army officers, Army personnel, serving inside JCC. Today, we are at 75. So we are continuing to grow our capability and pick more of the mission up.

SHAYS:

See, I don't know if that's a lot or not, given the size of the Army, so I don't know how to judge that, but is there anything? Because I'm going yield to . . .

PHILLIPS:

No, sir.

SHAYS:

OK. Thank you.

We'll start our second round, it'll be five minutes and then we'll get people home.

SCHINASI:

Thank you. I'm going to take a little contrarian position, perhaps, from some of my colleagues. I think you gentlemen have a terrific opportunity in front of you, and that is, with these budget cuts that the department is going to have to take, if you look at whether it's through lack of competition, overuse of cost-type and time-and-materials contracts, the absence of oversight of contractors, the waste that has been documented, because we do not have a workforce that is capable of overseeing the contractors that we say we need, if you can't make a case that giving you more resources is going to save the department money, then I'm going to be sorely disappointed.

So I really think this is an opportunity.

Mr. Fitzgerald, you have the best metrics that I've seen in terms of what we invest in your organization and what you return to us, and I'm not sure quantifying it like that is going to be as easy for some of the other organizations in the department, but I just think this is a tremendous opportunity for you. So, I'm going to put that on the record.

You know, this hearing is about the acquisition workforce, but one of the things I struggle with is really how do we have to define the workforce that is responsible for acquisition. It's clearly not just contracting officers, it's not just the acquisition community.

The thing that I wonder about and none of you raised—the requirement side of the equation. And what you need to do is get to the commanding officers who are setting those requirements. I'm worried that if we focus on writing a good statement of work that we focus on the wrong place, because we need to have a better understanding of what requirements are and have some discipline in stating those requirements.

One of the examples that we were given in my last trip to Kuwait by an officer there who is trying to get a handle on this, talked about a 20-million-dollar kennel for dogs. OK?—with air conditioning. And, you know, these requirements had gotten through the process and had been declared valid and it got to a pretty high level before he had to step in and say, "No, this is not. You know, the priorities here are different."

So, I'm going to go to you, Mr. Parsons. From your perspective, how is it that you are able to affect, or not—that whole front end of the process, the military commanders who are coming in with a set of requirements. Do you see any discipline trying to be brought to that process?

I know the Army is talking about what is expeditionary and there is a lot of talk about what do we need to support it, but, clearly, lower requirements means fewer contractors that have to be managed, which means a smaller acquisition workforce to do it. So, you know, there's a lot to be done on that side of the equation as well, it seems to me.

But I don't know where it gets done if it's being done, if it's possible to do it.

PARSONS:

I share your concern about the requirements process, and that's one area that we also are tackling across the Army with our operational commanders, is to get them to start thinking about operational contract-support planning before they have to deal with contingency, operational, or a full-blown operation.

The primary purpose of our contracting-support brigades and our contingency-contracting battalions and many of our senior contingency-contracting teams is to work with the units in doing that planning up front.

SCHINASI:

What do you have to offer them though? I mean, what is in it for them to be—you know?

PARSONS:

Because I think what they're concerned about is being able to execute their mission, so by forcing them to start thinking about what kind of support they can do organically versus what they have to contract for . . .

SCHINASI:

OK.

PARSONS:

. . . then allows us to then be smarter about how we go about acquiring those requirements.

And quite honestly, the Army has put, I think, blocks of course instruction into about 16 non-acquisition courses now. All captain courses, I think, get contracting. We have an operational contract-support two-week course that is really targeted at people in the logistics and sustainment area where they actually get additional skill-identifiers in understanding how to define requirements, do some performance work-statement crafting, and understand the importance of overseeing those contractors.

I would say if you go to the lieutenant and captain level now at the operational part of the Army, I think they really have an understanding of what they need to do as far as looking at requirements, how to define those requirements, and I think be judicious in what they are defining so that they know that they're not gold-plating.

SCHINASI:

General Phillips, would you weigh in on that? Not necessarily on what Mr. Parsons said, but on my overall question about what is the incentive for a commander to right-size his requirements.

PHILLIPS:

I think one of the big incentives is cost. It's what capability at what cost. And today, having almost nine years of war now, when commanders look at a requirement, they have to look at it in terms of, "What does this cost?"

And, I witnessed that in theater with a little bit of a change in philosophy. When you look at a requirement, you mentioned the 20-million-dollar dog kennel, well, why do you need a 20-million dog kennel, is that dog so special, does it have some kind of capability where you need that? So there's got to be a discussion among the requirements community and the contracting community.

I believe in this also. You can't separate requirements from acquisition and resourcing. They all have to be integrated and synchronized as they go forward as they look at every requirement.

If you look at it sequential then some bad things are going to happen like you just described, something is going to get through the process that's going to result in something being bought that might have been a waste of a federal-taxpayer dollar. And we owe it to our American taxpayers that we hold accountable the requirements and the execution of that contract.

SCHINASI:

One quick follow-up, if I may.

At what level, given your experience in Iraq and Afghanistan, at what level would you target that kind of discussion?

PHILLIPS:

Ma'am, at the regional contracting-center level, with that 05 or 06, they have to be talking to the brigade commander and that G4 . . .

SCHINASI:

Brigade commander.

PHILLIPS:

I'm sorry, the S4 [brigade commander's logistician/planner] of that brigade to make sure they're looking at the resourcing, the requirements, and how they're going to execute the contract.

SCHINASI:

Thank you.

SHAYS:

Dr. Zakheim?

ZAKHEIM:

General Phillips, General Shackelford said that when civilians come on board there is a deployment clause, correct? Am I correct, General Shackelford, on that?

SHACKELFORD:

Didn't say a deployment clause, no. The Air Force generally doesn't deploy civilians.

ZAKHEIM; But you did say something about—oh, excuse me, it was General Van Antwerp. My apologies.

So, General Phillips, why don't you do that for all the Army civilians or for those that might be relevant? Or do you?

PHILLIPS:

Sir, up front, I don't set the policy for that piece of it, but here's my thoughts I would share with you.

I agree with General Van Antwerp. We have brought on, so far, 924 interns into the Army for acquisition. Of that, about 600 are contracting interns.

I would like to see within the Army, us to identify them as emergency essential, which is, when you put within their contract to be a government civilian they would be emergency essential.

I would like to see that. I have had discussions with Jeff Parsons along those lines. I think that's something that we should do. But it would require somewhat of a policy change for us. But I agree.

ZAKHEIM:

Well, policy changes are the things you guys are supposed to be doing. I mean, it's not legislation.

So, Mr. Parsons and General Phillips, if it's a policy change at your level and at your boss's level, just change the policy please, and we'll be watching for that. OK?

Is there a problem with that, Mr. Parsons?

PARSONS:

I would just like to maybe qualify a little bit. We just got a concept plan approved for enhanced contract-management capability, and we do plan to make most of those positions emergency-essential.

But we've got to remember that there's an awful large portion of our civilian workforce that, quite frankly, doesn't meet the fitness standards to deploy in some parts of this world.

And, you know, your earlier discussion about making deployment, you know, something to get somebody promoted, you know, I don't disagree with it, but I think we've got to have a balance because there's a lot of people who might be willing to deploy and we've had even volunteers, but they cannot meet, because of some physical limitation or some illness or some condition, that they can't deploy.

So, I think you've got to have a balance in that.

ZAKHEIM:

Yes, but you can always work exceptions and I think that's how it works with the Joint Staff too, by the way. So I don't see that as a barrier.

I don't have much time. I have another question for you. Mr. Parsons and General Phillips, I get the impression that you think that when there's not a contingency there will be a smaller requirement and, therefore, you've got this problem about right-sizing. Am I correct on that, gentlemen?

PHILLIPS:

Sir, I would answer that this way. I think you need to right-size so that you are prepared for any contingency that you expect might come. And we think we're going to be in this war and contingencies for a period of time to come so you need to be prepared for that.

So part of the balance is this: When you're not on a contingency and you're not in Iraq or Afghanistan and you're back at home station at Fort Hood, Fort Bragg, or wherever you might be in your contracting support brigade, what's your mission? What's your value to the mission of the Army?

And we need to make sure that we have the right kind of balance between deploying to a contingency and operations back in CONUS [continental United States] or elsewhere in the world

ZAKHEIM; I agree with that, but, again, you gentlemen said it takes five to 10 years to train somebody up, and in the last 20 years we've never gone five years without a contingency.

In practice, given the training period that you're talking about, it's always ongoing. And, so, I don't think that's as big a problem as perhaps some people are making out. And for the foreseeable future, I just can't imagine we're going to go five years without some contingency. Let me leave it at that.

I have a couple of questions for Mr. Williams and Mr. Fitzgerald because I've left you guys alone and I'm running out of time and I don't want to leave you alone.

I want to talk about certification. GAO pointed out, Mr. Williams, that there were some real problems with training and qualifications and certification for your staff. Mr. Fitzgerald, at least, said 47 percent have either higher degrees or are certified. I think 47 percent is a little troubling and a little low, but at least he gave me a number. What's your number?

WILLIAMS:

Sir, I don't have a number right offhand, but if you're talking about the workforce across the agency, our number in terms of certification as I recall is in the 80-percent certified in the positions that they sit on to do their job. So, it's in the 80-percent range. I don't have a specific number for you today.

ZAKHEIM:

And, Mr. Fitzgerald, 47 percent is kind of low for people who are doing auditing. I wouldn't go to an auditor who didn't have qualifications. Can you explain why it's so low and what you're doing about it?

FITZGERALD:

Yes, sir. Let me explain, what we were referring to was not the acquisition certification because we're well into 90 percent there with acquisition . . .

ZAKHEIM:

No, I understand that.

FITZGERALD:

We're talking about having a CPA . . .

ZAKHEIM:

Right.

FITZGERALD:

. . . or an advanced degree.

ZAKHEIM:

Right.

FITZGERALD:

Commissioner Zakheim, I can just tell you, we're working hard to, you know, help professionally develop our folks. I think our percentages are down a little bit because we have hired a lot of new folks to date and right now it takes sort of five years to be qualified to sit for a CPA exam, and, frankly . . .

ZAKHEIM:

Why are you hiring people that aren't qualified?

FITZGERALD:

Well, they are qualified, they are qualified by OPM qualifications, but we want them to have an additional credential to go forward and help them professionally develop. So once we bring

them on board out of college, we work hard to get them credentialed or get them that advanced degree.

And, we have brought a lot of new folks in from college just recently. You know, approximately 43 percent of our workforce to date has less than five years of experience, so it has had an effect on our professional credentials.

But I would submit to you, based on my experience in the department, that DCAA has one of the highest professional-certification percentages in the department.

ZAKHEIM:

All right, my time is up. Thank you.

SHAYS:

Thank you very much.

Mr. Green?

GREEN:

We've talked about requirements and the difficulty in coming up with good ones sometimes. Where does that process begin? Does it begin with that BCT [brigade combat team] commander?

PHILLIPS:

Sir, in theater it could begin with a sergeant or a captain that has a requirement.

GREEN:

OK. And, where does that 11 Bravo [infantryman] go to get help in developing a requirement?

PHILLIPS:

Sir, that's what I mentioned earlier. There has to be a habitual relationship between that regional contracting command and the brigade and the brigade's area of operation.

GREEN:

But how close are they, physically?

PHILLIPS:

Sir, they are very close. In my time in Iraq and Afghanistan, we set up regional contracting centers that were tied to brigade combat teams.

When the Marines went in down in Helmand province, for example, we took a contingency contracting team and sent them down to Camp Dwyer and Camp Leatherneck and we located those teams where those Marine brigades or regiments were operating out of.

When another unit went into, I believe it was the 101st, went into Herat out in western Afghanistan, we immediately deployed a contingency contracting team out of the 101st that went into Herat, and when that brigade arrived the contracting team was already on the ground.

GREEN:

And they're in bed with that commander.

PHILLIPS:

Sir, three pieces of that: requirements, resourcing, and acquisition. They all have to be working together.

Major General Phillip McGhee was the ARCENT G8 [Army Forces Central Command assistant chief of staff]. When I went into JCC-I/A, before I ever went up Iraq, I met with him in Kuwait and we agreed that from every RCC [regional contracting center] that we would stand up, as Iraq was coming down and Afghanistan was going up, we would set a resourcing team aligned with a regional contracting center that would be co-located, in most cases, with a brigade combat team, so we had those three tied together.

You look at requirements, resourcing, and then the contractual acquisition piece.

GREEN:

OK.

General Phillips, you mentioned in your testimony for the record, I think, quite a bit about OCS [officer candidate school] and that training that's going on. Very quickly, who is that designed to train?

PHILLIPS:

Sir, it's not designed to train contracting professionals.

GREEN:

No, I understand that.

PHILLIPS:

It's designed to train company commanders . . .

GREEN:

OK, let me . . .

PHILLIPS:

. . . battalion commanders.

GREEN:

OK, let me just interrupt you right there.

PHILLIPS:

Non-commissioned officers.

GREEN:

Yes. I know. I went down and sat through a part of one of those courses at Fort Lee. There were 16 folks.

They went from—no, I audited it . . .

. . . E5 [sergeant] to O4 [major]. Not a single one of those 16 students was going to an operational unit. Not a single one was going to be deployed with a contracting brigade or anything. Great little course, but I thought it was the wrong folks in it. Just a comment: You

know, this was a couple of months ago, so maybe they've got a bunch of battalion commanders there now.

PHILLIPS:

Sir, I'll take your comment and do some research.

GREEN:

OK.

PHILLIPS:

Thank you.

GREEN:

And it was, it was a great little course, but I thought it was all the wrong folks going to it. It wasn't the person who is going to go out to a BCT [brigade combat team] and sit at the right hand of the brigade commander and tell him, "Hey, you can't write a requirement that way." Now, maybe that's not what it's designed to do.

Second thing—and I'm closing out on time here, we're doing a lot of great training, the captain's course at Leavenworth, oh, I didn't mention Senior Service College, I hope they're doing some there. Not one mention of integrating contractors into exercises.

It just seems to me that if we're going to go to war like this, that doing that is just as important as integrating CVR training or anything else. Maybe it's happening, but I don't see great evidence of it. And until that commander during—I don't even know what you call them anymore; Army training tests they used to call them in the old days—until that commander is faced with those sorts of challenges and has to play contractors, they're not going to really understand it.

PHILLIPS:

Sir, I wish I had more time to respond. That's a great question, a great comment.

We are getting play, role play involved in our training centers, national training center, and major readiness exercises as units go and deploy.

I spoke to three division commanders before they deployed to go into theater right when I came back from Iraq and Afghanistan. Your point is well taken. We have to get realistic

contracting play to include CORs engaged so that if the water isn't delivered to the unit when it's supposed to be delivered, there is some kind of an impact so it's real for them and they feel the pain so they know next time when they're in theater they have to do this the right way.

GREEN:

Just like if you're not carrying around your protective mask and you get a gas attack, you know.

PHILLIPS:

Check, sir. We have done extraordinary work on CORs in theater and I wish I had more time to talk about that but . . .

GREEN:

Well, we'll come over and visit you and you can.

PHILLIPS:

Check, sir.

GREEN:

OK. I'm out of time. Thank you.

SHAYS:

You were tongue tied. Unusual.

I want to apologize to you, Mr. Williams, but we need to get on the record a report done by the IG, DoDIG [Department of Defense Inspector General], that was done in April and I am apologizing just because it's a little, you know, at the end of the hearing, but I want to make sure we're on the record and you can explain it and maybe tell us when the data was.

It was entitled, "DCMA Acquisition Workforce for Southwest Asia" and it was pretty hard-hitting. It said DCMA could not determine its resource requirement, people, for contractor oversight and contract administration in Southwest Asia because DCMA is reactive rather than proactive and it had no defined workforce requirements." I'm going to read three others, and then, you know, help us put this in perspective.

"DCMA Southwest Asia personnel did not have the proper training and certification for contingency-contract positions in Southwest Asia and a sample of 46 percent of the people sampled were not fully qualified for their positions."

And the third was putting the government at high risk for fraud, waste, and abuse, and the war-fighter at higher risk for injury.

And the last thing I'll read is, "DCMA personnel admitted that they had no model or method for determining the optimum Southwest Asia workforce."

Your message today was a pretty positive, upbeat message. Was this about what happened years ago? Is this about your current force? How have you reacted to this? How are you sorting this IG report? And it is IG, correct?

WILLIAMS:

Yes, sir, it is IG, and it is about where we were pretty much at the beginning, where we were trying to . . .

SHAYS:

Beginning of what?

WILLIAMS:

Probably in the early '08 time frame when we were asked to step up the resources in the theater. Essentially, as we were putting people in theater we were putting people in theater using position descriptions that matched position descriptions that are existing in our CMOs [contract management offices] in the States. So they weren't matching the work that we really expect them to do. But that was the way to facilitate getting the people over there.

Today, what we use are descriptions, work and task descriptions that specifically identify what people have to do in their particular jobs. And, in particular, what I think the IG was referring to, if you looked at those PDs [position descriptions] and try to match individuals to the PDs you'll get a mismatch. That's not true today. Everyone there today is certified to the requirements of the job that they have to do. That's one piece of it.

SHAYS:

OK. And I just realized that I went out of order. I was so eager to ask a question.

(LAUGHTER)

I'm just going to give Mr. Henke his time and I'll come back and get the remaining of my three and half minutes.

HENKE:

Can I interject?

SHAYS:

No, you've got the floor.

HENKE:

Thank you, sir.

SHAYS:

For five minutes.

HENKE:

Don't say no, right?

Mr. Williams, you just said, you said at the beginning. I thought for sure you were going to say 2002 or 2003 but you said 2008.

That brings me around to a sense I've had that DCMA is a combat-support agency. Right? The Gansler Report said you, your agency, should do all the contract administration on expeditionary, take the load off the ADCOR [administrative contracting officer's representative] as every brigade is training up because they have to now. They have to do it.

So my sense is that DCMA wasn't playing expeditionary. Stateside probably doing a great job at defense plants. But in terms of the war fight, supporting the joint warfighter, I'm going to assert that DCMA wasn't playing, wasn't playing well, and therefore a lot of the work fell back on services.

Can you respond to that?

WILLIAMS:

Yes, sir. Specifically, DCMA, at the time, when the war first started, I would say, was responsible for contract management of the LOGCAP contract. That was our focus.

What Gansler recognized was that there were a whole lot of other contracts in the theater that didn't have the adequate contract management oversight. And when he recognized that, that's when, as I recognized in my statement earlier, DCMA stepped up and surged a significant number of people into the theater. And so that's what I'm talking about.

HENKE:

Two hundred and 50, 300?

WILLIAMS:

Absolutely.

HENKE:

OK.

WILLIAMS:

So, when you look at it from that perspective. And then we started getting more and more delegations, and that's how we're working today.

HENKE:

Would you say you characterized the contract administration of the LOGCAP contract as exemplary?

WILLIAMS:

No. No, I didn't say that. I said that was where our focus was in the very beginning, so we were not . . .

HENKE:

OK.

WILLIAMS:

. . . doing contract management for . . .

HENKE:

How'd that go?

WILLIAMS:

Not as well as it should be, should have gone. Absolutely. There was a lot of additional oversight that we brought into the theater, even to support LOGCAP. As you recall, we brought in SMEs, subject-matter experts, to help provide the quality-assurance oversight on all the activities that the LOGCAP contractors . . .

HENKE:

But you had the mission from day one.

WILLIAMS:

Exactly.

HENKE:

. . . LOGCAP mission from day one?

WILLIAMS:

Yes. Yes, we did.

HENKE:

OK.

Mr. Parsons, actually, I'm going to ask you a question about General Phillips' statement, so be careful, right?

He says, General Phillips says ACC [Army Contracting Command] added 518 civilian authorizations to perform—it's a mouthful but I think you said it, so I can try—the enhanced contract-management-capability concept plan. OK, we're talking about contract management, right, DCMA, contract management?

My first question is, the statement says, "When those positions are resourced." Are those 518 civilian positions resourced?"

PARSONS:

Sir, out of that 518, right now, about 200 and some are resourced in fiscal year '11 and in fiscal year '12. I still have to compete for the balance of those positions starting with the POM 13 [program objective memorandum].

HENKE:

In the FY '12 budget—POM 13 [Program Objectives Memorandum]. OK.

So about half of them are program funded and you've got to work on the other half in the next POM cycle.

PARSONS:

That's correct, starting in fiscal year '11, and we are actively starting to recruit for quality-assurance representatives and some additional administrative contracting officers.

HENKE:

For the 245-whatever number. OK.

Mr. Parsons, I give the Army a lot of credit for standing up the ACC and we've met with the folks at the Expeditionary Contracting Command and General Bass. He came over to talk to us and traveled with us in theater. But I still don't think you've quite got it right, and what I mean by that is, I'm aware that you have contracting: if someone says that, "I'm with the Army Contracting Command," their first thought is all Army contracting is owned by Jeff, he's the man, he's the contracting guy.

But I understand that we still have kind of split the responsibility. You own all the people, but the contracting authority that flows down from the acquisition executive is still dispersed.

So while you may have the people, some other guy's got the contracting authority. And I think at the end of the day we're mismatching—misaligning authority and responsibility.

Can you comment on that?

PARSONS:

First, let me just start out that the Gansler Commission never recommended that all the contracting assets go into the Army Contracting Command. They specifically recognize that the Army Corps of Engineers had a different mission, not that we don't work together in contingency-type operations at the medical community. So it never was the intent to put all contracting.

Now, what was incumbent upon us was to work with our counterparts when we do planning for operations, and I think we're in the baby steps of doing that still.

Now, within the ACC, they made a decision to put the former Army contracting agency and the former AMC [Army Materiel Command] contracting acquisition centers together.

HENKE:

Right. Right.

PARSONS:

And, so, within . . .

HENKE:

The folks like Rock Island . . .

PARSONS:

TACOM [Tank-automotive and Armaments Command] and ACOM [Army Command] and CECOM [Communications-Electronic Command] . . .

HENKE:

The contracting staffs that support your product centers.

PARSONS:

So from an enterprise standpoint, all the personnel are within the two-star command. But as you point out, the contracting authority . . .

HENKE:

So you own the people there, they're just people.

PARSONS:

Correct. But as you point out, the decision was made at the time the concept plan was approved by the former Army acquisition executive that he still wanted to maintain the flow of contracting authority for those life cycle management commands and certain MSCs [major subordinate commands] down through those other two-star commanders.

So it is a little bit complicated from the standpoint that all the contracting assets within AMC are within the Army Contracting Command, but contracting authority still comes in from several different directions.

HENKE:

What would you rather see?

PARSONS:

Excuse me?

HENKE:

What would you rather see? If you had your druthers, what would you rather see?

PARSONS:

Well, you know, personally, I would like to have the contracting authority flow through the two-star general and the Army Contracting Command. I think it makes it a lot cleaner, as far as responsibility and accountability.

HENKE:

Right.

PARSONS:

But I'll have to defer to the acquisition executive who, you know, made that—well, the former one made that determination. We really haven't had that discussion lately with . . .

HENKE:

So if you haven't had the discussion lately, it may be an unfair question, but, General Phillips, can you give us your thoughts on that?

SHAYS:

Can we end with that?

HENKE:

We can.

PHILLIPS:

Sir, as the senior procurement executive, Dr. O'Neill certainly has that authority, as Jeff just mentioned. It's something that we have discussed often. And Dr. O'Neill at this point has chosen not to make the decision to change the HCA authority that flows to that two-star commander at AMCOM [Army Aviation and Missile Command], TACOM, CECOM, JM&L [Joint Munitions and Lethality]. So it's something that we continue to discuss and I'll share the thoughts of this committee and Jeff Parsons' thoughts back to Dr. O'Neill.

HENKE:

Thank you.

SHAYS:

By interrupting Mr. Henke I had to give him two extra minutes.

HENKE:

It was well worth it.

SHAYS:

It was well worth it. Actually, it definitely was, and thank you.

I'm going to just use the remaining three and a half minutes of my time to give you all an opportunity to say anything that you would like to about the question now that we asked and the preceding panel.

And I'd like, General Phillips, for you to close here.

So we're going to start with you, Mr. Williams, and Mr. Fitzgerald, Mr. Parsons, and General Van Antwerp and Mr. Shackelford—General Shackelford.

So let's start with you, Mr. Williams. Any comments you want to make?

WILLIAMS:

Yes, sir, I would just recognize that, first of all, I think from where we were at the time of the Gansler Commission report, we are light-years ahead, but we are not where we need to be. And I would observe, with respect to how long does it take us to get there, that we are growing the workforce, we're bringing them in.

But I think it's very important to remember that this comment about how long does it take to grow a professional. And that's why I think your focus on this issue of having COR and capable contracting professionals is very, very important, because you don't grow them overnight.

So what we did to tear down the force over the years that that has happened, in order to get that level of professionalism to the level that we need, it will take some time. I think people are working very hard at it, but you don't grow them overnight.

SHAYS:

Thank you.

Mr. Fitzgerald?

FITZGERALD:

Yes. Chairman Shays, quickly, you know, we've talked a lot about numbers. That is one step in trying to get us where we need to be and to increase our workforce capacity, but once we get those numbers to be able to train them and to get them competent with the right job experiences and the skills as quickly as possible to help us deliver on our mission.

I think that's the real key. And I would just, you know, we talk about what will it take. I think some constancy of purpose that we can stick with this and work it and reevaluate it annually. We should look at ourselves and see if we're making progress.

And I would just reiterate, we should be telling the story that dollars invested in the acquisition community can provide a return on investment, and let's tell that story and show some examples where, you know, here's what happens when it's not done well and here's what happens when it is done well, and show how that adds value. Thank you.

SHAYS:

Thank you, Mr. Fitzgerald.

Mr. Parsons?

PARSONS:

Sir, I echo what Charlie Williams said about we're light-years ahead of where we were from the Gansler Commission report. And I can tell you, having been doing this now for nearly seven years with the Army, we are definitely light-years ahead from where we were seven years ago.

But this is like a big battleship, it doesn't turn real easily and real quickly, and I think that we still have the commitment from the senior Army to keep pressing forward.

Am I getting people as fast as I would like to? No. Am I getting them trained as fast as I would like to? No. But yet, I look at our success in Haiti. I know it wasn't a huge operation, but I think the structure we put in place worked just as we planned. We were able to reach back into this huge enterprise, Army Contracting Command.

I was issuing contracts out of Miami, I was issuing contracts out of Rock Island in support of that operation, didn't have to call on the Air Force to help us out in supporting the units down there. We're working very effectively in Pakistan today as well.

So I think we are definitely on the right track, but we have a long way to go. And I think your commission and the continued interest of Congress is going to be essential to make sure that we stay on that course.

SHAYS:

Thank you.

General Van Antwerp?

VAN ANTWERP:

Yes sir. Just one thing. When we deploy a civilian in the Corps of Engineers we send them through our deployment center in Winchester, Virginia.

And one of the things, just to show you the emphasis on this particular area, is that last year we ran 35 training sessions for contracting officer representatives that were going to go into theater, special training, put together by our folks. We do take some of AMC's folks and put them through there also. They get about 32 hours of training altogether, some refreshers on COR, but very specific as to what they might see in theater. By that time, we know exactly where they're going to go and where they're going to plug in.

So it's just another thing to say we're getting this and we understand the importance of this and we're putting a lot of emphasis on the training and specialize to get them ready for theater when they go in.

SHAYS:

Thank you, General.

General Shackelford?

SHACKELFORD:

Sir, the Air Force has responded very favorably, I think, to the Gansler Commission's recommendations.

In the training arena, we've added dollars to train both our enlisted and officer contingency contracting officers, giving them more opportunities to get the training they need.

We've used the tools given us, such as an expedited hiring authority, to hire over 500 contracting professionals into the acquisition contracting workforce.

We've used both an officer critical-skills retention bonus as well as a reenlistment bonus for our enlisted to stem the tide of outbound contracting professionals.

And we've put a focus on our acquisition people in general and our contracting people in a specific manner to develop high-potential officers to enhance their promotion opportunities and maybe get to that number of general officers that we promised we would.

SHAYS:

Thank you, General.

General Phillips?

PHILLIPS:

Sir, in my opening statement, I mentioned that I would assure you that the Army would stay on point, making sure that we emphasize the importance of the acquisition workforce, and, in particular, contracting. And I promise you and the committee that we will stay focused on that end state.

And I want to say that I am humbled to be among this panel that is before you today and I would like to just wrap up by making a couple of comments because I think we have already issued the clarifications that we should.

But on behalf of this panel, I want to thank you and this team for what you have done. You have not only helped us focus on contingency contracting, I have served with many of you, I saw you in Iraq or Afghanistan and different places, but I want to thank you for focusing, not only on contingencies, but on contracting and acquisition as a whole.

Your work is going to help the Department of Defense, I know, keep focused on the end state and the hard things that we need to do.

And I want to wrap up by saying that I've served in combat with teammates from all the players that are at this table today and I have watched our contracting warriors and our auditors and our DCMA teammates perform with extraordinary skill under some of the most challenging circumstances. And I'm so proud to have served with them in a combat theater of operation, and it's important that all of us, I think, stay focused on the end state.

We haven't done everything yet for Gansler yet that we need to do. We're still implementing those processes. But again, I'll just end by saying we'll stay on point and we'll keep focused on contracting and the acquisition mission.

Sir, it's an honor to be here with you again today.

SHAYS:

Thank you. It's an honor to have all of you here. It's been a terrific panel. We thank you for your service, and we are hopeful that you will continue to make significant progress and that we'll see a huge difference.

So, with that, we'll call this hearing to a close. Thank you, gentlemen.