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House Oversight and Government Reform Committee Holds Hearing on the Transition in Iraq and Markup on 14 Measures: HR 3243, HR 5367, HR 5368, HR 5702, H Res 1494, H Res 1529, HR 4602, HR 6014, H Res 1603, H Res 1617, HR 6118, S 3567, H Res 1442 and HR 5877

LIST OF PANEL MEMBERS AND WITNESSES

TOWNS:

The meeting will come to order.

Good morning and thank you for being here today.

For the past seven years, the military has led the charge in Iraq. In addition to providing security, the military has trained and equipped Iraq's security forces and has overseen billions of dollars of reconstruction projects.

The military has also provided vital support to other U.S. agencies operating in Iraq -- food, housing, transportation, and medical evacuation services have all been managed or carried out by the Defense Department.

All that is about to change. Under President Bush's agreement with the Government of Iraq, U.S. military forces are to complete their exit from Iraq by December 31, 2011. As a result, we have reached a new phase in Iraq -- a phase that places less reliance on our troops and more on our civilian agencies. This new phase has been called "Operation New Dawn." But from where I am sitting, it should have been called "Operation New Challenges."

As we reduce the number of troops in Iraq, many duties now performed by the military will be transferred to the State Department. The size and complexity of State's new role in Iraq is unprecedented. Numerous important issues appear to be unresolved.

The State Department will take over many functions that are inherently military and for which State has little or no expertise. This raises important, practical questions. Who will provide security for State Department employees? Who will recover personnel who are wounded or killed? Who will provide convoy security? Who will provide counter-fire in rocket, artillery, and other mortar attacks? Who will recover damaged vehicles and downed aircraft? Who will provide explosives disposal?

Even basic questions of what military equipment will be transferred to the State Department and who will apply rules for the use-of-force have still not been settled. Without the State Department having the expertise or the staff to carry out these functions, State will be forced to turn to contractors to fill this

gap. For example, the Wartime Contracting Commission estimates that State will need more than double the number of security contractors it currently has in Iraq, to as many as 7,000.

The State Department must also grapple with how it intends to provide basic life-support services. Despite poor past performance by KBR, the Army recently made the highly controversial decision to extend KBR's sole-source contract under LOGCAP 3 instead of competing it under LOGCAP 4. The implications of this Army decision are unclear.

With the huge increase in the number of contractors and contracting costs, the State Department will need to closely monitor these contracts. Unfortunately, providing effective contract oversight has not been the State Department's strong suit.

The State Department Inspector General, the Special Inspector General for Iraq Reconstruction, and GAO have all found significant weaknesses in the State Department's contract management in Iraq. Even the State Department's assistant secretary for management has acknowledged a lack of contract experience and expertise within the agency.

Six months ago, Ambassador Patrick Kennedy wrote to the Defense Department outlining these issues and requesting help. Defense has still not fully responded. This apparent lack of cooperation is unacceptable.

These issues cannot be ignored. We cannot sit on the sidelines and hope these problems take care of themselves. The risks are too high to botch the transition, and we cannot turn a blind eye to reckless contractors. We can't afford to lose the gains our servicemen and women have fought so hard for.

I look forward to hearing testimony from the Commission on Wartime Contracting as well as the Special Inspector General for Iraq Reconstruction. Both the commission and the I.G. have completed important work in these areas and continue to be an important asset to the Congress.

At this point, I would like to yield five minutes to the ranking member of the committee and say to him that these digs over here are just temporary. We'll be moving back to our regular quarters after the completion.

ISSA:

Mr. Chairman, on so many things, we find common ground. We find the ability to come together and to agree. Today's hearing is an example, living these digs is not.

Mr. Chairman, today's hearing is important, and it's by bipartisan. Now, we use to word bipartisan, non-partisan -- all these other things pretty often around here. It's pretty clear that Iraq and Afghanistan wars, although supportive for the troops, have not always been equally supported on both sides.

But as we are nearly two years into a new administration and America's vital national interest have fully transitioned from one president and one administration to another and persistent problems

remain, as the Commission on Wartime Contracting issues its report, special I.G.'s reports have been keenly looked at by this committee. It's pretty clear that seven -- eight years of one president in war and two years of another president in war look a lot the same.

We're going to hear today about a number of needs in the transition. These are not new needs. Certainly, this committee has staked out a great deal of jurisdiction over the question of outsourcing of inherently governmental activities. In fact, no committee owns more of the responsibility to get it right in the future than this.

The Diplomatic Security Service is woefully understaffed. Now, nine years ago, when that was the case, nobody was surprised. First won in an another war in which diplomats in great numbers were deployed while we were still at war enduring an occupation created a unique need. We never intended our diplomatic services to need attack helicopters, overhead eyes in the sky, predator drones and the like, but they did.

Now, nearly a decade later and two presidents into two wars, we realized that there is an ongoing elevated need for a level of security to be provided for our diplomats that is not appropriate to provide by uniform services. It's not that the U.S. Army, Navy, Air Force haven't done a great job -- they have. But they are not, in fact, the appropriate people to stand by a diplomat as he goes in saying, "This is about peace."

Our marines, and I represent Camp Pendleton, have for -- virtually our entire time as a country guarded embassies. But as the diplomats go out, they need to go out in civilian clothes with the -- to the greatest extent possible a peace time look. This is not currently possible through government employees.

And the contracting system has been controversial. One, because it caused a great deal to employ somebody in these areas and because it has been viewed as temporary, and as a result the high cost and the lack of a systematic approach for what their rules of engagement will be have caused us diplomatic problems time and time again.

This committee has held hearings on many of those diplomatic problems. Although this committee often looks at waste, fraud and abuse through the eyes of dollars and the projected costs and overruns that we will discuss today are huge and need to be addressed. I think this committee has an obligation to bring light today on the fact that after seven years in Iraq and the declared mission accomplished twice, we have to make sure that the powers that remain, remain with the assets they need and appropriately when inherently governmental use governmental assets.

Over the years, I have met with contractors who provide security services. Of course, they do it for compensation. But time and time again, they've said this is not our company's core requirement; this is not what we do. These companies very rightfully would give that up in a transition, and that transition is long overdue.

So as we talk to two panels of learned experts, I hope that we will focus on what we don't have today but should have had several years ago, a transition that, in many cases, has not really begun and how we go forward from here on a bipartisan basis.

Mr. Chairman, I know we can do this together. I know that the cost overruns and the sins of the past are just that, but we now have it on our watch, and I look forward to working together on this. I yield back.

TOWNS:

Thank you, gentleman, for his statement. We look forward to working with him.

At this time, I would like to ask the witnesses to please stand and raise your right hand (inaudible) our witnesses in.

Do you solemnly swear to tell the truth and nothing but the whole truth? If so, answer in the affirmative. Let the record reflect that both witnesses answered in the affirmative.

Mr. Michael Thibault is a co-chair of the Commission on Wartime Contracting. Before being appointed to the commission, Mr. Thibault spent his career in public service at the Defense Contracting Audit Agency. From 1994 until his retirement from DCAA, Mr. Thibault served as the deputy director for the agency. Mr. Thibault is also a decorated Vietnam veteran serving in the United States Army from 1965 to 1968.

We welcome you this morning.

Mr. Grant Green is one of the six commissioners who served -- who chaired on the Commission on Wartime Contracting. Highlights from Mr. Green's career include a prominent undersecretary of State for management and assistant secretary of Defense. Mr. Green also spent 22 years in the United States Army and is currently the chairman of a business consulting firm. We welcome you.

At this time, I ask the witnesses deliver with their five-minute testimony. I understand that you, Mr. Thibault, will be delivering testimony on behalf of the commission. And let me just say that even in our new digs, I understand that you start out, the light is on green. And then we -- all of a sudden, it moves to yellow which causes -- which means that you have one minute to summarize on that point.

And as everywhere in the United States of America, red means stop. And of course, when the red light comes on, that means stop and, of course, which will allow us an opportunity to raise questions with you.

Let me thank both of you for being here this morning and, of course, at this time, Mr. Thibault, you have five minutes to give your testimony.

THIBAULT:

Thank you, Chairman Towns, Ranking Issa and other members of the committee.

I am Michael Thibault, co-chair of the Commission on Wartime Contracting in Iraq and Afghanistan. Beside me is Commissioner Grant Green. Thank you for inviting us to testify today.

I'll briefly summarize our joint statement and request the full statement be entered into the record.

TOWNS:

Without objection, so ordered.

THIBAUT:

Thank you.

First, I would like to state that my co-chair Chris Shay who has worked with me extensively as well as with his committee in his past. We very graciously asked Commissioner Green because of the background that you recognize that that he sit in and provide testimony. I'm not sure I could have done that, but he did.

And Commissioner Shay, as you mentioned, bipartisan -- absolutely in-sync with our efforts today.

TOWNS:

We're looking forward to seeing him because he sat on this committee for a number of years, so we -- I'm happy though you didn't feel it with a conflict of interest.

ISSA (?):

We have a few questions for him from his time here that we're still open to ask.

THIBAUT:

Thank you.

TOWNS:

And we want to show him our new digs.

ISSA (?):

Yes.

THIBAUT:

All right.

The future of the new Iraq is unsettled. This past Sunday as the Washington Post reported, six car bombings in Baghdad and a suicide bombing in Fallujah killed 37 people and wounded more than 100. Iraq remains a dangerous place.

The combination of a military withdrawal, a persistent security threat and a return to customary intra-governmental relations brings us to our concern for this hearing. The U.S. Embassy will remain after U.S. troops withdraw from Iraq. These circumstances combine to create what may be a unique situation in American history. A diplomatic presence re-established and expanding in a country that appears unable to provide normal host country security and services while the U.S. military withdraws.

The scheduled withdrawal of the U.S. military forces leaves State very little time to arrange for the alternative provision of functions.

One example best highlights the many challenges facing a State Department. When insurgents attack United States bases, they often include rockets and other indirect fire as part of that attack.

Presently, the U.S. Army has a sophisticated and highly effective system to provide immediate warning for these rocket attacks. This system is called the Counter-Rocket and Mortar System. Within seconds of an enemy rocket or mortar launch, there is a warning for all base occupants. This system has saved countless lives.

Also included as a counter-battery system where military indirect fire experts locate a return fire onto enemy insurgents. This counter-battery effort has six to eight seconds and is critical. As a result, enemy insurgents seldom fire more than one rocket as they know they will be targeted.

The State Department recently received an unsolicited contractor proposal and how -- and now has identified a commercial variant to replace the current system. We're presently evaluating how the system can be acquired.

Even more troubling in this example, State Department executives informed us this week that the counter battery effort will be terminated. Enemy insurgents will be delighted when they learn (inaudible) they will not be immediately targeted and brought under fire by the military.

Where our enemies work very hard to launch a single rocket, there'll be little reason to not launch entire batteries of rockets. There'll be no military consequence before them.

Commission concerns were recently validated by our June 21, 2010 Capitol -- by a June 21, 2010 Capitol Hill hearing.

Among the troubling testimony we heard that day was what you previously mentioned, Mr. Chairman, the Department of State estimates that, without U.S. military support, it will need to raise its private-security force from 2,700 to almost 7,000.

Undersecretary of State Patrick Kennedy wrote to the Department of Defense almost six months ago to request a substantial amount of military information plus continued access to the Army's LOGCAP logistics contract and continued food-and-fuel supply through the Defense Logistics Agency.

And we found that DOD's Joint Staff, at that time, have not forwarded that request with a recommendation to the Office of the Secretary. We've been informed formally that -- excuse me, that they have. But we attempted to reach confirmation on that, and we were unable.

In summary, State Department program leaders have been dealt a hand that includes unknown contract and program support from the Department of Defense, funding limitations likely to impact their mission capability and the need to contract for and perform functions that have never been done by their department.

We believe that the State Department has been placed in an unfair position as they work to deliver on critical mission requirements in the continuing effort to stabilize and reconstruct Iraq.

That concludes our joint statement. Mr. Chairman and Ranking Member Issa, we thank the committee for its attention and welcome your questions.

TOWNS:

Thank you very much for your testimony. And we will now start the questioning period. Each member, of course, will have five minutes. And I will begin.

Your July report highlights very significant problems with the transition planning for the Defense Department hand-off to the State Department. Are we facing any potential disaster at this point?

GREEN (?):

Mr. Chairman, I'm not sure if I would refer to it as a potential disaster. We certainly are facing the potential for significant contract cost overruns, inefficiencies and potential fraud, waste and abuse if this transition occurs in a form of what might be called a pickup game.

TOWNS:

What do we need to do to fix this problem?

GREEN (?):

Well, in our statement, senior executive leadership needs to address this. And our recommendation is that the secretarial level, there has been some coordination in theater now as a result of our concerns and concerns raised by others but it's at the middle management level.

There needs to be -- this needs to be pushed up to the highest levels within State -- with Defense because it's that important.

TOWNS:

Right. Your report, there's 14 security-related path currently performed by DOD, that will soon be transferred to the State, for instance, such as recovering killed and wounded soldiers will become a State Department's responsibility. Who will be performing these functions?

GREEN (?):

Mr. Chairman, some of those 14 functions will probably fall off the table. They will not -- it will not be necessary to do them but majority of them will.

And in most cases, there would be contractors performing those functions. There's a lot of coordination currently being done now between State Department and Defense Department on what equipment can be left behind, for example, medical support.

There's a dialogue ongoing now to see what medical support can be left behind by DOD to support the State Department. But some of these missions, for example, route clearance which had here before have been done by the Department of Defense will be fall principally to either contractors and they plan on using UAVs to perform that mission.

The main question and the answer is that these functions will essentially be done by contractors. And I think that that obviously creates difficulties. You mentioned them in your opening remarks, inherently governmental functions.

There is great concern here in this body and across America in some cases about personal security contractors, but we forget about all these other things that are military or quasi-military that will now be done by contractors.

One of the most extreme examples that I can think of is the State Department's asked for MRAPs. The Defense Department has at least globally indicated they will provide those vehicles. They will be driven by contractors. And if there are occasions when they go into high threat areas and they have weapons mounted, those weapons will, as it stands right now, be manned by contractors.

TOWNS:

I'm thinking about all these security contractors. One of the problems that we face is, in terms of the department face managing all of these security contractors, I mean, it seemed to me is you're going to probably double, you maybe even triple the amount that's in there now.

THIBAULT:

Right. Mr. Chairman, the management of security contractors for the Department of Defense and the Department of State has been a challenge. There has been numerous instances that we have reported where they're not providing the kinds of quality and background investigation that many of the security officials or contractors should have.

In the case of State Department, they're going to be challenged with tripling -- potentially tripling the size of those security force. It's unprecedented. They acknowledge it's unprecedented.

The other item, I think, that's important that Commissioner Green brought up is many of these inherently governmental items that are being transitioned to state from the military represent items where this commission feels that United States military is the superior performer, and many of that relates to security.

And with no disrespect for contractors, those items that are inherently governmental where a professional military best performs it should and could remain with the military.

TOWNS:

I'll need to be very basic, what can we do to make this transition work?

GREEN:

I think two things come to mind, and that is the increased expanded and continuing dialogue and coordination between the State Department and the Defense Department.

As Chairman Thibault mentioned in his opening remarks, there has been a dialogue. It is mostly been at the middle management level. It is -- they certainly progress from the time that I was in the country the end of May and spend a week with the State Department talking about the transition.

U.S. Forces -- Iraq has been very forthcoming in providing liaison people and advisers to the embassy, but that's not continued.

Where I see a void is -- and I go back to my time in the State Department when I was responsible, on the State's side, for the transition from the Coalition Provisional Authority Ambassador Bremmer (ph) to the new embassy.

And we had -- I had a counterpart from the Defense Department, a retired Army lieutenant general that worked directly for the secretary. He was that bellybutton and he came over there with a gaggle of colonels and helped us through that process. That process was nothing compared to what we're facing today and what -- where I see a hole is that we don't have or I don't know a person -- we don't have a senior person -- single person from the Defense Department that can run interference and make things happen.

We mentioned the LOGCAP contract and the request for equipment and support for LOGCAP DLA that went to the State Department -- went to the Defense Department in April. As far as we know, it's still sitting there. We need somebody that can walk into the deputy's office or even the secretary's office and say, "Sir, we got to move this. We have to make a decision. If it's yes, great. If it's no, let's make a decision," because much of the planning that Shay has to do today in a country cannot be done until they know the status of LOGCAP as an example.

THIBAULT:

Mr. Chairman, one simple add-on to that is anything that this committee can do to compel the Department of Defense to provide support to the Department of State where it is needed and where they have that kind of expertise and influence the criteria for providing that support is needed.

GREEN:

I only answered part of your question because you said, what else could we do.

TOWNS:

Right.

GREEN:

I think the other key element here is a stable and reliable fundings for inter-state (ph). I can tell you from my four years there, the budget is always a problem. And today, it's more of a problem.

And I'm just afraid that -- and we've already seen some decrements in the supplemental for Iraq support both State and Defense.

I am concerned that when the spotlight is off this transition and it's forgotten about in states doing their thing and they're, you know, they take this thing together, and I'm confident it will happen, it will be -- it will work, but a lot can fall through the cracks.

We've got to have stable funding when no longer is this the top priority after Afghanistan. It seemed to be a big crack. It's a big crack.

THIBAUT:

That's right, yes.

GREEN:

It's a big crack.

TOWNS:

And I yield five minutes to the gentleman from California, ranking member of the committee.

ISSA:

Thank you, Mr. Chairman. I'm going to stay right along your line of questioning.

Let me start off by reminding all of us on this side informing you. A while back, we did a good and important hearing that is sort of sad and that was on how the Coast Guard decided it was going to create its fleet of blue-water naval ships, if you will, and they didn't know how to do it.

And the result is we've got ships that are going to break in half sooner than they normally do, and you know, it goes down to less like because they didn't have the right designers and they were designing a ship that was substantially similar to ones that were designed by the Navy successfully for years.

That's all about something which is that procurement doesn't belong just to the agency doing it, it belongs to this committee to find and ensure that if the skills exist in one part under one stove pipe of Congress and one stove pipe of the administration, and the need is in another, we have an obligation to either assist or deconflict. And I think we have that here today. I think we can all agree on that.

Let me start by asking a question for the director (ph) which is the State Department have the acquisition skill by any stretch of imagination to acquire 7,000 people and commensurate hard assets to do the type of security protection and missions in Iraq that we see for at least the next year.

THIBAUT:

I would answer that Mr. Congressman -- Congressman Issa, that they do have acquisition skill sets to award contracts.

ISSA:

My question...

THIBAULT:

I think the contract oversight and the management of that is absolutely strained to the max now. They have been providing some additional support for contract oversight based on the need.

If you triple the force, for example, of private security contractors, the inference is clear. You're going to have -- if you want to have boots on the ground and take a look and make sure that they're complying with a use of force criteria, you have to have the people to do the oversight. That's going to be a challenge that...

ISSA:

Let's break it down a little differently. Do they know how to buy predator aircraft?

THIBAULT:

No.

ISSA:

Figure out which one.

THIBAULT:

Not quite, I believe.

ISSA:

They know -- they know how to buy armored vehicles.

THIBAULT:

They don't have experience.

ISSA:

OK. They don't know how to buy anti-mortar, anti-missile systems.

THIBAULT:

They're going to have to learn how.

ISSA:

Do they?

THIBAUT:

No. They don't...

ISSA:

Mr. Green?

THIBAUT:

... have that experience.

ISSA:

If they don't have that experience and if 100 percent of the skills exist in United States military both for acquisition and among our uniform men and women and they have historically done a big part of the job. As distasteful as it is to say we're going to break with wrong tradition of having military not standing next to ambassadors as they go into heads of state and so on, aren't we just arguing over the uniform?

Let me just give you a hypothetical because it's beyond the jurisdiction of this committee but not beyond our imagination.

If we look at our 50,000 men and women already there and we segment or as the administration consider segmenting this role on a segmented basis to where they would assume those additional duties as they have in the past.

If we do that, don't we save money, save trying to train and in the case of men and women in uniform who have been doing much of this job save using private contractors who ultimately, as patriotic as they might be, are in fact more alien to the process of protecting our diplomatic service than the military itself is.

GREEN:

State would be thrilled to have support and in fact we'll need it and have asked for it. Just take -- go back to LOGCAP as an example. If DOD, in their wisdom says, "OK, we'll support you with LOGCAP for

the next one, two whatever years, and we will provide also that oversight at management, that mechanism that's in place today to oversee those contracts.

They also would want -- and you mentioned, UAVs and C-RAM -- they also will need help. It will ask for help and have asked for help as they begin to develop those requirements.

ISSA:

So to put it short, this is a -- this is a gaping hole which we're deeply concerned about the time is ticking down to zero and yet is, by definition, a self-inflicted wound if it's not necessary to move it but rather a decision for the military to shed something for whatever reason.

When in fact, the most capable, most cost effective support might in fact already exist with our military and have no justification for the long run for most of the rest of the world for our men and women in the diplomatic service.

GREEN:

Believe me, State Department knows where their weakness are and has reached out, and I hope will continue to reach out to the Defense Department in those areas where Defense, obviously, has the expertise.

ISSA:

As we continue to look at it, I'm going to only close this one question. I know we're talking in your specific expertise in Iraq. We have Iraq and Afghanistan. We also have the Horn of Africa and we have other areas around the world that our hot can become super hot and could fit the same model.

Don't we have an obligation to have an answer that isn't simply go look for recently departed from the military personnel to bring them as contractors but rather have an in-source, in-government group of people who can meet those responses which could escalate as quickly? I shouldn't say they de-escalate because they don't seem to de-escalate quickly but they do escalate quickly in that troop.

THIBAUT:

Congressman Issa, we would absolutely agree with that. And the fact that the United States Army now has a core capability, they have more than 200 individuals on the team in Iraq right now doing LOGCAP, for example. There are no state employees doing LOGCAP. The only alternative is contractor or our contractor employees.

Your reference to other theaters is spot on. There is an absolute need to be able to respond quickly and effectively.

ISSA:

OK. Thank you, Mr. Chairman. I hope we have a second round. I think this is a good line of questioning, and I appreciate your time. I yield back.

TOWNS:

I now yield five minutes to the gentlemen from Ohio, Congressman Kucinich.

KUCINICH:

Thank you.

Mr. Thibault, going over your testimony which is read and integrated to your prepared statement, and I see phrases like no clear guiding policy, a pick-up game, lack of transparency, visibility and basic data, transition limbo, State required to undertake a very large, hurried, expensive and unprecedented exercise in contracting, functions falling off the table, diplomatic presence re-established and expanding in a country that appears unable to provide normal host- country security and services.

There's another way to caption this fiasco. I mean, that is not about fault, it's a fiasco. That's if you've described.

I think, you know, when you hear about this discussion about Department of Defense and State, we're talking about two different countries here. It's more than the same government. So what's really going on here? I think this a teachable moment, Mr. Chairman.

Let's look at the Washington Post account yesterday in Bob Woodward's new book. Here's a quote. I want you to -- I want everyone to think about this.

Woodward quotes General Petraeus as saying, quote, "You have to recognize also that I don't think you win this war. I think you keep fighting. It's a little bit like Iraq." Actually, he's talking about Afghanistan but then he says, "Yes, there has been enormous progress in Iraq but there are still horrific attacks in Iraq, and you have to stay vigilant. You have to stay after it. This is the kind of fight we're in for the rest of our lives and probably our kid's lives," unquote.

Washington Post -- and some Washington Post article also tells of a real struggle inside the administration where President Obama, quote, "kept asking for an exit plan to go along with" -- let's see. "Obama kept asking for an exit plan to go along with any further troop commitment, and is shown growing increasingly frustrated with the military hierarchy for not providing one."

So I think what's going on here based on what this testimony is, is that the Department of Defense have been getting its way. The top military commanders like Petraeus want to stay in Iraq. And so we're

talking with them, if the State Department's mission collapses because that opens in a door for them to come in and to stay.

It's so -- this is so clear to see. And it has -- this testimony has to be put into context of a desire of certain top military commanders to acquire, frustrate, delay and otherwise impede an exit plan -- exit strategy for Iraq. I mean, this Woodward book is an important book that's coming out, but you have to look at the struggle that's been going on within the administration trying to end the war.

So people -- they might be good soldiers, they might be fine individuals but they should not be making a policy for the United States of America, that's it for the president of the United States. And we see this report, it's a very disturbing report in Woodward's book.

And when you hear this testimony today and you put it together with this emerging view of what's going on, there's just no question that the Department of Defense will do anything it can at this point to forth the mission of the State Department, to try achieve a peaceful transition.

Very clear -- that's what's really going on here. There's just -- it's just so clear, I'm amazed that you can't say it, Mr. Thibault, but you've said it in so many words or less. And I don't think that -- I have numerous questions to ask you but after I've read your report and I'm thinking about what I read yesterday.

Mr. Chairman, what we really ought to be doing is calling the Secretary of Defense in front of this committee and General Petraeus and get them to explain why they're not cooperating with the State Department. That's what we really need to do.

You know, with State Department, we're given a mission impossible given the fact that the Department of Defense is not cooperating, and we know why. They don't want to leave.

Why don't they want to leave? Well, you know, that's subject for another hearing. I don't have anymore to say.

TOWNS:

Thank you, gentleman, for your statement.

And I yield five minutes to the gentlemen from Missouri, Mr. Luetkemeyer.

LUETKEMEYER:

Thank you, Mr. Chairman.

The title of the hearing today is "Transition Iraq: Is the State Department Prepared to Take the Lead?" And certainly, Mr. Thibault, you indicate that where you list -- list of concerns here -- unknown contracts and program support from the DOD, funding limitations likely to impact mission capability, need to

contract for and perform functions that have never been done by their department and feel that the department has been placed in an unfair position to deliver on their mission.

I guess, my question is, you sort of prefaced in your summary here the reason for failure of the State Department be able to lead and/or its concerns about cleaning. I wish you do elaborate on them because I like to know is the State Department ready to lead in this.

THIBAUT:

Our assessment -- my assessment is they are prepared to lead if they must. Their preference is to do it as has been discussed earlier, which is those organizations that can be provide support would provide them the support -- that's the request.

And the request -- and the point is the request has been out there almost six months and so they're going with a dual approach in planning which doesn't make a lot of sense to us, which is their approach is if the Department of Defense gives us support, here's what we can do.

But if they don't give us support and they'd begun solicitation planning, they use contractors for the many items introduced in our statements in our prior report simply because they may not have a choice. And the points that have been made here -- what we're trying to force out is the decision and then a debate on that decision, and the decision just is not forthcoming.

LUETKEMEYER:

OK. So we're -- when you're going into the concerns and problems and obviously, there are some give and take here on what's going on. Let me back up a little bit to a couple of points in your testimony; you raised some questions.

As you talked about that MRAPs are going to be allowed to be used by the contractors, how much of the equipment are we going to be leaving behind or reassigning to the contractors or taking -- do we have ownership of this as United States or is it's going to be ours and going to be utilized with contractors? How does that work?

THIBAUT:

Right. This would be stage or government-owned equivalent. The State Department provided a page-long, very detailed request for various equipment items to include MRAPs and aviation transport and other types of critical equipment. That's also part of the request that is out there but hasn't been forthcoming. But the government would own this.

But I think the example of Commissioner Green, MRAPs go there where there is security issues. Everyone here knows that there's a gunner on top of an MRAP and the gunner's job is to provide safety

and we could say it's defensive but it's really offensive. It takes out insurgents. That's a great example of government-owned equipment that's going to be operated by contractors unless this coordination process evolved into something more meaningful.

LUETKEMEYER:

What do you believe the mission to be for the transition here or the State Department? You believe it to be a military operation yet or is it turned completely into a critical operation or is it the combination of both?

THIBAULT:

I would say their mission -- what they would see is a diplomatic mission in an environment that's absolutely not secure. So by default, if they are providing all services, it has to be a combination of both.

LUETKEMEYER:

OK. Well, in your testimony you also made a comment simply about the military was unable to respond to attack on the new guidelines here, am I misunderstanding?

THIBAULT:

No, sir.

LUETKEMEYER:

OK. Can you elaborate on this a little bit?

THIBAULT:

I'm drawing a blank on the military -- oh, what I would elaborate on in my testimony was that now, within six to eight seconds, the military with indirect fire on top of insurgents would mount rockets or mortars and the like.

The State Department have said, "Well, we would have difficulty of paying that service from contractors and therefore, we don't have any plans to replace them."

The difficulty becomes is if you're one of the bad guys and there was no one raining fire down on your head immediately, you'll rather take one rocket and run which is bad enough. You're allowed to take many rockets and fire more off into the area and rockets are very random and the potential for security risk are amplified.

LEUTKEMEYER:

The contractors don't have the ability to respond?

THIBAULT:

The contractors don't run indirect fire mortars. There is no experience in...

LEUTKEMEYER:

OK. So our mission there then is transition over to the State Department. There will be less military then?

THIBAULT:

It would have to be the use of contractors if the military was not available to do counter battery. The other option would be the Iraqi forces providing us support but today, that's not considered an option.

LEUTKEMEYER:

OK. I see my time is up. Thank you, Mr. Chairman.

TOWNS:

OK. I recognize the gentlemen from Massachusetts, Congressman Tierney, for five minutes.

TIERNEY:

Thank you, Mr. Chairman.

Thank you, gentlemen.

When I wrote this bill and formed the Wartime Contracting Commission in the House with my colleague, Jim Leach, Republican and then Jim Webb took it up in the Senate, it was our intention to give you the authority to go in and look at just these types of matters, and I want to thank you for doing that. I wish we got the bill -- the bipartisan bill to the House early as we could get an earlier start.

But the important aspect of that was in fact identifying exactly what is an inherently governmental function and then getting us a course of how to remedy the current situation. So I'm assuming that your report either an interim report or following report is going to give us a path of a recommendation as to

what are the inherent governmental functions, how we ought to get to report where government does them and any of the correct government agency can do it immediately, then how are we going to arrange where a proper government agency is doing in the interim and then have a path of training people and bringing people on board for the right government agency to eventually do those functions.

And in the interim, if per chance some of it has to be done by contractors and hopefully not, how are we going to get the right management oversight personnel in the right number of them in place to carry out those activities with insight, not just into the subcontracts but the sub subcontracts. That kind of insight has been terribly missing like a subcommittee, the National Security and Foreign Affairs cited to rule -- I think report for just one example in that.

Am I right about this expectation for your report?

THIBAULT:

You're absolutely correct, Congressman.

TIERNEY:

OK. Then I, you know, I think we have here a real issue about funding on that and the State has been hallowed out. I think you point that out very well on that. We have a number of hearings in our subcommittee as well.

Secretary Gates has indicated that he thinks he's going to save about \$100 billion, and he's cut to the Department of Defense on things that are redundant or not to be continued on.

The problem as I see it is he has made some rhetoric in the past about thinking that the State Department ought to be beat up. I would hope that your recommendations goes to have some of those savings for our national security interest would be transferred into the Secretary of State's agency to allow us to have a better national security posture by beating up the Secretary of State.

I don't know you're going to go there or not, but I would recommend if you take a look at that, it's all under the National Security umbrella. It's not just, you know, situation at the stay in silos anymore.

If we're going to have a good national security posture then it has to be one that puts the right people upfront in the right places and all has received national security. It doesn't really shouldn't matter where the money comes from on that.

And I think -- and you can correct me if I'm wrong that there's something we can look at not just in Afghanistan and Iraq but in all of the places where Mr. Issa indicated that we may be posturing in the future whether it be Yemen, Somalia, Sudan, whatever is to look at the right mix of people, what's inherently governmental there and how we get those personnel in place.

Are you going to have time to do all of that by the time you're reporting the issue?

GREEN:

Well, you know, we're talent (ph) and we're putting out a report this December with our legislative proposals so that they can be considered or very early January so they can be considered by the Congress.

And to answer your point which is accurate, if the State -- and Commissioner Green may want to amplify, if the State Department doesn't receive the kind of funds that they're not receiving now, no matter what their capability is, they're not get the job done they're not going to have to staff the people -- the resources to award and oversee contracts.

If part of that mechanism is to utilize funds that have been saved in defense or have Defense provide certain functions that they already do, that will greatly contribute to the State's objectives.

TIERNEY:

Yes. Oh, I think that's basically accounting, right? If in fact, you take the money to save the Department of Defense and it goes to Secretary of State and temporarily, they can do it themselves. They're just subcontracting back to the Department of Defense, you know, and maybe they have to work on a memorandum of agreement or something where the resources are at least put in the right place...

THIBAUT:

Right.

TIERNEY:

... and then temporarily spend back on that basis to cover because I know there's a lot of movement between the secretaries here, who's going to pay for what, what the budget does comes out of.

But the fact of the matter, we somehow, Mr. Chairman, go to transcend that and say, "Look, if you can save X amount of dollars, it ought to be in the Secretary of State division," and then temporarily DOD has to fulfill it and let them do some contract or something on that basis but at least set up the mechanism where we are transitioning a long range plan.

We have a plan to get where we eventually need to be because we cannot have the number of contractors -- private contractors out there doing inherently governmental functions because it's not the right message to send, because there's no check on liability, there's no accountability.

And frankly, it's with, you know, fraud and abuse and overspending and efficiency. So it's a big challenge that you have. It's one that we put in the legislation for you to do. I thank you for starting off on that way. We'll support you anyway we can, I suspect.

Thank you. I yield back, Mr. Chairman.

TOWNS:

Let me thank the gentleman from Massachusetts and also thanking him for his (inaudible) earlier and, of course, we still have a long way to go but I want -- and nobody really has it going. And I think the serious questions are being raised but since (inaudible) this is so important.

I now yield to the gentleman from Virginia, Congressman Connolly.

CONNOLLY:

Thank you, Mr. Chairman.

Let me -- and welcome, gentlemen. Let me pick up on where Mr. Tierney just lift off. You know, I find that sometimes the definition of inherently governmental is susceptibly simple. Let me ask you about -- for example, is the provision of security -- ongoing security for U.S. Personnel in Iraq an inherently governmental function in your view?

THIBAULT:

Well, a simple answer and I do not mean to be vague is our perspective, and we have not come down formally on this because it's that important. And to recognize the different types of security because you have convoy security, you have distinguished visitor security and you have static or base security, there hadn't been substantial issues or country concerns about base security.

There had been issues about a convoy security, very significant issues about the use private security contractors and the like.

CONNOLLY:

Well, your answer is certainly important for my own view that again, I repeat, susceptibly simple -- the answer is it depends. There are some...

THIBAULT:

That's accurate.

CONNOLLY:

... security functions that it may be perfectly proper for the government to take over. There may be others. We want to continue the contracts out for various (inaudible) reasons -- it depends.

THIBAULT:

That's accurate.

CONNOLLY:

Mr. Green, you would concur?

GREEN:

I would concur. I think the difficulty here -- and we haven't talked much about this -- is we're really in a box. We've got December 2011 to get all troops out of the country, and there really is no alternative if that is the way we're going. There's no alternative to contractors whether they are doing inherently governmental things or they're running a missile.

And, you know, until when and if that decision is modified, we're going to do it with contractors.

CONNOLLY:

Let me ask a broader -- well, just on contracting. One estimate of the number of security folks we're going to need -- what State Department is going need in taking over new responsibilities is they probably need somewhere in the vicinity of 6,000 or 7,000 contractors.

THIBAULT:

Correct.

(UNKNOWN)

Correct.

CONNOLLY:

You would agree with that number?

THIBAUT:

Yes, sir.

CONNOLLY:

And how would they come along in securing contracts to secure 6,000 to 7,000 private contractors in security?

GREEN:

I, you know, I don't know.

THIBAUT:

I think I can assist with that. They have several solicitations that are in the works because of the growth and the solicitations generally go towards existing companies with a proven record contractors because they have confidence in working with them and in a very short turnaround, you tend to go with those organizations.

They try to utilize competition, but it's not as broad a base is. It might be desirable simply because of the expedient nature of the mission.

CONNOLLY:

Are we confident that there'll be a -- that there won't be any holes in the security apparatus because of contracting mechanisms or delays in the signing of contracts and the execution thereof?

THIBAUT:

Well, the execution is interesting because the way they're aligning this is right now, you know, they remain -- using Iraq, it can fit Afghanistan, I guess, but there are -- oh, there are about 50 military bases, forward bases and military bases that will go to maybe 14 or 15 counting those that are there for the Department of Defense for foreign military sales.

By necessity, what they've done is cut back their diplomatic capability to travel throughout the country. So one of the implications and...

CONNOLLY:

That will be on State Department?

THIBAUT:

State Department -- is they will not do the diplomatic mission to the extent they would like to because they -- even with 7,000, they have cut back dramatically, for example, the number of what they call PRTs or the provincial teams that build diplomacy and build relationships and provide assistance. That's been totally pulled back to the four existing bases because of security. And that's with 7,000 additional security individuals.

If they try to keep up a way that they've had it, I have no idea what that number would be but it would be substantially or maybe doubled.

CONNOLLY:

At least speaking to this number, Mr. Thibault, what you just said is stunning.

Thank you. I yield back, Mr. Chairman.

CONNOLLY:

Thank you, gentleman, for yielding back. I now recognize the gentleman from Illinois, Congressman Quigley.

QUIGLEY:

Thank you, Mr. Chairman.

I suppose this is a good time, if any, and we got an issue in location as any of the (inaudible). I have a hard time disagreeing with my colleague, the gentleman from Ohio, about this issue.

It's extraordinarily frustrating, and we should care about the issue wherever it is in the United States. The fundamental issue of that, which makes our country safer, and the fact is this transition has to work and the Department of Defense has to help because we're forgetting the issue closer to home here. And if I might indulge, we heard of threats everywhere and would-be bombers.

The most recent one was in Chicago and the would-be bomber placed a bomb a block from my house, so I can't help notice that the work that really matters, first and foremost, is taking place right here in this country. And the success that's taking place in stopping this is good police work right here in this country.

So you'll have to forgive if I'm frustrated that the Department of Defense seems they had the mindset that's staying in Iraq for a lifetime is going somehow make it safer.

This has to work with current strategy of stalling and making this difficult. It's counter-productive. In the long run, it makes us less safe.

But to the extent the gentleman are willing to China and India and either if this transition works to the extent that you're talking about, you really think the dynamics inside Iraq are going to be there five years from now or 10 years from now so that someone else in the outside won't have to play a big role?

GREEN:

It's going to be a question that intellectually, I'm sure all of us have thought about. It's not within our charter, certainly, one of the great frustrations that state field in defense fields. The chairman has remarked to it, as well as Secretary Gates and folks within the State Department is the unsettled nature of the Iraqi government.

There are many, many decisions that cannot be made until there's a government. I can speculate until the cows come home when that might happen in the difficulties in achieving that. But the fact remains until that government is settled, there are many, many decisions that cannot be made between state and the Defense Department.

And I don't want to leave the impression that Defense is being uncooperative. We talked on one issue, the LOGCAP memo, I'll call it. That -- we don't understand why that has taken so long, but in other areas, there has been significant cooperation.

And in fact, General Austin about three days before he left here to take over command in Iraq, and I told them, I said, "You know, if this fails, it's not state failing; it's a country failing, and that's what it is." So we've got to work together -- State, Defense and any other USAID -- any other departments and agencies that have a stake in this have got to lean forward in the foxhole and make sure it happens the way our country is setup for it to happen.

THIBAULT:

And I might add that as part of your question, I think it is reflective today of the environment related to security as we pull out, which is in some cases, increased given the fact that we're a fewer locations. There is no indication that that's going to see when we turn simply to a diplomatic approach in 2011. We all like that. I mean, I think everyone would like that but there's no indication.

Therefore, the State Department as a good steward of safety contracting and the like, if you look at the numbers now on their four permanent locations they're building out right now and they're building it out somewhere between two-thirds and 75 percent of each one of those location are security people.

And the number of diplomats and two of them because they had to cut them in half because the budget can't cut the security are 20. So you have that embassy branch offices or consulates, 20 people doing what the State Department would like to do and several hundred individuals doing security.

And that's, I think, reflective of your concern.

QUIGLEY:

I agree. Thank you. I yield back.

TOWNS:

Thank you very much. I now recognize the gentlewoman from California, Congresswoman Speier.

SPEIER:

Thank you, Mr. Chairman. Thank you, gentlemen, for your service.

I'm somewhat dumbfounded by what you have presented to us today. In some respects, which is rearranging deck chairs (ph), it would appear. And substituting a group of contractors to do what our military has been doing and the contractors will be overseen by State Department that doesn't have the oversight authority of capacity to do the job. Is that a fair analysis?

THIBAUT:

I think the State Department would say they're working very hard to try to build that capability, but I think that would be a concern that they have that because historically, they've been -- to call it just like it is, they've been slow to provide the kinds of contract oversight.

They've been very responsive, but it's been a situation where their staff limitations have created challenges and to try out four or five additional contracting officer representatives to do the kind of work they do which is to make sure a security company is satisfying their contract requirements has been a challenge. So it will continue to be a challenge.

SPEIER:

Has the State Department ever had similar responsibilities in any other country?

GREEN:

No, not like this. I mentioned early on that I participated in the transition from the Coalition Provisional Authority to the new embassy in 2004. And obviously, when the Soviet Union went down and the State Department created a number of new embassies, those were big jobs. But they have never, in my estimation -- and I think others would support this -- they have never faced this kind of a task in such a hostile or I'll say non-benign environment.

So you're, you know, threat -- a high threat area and that's something we don't know what's going to happen in December of 2011 with the insurgency. What are they going to do?

We've already seen periodic upticks and threats. In fact, the embassy compound took some rockets not long ago. And I was told that one of them clipped the DCMs residence. So, it is a high threat environment complicated by the fact that they are going to have to take over many, many, many missions which they have no experience doing.

SPEIER:

No core competency. That's not their job.

GREEN:

Well, it's not their job. No.

THIBAULT:

No, no.

GREEN:

No.

SPEIER:

So we're having -- we're giving the State Department a job which they don't have core competency and that they don't have the experience or expertise and we're telling them to go out and do this.

And by the way, you're going to have 6,000 and 7,000 contractors under the auspices of the United States...

THIBAULT:

Yes.

SPEIER:

... operating in a country.

GREEN:

Well...

THIBAULT:

You have to add to that because we're talking security contractors. If they are left holding the logistical support bag, they're going to have, you know, they don't have a present capability in theater. They have no experience. They have relied on the Army.

Right now, because they -- in advance of this, I pulled down the number, there are 36,300 KBR employees that are providing logistical support in Iraq.

SPEIER:

Excuse me, one moment. Let me interrupt you, and I apologize. That is a sole-source contract to KB.

THIBAULT:

Exactly.

SPEIER:

So, no competitive fitting.

THIBAULT:

Exactly. But there are 36,300 -- that number will come down from 50 basis to maybe 14 locations. But if you do the math, 30 percent on 40,000, I can come up with another 10,000 that they would have to manage if, in fact, the Army doesn't provide that support.

And the Army has become, from a management perspective, not necessarily contracting but from a management perspective, they're much better than they were but to take it away from them and have State Department start all over, it just doesn't make sense.

GREEN:

And in fairness...

SPEIER:

I'm sorry. My time is about up. Let me just ask one more question. Is this going to cost the taxpayers in this country more money or...

THIBAUT:

Absolutely.

SPEIER:

How much more money?

THIBAUT:

It's really indeterminable but a very substantial amount of money because there's going to have to be some kind of a transition. And the -- especially if competition results in a different contractor. You might save some money in competition, but you're going to be introducing the need for the transition.

You know, our position is that starting in 2011, they should use LOGCAP 4. They should award us solicitation, bring competition in. The KBR win was great. If Dancorp or Florwins (ph) did great but there's a mechanism.

But the longer we draw this out just like the continuation of LOGCAP 3, the longer you draw out, the more likely is you're going to get a letter from the Department of Defense or from State saying we don't have time to use competition, let's extend the sole-source contract. That's the risk.

TOWNS:

And we better get this right because we're going to be doing it in Afghanistan in not (inaudible) a distant future.

THIBAUT:

Right.

TOWNS:

Thank you very much, gentlemen. His time has expired.

I now yield five minutes to the gentleman from North Carolina, Congressman McHenry.

MCHENRY:

Thank you, Mr. Chairman.

And at this time, I'd like to yield the balance of my time to ranking member, Mr. Issa.

ISSA:

I thank the gentleman. I want to follow up on something because I think it wasn't intended I'm sure to be part of this hearing, but it now is.

The gentleman from Ohio, I believe, implied that he needed to get General Petraeus and the Secretary of Defense in here. If I understood correctly because, you know, the military doesn't want to leave and they want the State Department to fail.

Mr. Green, you've been on both sides of this. Do you see any malice or any legitimacy to the thought that either DOD or State wants the other to fail?

GREEN:

No, I do not. And I, you know, somebody maybe can find it, but I see no evidence why the military wants to stay in Iraq. I just, you know, I served two tours in Vietnam, and I was happy to leave.

ISSA:

The reason you count down those days.

GREEN:

But I think that there is cooperation. Why LOGCAP while this one request has been held up, I don't think we need to build everything -- the whole relationship around whether that one request was held up or not. Yes, it's a major one, but there's been a lot of other cooperation at the working level between state and the commands and certainly in country, so I'm sure the answer is no.

ISSA:

Yes. I'm sure your answer is no.

GREEN:

Yes.

ISSA:

And you'd say no also, I'm sure.

THIBAUT:

I would say no.

No, no. I agree with that statement. There is no indication at all that the United States Army wants to remain. In fact, they're pulling troops out, you know, in a manner in which we might say pause in terms of some of these support requirement that the State Department need.

But in my mind and maybe other's minds, I think there a question about does the Army really want to provide the kind of support that State needs, and that I think is the stove pipe situation that you've already talked about.

ISSA:

And the gentleman from Massachusetts alluded to the question and some of these seems to be funding, fight and the question of nobody wanting to spend their resources unless they're fully funded and so on.

Let me just put it in a context. You know, we've all been to other host countries, and I'll just use Japan as a good example.

In Japan, we have a large military presence and that large military presence, they're not just our host but they're our financial host. And so when we view our military support there, we view it as fully funded by the host country.

In the case of Iraq, should this committee look into -- and Afghanistan because you're absolutely right, we're going down that road, but the funding should be -- even if it's U.S. dollars, it should be hosted there. So regardless of who goes there, they must go there to get the money.

In other words, if the Army -- we're looking at cycling through people or the Air Force or anybody else or state, the money is there. They tap that money in host country. If they don't provide the support, if it goes to a contractor or it goes to a State Department employee, they use those funds.

With that movement of dollars to be independent of who does it allow for all the agencies to maybe played better in the sandbox.

THIBAULT:

If such a thing was remotely possible that they could fund it, I know in Afghanistan, if you look at the moneys we're spending now, the country has no ability to fund them.

ISSA:

And I'm not suggesting for a moment that we expect that the money would come from the host country.

THIBAULT:

Right.

ISSA:

But when it comes from the host country, the Army, Navy, Air Force -- everybody sort of competes for -- OK, can I get a slot in there? Is that slot meaningful? And I know I'm going to be paid for it.

If we move it to -- because we're -- we have an appropriation system. It's stove pipe, for the most part, by committees. But if we look at Iraq and we had Iraq funding as a standalone and we made it independent of whether the Army or the State Department or the Department of Interior got the money initially but the money was there, and we did an authorization for that.

Now it's basically still State Department money, but it wouldn't be State Department money in the large barrel. It'd be Iraq funding for state activities.

If we did that, wouldn't that eliminate some of this problem of people being reticent to pay for something unless they're going to get paid back because they see it as taking from other mission?

GREEN:

I think if I understand your premise, I think something like that was recommended by Secretary Gates to Secretary Clinton. And as I understand the proposal -- and I don't understand it terribly well -- that each would put money in a pot commensurate with their responsibilities to do certain things.

As you know, better than I, State's budget is miniscule compared to DOD. DOD rounds off more at the end of year than State has to spend, other than in foreign assistance, which can't be touched for this.

I -- and I haven't given that a lot of thought, but if there were an appropriation, a pot of money and the State Department didn't have to contribute to that because that's where, I think, they have a difficulty.

But if there were a pot of money, I think it would eliminate some of this back and forth because as someone mentioned before, you know, Gates is going to save 100 million bucks but he is going to let the services keep that to apply it to new weapon systems and personnel increases. So unless somebody says, "No, you can't do that," that's what his plan is.

TOWNS:

Gentleman from North Carolina, your time had expired.

ISSA:

Mr. Chairman, I would ask that the witnesses expand on that in writing and that perhaps we flesh out some of the possibilities together to recommend to the president.

TOWNS:

Without objection.

ISSA:

Thank you.

TOWNS:

So ordered.

I now recognize the gentlewoman from California, Congresswoman Watson.

WATSON:

Thank you so much, Mr. Chairman.

I am sitting here very, very frustrated because regarding to a war that was not declared by Congress, the Secretary of State said, "If you break it, you own it." And there is no way, and I want this for the record, there is no way that we're going to win a war of a particular cultural and traditional quality with guns and bullets.

Now, we're discussing the State Department whose mission is completely different. The mission of the State Department is to work on the foreign policy of our government and the post we're in, the nation we're in diplomatically, so I think the responsibility and I think is the commission to deliver to your members and to the president.

We need to have the military and this committee needs to do the oversight, provide for the military security and the security of our mission as long as we're there. We have not won a war. We are trying to have a sovereign nation use a diplomatic system what they're experimenting with, but we do not need to take on that burden in the State Department.

So what I'm asking is, will you recommend strongly again in your next report that the military take over securing with the number of forces that are needed as long as we're there? And my friends, we're going to be there forever. It's a completely different part of the world with different goals and different ways of running their own nations. We have to understand that.

And so my question to you is can we put forth a contingency plan for the State Department to be able to have the kind of security and to fulfill their mission that will be funded through the resources of DOD?

THIBAULT:

Under the current budgetary and fiscal guideline, you know, you're asking can we -- that's not doable because there's...

WATSON:

What is not doable?

THIBAULT:

Separate streams of funds and the like, this committee or an organization...

WATSON:

What are we asking the State Department to do? We're asking the State Department to take over the responsibility of the military, correct?

THIBAULT:

In many cases, that's really...

WATSON:

Yes. I ran a mission, it is a timed mission over Micronesia. We contracted out our security. We hired a former marine who headed up a security company, and because of the size of the mission, it worked.

But we're in a warzone as determined by the last administration, and we still have troops there. So can we, using that kind of line of thinking, ask the Department of Defense to increase the budget in securing that mission that we're still involved in?

THIBAULT:

We have support. And it's stated in our testimony a requirement that the Department of Defense more timely and effectively sit with the State Department, go through those functions that they ought to be doing...

WATSON:

Exactly (ph).

THIBAULT:

... and that there be a requirement that they do those functions.

From a budgetary viewpoint, the question then remaining is who funds this.

WATSON:

OK. Let me take that off the table and ask the chairman of this committee if we can develop a letter stating just what has been mentioned and send it to the president, commander-in-chief and to DOD and to the State Department because the State Department does not have the skill sets to provide the kind of security. They contract it out usually.

So the subject matter of this whole hearing is the oversight responsibility that we have, and I think that we ought to send a letter saying, let DOD do what is assigned to do so the State Department can carry out its mission and provide the funding.

TOWNS (?):

I understand that it is a -- it's a quest what we do here from the second panel and make a decision as how we move from here.

WATSON:

Thank you.

TOWNS:

Thank you. The gentlewoman's time has expired.

I now recognize the gentleman from Tennessee, Congressman Duncan, for five minutes.

DUNCAN:

Well, Mr. Chairman, because I was in another meeting, I wasn't able to get here in time, and so I'm going to yield my question period to Mr. Issa.

TOWNS:

The gentleman is recognized for five minutes.

ISSA:

Thank you, gentleman from Tennessee.

And I believe this is so important. Our staff has worked hard on more questions than we'll ever ask, and I would ask if both of the gentlemen would be willing to answer some additional ones in writing as how...

THIBAUT:

Certainly.

ISSA:

They'll probably be the ones less of interest to some people but more of interest to the staff that, in detail, would like to produce a report afterwards.

I'm on leave of absence from the Foreign Affairs Committee so I have to know my limitations and I have to remember the jurisdiction of that committee. But we have 1,600 people in six major facilities in Iraq in the current plan roughly, is that right? That's the number that I've got in front of me for the embassy and branches or consulates.

GREEN:

The diplomatic...

ISSA:

Diplomatic side, yes.

GREEN:

That's probably pretty close.

ISSA:

So part of the need for a total of 7,700 people or roughly 6,100 contractors if the fit doesn't hit the shan and the weeks after military begin pulling out is because of the size of our mission -- the largest mission anywhere in the world. Is that right?

GREEN:

It's both the static security of the embassy and the four other posts plus the personal security details that would be there and available to escort and protect the diplomatic staff.

ISSA:

Now, in my time going around the world in the foreign affairs committee, one of the things that I observed regularly was that USAID typically only goes if it's safe enough. And in the Horn of Africa and a number of other areas, it usually begins facing over to the military to do aid projects if it's an unsecured situation.

Iraq has fit that. Afghanistan fits that. This is a place in which the military contributes far more to the construction projects and so on than the State Department.

Am I to understand that this plan envisions USAID taking over construction and activities of that sort, development and the democracy movement and doing so with this size force as it does not do in most other areas?

GREEN:

I think that certainly the USAID mission when it comes to reconstruction and stability operations will increase because to the degree that we would do CERP-like projects...

THIBAULT:

Right.

GREEN:

... they won't be CERP, but AID would take over those to the degree they have the capability that they're implementing partners have the capability. You are absolutely right.

The AID staff, if it's -- if they are in secured areas, they don't tend to go out but they count on their implementing partners. And very frankly, most of the implementing partners don't want that linkage with the Defense Department. They don't want a flag out there because they believe it attracts the wrong kind of attention.

ISSA:

Sure, I understand that, and that's always controversial of who side goes up and who gets credit, and there's always some shake who would prefer the credit over anybody else.

Actually, I remember in the later days of Jimmy Carter when we sent three-week (ph) to Russia, to Soviet Union and they proceeded to paint over anything that said U.S. and put goods made in Russia on it so that their people would think they were being fed by themselves. I guess, things never change.

The question I have goes back to that self-inflicted wound. We have missions of various size, the Marines and segunded (ph) military personnel, military associates. Egypt, for example, has a large amount of our military people and worked in and for the ambassador.

Is there any inherent reason that Iraq is preventing military assets from being -- I use the word segunded (ph) but assigned to the ambassador for purposes of many of these divisions -- anything that absolutely a negotiated way so that we're being possible?

GREEN:

Not that I'm aware of. In fact, plans are well underway to form the Office of Security Cooperation, and they're going to have several sites around the country, and they will facilitate through both active military and technical staff, facilitate sales through the country.

ISSA:

So the idea that the 50,000 troops and the 2011 deadline is actually not quite true deadline because we're going to have a large amount of military personnel present for activities other than war fighting.

GREEN:

Well, a large amount right now, the number of...

ISSA:

Compared to Micronesia.

GREEN:

Micronesia probably.

THIBAUT:

There are going to be nine -- five locations for sure and they are thinking on the additional four to accomplish those duties. The military footprint between 400 and 500. But if someone is thinking the military is all gone, that's not the case.

ISSA:

Thank you. Thank you, Mr. Chairman.

TOWNS:

The gentleman from Maryland, I recognize for five minutes, Congressman Cummings.

CUMMINGS:

Thank you very much, Mr. Chairman.

Let me ask you this. Are the departments of Defense and State considering renegotiating the status of forces agreement to allow the military advanced force to provide security and reestablish the loss functions that are critical for our security and mission's success?

GREEN:

I think that the ball really in the court of the Iraqi government such as it is. And once that the government is formed and solidified, they will make the decision whether they want a request for the Status of Forces Agreement be modified.

There are, you know, there -- as I'm sure you know, there have been calls by various folks in the Iraqi government, the vice- president, the head of the military, the former vice-president to say, "Hey, troops

need to stay longer." But that then will be a decision, a recommendation. It will have to be considered by this administration whose current position is that troops are out of there by December of 2011.

CUMMINGS:

What that leads me to my question, are the Department of State and Defense meeting regularly to develop strategies and contingencies in case Iraq does not form a government mission?

THIBAULT:

Well, I think the way -- the point we try to make is that at the middle management level, and by that, I mean the coordination of colonels and senior State Department officials is greatly improved in the last four -- five months. It's somewhat robust, so are they developing a plan? I can't say that for sure but they're discussing the alternatives that are there. But there is no guiding policy.

We would say that many of the areas that we're suggesting remain and are inherently governmental, but those areas would probably require a change in the SOFA in order to affect that after 2011.

CUMMINGS:

So if the government is not on, then what happens?

THIBAULT:

That's a problem.

CUMMINGS:

You're going to tell me more than that.

GREEN:

Well, under the current policy in statement of Forces Agreement...

CUMMINGS:

OK.

GREEN:

... is we're out of there at the end of 2011. The military planning is we're out of there at the end of 2011.

CUMMINGS:

No matter what.

GREEN:

They lock up...

CUMMINGS:

Yeah.

GREEN:

... and salutes when situations like that occur. And that's kind of -- that may be part of this issue about them wanting to support the State Department and say, "We're leaving." Now, we don't think that's a good idea.

CUMMINGS:

Yeah. But what is the Department of State's grand strategy program and how do we define success?

THIBAULT:

Well, I think their grand strategy, they would tell you and I can't speak totally for them. I think they gave us a list of -- oh, about a dozen diplomatic objectives and responsibilities. And I think they would be to build a more effective, safer government environment and accomplish those areas consistent with the United States policy.

CUMMINGS:

So that is a document that you're talking about that, I guess, you're looking for right now. It was the -- it's OK, you can look while I talk.

The -- so I tell you that that document is the measuring tool. Is that right?

THIBAULT:

Well, it's certainly would be the objectives that are laid out there and I...

CUMMINGS:

Yeah.

THIBAULT:

... thank you for giving me the time. But they're talking about areas -- they would be successful if they mitigate, mediate Arab, Kurd, Sunni, Shia and provincial Baghdad tension where there isn't a sectarian war...

CUMMINGS:

Right.

THIBAULT:

... oh, like it is.

Strengthening the capacity of provisional, the province's institution at key flash point locations -- in other words, where there is potential unrest, strengthen government or whatever is needed. Those are the criteria under which they would be judged, not military criteria.

TOWNS:

Mr. Cummings, I have 32 seconds that I want to hear what you have to say.

GREEN:

Well, there -- I just run through a couple of the others here -- balancing for interference, encouraging foreign investment, economic development, promoting the safe return, resettlement of displaced persons, providing limited services, of course, to American citizens, presenting the American policy and promoting mutual understanding and respect for American values. So that's kind of the laundry list...

CUMMINGS:

Yes.

GREEN:

... of what they hope to achieve in the -- through the embassy and through these for other posts that they are planning to establish.

CUMMINGS:

I think my time is up. Thank you very much.

THIBAULT:

Thank you.

TOWNS:

Thank you, gentleman, from Maryland. There's no further questions. At this time, I would like to do...

CLAY (?):

Mr. Chairman?

TOWNS:

Yeah, Mr. -- I'm sorry. Congressman from Missouri (inaudible).

CLAY (?):

Thank you, Mr. Chairman. I will be as brief as possible and let me thank both witnesses for being here and you're both paying a very troubling future of Iraq security realities and of the State Department's ability to handle this transition.

The State Department has requested over \$4 billion to fund this plan for a large civilian presence in Iraq during and after the drawdown of U.S. forces. Our concern have been raised and anticipate budget request may not reflect the actual cost of its future civilian presence. Do you believe that the State Department is capturing the full cause of what is going to take to fund this transition?

THIBAULT:

I think there might be two parts in that answer. I think they are trying to capture the cost but what they're doing is they're moving cost now under a plan to write. In other words, the permanent construction of these new sites, it's an unfair word but they're cobbling together available resources to build walls (ph) and things they're bringing from a distance rather than building a new site, and they're moving that to the right.

There are several examples where fiscal management is requiring that they meet these challenges by delaying the application of the fund because it's a zero in some game and they don't have enough funds.

CLAY:

Well, what the hauling of private contractors and civilian presence, where that -- are there enough safeguards to ensure that that is transparent, that there is accountability.

Mr. Green, you can try to...

GREEN:

I believe it does. I think that -- now, there's -- with so much planning that has occurred relative to security that I think under the current circumstances that the department believes they have the basis covered.

To answer your question about the \$4.7 or \$4 billion that they requested and supplemental in the '11 budget, is that enough? I don't know because it's like painting a moving train. And as I mentioned in an earlier comment, until the Iraqi government is stood up and is able to make some of the decisions that they have to make, for example, the transfer of property. We can't get a final OK on the four sites for the consulates and the other two sites for the embassy offices.

We can't get final approval on those until the Iraqi government gives a green light. So there have been discussions. The chief of staff, the prime minister and the DCM at the embassy have had detailed discussions. They get a wink and a nod, but until we know that that real estate, as an example, is there for the State Department, we don't know all of the costs associated with it.

CLAY (?):

To -- and this is my final question. On the issue of transfer of power, is DOD dragging their feet because they don't support the change in policy in Iraq and the handover to the State Department?

THIBAUT:

I would say no.

CLAY (?):

No?

THIBAULT:

I would say that DOD is probably the reverse, giving up when they shouldn't give up certain responsibilities that have been brought up here previously that they should be performing. So maybe it's the opposite of it to an extent that they've been told to get out. They're in a hurry to get out.

I mean, they know that they used somewhere in 2011 and they've saluted and they're making plans to turn over these responsibilities in State Department, move equipment out, transfer equipment where appropriate.

CLAY (?):

And you're comfortable with that?

THIBAULT:

No.

CLAY (?):

Where -- no, you're not.

THIBAULT:

We're not.

CLAY (?):

OK. Perfect. All right. I thank you both for your testimony and your answers.

Mr. Chairman, I yield back.

TOWNS:

Thank you very much. And let me just say to the gentleman from Missouri, that's why we're having this hearing, you know, we want to make certain that these questions are answered. I want to thank you for your questions.

Let me thank the witnesses for their work and questions. I look forward to continuing our dialogue, and there will be some questions that we will submit to you in writing hoping to get answers from them as well.

And please convey our best to Congressman Shay. Thank you very much.

THIBAUT:

We will and thank you, sir.

GREEN:

Thank you, sir.

TOWNS:

Thank you.

Let me just say to the members that just before the vote coming up very shortly, I'd like to do this five bills. I think we can quickly pass, and then call up the second panel.

So, why don't we do that? So, the staff would make the transition and then we go to the second panel immediately after that.

We now will come to order.

The committee's first agenda item is H.R. 3243, legislation to promote flexibility and work arrangement and scheduling for federal fire fighters. H.R. 3243 was introduced by Representative John Sarbanes, Democrat, Maryland, on July 16, 2009.

The bill was forwarded to it by the federal workforce, subcommittee by Voice Vote on May 27, 2010. H.R. 3243 allows federal fire fighters to trade shifts without triggering mandatory overtime payments and added cost for the agency. The bill simply allows traded time to be excluded from the calculation of overtime.

These grants more leave flexibilities to these workers without costing the government any money. The change is consistent with the workplace practices of state and municipal fire departments across the country. Under the bill, any decision approved, the workers request to switch shifts would be made at the discretion of the employing agency.

Trade time will boost federal agency's ability to recruit and retain trained fire fighters. I support the bill and yield to the ranking member for any comments you may have at this time.

ISSA:

Thank you Mr. Chairman.

This is a good, non-controversial, well worked out bill that corrects a technical problem that has existed for our federal fire fighters that we support on a bipartisan base. I yield back.

TOWNS:

If no other members seek recognition on that, call up H.R. 3243.

CLERK:

H.R. 3243, a bill to amend section 55.

TOWNS:

I ask unanimous consent that the bill be considered as read and open for amendment at any point without objection so ordered. There are no amendments. The question is on agreeing to H.R. 3243 as amended.

All those in favor, say "aye".

All opposed, say "nay." In the opinion of the chair, the ayes have it. And H.R. 3243 is amended as agreed to and without objection, H.R. 3243 is amended as ordered reported favorably to the House.

Next, we have H.R. 5367. It was introduced by Congresswoman Eleanor Holmes Norton of the District of Columbia on May 24th. The bill makes a number of administrative and legislative changes to improve the operation of the D.C. Court and the Public Defender Service of the District.

With the passage of Revitalization Act in 1997, the federal government assumed budgetary and legislative responsibility for some district offices such as the D.C. Court and the Public Defender Service. The Revitalization Act grants to Congress the exclusive authority to amend Title 11 of D.C. code related to the D.C. Court and related agencies. H.R. 5367 would yield the Chief Judge of the Court of Appeals the ability to hold a judicial conference, which is required by statute biannually or annually.

The Chief Judge would also be able to require local magistrate judges to attend. H.R. 5367 also authorizes the Chief Judge of the Superior Court and the Court of Appeal to delay or slow various deadlines in the event of a natural disaster, terrorist attack or other related emergency situation. The

bill would also authorize the D.C. Courts in it into a room for reimbursement or services provided by the District of Columbia.

This provision would allow coordination of services that the administrative function among district agencies, which will help promote efficiency and ensure the proper allocation of resources. Lastly, H.R. 5367 would allow the Public Defender Service for the District of Columbia to purchase professional liability and shares for the attorney, staff and board members out of the existing sell with an expensive court. This is all ready standard factors for other federal public defenders under the Federal Criminal Justice Act.

I encouraged all members to support this good government measure, which will improve the management and efficiency of the Courts and Public Defenders Office in the District of Columbia.

I now yield five minutes to the gentlemen from California, the ranking member, for any comments that he might have in reference to this bill.

ISSA:

Chairman, with our longstanding support for home rule, I support 5367 and its goals. We recognized that this bill has not efficiently been scored by CBO and promised to work on such amendments as may be necessary should it be scored or defined those funds otherwise, and yield back.

TOWNS:

If any other members seek you recognition, I now call up H.R. 5367. The clerk will read the bill -- the title of the bill.

CLERK:

H.R. 5367, a bill to amend Title 11 District of Columbia official post.

TOWNS:

I ask unanimous consent that the bill be considered as read and open for amendment at any point without objection so ordered. I have an amendment at the desk, and the clerk will designate the amendment.

CLERK:

Amendment to the nature of the substitute to H.R. 5367 offered by Mr. Towns.

TOWNS:

I ask unanimous consent that the amendment be considered as read and considered based texts without objections. The amendment is considered as read, and I recognized myself for a few minutes to speak on the amendment.

The amendment would add language to reduce the required term of service for judges in the Family Court, Division of the Superior Court of the District for five years to three years. This change was requested by Chief Judge of the Superior Court. The requirement to serve five years term would hamper efforts to recruit judges, the children's laws in it, which allocate for the rights of Children and Family Court is supportive of the change due to its potential to help with direct recruiting of Family Court Judges.

I now yield to the ranking member for any comment that you might have on this specific legislation.

ISSA:

No comments at this time. I yield back.

TOWNS:

If no other members wish to speak on the amendment. The question is now on the Towns' amendment in the nature of the services. To all those in favor, say "aye." Opposed, no.

In the opinion of the chair, the ayes have it. And the amendment and the nature of the substitute is adopted.

Are there any other amendments? The question is now on reporting H.R. 5367 as amended to the house. All those in favor, say "aye." All opposed, say "nay."

In the opinion of the chair, the ayes have it. And H.R. 5367 as amended is ordered reported favorably to the House.

The committee will now consider H.R. 5702, which was introduced by Congresswoman Eleanor Holmes Norton on July 1, 2010. H.R. 5702 reduces the time that a vacancy would be left open in the District of Columbia Council. On the current law, the District Board of Election and Ethics must hold a special election to fill a vacancy on the council within 114 days after the vacancy occurred.

There had been periods in the history of the council where District residence remained unrepresented for nearly four months at a time. The 114-day rule is currently part of the Home Rule Act, a federal statute. This bill would reduce the gap in representation for citizens of the District of Columbia.

I now yield to the gentleman from California for any comments he might have on 5702.

ISSA:

Thank you, Mr. Chairman. And once again, in the spirit of Home Rule, this is a decision for the people of the District of Columbia and their representatives. Since this is a consensus reduction that they have chosen, I full support it.

To be honest, Mr. Chairman, I would have supported their ability to rule make these sort of things without coming back to us, but for now, this is a good way to meet the current requirement. I look forward to broader legislation that would give these kinds of details normally done outside of our purview to the District of Columbia. But at this time, I support the bill and yield back.

TOWNS:

Right. Thanks to gentleman from California. No other members wish to speak, I now call up H.R. 5702. The clerk will read the title of the bill.

CLERK:

H.R. 5702, a bill to amend the District of Columbia Home Rule Act to reduce the waiting period.

TOWNS:

I ask unanimous consent that the bill be considered as read and open for amendment at any point without objection so ordered. Are there any amendments? Hearing none, the question is on agreeing to H.R. 5702.

All those in favor, say "aye." All opposed, say "nay." In the opinion of the chair, the ayes have it. And H.R. 5702 as amended is agreed to without objection.

H.R. 5702 as amended is ordered reported favorably to the House. The committee now considered H.R. 5368, the United States Postal Service Postal Inspectors Equity Act. H.R. 5368 was introduced on May 24, 2010, by Representative Stephen Lynch.

The bill would allow postal inspectors to receive full law enforcement availability pay comparably to criminal investigative or other executive branch agencies. Postal inspectors protect the United States Postal Service. Its employees and its customers from criminal attacks and protect the nation's mail system from criminal misused.

On the current law, compensations and benefits for postal inspectors are required to be comparable to other workers in the executive branch. Currently, the postal service is paying postal inspectors. But such payments are not required by statute.

H.R. 5368 will require the postal service to pay postal inspectors leave by law codifying current practice. The bill amended the Title 5 to define postal inspectors as law enforcement officers eligible to receive leave. H.R. 5368 will preserve and protect postal inspectors' law enforcement availability pay, ensure that the postal inspection service will be able to recruit and retain highly qualified postal inspector.

I now yield to the gentleman from California for any comment that he might have.

ISSA:

Thank you, Mr. Chairman.

And I support the bill. I support recognition that law enforcement does not receive overtime pay and yet they work long hours often what anyone would considered to be an overtime.

For most Americans that are not even aware that there's a section of the workforce that doesn't receive overtime and yet truly are our allied workers. Law enforcement deserves to be treated as fairly as possible even with the provision that overtime is not an ordinary term in their profession. Leave is designed to guarantee comparative fairness in pay.

This bill clarifies that, you know, statutory way. I support it. Yield back.

TOWNS:

Any other members thinking recognition? If no other members wish to speak, I now call up H.R. 5368. The clerk will read the title of the bill.

CLERK:

H.R. 5368, a bill to amend Title 5.

TOWNS:

I ask unanimous consent that the bill be considered as read and open for amendment at any point without objection so ordered. I believe I have an amendment in the nature of a substitute at the desk. The clerk would designate the amendment, please.

CLERK:

Amendment in the nature of the substitute to H.R. 5368 offered by Mr. Towns of New York. Strike all after the enacting clause and insert the following. Section 1 short title.

This act may be cited.

TOWNS:

I ask unanimous consent that the amendment be considered as read and considered as based texts without objections. The amendment is considered as read, and I recognized myself for a few minutes to speak on the amendment.

My amendment appraised the bill's provision to special agents of the Postal Service Offices, Office of the Inspector General. Like postal inspector, these special agents are criminal investigators who had been receiving leave. The amendment would codify this practice.

The amendment also adds language requesting that the postal service making the bill provision retroactive. The amendment would make it clear that as law enforcement officers who have been receiving leave benefits, inspectors and special agents are not eligible for overtime pay under the fair Labor Standards Act. This is consistent with the treatment of other federal law enforcement offices.

And of course, finally, the amendment would change the short title to reflect the addition of special agents of the Inspector General to the bill. I now yield to the gentleman from California for any comment that he might have at this time.

ISSA:

I thank the Chairman. And this is a good technical correction. I might note that this post has not been efficiently scored by CBO, but we do not anticipate receiving a score on this since the practice has all ready been to make these payments.

And therefore, I support both the bill and the amendment. And I yield back.

TOWNS:

Thank you, gentleman from California. Do you have any members wish to speak on the amendment? If no other members wish to speak on the amendment, the question is now on the Towns' amendment.

All those in favor, say "aye." All opposed, say "nay." In the opinion of the chair, the ayes have it. And the amendment is agreed and the nature of a substitute is adopted.

Are there any other amendments? Any further amendment? The question is now on reporting H.R. 5368 as amended to the house.

All those in favor, say "aye." All opposed, say "nay." In the opinion of the chair, the ayes have it.

And H.R. 5368 as amended is ordered reported favorably to the House. Our final order had been would be (inaudible) -- marking that (inaudible). The clerk would designate the bill.

I haven't managed the amendment at the desk. Let me just make technical corrections to H.Res 6118 and H.Res 1494. And I ask unanimous consent that they be adopted and considered as base text.

Will the clerk designate the amendment?

CLERK:

To H.Res?

TOWNS:

The bills.

CLERK:

OK.

ISSA:

Mr. Chairman, we are considering a meeting block. Is that ground blocked right -- been blocked? Thank you.

CLERK:

H.Res 1494 congratulating the champion, finalist and other participants in the 83rd Annual Script National Spelling Bee.

TOWNS:

Without objections.

CLERK:

H.Res 1529 commending Bob Sheppard for his long and respected career as the public-address announcer for the New York Yankees and the New York Giants. H.Res 1603 expressing support for designation of September 2010 as a National Craniofacial Acceptance month. H.Res 1617 supporting the goals and purpose of Gold Star Mothers Day, which is observed on the last Sunday in September of each year in remembrance of the supreme sacrifice made by mothers who lose a son or daughter serving in the Armed Forces.

H.R. 4602 designating the facility of the United States Postal Service located at 1332 Sharon Copley Road in Sharon Center, Ohio, as the Emil Bolas (ph) Post Office. H.R. 6118 designating the facility of the United States Postal Service located at 2 Massachusetts Avenue, Northeast, in Washington, D.C., as the Dorothy I. Height (ph) Post Office Building. H.R. 3567 designating the facility of the United States Postal Service located at 100 Broadway in Lynbrook, New York, as the Navy Corpsman Jeffrey L. Wiener (ph) Post Office Building.

H.R. 6014 designating the facility of the United States Postal Service located at 212 Main Street in Hartman, Arkansas, as the M.R. Bucky Walters (ph) Post Office. H.Res 1442 supporting the goals and ideals of United States Military History Month. And H.R. 5877 designating the facility of the United States Postal Service located at 655 Centre Street in Jamaica Plain, Massachusetts, as the Lance Corporal Alexander Scott Arredondo, (ph) United States Marine Corps Post Office Building.

TOWNS:

As we satisfy the committees' criteria, each of these measures are worthy of support. And I therefore urged their adoption. Do the ranking members have any comments at this time?

ISSA:

Mr. Chairman, we reviewed the postal naming and commemorative resolutions before the committee today and find that they meet the standards of the committee. I would like to thank the chairman for his work on H.R. 6118 and would yield the balance of my time to the gentleman from Tennessee, author of one of the bills.

DUNCAN:

Well, I thank the gentleman for yielding. And I simply want to say that I appreciate the Chairman taking up the H.R. 1442, the resolution about the Military History Month. This has been submitted at the request of one of my constituents, a great historian, Ed Hooper.

And it's often been said that nation forgets its past and its defenders. Certainly, the military has played an extremely significant role in our history. This resolution creates Military History Month and recognizes the important role. And I asked the members' consent to place a statement in the record concerning that legislation.

TOWNS:

Thank you. Without objections, so ordered.

This concludes this -- (inaudible) woman, from Washington, D.C.

HOLMES NORTON:

Thank you, Mr. Chairman. I just wanted to say a word about the Dorothy Height. I personally want to thank the committee for passing my other two bills while I'm on my way here. And just -- and to say a word about the Dorothy Height Bill.

Dorothy Height was an icon of the movements for women's rights and civil rights. We are naming -- I would like to name and this bill is about naming the old Central Post Office near Union Station after Dorothy Height. I very much appreciate this committee has considered this bill along with my other two bills before adjournment.

I yield back and thank you again, Mr. Chairman.

Mr. Chairman, I asked that my statements for all three bills be entered into the records.

TOWNS:

Without objection, so ordered. I ask unanimous consent that the measures previously designated and amended be reported favorably by the committee without objection so ordered. We have one more bill to consider today, which we will take up at the conclusion of today's hearing.

So, we will now recess the amendment meeting and reconvene at the conclusion of the hearing. So, we have the second panel that we would like to call up.

I would like to welcome our second panel, Mr. Stuart Bowen, Jr. He has served as the special inspector general of Iraq reconstruction since 2004. And before becoming the inspector, Bowen served to President George W. Bush at the White House in roles to include deputy assistant and deputy staff secretary.

Mr. Bowen also served on Government George Bush's staff and as an assistant attorney general of Texas. Mr. Bowen spent four years on active duty in the United States Air Force. We welcome Air Force.

As we do in all of our witnesses, we swear you in. Please rise. Do you solemnly swear to tell the truth and the whole truth and nothing but the truth?

That the record reflected is affirmative -- of course, I am sure you know the rules that, you know, you have five minutes. And, of course, as you know, after four minutes, the yellow light comes on.

And then after that minute, the red light comes on. And, of course, the yellow light means to sum up. The red light means stop, which will allow us an opportunity to raise some questions.

And you may begin.

BOWEN:

Thank you, Chairman Towns, Ranking Member Issa, members of the committee for this opportunity to appear before you today on the critical issue facing our country in Iraq right now.

The title of the hearing captures it well. "Transition in Iraq: Is the State Department ready to take the lead?"

Defining ready is a difficult task as we heard from the first panel. And there are structural challenges, funding challenges, core competency challenges inherent in analyzing this question. But let me put it in context by identifying three ongoing evolutions in Iraq affecting our program.

First, U.S. effort is evolving from a large-scale contingency relief and reconstruction program to a more regular order and more regularized foreign aid package. It's not to say that this is still a huge funding initiative, a huge rebuilding efforts still ongoing -- one of the largest in the world today.

Indeed, combining the supplemental and the fiscal year request, the State Department is seeking \$6.3 billion to spend in Iraq over the next year -- significant, one of the largest foreign aid packages operative today. Second, evolution is the departure of DOD down to 50,000 this past September down to zero active troops on the ground by the end of next year means that the security environment is fundamentally changing.

The backdrop that DOD provided in movement across the country is disappearing. And as a result, the State Department is requesting hundreds of millions, in fact, billions of dollars to fund continuing security. Without that security, doing the job of foreign assistance, foreign support, foreign aid will become virtually impossible.

And the third evolution is changing nature of U.S. aid in the country. As was mentioned in the earlier panels that provincial reconstruction teams are going away enduring present post will replace them from 15 PRTs down to four enduring present post. The nature of our effort is also moving rapidly away from hard reconstruction.

But we still continue to spend significant sums in the training of police and the training of Iraq's military. Civil work raises several concerns about the readiness question regarding the State Department's operation in Iraq. We have conducted four audits of their police training program.

The largest contract in State Department history, 1.2 billion managed by INO, not managed well. And as our audits have shown, the need for strengthening oversight for better contract management for actual increase personnel. Ensuring that the program goals are met is essential to accomplish that critical task putting security to Iraq to its police -- re-energized police forces.

Second, our audit rate concerns about grants and contracts that the State Department manages, identifying specifically that the contracting practicing are weak -- the grants management practices have been weak. This year, we have issued three or two audits.

The third one coming out shortly on the management of grants by NDI and IRI through DRL, Democracy Human Rights Office in the State Department. And we found excessive costs and inefficient

management to oversight of the goals that were sought to be achieved through that program. The other piece that is a huge part of the pending supplemental and the pending funding is providing life support and security.

The supplement has already provided 725 million for security. And Secretary Ellis (ph) said that will -- it's only a quarter of a need. So, significant additional funding necessary for security.

And finally, the State Department is going to need to address issues that our office has repeatedly highlighted. And that is the oversight of asset transfer -- the transfer of projects completed by the United States and transferred to Iraq and the sustainment of those projects.

A real waste, in fact, may continue to recur in Iraq if those assets aren't effectively managed through a coordinated asset transfer program and if they are not sustained. The truth is that over the last couple of years, hundreds and hundreds of projects that United States has funded and built had been transferred unilaterally to the government of Iraq. That's no way to run a rebuilding program.

Ultimately, I think that the considerations that we recommend in our report, which echo those that I sent in a letter a year ago to the ambassador and the commanding general in Iraq, need to be applied to the continuing State Department Program namely strengthening contract program and grant management controls. And continuing to invest our resource to the State Department's capacity to carry out those missions.

It's a fact that their overall contract effort has been identified as weak by the State Department I.G., by the GAO and by our reports. I think it's time for reform in that area of the central. But there is a larger reform.

And let me close with that point that I think it was expressed by the first panel. And I think it's evident as a lesson learned -- the hardest lesson learned from Iraq and frankly from Afghanistan. And that's the lack of an integrated system for managing contingency relief and reconstruction operations overseas.

This is not a new issue. We experienced it in the Balkans, Panama, Somalia. But Afghanistan and Iraq are the biggest ever in history, of course. Combined over \$100 billion spent, combined tens of billions wasted. That's not acceptable, notwithstanding the security challenges in both countries.

And the past two reforms, one of the mandates of this committee that oversight in government reform is reforming U.S. approach to structuring, executing and being held accountable for contingency relief and reconstruction operations.

Mr. Chairman, thank you for the opportunity to appear, and I look forward to your questions.

TOWNS:

Thank you very much, Mr. Bowen.

Let me just announce before I start my questioning that the good (ph) news (ph) meeting will reconvene at 2 o'clock. So, we will stop and make certain that the members are aware of the fact that we will have the final meeting at two.

OK. Let me -- thank you very much, Mr. Bowen, for your statement. Where do you see the major areas of fraud waste and abuse? Where do you see this?

BOWEN:

Well, we have identified the greatest examples of fraud to the course of our worker over the last six years -- 34 convictions to date, 50-plus indictments.

The latest phase of our work has involved a forensic review of all the money that is being used in Iraq using variety of electronic tools. I can't go on to the details, but I can tell you that that because of the excessive emphasis to use of cash on the ground to pay contractors, which still occurs in Iraq, especially to the Commander's Emergency Response Program. There have been those that have taken advantage of that situation and stolen the money to various means.

And we are catching some of them, holding an accountable in the DOJ's prosecution. On the waste trend, much more significant problem, \$5 billion we've estimated that has been wasted in the overall Iraq reconstruction enterprise. That is symptomatic of a variety of factors.

One, the security challenges that forced delayed in projects and programs; two, the changing policies that has changed emphasis in those projects and programs; three, the use of inappropriate contracting vehicles at the outset, mainly very, very large cost-plus programs that paid for failure frankly for too long until we move away from cost-plus to fixed-price contracts partly through our lessons- learned report and our identification of that unwise contracting vehicle.

TOWNS:

Can you go into details in some of the other things you found -- specific kind of things that you found?

BOWEN:

Sure. Combining sub-prison -- 60 miles north of Baghdad -- \$40 million U.S. taxes were spent will never hold the prisoner. It's less than half built. The subcontractor was not properly overseen, repeatedly failed in accomplishing goals set.

And finally, the contract was terminated with the prime contractor. And finally, all the subcontracts were terminated because it was a failure.

This is emblematic or perhaps the poster child of poor planning in Iraq. And that deputy minister of justice told us when we interviewed him on this inspection, if the Iraqi has never wanted that prison up

in Diyala province, anyway. And it should never been started. So, a failure in planning, a failure in contract management, a failure in program oversights and ultimately \$40 million wasted.

TOWNS:

Right. What do we need to do to fix some of these problems?

BOWEN:

Well, I think, first and foremost, is developing a system within our government that is capable and has a core competency for executing contingency relief and reconstruction operations. We heard from the first panel that these matters are diffuse amongst a number of agencies -- most importantly, Department of Defense and Department of State.

We heard about silos mentioned, people are operating silos, departmental lines, department funding differentials, weak core competencies that aren't suited to the missions that we're asking those departments to execute.

Indeed, the very question in today's hearing, "Is the State Department ready?" It implies a competency question because it's happening as Mr. Thibault articulated.

But are they capable? And as Ambassador Watson pointed out, this is -- this addresses the core competency issue within the State Department's -- State Department as the ambassador identified is in the mission of diplomacy, not really to the reconstruction operations. This is a new development.

And the DOD has also expanded its capacity over the five -- plus five years. It is my view and we articulated in the reports of this past January -- or February, that the United States needs to develop an integrated entity that brings the best together the capacities of State, Defense, AID, treasury and Justice -- all who play a role in these operations into something called the U.S. office for contingency operations. And actually is in charge of relief and reconstruction operations.

There is no focused responsibility. And thus, you don't have people to call and hold accountable here at this table for outcomes in the contingency operations in Afghanistan and Iraq. There is no one person involved.

The commission identified that when it called representatives from DOD, State and AID, and said who is running the reconstruction program in Afghanistan. They weren't able to get a clear answer. It's frustrating for them, frustrating for you all I know and frustrating for the taxpayer most significantly, and that it results in waste.

TOWNS:

I'm sorry. What mode do we need to do? I'm talking about non-members of Congress to make certain that this waste, fraud and abuse and stupidity is eliminated?

BOWEN:

Well, I think there is the larger reform issue that still hanging out there and needs to be addressed -- something that achieves integration and planning and execution. But that's -- and that's an important long-term solution.

It could make a difference in Afghanistan today. We're going up to 70 billion in Afghanistan next year - the largest contingency operation in history.

I think at a short-term in Iraq, which is what this hearing is about, I think bringing to the table not so much the secretaries, but the managers, the chief financial officers, the director of acquisition management state department, the director of diplomatic security. I mean, 725 million has all ready been improved by the Congress for security in Iraq. I think it's an important question, how is that going to be managed?

They got 7,000 new contractors. You raised concerns in your first panel about whether they have capacity to manage that. Well, those are tough questions to ask those who are going to manage that money.

The second question is we have identified largest contract in State Department history -- most important continuing issue, police training in Iraq -- largest single chunk of funding that they're going to be spending over the next year.

Are there enough in country contracting officers on the ground to oversee the execution of that program who, you know, are to speak for themselves. The answer in the past has been no.

The director of INO in country assured me that there would be. I think it's a correct question for you to ask either.

TOWNS:

And I yield to the gentleman from California five minutes.

ISSA:

Thank you, Mr. Chairman.

Mr. Bowen, I want to thank you for your service, for your many trips to a very dangerous place in the world and for your diligence in bringing one after another failures to our attention. I also want to thank you for the many times you brought some potential sanity and solutions to the process.

I would like to dwell into sort of mixing that first panel and the problems that they were refocused on, mostly the transition in the absence of certain expertise at stake and your concerns today. Some years ago before my time, Goldwater-Nichols was passed; I was a soldier before, and I've seen the military after. The military today plays better in the sandbox.

They have officers who have gone to each other's war colleges and senior staff officers. They have had assignments in each other's backyards whenever possible. And as a result, my observation has been, if we have to do joint activities, we help people who have comfort and experience in doing that.

Would you say, from your time of watching State and DOD and the various people contracted to do various functions in Iraq that we need to look at exactly that? We need to look at building up an interoperable culture between different agencies in the situations like Iraq and Afghanistan have to work together?

BOWEN:

Absolutely. A matter of fact, the reformed proposal that I have discussed return beyond Goldwater-Nichols. This is a civilian version of it.

It's a rough analogy, but it seeks the same outcome, jointness, because integration, not coordination. There are coordinated meetings all the time in Iraq, but coordination last usually as long as the meeting does. You go out. You go down the hall. You go out to the field. It's difficult to operate on agreement. You need to have it trained. You need to have it authorized. You need to have it appropriated and overseen.

In other words, driven by this Congress, shaping an administration structure -- it can achieve on a national security goal.

This is about protecting our national security interest in a very unique setting. Something new that is not defense, not development, not diplomacy. The fourth V (ph) is really what we're about.

ISSA:

Earlier on in the first panel and the chairwoman here brought it up as a former ambassador, we sort of beg those questions. Do we need a new entity with direct authority? Do we need direct funding?

Do we need to make sure that that what is asked for is then delegated or assigned to the most efficient source, not simply each one trying to get the money but not spend it to the job because that's inherent when you have other issues? Would you comment on how you view us doing that recognizing Iraq is, to a certain extent, yesterday's story, but Afghanistan is still today's story and like tomorrow's?

I think -- you begin to address that with Mr. Green about the joint funding mechanism that Secretary Clinton and Secretary Gates are coming to agreement upon. Secretary Gates proposed at last December,

it's a dual key approval process and to step in the right direction towards this integration in management in execution. But it's only -- it is only funding.

Funding is only a piece of it. You just can't pour more money into the State Department or into the coordinator for reconstruction stabilization or into this security pool. It's really a funding pool.

And expect to get executed and integrated for way -- the other pieces of the puzzle have to be put in place to ensure that you get the performance you expect. And funding is a good step.

It's what the United Kingdom has done through their conflict pools, but they have also taken such further that it had sought to bring personnel, I.T., contracting, oversight, planning into one executory system, which is what we are proposing. So that there is accountability. There is responsibility, so that planning is done ahead of time.

But when you envision this within the U.S. system, the ambassador in Baghdad is presidentially nominated Senate confirmed. The commander on the ground is presidentially selected Senate confirmed.

Do you envision that in this situations, special but not unique as we see them appear around the world, that we should consider having positions in which funding coming from much multiple agencies goes to a designated person whether it's directly appointed by the president or agreed on by the cabinet officers who then goes for confirmation and controls the response in personnel based on a -- if you will a congressional mandate?

BOWEN:

Yes, that's exactly what we proposed in our latest report. That there ought to be someone who has been confirmed by the Congress, who is responsible for specific funds given appropriated by the Congress for specific mission, the contingency relief and reconstruction of Iraq, Afghanistan and whatever, and that creates within our system.

And that's accountability happens. You are able to identify clearly through authorization who is responsible to appropriations, responsible for what and ultimately to oversight did you do it. And that's a system that doesn't work well in this unique, relatively modern evolution in protecting our national security interest abroad.

Instead, we have a massive expansion of coin and stabilization office at the Department of Defense filling a space. As General Petraeus said, it wasn't being filled. And then you have the creation of new personnel centers over State Department and CRS (ph), but now, we have program funds with authorized missions that enable them to get out and execute that program or enough authority to operate in an interagency fashion.

ISSA (?):

I thank the gentleman. I thank the (inaudible), yield back.

(UNKNOWN)

Time to Ms. Norton -- I (inaudible) are leaving. You have five minutes.

HOLMES NORTON:

Thank you very much, Mr. Bowen (ph).

What can you say with -- I think we haven't last the panel in disturbing but as expected. Besides the State Department, how is the consultation that you describe with no central entity responsible?

How is that consultation happening? Who, surely (inaudible), they understand that somebody has to be responsible of being in touch with the others? Are they operating separately and independently the various agencies I think you have named them -- are they operating independently without coordination, without consultation?

BOWEN:

There is a directive -- NSC directive, the interagency management system adopted in 2007 that created the integration planning itself. And that those bring representatives from State, AID and other civilian entities together within the NSCs -- under the NSCs interest to plan. However, the actual operations are less integrated -- are less coordinated.

And as a result, less effective on the ground.

HOLMES NORTON:

They are operating now?

BOWEN:

Yes.

HOLMES NORTON:

But the State Department is in charge now.

I mean, you know, the Defense Department is still there on the ground. Well, is the State Department consider the lead or the armed forces, are they really giving the direction at this point?

BOWEN:

Well, it's trifurcated frankly, the oversight.

And we're still operating under a presidential directive, NSPD 36, which put the State Department in charge of overseeing civilians or participating the reconstruction program, but left it to the Defense Department to manage police training and training of the army. The program has evolved beyond the framework and the ad-hoc measures put in place back in 2004.

But there's no governing law so to speak, which is what I am proposing that to provide clarity to specific authorization that identified those duties outside the context of a particular situation. And it does allow appropriations to be effectively executed and someone to be held accountable ultimately for their outcomes. That system is not currently in place.

HOLMES NORTON:

You believe this has to be statutory authority?

BOWEN:

Yes. For it to endure and not be on ad-hoc solution.

HOLMES NORTON:

Have you seen any indication that the administration agrees that they need to be statutory authority?

BOWEN:

They agreed with our identification of the problems that I have been articulating. But they have not endorsed the statutory solution.

HOLMES NORTON:

Thank you very much.

(UNKNOWN)

I appreciate your being here today. There are many more questions we would like to ask. But there is a vote on the floor.

So, since members are leaving to take part in the vote. We are going now to say that without objection, the record shall be left open for seven days so that members may submit their questions for the record.

And so there might be questions coming to you by written response. And we certainly appreciate you being here.

BOWEN:

Thank you.

(UNKNOWN)

So, without objection, I'll enter the binder of the hearing document into the committee record. And the committee shall now stand adjourned.

Thank you so much.

BOWEN:

Thank you.

CQ Transcriptions, Sept. 23, 2010

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