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U.S. MILITARY LEAVING IRAQ: IS THE STATE DEPARTMENT READY?

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HEARING

BEFORE THE

SUBCOMMITTEE ON NATIONAL SECURITY, HOMELAND DEFENSE AND FOREIGN OPERATIONS

OF THE

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

MARCH 2, 2011

Serial No. 112–8

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U.S. MILITARY LEAVING IRAQ: IS THE STATE DEPARTMENT READY?

WEDNESDAY, MARCH 2, 2011

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

The committee met, pursuant to notice, at 9:30 a.m., in room 2154, Rayburn House Office Building, Hon. Jason Chaffetz (chairman of the committee) presiding.

Present: Representatives Chaffetz, Labrador, Platts, Turner, Gosar, Farenthold, Tierney, Braley, Welch, Yarmuth, Lynch, Quigley.

Also present: Representative Cummings.

Staff present: Ali Ahmad, Deputy Press Secretary; Thomas A. Alexander, Senior Counsel; Brien A. Beattie, Professional Staff Member; Michael R. Bebeau, Assistant Clerk; Robert Borden, General Counsel; Molly Boyl, Parliamentarian; John Cuaderes, Deputy Staff Director; Gwen D'Luzansky, Assistant Clerk; Kate Dunbar, Staff Assistant; Adam P. Fromm, Director of Member Liaison and floor Operations; Linda Good, Chief Clerk; Justin LoFranco, Press Assistant; Erin Alexander, Fellow; Carla Hultberg, minority Chief Clerk; Scott Lindsay, minority Counsel; Dave Rapallo, minority Staff Director; Cecelia Thomas, minority Counsel/Deputy Clerk.

Mr. CHAFFETZ. The committee will come to order.

I would like to begin this hearing by stating the Oversight Committee mission statement. We exist to secure two fundamental principles. First, Americans have a right to know that the money Washington takes from them is well spent. And second, Americans deserve an efficient, effective government that works for them. Our duty in the Oversight and Government Reform Committee is to protect these rights.

Our solemn responsibility is to hold government accountable to taxpayers, because taxpayers have a right to know what they get from their government. We will work tirelessly in partnership with citizen watchdogs to deliver the facts to the American people and bring genuine reform to the Federal bureaucracy.

This is the mission of the Oversight and Government Reform Committee.

I want to welcome everybody here today. This is an exciting time, an exciting time for me, on a personal note. I appreciate the opportunity to serve in the U.S. Congress and to serve as the chairman of this subcommittee. It is truly a thrill and an honor, and I hope

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to live up to the high expectations that I think people have in the roles and the duties in this seat.

This is the first meeting of the National Security, Homeland Defense and Foreign Operations Subcommittee. I would also like to welcome Ranking Member Tierney. I look forward to working with him. I have a good personal relationship with him. While we may disagree on some things, I think we can be united in our love of country and the need and the function of this committee.

I want to also welcome those that are here for the very first time, and all the new Members that have joined in this 112th Congress. I am looking forward to a very active year.

Today we are examining the challenges facing the Defense Department and the State Department as they transition from a military to civilian-led effort in Iraq. On November 17, 2008, the Bush administration and the government of Iraq signed a status of forces agreement which set a December 31, 2011 deadline for the departure of all U.S. military forces from Iraq. As agreed, the United States has withdrawn over 90,000 personnel, 40,000 vehicles and 1½ million pieces of equipment. Today there are fewer than 50,000 U.S. forces in Iraq.

As the military draws down, the State Department is ramping up. According to Ambassador Kennedy, the Department "will continue to have a large civilian mission in Baghdad" to "meet the President's goal for an Iraq that is sovereign, stable and self-reliant." In support of this effort, the State Department will help train the Iraqi police, operate an office of security cooperation to manage foreign military sales, train and equip the Iraqi military and ensure that ongoing reconstruction projects are properly transferred to Iraqi control.

To do this, it will dispatch hundreds of employees to Iraq. Yet each of these employees will be supported by roughly 16 contractors. It is estimated that the State Department will employ nearly 17,000 personnel as contractors. The rough cost to the U.S. taxpayer will be in the range of $6.27 billion in fiscal year 2012 alone. The State Department will rely on these contractors for services ranging from the simple food supply to counter mortar and rocket fire. Many in the Oversight Committee have expressed concern about the State Department's ability to meet this daunting challenge, and rightly so. The State Department's core mission is diplomacy, not combat.

In its July 2010 report, the Commission on Wartime Contracting stated that, "There is not enough evidence of a thorough, timely and disciplined planning approach to the coming transition." In its written testimony today, the Commission still maintains that the State Department is not necessarily ready to carry out this mission.

Stuart Bowen's written testimony today also questions the State Department's capacity "to execute program elements in the post-DoD setting to ensure adequate oversight and simply to function in the unpredictable security situations that will exist after troop withdrawal." These concerns are echoed by Ambassador Patrick Kennedy. In an April 7, 2010 letter to Under Secretary of Defense Ashton Carter, he stressed that the State Department would have

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to "duplicate the capabilities of the U.S. military" in order to fulfill its security mission.

In a plea to the Pentagon, Ambassador Kennedy warned that personnel would suffer "increased casualties" without the transfer of military hardware, including Blackhawk helicopters and MRAP armored vehicles to State. As best we can tell, the Defense Department has yet to provide the necessary equipment, or even necessarily formally respond to this letter.

While cooperation between the top military officer and to diplomat on the ground in Iraq has been generally praised, it seems like the senior leadership of the relevant departments in Washington may be playing off on a different sheet of music. I am also concerned that State and Defense have been less than transparent with the Oversight Committee. It has come to my attention that personnel within each department have begun restricting the Oversight Committee's access to critical information and personnel. If this is the practice, it must end. This administration must be transparent and forthcoming with SIGIR, GAO, the Inspectors General, that they may fulfill their obligations to oversee this transition.

The central issue before us today is whether the State Department is ready to assume the mission in Iraq. From all outward appearances, the answer appears to be no. At least a huge question mark. With only 10 months left, the administration must work quickly to get this right, if for no other reason than over 4,400 Americans, service members, have given their lives for it.

I look forward to hearing from our panel of witnesses today.

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

[The prepared statement of Hon. Jason Chaffetz follows:]

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Opening Statement of Jason Chaffetz, Chairman
Subcommittee on National Security, Homeland Defense, and Foreign Operations
"U.S. Military Leaving Iraq: Is the State Department Ready?"
March 2, 2011

Good morning and welcome to the first meeting of the National Security, Homeland Defense, and Foreign Operations Subcommittee.

I would like to welcome Ranking Member Tierney, returning members, and those who are serving on this committee for the first time.

Today we are examining the challenges facing the Defense Department and State Department as they transition from a military to civilian-led effort in Iraq.

On November 17, 2008, the Bush Administration and the Government of Iraq signed a Status of Forces Agreement which set a December 31, 2011, deadline for the departure of all U.S. military forces from Iraq.

As agreed, the U.S. has withdrawn over 90,000 personnel, 40,000 vehicles, and 1.5 million pieces of equipment. Today, there are fewer than 50,000 U.S. forces in Iraq.

As the military draws down, the State Department is ramping up.

According to Ambassador Kennedy, the Department "will continue to have a large civilian mission in Baghdad" to "meet the President's goal for an Iraq that is sovereign, stable, and self-reliant."

In support of this effort, the State Department will help train the Iraqi police, operate an Office of Security Cooperation to manage Foreign Military Sales, train and equip the Iraqi military, and ensure that ongoing reconstruction projects are properly transferred to Iraqi control.

To do this, it will dispatch hundreds of employees to Iraq. Yet each of these employees will be supported by roughly 16 contractors. It is estimated that the State Department will eventually employ nearly 17,000 personnel.

The cost to U.S. taxpayers will be $6.27 billion dollars in FY-12 alone.

The State Department will rely on these contractors for services ranging from simple food supply to counter-mortar and –rocket fire.

Many in the oversight community have expressed concern about the State Department's ability to meet this daunting challenge, and rightly so. The State Department's core mission is diplomacy, not combat.

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In its July 2010 report, the Commission on Wartime Contracting stated that "there is not enough evidence of a thorough, timely, disciplined planning approach to the coming transition…"

In its written testimony today, the Commission still maintains that the State Department is not ready to carry out this mission.

Stuart Bowen's written testimony today also questions the State Department's capacity "to execute program elements in a post-DOD setting, to ensure adequate oversight, and simply to function in the unpredictable security situation that will exist after troop withdrawal."

These concerns are echoed by Ambassador Patrick Kennedy. In an April 7, 2010, letter to Undersecretary of Defense Ashton Carter, he stressed that the State Department would have to "duplicate the capabilities of the U.S. military" in order to fulfill its security mission.

In a desperate plea to the Pentagon, Ambassador Kennedy warned that Department personnel would suffer "increased casualties" without the transfer of military hardware including Blackhawk helicopters and MRAP armored vehicles to State.

The Defense Department has yet to provide the necessary equipment or even respond to this letter.

While cooperation between the top military officer and top diplomat on the ground in Iraq has been generally praised, it seems like the senior leadership of the relevant departments in Washington may be playing from a different sheet of music.

I am also concerned that State and Defense have been less than transparent with the oversight community. It has come to my attention that personnel within each Department have begun restricting the oversight community's access to critical information and personnel. If this is the practice, it must end.

This Administration must be transparent and forthcoming with SIGIR, GAO, and the Inspectors General so that they may fulfill their obligations to oversee this transition.

The central issue before us today is whether the State Department is ready to assume the mission in Iraq. From all outward appearances, the answer appears to be no.

With only 10 months left, the Administration must work quickly to get this right, if for no other reason than that over 4,400 Americans service members have given their lives for it.

I look forward to hearing from our panel of witnesses.

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Mr. TIERNEY. Thank you, Mr. Chairman, and congratulations on your new role. I think we will have an easy time working together on this. Oversight is not a partisan matter. I think you can tell that from the work we have done over the last 4 years, and the number of projects that you and I have discussed and participated in. So this is one of the functions of Congress, you are right, we legislate, and then we try to make sure that legislative intent is carried out and the moneys are spent in the most efficient and effective way possible.

With that in mind, I want to thank all of our witnesses here today. Some of us are becoming old friends. This is a topic that has been much discussed, but I think it is well worth continuing that examination, particularly in light of the 2011–2012 budget discussions that are going on right now.

We did agree to withdraw all of our troops from Iraq by the end of 2011. We have been sticking to that agreement, and we are on track to meet that deadline. There has been a heroic sacrifice over 8 years, that cost over 4,000 American lives and nearly $1 trillion. The men and women of our armed forces are going to leave Iraq with their heads held high.

But now the task is to make sure that all that hard work that was done by the military, the gains are not squandered and Iraq's fragile stability is not lost. So the President has charged the State Department with the responsibility for supporting the stability and development of Iraq once the military has left. That transition of operations to the State Department marks a whole new role for State. It has been asked to oversee functions traditionally under the purview of the Department of Defense.

Of particular concern are the State Department's capabilities, both operationally and financially, to undertake activities traditionally managed by the Defense Department and to oversee the expected increase in contractors operating in theater. All on a budget that is many orders of magnitude smaller than what the Department of Defense has been working with.

Simply because the State Department is taking on these new functions, we can't expect that contractors will entirely fill the void. One of the primary objectives in establishing the Wartime Contracting Commission, when Jim Leach and I put the legislation together, and when Congress passed the bill, I believe, was to ensure that contractors were not performing functions that were properly reserved for government personnel.

During previous Oversight Committee hearings on this subject, I discussed at length with Mr. Thibault the fundamental necessity of identifying inherently governmental functions leading up to this transition. In spite of those concerns, in many respects, we are no closer to identifying and staffing inherently governmental positions than we were when the hostilities in Iraq began 8 years ago. And the transition in Iraq is an effort led by the State Department that threatens to make the situation even worse.

So not only do we have inherently governmental functions that haven't been clearly defined, but according to reports, contracting has often become the default option out of necessity for the State Department. That doesn't give me much comfort that the State De-

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partment is aware of the oversight and capacity problems, if it does not have the time and financial resources to properly address them.

As Mr. Green and Mr. Thibault state in their written testimony, "An expanded U.S. diplomatic presence in Iraq will require State to take on thousands of additional contract employees that it has neither the funds to pay nor the resources to manage." So yesterday, the Commission on Wartime Contracting issued a report entitled Iraq: A Forgotten Mission? The report states that without a substantial increase in budgetary support from Congress, the post-2011 prospects for Iraq and for the U.S. interest in that region will be bleak.

It continues, "Without increases to sustain operations for fiscal year 2011 and beyond, it is inevitable that some missions and capabilities will be degraded or sacrificed altogether, and that large outlays of taxpayer funds will have been wasted." In fact, the Commission's No. 1 recommendation is that Congress ensure adequate funding to sustain State Department operations in critical areas in Iraq. Unfortunately, today, Congress' willingness to ensure adequate funding for the State Department's mission in Iraq is very much in doubt.

H.R. 1, the Republican-led appropriations bill that passed the House in February, dramatically cuts State Department funding overall and makes specific cuts to the major programs that are critical to the mission in Iraq. According to Secretary Clinton, who testified yesterday in front of the House Foreign Affairs Committee, "The 16 percent for State and USAID that passed the House last month would be devastating to our national security, and it would force us to scale back dramatically on critical missions in Iraq, Afghanistan and Pakistan."

This is the definition of penny-wise and pound-foolish. After investing so much blood and nearly a trillion dollars in Iraq, we must give the State Department the basic resources they need in order to successfully relieve the military of their mission there, and help ensure Iraq's stability and future prosperity.

Indeed, the State Department effort in Iraq is vastly more affordable than the operation led by the Defense Department. As Ambassador Kennedy notes in his testimony, withdrawing the U.S. military from Iraq will save $51 billion in fiscal year 2012, while the State Department is only seeking a roughly $2½ billion increase in its budget to take over many of the same responsibilities. So for about 4 percent of the funds that were being spent on the Department of Defense, State believes it would be able to carry out its mission.

It is important to this subcommittee to continue to scrutinize this transition. But we must also look at the context of proposed budget cuts that would fundamentally undermine the State Department's ability to successfully achieve its new responsibilities. Mr. Chairman, we certainly have to watch every penny and where it goes, and we have to make sure that money is wisely and efficiently spent. On the other hand, we shouldn't be guaranteeing success by so undermining their responsibility that we won't give them at least enough resources to get the job done, to move as many people in State itself to the inherently governmental functions and have

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at least enough people to manage and maintain the contracts that it does have to give out.

Thank you.

Mr. CHAFFETZ. Thank you. Welcome again to the Members here from both sides of the aisle. Particularly I want to recognize Ranking Member Cummings for being here with us today.

Members will have 7 days to submit opening statements for the record. We would now like to recognize our panel, with very brief intros. A very distinguished and accomplished group. I appreciate you all being here with us today.

The panel includes Mr. Grant Green, who is a Commissioner on the Commission on Wartime Contracting. Mr. Michael Thibault co-chairs the Commission on Wartime Contracting. Mr. Stuart Bowen, who is the Special Inspector General for Iraq Reconstruction. Ambassador Patrick Kennedy, who is the Under Secretary of State for Management. Ambassador Alexander Vershbow is Assistant Secretary of Defense for International Security Affairs. And Mr. Frank Kendall, who is the Principal Deputy Under Secretary of Defense for Acquisition, Technology and Logistics.

Pursuant to committee rules, all witnesses will be sworn in before the testify. Please rise and raise your right hands.

[Witnesses sworn.]

Mr. CHAFFETZ. Thank you. You may be seated.

Let the record reflect that all witnesses answered in the affirmative.

Now we are going to move to opening statements. I would appreciate it if you could keep your verbal comments to 5 minutes. We have a large panel, and Members would like to ask some questions. You should have a light there, when it turns red, I would appreciate it if you could wrap up your comments. Also, if you could make sure, we have this nice, new, beautiful room, just make sure that the button is pushed when you start the mic and move it close so that we can all hear you.

We will start with Mr. Green. Thank you.

STATEMENTS OF GRANT S. GREEN, COMMISSIONER, COMMISSION ON WARTIME CONTRACTING, ACCOMPANIED BY MICHAEL THIBAULT, CO-CHAIR, COMMISSION ON WARTIME CONTRACTING; STUART BOWEN, JR., SPECIAL INSPECTOR GENERAL, OFFICE OF THE SPECIAL INSPECTOR GENERAL FOR IRAQ RECONSTRUCTION; AMBASSADOR PATRICK KENNEDY, UNDER SECRETARY OF STATE FOR MANAGEMENT, U.S. DEPARTMENT OF STATE; AMBASSADOR ALEXANDER VERSHBOW, ASSISTANT SECRETARY OF DEFENSE FOR INTERNATIONAL SECURITY AFFAIRS, U.S. DEPARTMENT OF DEFENSE; AND FRANK KENDALL, PRINCIPAL DEPUTY UNDER SECRETARY OF DEFENSE FOR ACQUISITION, TECHNOLOGY AND LOGISTICS, U.S. DEPARTMENT OF DEFENSE

STATEMENT OF GRANT S. GREEN

Mr. GREEN. Good morning, Chairman Chaffetz and Ranking Member Tierney, members of the subcommittee.

I am Grant Green, a member and former acting co-chair of the independent and bipartisan Commission on Wartime Contracting

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in Iraq and Afghanistan. Participating with me in this joint statement is Commission co-chairman, Michael Thibault. Our biographies are on the Commission Web site, so I will note just a few points that bear on today's issues. I am a retired U.S. Army officer, have served as Assistant Secretary of Defense, Under Secretary of State for Management and Executive Secretary of the National Security Council.

Mr. Thibault, who is also a U.S. Army veteran, served more than 35 years in the Department of Defense, the last 11 as Deputy Director of the Defense Contract Audit Agency. He has also worked in the private sector as a consultant and as an executive for a Fortune 500 company.

We are here on behalf of all eight commissioners, who yesterday approved release of a fourth special report to the Congress, which we have titled Iraq: A Forgotten Mission? We have brought printed copies with us today and have also posted the report on the Commission's Web site.

As with our appearance today, the report reflects bipartisan consensus. We respectfully request that it be included in the committee's hearing record.

This hearing poses the question, U.S. military leaving Iraq, is the State Department ready? I think the short reason is no, and the short reason for that answer is that establishing and sustaining an expanded U.S. diplomatic presence in Iraq will require State to take on thousands of additional contractor employees that it has neither funds to pay for nor the resources to manage. We base our findings and recommendations on the Commission's research hearings, as well as two trips to theater to probe specifically the transition process.

Mr. Thibault and I led the first trip, which prompted our July 12, 2010 special report, entitled, "Better Planning for Defense to State Transition in Iraq is Needed to Avoid Mistakes and Waste." Commission co-chair Christopher Shays and I led the second trip to Iraq on this issue in December. We observed significant progress, but our observations and subsequent research have led to our follow-on special report, the one I brought with us today, "Iraq: A Forgotten Mission?"

Teams at State and Department of Defense have been working hard on identifying transition needs and dealing with hundreds of tasks ranging from logistical support and medical care to air movement and security. State's plan to establish two permanent and two temporary locations in parts of Iraq away from Baghdad will also require reconfiguring some property still occupied by the U.S. military and undertaking some new construction.

All of these activities will require increased contracting as well as additional funding and increased staffing for contract management and oversight. This is particularly problematic, when you consider that the State Department's recent quadrennial diplomacy and development review acknowledges that, No. 1, contracts are often State's default option, rather than an optimized choice; contracts are often well into the performance phase before strategies and resources for managing them is identified; third, its contract Management and oversight capability has languished, even as con-

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tracting has grown; and finally, State has a need to restore government capacity in mission critical areas.

State deserves credit for recognizing these problems, which we would note also occur in many other Federal departments and agencies.

Besides the collaboration and contract Management challenges, other looming problems for the DoD to State transition is time. As you mentioned, Mr. Chairman, 10 months from today, all but a handful of U.S. military personnel will be gone from Iraq. State needs to have many new contracts in place with contractors at work by October or even sooner to ensure a smooth transition. And that means many contracts must be launched quickly, in fact, should have already been launched.

As concerned citizens, we can all agree that the stakes in Iraq and the region are high. We can all agree that as members of this Commission, however, that we are confining our observation to the implications of the contracting required for State's planned presence in Iraq after 2011. We are not opining on the merits of State's plan or urging that Congress provide everything that the State Department has requested. If anything, considering the extent of contracting waste, fraud and abuse we have seen in Iraq and Afghanistan, we would encourage the Department and lawmakers to examine that plan closely to seek, where appropriate, more economies and safeguards for taxpayer dollars.

We are simply pointing out here that the declared, coordinated policy of our government to expand the Department of State's role and visibility in Iraq after the U.S. military departs has large and unavoidable consequences for contingency contracting, and must be recognized and resolved. Our new special report, "Iraq: A Forgotten Mission?," spells out our concerns in more detail. We will close by quoting the three recommendations in that report that the Commission recommends.

No. 1, that Congress ensure adequate funding to sustain State Department operations in critical areas of Iraq, including its greatly increased need for operational contract support. No. 2, the Department of State expand its organic capability to meet heightened needs for acquisition personnel, contract Management and contractor oversight. And three, the Secretaries of State and Defense extend and intensify their collaborative planning for the transition, including execution of an agreement to establish a single senior level coordinator and decisionmaker to guide progress and promptly address major issues whose resolution may exceed the authorities of departmental working groups.

[The prepared statement of Mr. Green follows:]

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Joint Statement of
Commissioners Grant S. Green and Michael Thibault
The Commission on Wartime Contracting in Iraq and Afghanistan

Hearing:

U.S. Military Leaving Iraq: Is The State Department Ready?

United States House of Representatives
Subcommittee on National Security, Homeland Defense, and Foreign Operations
Washington, DC, March 1, 2011.

Good morning, Chairman Chaffetz, Ranking Member Tierney, and Members of the Subcommittee.

I am Grant Green, a member and former acting co-chair of the independent and bipartisan Commission on Wartime Contracting in Iraq and Afghanistan. Participating with me in this joint statement is Commission Co-Chairman Michael Thibault.

Our biographies are on the Commission's website, so I will note just a few points that bear on today's issues. I am a retired U.S. Army officer and have served as Assistant Secretary of Defense, Under Secretary of State for Management, and Executive Secretary of the National Security Council. Mr. Thibault, who is also a U.S. Army veteran, served more than 35 years with the Department of Defense, the last 11 years as deputy director of the Defense Contract Audit

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Agency. He has also worked as a private-sector consultant and executive for a Fortune 500 company.

We are here on behalf of all eight Commissioners, who yesterday approved release of a fourth Special Report to Congress, which we have titled, "Iraq—a forgotten mission?" We have brought printed copies with us today, and have also posted the report on the Commission's website, www.wartimecontracting.gov. As with our appearance today, the report reflects bipartisan consensus. We respectfully request that the report be included in the Committee's hearing record.

This hearing poses the question, "U.S. Military Leaving Iraq: Is The State Department Ready?" The short answer is "no," and the short reason for that answer is that establishing and sustaining an expanded U.S. diplomatic presence in Iraq will require State to take on thousands of additional contractor employees that it has neither funds to pay nor resources to manage.

We base our findings and recommendations on the Commission's research and hearings, as well as on two trips to theater to probe the transition process. Mr. Thibault and I led the first trip, which prompted our July 12, 2010, Special Report 3, titled "Better planning for Defense-to-State transition in Iraq needed to avoid mistakes and waste."

Commission Co-Chair Christopher Shays and I led the second trip to Iraq on this issue in December. We observed progress, but our

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observations and subsequent research have led to our follow-up Special Report 4, "Iraq—a forgotten mission?"

Teams from State and the Department of Defense have been working hard on identifying transition needs and dealing with hundreds of tasks ranging from logistical support and medical care to air transport and security. State's plans to establish two permanent and two temporary points of presence in parts of Iraq away from Baghdad will also require reconfiguring some property still occupied by the U.S. military and undertaking some new construction.

All of these activities will require increased contracting, as well as increased funding and increased staffing for contract management and oversight. This is particularly problematic when you consider that the State Department's recent Quadrennial Diplomacy and Development Review acknowledges that:

- contracts are often State's "default option" rather than an optimized choice,
- contracts "are often well into performance phase" before strategies and resource for managing them are identified,
- its contract management-and-oversight capability has "languished" even as contracting has grown, and
- State has a "need to restore government capacity in mission-critical areas."

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State deserves credit for recognizing these problems, which we would note also occur in other federal departments.

Besides the collaboration and contract-management challenges, another looming problem for the DoD-to-State transition is *time*. Ten months from today, all but a handful of U.S. military personnel will be gone from Iraq. State needs to have many new contracts in place with contractors at work by October to ensure a good transition. And that means many acquisitions must be launched quickly.

As concerned citizens, we can all agree that the stakes in Iraq and the region are high. As members of the Commission, however, we are confining our observations to the implications of the contracting required for State's planned presence in Iraq after 2011. We are *not* opining on the merits of State's plan, or urging that Congress provide everything that State requests. If anything, considering the extent of contracting waste, fraud, and abuse we have seen in Iraq and Afghanistan, we would encourage the Department and lawmakers to examine that plan closely to seek more economies and safeguards for the taxpayer dollars devoted to contracting.

We are simply pointing out here that the declared policy of the government to expand the Department of State's role and visibility in Iraq after the U.S. military departs has large and unavoidable consequences for contingency contracting that must be recognized and resolved.

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Our new Special Report 4, "Iraq—a forgotten mission?," spells out our concerns in more detail. We will close by quoting the three recommendations in that report. The Commission recommends that:

"1. Congress ensure adequate funding to sustain State Department operations in critical areas of Iraq, including its greatly increased needs for operational contract support.

"2. The Department of State expand its organic capability to meet heightened needs for acquisition personnel, contract management, and contractor oversight.

"3. The Secretaries of State and Defense extend and intensify their collaborative planning for the transition, including executing an agreement to establish a single, senior-level coordinator and decision-maker to guide progress and promptly address major issues whose resolution may exceed the authorities of departmental working groups."

We respectfully urge the Members of the Subcommittee and other lawmakers to consider these recommendations as they deal with these pressing and critical matters.

This concludes our statement. We will be pleased to answer any questions you may have or to provide follow-up information.

Thank you, Mister Chairman.

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Mr. CHAFFETZ. Thank you. Mr. Green and other members of the panel, you can submit the balance of any testimony into the record. But given that we have gone over 7 minutes at this point, I would like to transition to the next speaker, if I could.

Mr. GREEN. Fine. Thank you, Mr. Chairman.

Mr. CHAFFETZ. I believe we are going to go to Mr. Bowen, then. It was a joint statement, so I appreciate it.

STATEMENT OF STUART BOWEN, JR.

Mr. BOWEN. Thank you, Chairman Chaffetz, Mr. Tierney, members of the committee, for this opportunity to testify on the crucial question before you today, before the country today. And that is, is the State Department prepared to sustain and engage in the significant programs necessary to support Iraq over the next year, and frankly, over the next 5 years.

This is not a perennial issue, this is a significant national security issue. So before I answer that question, let me provide three premises that put my answers in context. One, the United States will continue to support Iraq next year and for the next 5 years, because we have crucial national security interests at play there. Two, the State Department will be in the lead there, and will need to implement programs that it can execute so that those national security interests are protected.

And three, to meet that mission, next year, over the next 5 years, it will require substantial resources to do so. Much less than the resources expended over the last 8 years annually. As General Austin testified a few weeks ago before the Senate Foreign Relations Committee, DoD was spending $75 billion last year on maintaining its mission in Iraq. The State Department, as Secretary Clinton testified yesterday, will spend a fraction of that next year, over the next 5 years.

Is the State Department ready today to manage the DoD programs that are at play in Iraq? No. Self-evidently, no. Because there is a significant planning and execution program underway regarding transition. Will they be ready on January 1st of 2012? That time will tell. Do they have the capacity to execute the programs that they are shaping and scoping? Yes, but there are concerns that we have raised over time about contract management. There is obviously no doubt about the truth, that the contracts the State Department had to take on in Iraq over the last 8 years were the largest in its history. And SIGIR has issued a number of audits that raised, frankly, core concerns about its capacity, its acquisition Management, its ability to keep track of money, to break it right down to the core matter, in Iraq.

Has it made improvements? Yes. Does it need to do more? Yes. Ambassador Kennedy in his statement acknowledges that, and also points to important steps that the State Department intends to take, notably the evaluation of results about its programs that it will implement.

I think one of the things that the most need to do, and I told Paco Palmieri this 2 weeks ago when I was in Iraq, the head of INL, the INL program there, is to ensure they have sufficient number of in-country contracting officer representatives that are keeping track of taxpayer dollars. Yes, we have to spend substantial re-

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sources. Yes, it is crucial to sustain the fledgling democracy in Iraq. But yet we must steward that money, that money for those programs, in an effective way to assure the taxpayers that their money is being well spent and it has a salutary effect of improving the execution and performance of those policy initiatives.

I just returned from trip 29 and met with General Austin, met with Ambassador Jeffrey, I met with the Iraqi leadership and they are collectively concerned about what Iraq will be like after the troops withdraw. And those concerns stem from capacity to execute programs, but also security. One thing that is predictable about security in Iraq, it is unpredictable. And it is going to be very difficult to judge today what the environment will be like in 2012. So the State Department is planning, worst case scenario, as it should, so its capacity to operate will be limited by that security environment.

SIGIR is on the ground today, carrying out audits of the transition programs, specifically of quick response fund, which we will soon release, private security contractors, a rule of law, crucial elements that must be improved. Corruption is as bad as it has ever been. That is what Judge Rahim, the Director of Corruption Fighting for the Iraqis, told me just 2 weeks ago. He cannot convict a senior official. They can still immunize any employee by fiat. These are unacceptable standards within the system that frankly we are going to have to continue to engage heavily with Iraq on all fronts, and we, I am talking about the State Department, to improve their fledgling democracy.

We recommend two things in our statement that the committee might consider regarding the use of the substantial funds over the next year, and one is that for any of these large contracts, that State might submit a plan for review, so that you see what the strategic intentions and tactical uses of those billions will be. You have transparency, the transparency that you expressed a need for in your statement, Mr. Chairman.

And second, that they certify to the Congress that they have the resources in place and that they are committed to the oversight, to the contractor and officer representatives, so that you have the capacity to do your job, and that it manage the taxpayers' dollars effectively.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Bowen follows:]

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Statement of

Stuart W. Bowen, Jr.

Inspector General

Office of the Special Inspector General for Iraq Reconstruction

Before the

Subcommittee on National Security, Homeland Defense, and Foreign Operations

of the

Committee on Oversight and Government Reform

United States House of Representatives

March 2, 2011

Chairman Chaffetz, Ranking Member Tierney, and members of the Subcommittee, thank you for inviting me to appear before you today to present our views on "U.S. Military Leaving Iraq: Is the State Department Ready?"

Today's hearing title raises the question of whether the State Department (State) is ready to manage the programs that the Defense Department (Defense) will transition to State this year. It also broaches an important second issue: whether State is ready to operate in the face of the loss of both the protective support and the broader logistical capacity that Defense has provided to everyone working in Iraq for the past eight years.

The largest single program that Defense will be moving to State is police training, which State will call "Police Development." At least a billion dollars has been requested to support this effort across Iraq next year. For the past seven years, Defense spent many billions (more than seven) of taxpayer dollars on this mission through the Multi-National Security Transition Command-Iraq and the Iraq Transition Assistance Mission. That effort was "ground-level," chiefly entailing the equipping and training of operational police forces.

State's program will be more targeted and at a higher level, with fewer trainers in fewer locations and a focus on force and structural management. From a policy perspective, State can do this mission. The question is whether the changing environment in Iraq – post-troop withdrawal – will allow effective and fiscally responsible engagement. The evolving security situation that will follow troop withdrawal will require, at the very least, an increased vigilance over the use of taxpayer dollars in Iraq. Our previous reporting indicates that devolving security can lead to high levels of waste.

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Transition and the Need for Vigilant Oversight

State and Defense are now intensely engaged in the crucially important tasks of planning and executing mission transition in Iraq. The impending departure of U.S. forces by December 31, 2011, is the shaping force of this dynamic. To succeed, the ongoing transition must quickly move significant reconstruction and relief activities from Defense to State in an efficient and effective manner – the departments must complete this process in less than ten months. Achieving this challenging goal will ensure that the U.S. government continues to support the Government of Iraq in a worthwhile way.

Our previous oversight work, which exposed some weaknesses in State's management of large contracts in Iraq (in fact, the largest contracts it has ever let), provides the basis for some concern about whether State's current structure and resources provide a sufficient basis for managing very large continuing contracts and programs. To accomplish its program goals and avoid unacceptable waste, State must apply the hard lessons learned from previous Iraq experiences to its current program management approach, correcting in particular the limited in-country oversight that SIGIR previously identified.

Relevant to this point, a little under a year ago, Under Secretary of State for Management Patrick Kennedy (in an April 7, 2010, letter to his counterpart at the Department of Defense) noted that State "does not have within its Foreign Service cadre sufficient experience and expertise to perform necessary contract oversight" with respect to logistical and life-support contracts in Iraq." This reality led to the Department of Defense agreeing to provide such logistical and life support to State through the Logistics Civil Augmentation Program (LOGCAP) until at least June 2012. But Under Secretary Kennedy's words echo a concern raised by previous SIGIR audits of State over the past seven years – namely, the need for State to bolster its contract oversight capacities.

Previous institutional transitions in Iraq have been difficult and fraught with vulnerabilities to waste, fraud, and abuse, which have cut into and thus limited the achievement of important national security goals. Applying those painful lessons to the present moment demands an increased vigilance over program implementation. This means taking specific and extensive steps toward ensuring effective oversight of the significant taxpayer dollars still being spent in Iraq.

To meet this standard of vigilance, State must deploy sufficient numbers of experienced management personnel to oversee the use of taxpayer dollars in country so as to minimize fraud, waste, and abuse and maximize successful program outcomes. It is also critical that State and Defense be transparent throughout the transition process – this will help ensure adequate accountability. Finally, the overall capabilities of the U.S. government must be leveraged in the most efficient and logical fashion, regardless of institutional stovepipes.

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Quickly deploying a sufficiently scoped team to oversee transitioning programs will be difficult. Doing so is crucial to protecting U.S. taxpayer interests and to meeting continuing Iraqi expectations. Providing additional resources to the State Department at this critical juncture so that it can buttress oversight could potentially make a material difference in the prospects for achieving post-transition programmatic success in an efficient manner.

Toward Improving State's Oversight of Programs and Contracts

State recognizes the importance of having an adequate number of well-trained, experienced, and effective managers with appropriate skills to plan, implement, and oversee its post-transition programs. This recognition is the fruit of a tough seven years in the ostensible lead of the reconstruction program, a position the Department has held since the Coalition Provisional Authority transferred rebuilding management authority to it in 2004. But that transition was highly imperfect, leaving Defense in charge of the actual reconstruction money provided through the Iraq Relief and Reconstruction Fund (IRRF) but assigning policy responsibility for the overall program to State. This structural defect led to oversight and management problems that SIGIR has documented.

The current transition does not suffer from the kind of structural problems that burdened the 2004 process. But it is essential that State deploy the necessary oversight personnel in country in sufficient numbers to ensure effective contract management. The most significant challenges of this transition year, though not structural in the institutional sense, arise from the reality that the troops – and the effective security blanket they have provided in Iraq since 2003 – will be gone on December 31, 2011. Thus, though contract and policy responsibilities are quite clear in this transition, the central questions stem from departmental capacities or the lack thereof – specifically, capacities to execute program elements in a post-DOD setting, to ensure adequate oversight, and simply to function in the unpredictable security situation that will exist after troop withdrawal.

SIGIR's prior work in Iraq uncovered an insufficient focus by program managers (in both State and Defense) on program outcomes and effects. For example, regarding police training, SIGIR found that success was measured by the number of Iraqi police trainees run through a classroom, and not by whether they had become effective police officers.

In a salutary development on this point, Under Secretary Kennedy recently approved a new program evaluation policy for the Department of State, making such evaluations a "core element" of Iraq program management. We concur that the State Department should evaluate its activities and programs in Iraq to ensure good management, effective implementation, and assessment of results; and thus, we applaud this decision.

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Identified Problems

Asset Transfer and Sustainment: Although not strictly speaking a single "program," the U.S. military planned and implemented thousands of projects funded by the IRRF, the Iraq Security Forces Fund (ISFF), and the Commander's Emergency Response Program (CERP). Defense and State have each struggled to ensure that the U.S. investments in these many projects are not lost, seeking to remedy the problem by pushing the Iraqis to use and sustain these projects after transfer.

As a preliminary matter, State will have difficulty determining the full number of projects Defense has completed and turned over to Iraq. The process of transferring ownership to the GOI has not gone well, as documented in eight SIGIR audit reports.[1] SIGIR found that Defense sometimes "unilaterally" turned over a facility to any available Iraqi official because the Government of Iraq was refusing to accept the project. For example, SIGIR found that, in 2007, a Defense component "unilaterally" transferred more than 350 projects valued at more than $1 billion.[2]

Unilateral transfers put the U.S. investment at a great risk. They can lead to a waste of resources and effort, and, potentially, to a total loss of the intended benefit to Iraq. Although responsibility for this aspect of the asset-transfer problem rests chiefly with Defense, State must act to protect the U.S. reconstruction investment by engaging with senior Iraqis and urging the sustainment (through Iraqi funding) of the billions in transferred projects.

Logistics Support: The U.S. Embassy in Iraq has been relying on the LOGCAP contract to provide necessary life support. Under LOGCAP, contractor support is available to U.S. military commanders on a cost-plus-award-fee basis. In Iraq, State reimburses Defense for a negotiated portion of the costs Defense incurs to support its activities. Through a recently concluded special agreement, Defense will allow LOGCAP to continue to support State for about another 18 months. When security conditions in Iraq allow, State should transition from LOGCAP to a State-managed life-support contract. This change will allow for more competitive contracting in the longer term and thus should be more cost effective.

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[1] *Asset-transfer Process for Iraq Reconstruction Projects Lacks Unity and Accountability*, SIGIR 09-016, April 26, 2009; *Comprehensive Plan Needed to Guide the Future of the Iraq Reconstruction Management System*, SIGIR 08-021, July 2008; *Transferring Reconstruction Projects to the Government of Iraq: Some Progress Made but Further Improvements Needed to Avoid Waste*, SIGIR 08-017, April 2008;*Transferring Iraq Relief and Reconstruction Fund Capital Projects to the Government of Iraq*, SIGIR 07-004, July 2007; *Transition of Iraq Relief and Reconstruction Fund Projects to the Iraqi Government*, SIGIR 06-017, July 2006; *Audit Report on U.S. Agency for International Development Management of the Transfer of Iraq Government*, SIGIR 06-007, April 2006; *Audit Report on Multi-National Security Transition Command-Iraq Management of the Transfer of Iraq Relief and Reconstruction Fund Projects to the Iraqi Government*, SIGIR 06-006, April 2006; *and GRD-PCO Management of the Transfer of IRRF-funded Assets to the Iraqi Government*, SIGIR 05-028, January 2006.

[2] *Transferring Reconstruction Projects to the Government of Iraq: Some Progress Made but Further Improvements Needed to Avoid Waste*, SIGIR 08-017, April 28, 2008.

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Whether or not a replacement for LOGCAP is found in the short term, State will need to perform much improved contract oversight compared with what we previously observed in Iraq. Although Defense has agreed to continue to administer the LOGCAP contract, State will assume program management responsibilities. When SIGIR was asked to look at State's management of a portion of the LOGCAP program between 2006 and 2008[3], we found a number of weaknesses in State's oversight of claimed contractor costs for food, fuel, and billeting. Program managers, not contract administrators, have ultimate responsibility for ensuring program success. Under Secretary Kennedy, as mentioned, has recognized the Department's lack of experience and expertise in this field. Thus, the Department should move quickly to secure such expertise.

Police Development Program: Beginning in October, State expects to reach operational capability of the billion-dollar-plus Police Development Program.[4] State's early management history in Iraq overseeing a contract in support of this large-scale program gives cause for concern and presumptively posits the need for increased in-country oversight.

State is inheriting a program managed by Defense that suffered from inconsistent oversight. SIGIR reported, in October 2010, that Defense's $7.3 billion police training program had developed a sizeable force for Iraq but with unknown capabilities.[5] We reported on numerous weaknesses in program management including (1) poor program planning and assessments, (2) weak communications and coordination between organizations performing the training, and (3) inadequate oversight of contractor police advisors.

SIGIR found no comprehensive plan for the police training program, and SIGIR believes the absence of such a plan was a key factor that led to weaknesses in program management and oversight. SIGIR concluded that such a plan should have clearly articulated specific goals for the program, a timeframe for accomplishing the goals, how the goals would be met, how much it would cost, what resources would be required, and how progress would be measured. Furthermore, any such plan had to be created in close collaboration with the Government of Iraq.

State's planning for the Police Development Program has been evolving over the past year, shaped by the scope of available resources and the realization that costs related to security will rise after troop withdrawal. I cannot comment with authority on this issue because our information is incomplete. SIGIR previously requested – but has not been given access to – certain data related to the Police Development Program, including information on the status of

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[3] *Logistics Civil Augmentation Program Task Orders 130 and 151: Program Management, Reimbursement, and Transition*, SIGIR 08-002, October 30, 2007.

[4] Fiscal Year 2012 Budget Appendix, p. 336, requests $1 billion for "the Police Development and Criminal Justice program, which seeks to develop professional and capable Ministry of Interior and civilian police institutions in Iraq." In prior fiscal years, approximately $650 million was allocated for construction of temporary facilities for the program and for start-up operations, and $295 million was requested for FY 2011 to begin the program. Only about $60 million of the FY 2010 and FY 2011 funds have been obligated.

[5] *Iraq Security Forces: Police Training Program Developed Sizeable Force, but Capabilities Are Unknown*, SIGIR 11-003, October 25, 2010.

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the life-support contracts that will be used to support Embassy elements implementing the program and the vehicle and equipment request to support the program. We hope to obtain full information on the program from State for our next Quarterly Report.

Fixing Oversight Shortfalls

In its FY 2011 and FY 2012 budgets, State has requested allocations to strengthen its acquisition workforce capacity and capabilities, including for related information technology. That initiative, if funded – and I believe it should be – will consume $3 million per year, or about four one-hundredths of one percent of State's $7.6 billion appropriation request for Diplomatic and Consular Programs. Regardless of the resources appropriated, State must remedy its weaknesses in managing contracts and grants. Our recent oversight work in Iraq provides some examples.

Contract Management: State's experience with managing the DynCorp contract, which supports the police training program, illustrates its past weak management of large contracts in Iraq. In January 2010, SIGIR reported that State's Bureau of International Narcotics and Law Enforcement Affairs (INL) lacked sufficient resources and controls to adequately manage task orders with DynCorp, thus exposing $2.5 billion in U.S. funds to waste and fraud.[6] Regarding this contract, State's in-country contracting officer representatives failed to ensure that (1) DynCorp costs submitted on invoices were allowable, supported by appropriate documentation, and correct; (2) government property managed by DynCorp was adequately controlled; (3) lease agreements negotiated for the government protected its interests; and (4) the government received services at the specified standard.

These were not new problems. In 2005, the Department of State Office of Inspector General (OIG) told INL that its contract oversight was under strength. And in 2007, SIGIR and the State OIG told INL that it had put millions of dollars at risk.[7]

In response to our recommendations, the Assistant Secretary of State for INL testified, on April 25, 2007, before the House Committee on Armed Services, Subcommittee on Oversight and Investigations, that State had taken actions to increase the number of personnel overseeing the contract. However, we reported, in January 2010, that INL had not taken all of the actions it previously claimed. For example, State had not improved its processes for reviewing invoices and checking contract equipment inventories, and it still did not maintain appropriate contract documentation. We have not since audited State's actions to improve oversight of this contract, but we have an audit underway to assess actions taken by State to address all of our recommendations and will be requesting information on actions taken to improve oversight of this contract.

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[6] *Long-Standing Weaknesses in Department of State's Oversight of DynCorp Contract for Support of the Iraqi Police Training Program*, SIGIR 10-008, January 25, 2010.

[7] Review of DynCorp International, LLC, Contract Number S-LMAQM-04-C-0030, Task Order 0338, for the Iraqi Police Training Program Support, SIGIR 06-029 and DoS-OIG-AUD/IQO-07-20, 1/30/2007.

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Grants Management: State has experienced similar problems in its management of grant programs in Iraq. Of note, federal oversight requirements for grants are less stringent than those for contracts. In several audits completed in 2010, SIGIR looked at State's efforts to manage grants awarded by the Bureau of Democracy, Human Rights and Labor (DRL) to the International Republican Institute and the National Democratic Institute. We found that State did not provide the level of oversight necessary to ensure that it was not paying for excessive charges and to know exactly what was being achieved. SIGIR questioned some of the costs incurred by these organizations. We can attribute some of these problems to an insufficient number of skilled personnel to oversee the grants. DRL relies on State's Office of Acquisitions Management to award, amend, and manage its grants. The grants officer in charge of the DRL grants also managed up to 250 other grants.[8]

Other matters: SIGIR has previously reported on program problems in the Quick Response Fund, which is an Economic Support Fund program managed by State and executed by State and the U.S. Agency for International Development (USAID). We reported initially on this program in January 2009 and expect to have a new audit on the issue out very soon.[9]

State will have significant responsibility for a continuing ISFF program in the short term and for a new, large, Foreign Military Financing (FMF) grant program, in addition to a continuing and growing Foreign Military Sales (FMS) program. The FMF and FMS activities will be executed by Defense personnel in the Office of Security Cooperation-Iraq (OSC-I), under the Embassy's direction. We understand that OSC-I's operating costs may be borne substantially by Defense.

A division of responsibility between an Embassy political-military section and a Defense-staffed security cooperation office is commonplace, but OSC-I will be an uncommonly large office, the largest such office in the world. It will also be one that is relatively "operational" and that may revert to the relative independence seen in USF-I's assistance units. OSC-I will operate in a dangerous security environment that will limit the Embassy's day-to-day oversight. So will the fact that Defense is paying for much of the operating expenses; in our experience, we have found that Defense officials are loath to surrender control over "their" money to other agencies. Given the inevitable problems of separating responsibility for program resources and management from responsibility for program execution, we believe there is a significant risk of waste and mismanagement here as well. Furthermore, SIGIR has been approached by representatives of

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[8] *Department of State Grant Management: Limited Oversight of Costs and Impact of International Republican Institute and National Democratic Institute Democracy Grants*, SIGIR 10-012, January 26, 2010; *Improved Oversight Needed for State Department Grant to the International Republican Institute*, SIGIR 10-022, July 29, 2010; and *National Democratic Institute Grant's Security Costs and Impact Generally Supported, but Department of State Oversight Limited*, SIGIR 11-001, October 13, 2010.

[9] *Opportunities to Improve Management of the Quick Response Fund*, SIGIR 09-011, January 29, 2009.

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the Ministry of Interior (MOI) Inspector General, the MOI Director of Contracting, and the Iraq Board of Supreme Audit with concerns about the functioning of the FMS program to date.[10]

Consider Increasing Funding To Strengthen State Oversight

As noted, State has asked for $3 million to strengthen its acquisition capabilities, which could well improve its contract oversight. But this is probably just a start. The Congress may wish to provide more support to State to bolster its overall contract management capacity. Such funding would, in all likelihood, pay for itself within a short time.

Conditions-based Contracting Authority

The Congress, as it makes funds available to be used by State for large-scale contracts and grants, could consider allowing State to obligate the funds only after (1) State submits a plan describing how it will manage large-scale programs and contracts going forward, and (2) State provides a certification that it has the resources and personnel in place to manage the activities in question.

In any event, given the increase in scope of State's management responsibilities – an increase, by the way, that is here to stay, given recent developments in Afghanistan – increasing attention to its contract and oversight management capacities and performance is in order.

Matters Pertinent to SIGIR's Continuing Oversight

SIGIR has the statutory duty to conduct audits and criminal investigations of all funds appropriated for Iraq's reconstruction. We are also required to report to the Congress every quarter on "all" obligations, expenditures, and revenues "associated with reconstruction and rehabilitation activities in Iraq." Prompt and unfettered access to relevant individuals and data has been crucial to the success of our audit and investigatory responsibilities, as well as to our quarterly reporting.

As discussed in our January 2011 Quarterly Report to the Congress, State adopted last year an overly restrictive definition of the word "reconstruction" and used it to deny SIGIR information related to the activities of the Provincial Reconstruction Teams, the in-country representatives of INL, and other matters we believe fall within our jurisdiction. The Congress expects SIGIR to report on and conduct audits and investigations of all Iraq programs under our jurisdiction, including PRT and INL activity in Iraq. One of SIGIR's hallmarks has been timely and accurate reporting on all Iraq reconstruction information. We hope that State will provide the transition

[10] At a meeting with Deputy Inspector General held on January 29, 2011 various concerns about the FMS program were discussed including the results of a BSA audit of $1.2 billion transferred to the program between 2007-2008 which indicated that turnover of equipment to the Iraqi government was not proceeding according to the terms of agreements between the U.S. and the Government of Iraq.

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data for which we have asked. If not, a clarification from the Congress would help us continue to meet our high standards.

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Conclusion

Mr. Chairman and members of the Subcommittee, let me conclude by thanking you for visiting Iraq last month and conducting oversight there with your own eyes. My staff in Baghdad were honored that you took the time to meet with them. Moreover, we at SIGIR appreciate the support we have received from both sides of the aisle in the Congress and on this Committee for the past seven years that we have overseen the Iraq reconstruction endeavor. I am pleased to answer any questions you may have.

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Mr. CHAFFETZ. Ambassador Kennedy.

STATEMENT OF PATRICK KENNEDY

Mr. KENNEDY. Mr. Chairman, Ranking Member Tierney, members of the committee, thank you for inviting me today to discuss the State Department's preparations for the U.S.' transition from a military to a civilian-led presence in Iraq.

Our efforts in Iraq are critical in supporting an Iraq that is sovereign, stable and self-reliant, and to achieve a strategic long-term partnership between the United States and Iraq. The administration's request will provide resources for the diplomatic platform that will allow U.S. interests in Iraq to be advanced.

As Secretary Clinton, Secretary Gates and Admiral Mullen have emphasized, shortchanging our civilian presence now would undercut our enduring national interest in Iraq. Between 2010 and 2012, the U.S. military drawdown will save the U.S. taxpayers $51 billion, while State's total operating budget request for Iraq will only increase by $2½ billion. State's 2012 funding needs will increase because of the military to civilian transition. But the overall cost to the U.S. taxpayer will decrease dramatically.

In short, a stable Iraq is in the U.S. national interest, and anything less than full funding would severely affect the transition.

This is an overview of the larger Iraq policy issues. Today I would like to address the safe and secure management platforms needed to support successful implementation of our Iraq policy, which are my responsibilities. There are eight key components to launching those platforms. Security. In addition to our embassy in Baghdad, we are planing consulates general in Erbil and Basrah, and embassy branch offices in Mosul and Kirkuk. All U.S. personnel and contractors will be under chief of mission authority. Security will be shared with the State Department's Bureau of Diplomatic Security, responsible for all State Department sites, and DoD responsible for Offices of Security Cooperation personnel.

At locations where State and OSC-I co-locate, diplomatic security and DoD security will coordinate movements, but diplomatic security will have sole responsibility for facilities. Contracts for static movement and security movement have already been awarded or are about to be, thanks to assistance from our friends at DoD. We are finalizing and agreement with DoD to loan us 60 MRAP vehicles, and we will use a U.S. Army existing contract for vehicle maintenance. An unmanned aerial vehicle reconnaissance program is being established. We are coordinating with DoD on a sense and warn system for indirect fire. And we will have tactical radio communications in our vehicles and tactical operations centers at all our sites.

Medical. We will establish robust medical units in Basrah, Baghdad, Kirkuk and Mosul and smaller medical units in seven other locations. These units will stabilize trauma cases that will then be moved to nearby first-world medical facilities in Jordan and Kuwait. We expect to award that contract by the 20th of May.

Contracting and contract oversight. Our success in Iraq depends on effective contracting efforts. Unlike other U.S. embassies, Iraq is a non-permissive environment, which means we cannot hire local staff as static guards or as cleaning crew, nor can we visit markets,

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gas stations or pharmacies. We are heavily dependent on contractors until security improves, and have developed a contracting strategy for life support, security, transportation, communications and facilities.

While it is most effective for State to use its own competitive process to award contracts, we also will leverage DoD resources where DOD has superior contracting capabilities in theater. One example, the Logistics Civil Augmentation Program [LOGCAP], is a proven support mechanism with strong mandatory contract Management requirements. Interim use of LOGCAP will give us time to put our own into place, and we will also be using the Defense Logistics Agency for food and fuel.

I take our contracting oversight responsibility seriously. I led the 2007 Nisour Square Review Team, in that regard. I can assure you that we will engage heavily.

Our contracting team in Washington draws on headquarters expertise, and while in Iraq, there are multiple levels of technical oversight. Since 2008, when I reorganized the funding stream for the Office of Logistics Acquisition Management, we have hired 102 additional staff for contract administration, and for security contracting oversight in Iraq, we will have over 200 direct State Department security professionals engaged. That is a 1 to 35 ratio, which is very, very good.

We are not using contractors by default. It is a deliberately chosen strategy to address a transitory need. It makes no sense to hire that many individuals to become permanent U.S. Government employees when the need for those numbers will decrease over time.

Let me be clear: we will transition. In Erbil, in the north, already 92 percent of our guard force is locally engaged staff. And we have robust efforts underway in real property, aviation facilities, information technology and life support.

Finally, on February 14th, Secretary Clinton announced Patricia Haslach as the coordinator for Iraqi transition assistance. This is the largest effort underway in the State Department since the Marshal plan in the 1940's. We will be ready.

[The prepared statement of Mr. Kennedy follows:]

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STATEMENT OF AMBASSADOR PATRICK KENNEDY
UNDER SECRETARY FOR MANAGEMENT
U.S. DEPARTMENT OF STATE
Before the Subcommittee on
National Security, Homeland Defense, and Foreign Operations
House Committee on Oversight and Government Reform
"U.S. Military Leaving Iraq: Is the State Department Ready?"
March 2, 2010

Thank you for inviting me to appear before you today to discuss the State Department's preparations for the United States' transition from a military-led to a civilian-led presence in Iraq.

Our efforts to drawdown in Iraq are a critical part of our transition to full Iraqi responsibility, in line with the President's goal of supporting an Iraq that is sovereign, stable, and self-reliant. The second part of our strategy is no less important: sustained diplomacy in support of a strategic long-term partnership between the United States and Iraq. The Administration's request is designed to provide us with the resources necessary to implement and operate the diplomatic platform that will enable us to advance U.S. interests in Iraq, including consolidation of Iraq's democratic transition, Iraq's reintegration into the global economy, and sustained pressure on Al Qai'da in Iraq. This platform will also make possible an American partnership with Iraq that will contribute to peace and security in the region, a goal that burns brighter in the wake of recent events.

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As Secretary Clinton, Secretary Gates, and Admiral Mullen have emphasized, short-changing our civilian presence now would undercut our ability to pursue our enduring national interests in Iraq. Vice President Biden stated during his most recent visit to Iraq that it is vital that we leave behind an Iraq that is worthy of the sacrifices that so many U.S. military personnel and civilians have made.

Between 2010 and 2012, the U.S. military drawdown will save the U.S. taxpayers $51 billion, while the State Department's total operating budget request for Iraq will only increase $2.5 billion over the same period of time. So, although the State Department's 2012 funding needs will naturally increase because of the military-to-civilian transition, the overall cost to the U.S. taxpayer will decrease dramatically. All this is to say: a stable Iraq is in the U.S. national interest. We need to be fully funded for our Iraq program in both FY-11 and FY-12. Anything less would severely affect the transition.

This is an overview of the larger policy issues we face in Iraq, and there are many State Department and Department of Defense (DoD) staff working on the policy issues, both large and small. Today, I would like to address the safe and secure management platforms we are establishing to support successful implementation of our policy in Iraq, which is my responsibility as the Under Secretary for Management. There are eight key components to launching these

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platforms, and I am pleased to give you a brief status report on our progress for each:

Property: The Embassy is aggressively pursuing property negotiations with the Government of Iraq and is now fine-tuning the diplomatic notes that will be exchanged to codify our agreement.

Facilities: To the maximum extent possible, we are repurposing existing DoD infrastructures and property for each of the Consulates General and Embassy Branch Office sites. The Bureau of Overseas Buildings Operations (OBO) has received bids for the Consulate in Basrah, and the Embassy Branch Offices in Kirkuk, and Mosul. Solicitations have been let for Police Development Program at Camp Shield and the aviation/life support area at the Baghdad military airport, i.e., Sather. OBO will let the solicitation for Police Development Program compound Erbil in the middle of this month. We expect contracts to be awarded as soon as practical.

Security: All U.S. personnel and contractors in Iraq will be under Chief of Mission authority. However, security will be a shared responsibility, with the State Department's Bureau of Diplomatic Security (DS) responsible for all State Department sites and DoD responsible for the OSC-I personnel. As such, DoD will be staffing and funding its security operations. At those locations where OSC-I is collocated with State, DS and DoD security will be required to closely

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coordinate movements, but DS will have sole responsibility for the facilities security. The contracts for static and movement security have either been awarded or are about to be awarded.

- We are in the process of finalizing an agreement with DoD to loan us 60 Mine Resistant Ambush Protected (MRAPs) vehicles;
- We will utilize an Army contract for maintenance of the tactical vehicles and much of the security equipment;
- An Unmanned Aerial Vehicle reconnaissance program is being established;
- We are coordinating with DoD on the deployment of a "sense and warn" system to detect and warn of indirect fire at each site;
- We will have tactical radio communications to ensure secure over-the-horizon capability in our vehicles; and
- We will have tactical operations centers (TOCs) at each site.

Life Support: A scope of work for life support – facility operation, food service, laundry, etc. – has been developed and the solicitation has been issued; we expect to award a contract no later than July 31.

Medical: To ensure the safety and well-being of our personnel, we plan to establish robust medical units in Baghdad, Basrah, Kirkuk, and Mosul, as well as smaller medical units at seven other sites. These units will be staffed and equipped to stabilize trauma cases that would then be moved to nearby, first-world

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medical facilities (Jordan and Kuwait). A solicitation has been released and we expect to award a contract no later than May 20.

Aviation: The International Narcotics and Law Enforcement (INL) Bureau's Air Wing will manage and execute State Department's aviation operations in Iraq in support of all elements, using five fixed-wing aircraft (Dash 800) and 41 helicopters. The fixed-wing aircraft have been purchased, as have 18 helicopters. The rest of the helicopters are already in our inventory. This program will support the Quick Reaction Force and medical evacuation capabilities, as well as underpin the INL Police Development Program and transport personnel into and out of Iraq. Our ability to establish the air wing as envisaged, however, is contingent on receiving our full funding request for Iraq.

Information Technology (IT): The full range of IT support services is being planned; that is, the circuitry, satellite, and strategic operational backbone of our unclassified and classified networks, to telephone and radio, and our diplomatic pouch and mail.

Contracting and Contract Oversight: Much of our success in Iraq will depend on an effective contracting effort. Unlike other U.S. embassies, we are not operating in a permissive environment in either Iraq or Afghanistan. Such a non-permissive environment means that we cannot depend on local services such as a static guard force or a cleaning crew made up of host-country nationals, nor can we

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frequent markets, gas stations, hardware stores, or pharmacies. This is why we are so heavily dependent on contractors – at least until the security environment improves. To ensure we meet this critical goal, we have developed a contracting strategy that takes into account life support, security, transportation, communications, and facilities.

While we have decided it is most effective for the State Department to use its own competitive process to award most contract actions, we are also leveraging DoD resources where DoD has superior capabilities in theater. The Logistics Civil Augmentation Program, or "LOGCAP," is one such example. It is a tested, proven support mechanism with strong, mandatory contract management requirements. Use of LOGCAP, on an interim basis, gives the State Department sufficient time to solicit for and award a life support contract of its own. Another example is use of the Defense Logistics Agency prime vendor contracts for food and fuel.

I want to assure this Committee that as the Under Secretary for Management, I take our contract oversight responsibilities seriously. After the Nisour Square incident in 2007, I led an interagency team that crafted measures to enhance oversight of personal security contractors. These extensive oversight measures are in place in Iraq today. Mindful of the valuable insights we have received from the Commission on Wartime Contracting (CWC) and the Special Inspector General for Iraq Reconstruction, we are taking a host of additional

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measures to ensure proper U.S. Government management and oversight over the increased number of contractors.

Our primary Contracting Team is located in Washington, DC, where it can draw on headquarters expertise. In Iraq, there are multiple levels of technical oversight, depending upon the complexity of each contract. In February 2008, the Office of Acquisition Management converted to a fee-for-service organization, charging bureaus a one percent fee on all State Department procurements. Since that time, we have hired 102 additional staff for contract administration.

For the security contractors, there will be more than 200 direct-hire security agents to manage approximately 7,000 contractors; that is a ratio of approximately 1 to 35. Additionally, for the LOGCAP contract, we are supplementing our oversight with subject matter experts from DoD and we are currently discussing our need for a deployed contingency staff with the Defense Contract Management Agency. Thus, for Iraq, we did not arrive at our decision to use contractors by default -- it is a deliberately chosen strategy to address the transitory nature of our needs. Using contract support for these functions makes sense, as opposed to building up a more permanent, U.S. direct-hire staff.

Let me be clear that as the security environment improves, we will transition to a more traditional mode of operation. We have already begun this effort where we can. For example, in Erbil, 92 percent of our static guard force is made up of

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local nationals. The Bureau of International Narcotics and Law Enforcement is engaging with U.S. federal, state and local law enforcement agencies to obtain subject matter experts to fill its Police Development Program positions – rather than using contractors.

In addition, to strengthen the State Department's Iraq planning further, on February 14, 2011, the Secretary of State announced the appointment of Ambassador Patricia M. Haslach as Iraq Transition Coordinator. The Iraq Transition Coordinator (S/ITC) will be responsible for coordinating all State Department aspects of the U.S. transition from military to civilian operations in Iraq.

In conclusion, as Vice President Biden has stated, not since the Marshall Plan has there been a military-to-civilian transition on a scale such as this one. The State Department and DoD have been collaborating on what are unprecedented levels for more than two years, both in Washington, DC and in Iraq. We are making very good progress.

Thank you again for the opportunity to appear before you today. I will be happy to answer any questions the Subcommittee may have, and I look forward to working hand-in-hand with the Congress on implementing platforms that will enable us to advance the U.S. national interest in a free and stable Iraq.

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Mr. CHAFFETZ. Thank you, Ambassador Kennedy.

Ambassador Vershbow.

Mr. VERSHBOW. Sir, Mr. Kendall will give the main statement for the Department of Defense.

Mr. CHAFFETZ. Thank you. Mr. Kendall.

STATEMENT OF FRANK KENDALL

Mr. KENDALL. Thank you, Mr. Chairman.

Chairman Chaffetz, Representative Tierney, members of the committee, thank you for the opportunity for Ambassador Vershbow and me to appear before you today to discuss the challenges associated with the transition from the Department of Defense to Department of State in Iraq. I ask that you include my written statement in the record.

The DoD is fully engaged in support of Operation New Dawn, ensuring a smooth transition of DOD functions to State in support of the enduring U.S. Government diplomatic and security assistance missions, while providing oversight of logistical functions associated with the orderly withdrawal of the Title 10 military forces by the end of December 2011. We are already in th execution phase of this transition.

DoD recognizes the importance of the transition in Iraq, that there are significant material and support issues. We are fully committed to executing our role within the boundaries set out in the security agreement between the U.S. Government and the government of Iraq.

We have undertaken a whole of government approach to support State as relations normalize in Iraq. While ultimately the role State will play in Iraq is not in itself unusual, the scale and complexity of the transition presents a huge undertaking, and DoD is doing everything it can to make this transition successful.

While the Under Secretary of Defense for Acquisition Technology and Logistics is not responsible for establishing policy in this area, we are responsible for the success of the material, contracts, supply and selected construction components of the transition.

DoD and State have established a temporary senior executive steering committee, our group, for coordination and synchronization. The group is co-chaired at the Deputy Assistant Secretary level and meets biweekly to review status and progress of eight subordinate functional areas. Those areas are: supply chain, equipment, contracting, medical facilities and construction, information technology, security and aviation.

The twelfth meeting of the steering committee was held yesterday with direct participation from the embassy and U.S. forces in Iraq, as well as other key players.

To facilitate the whole of government coordination, in November 2010, DoD embedded a staff officer within the transition team in State to serve as a liaison and work day to day issues. Additionally, to expeditiously respond to requests for equipment, a joint combined OSC and joint staff equipping board was established early January 2011. These activities have been overseen by Ambassador Kennedy and myself, with assistance from the Under Secretary of Defense for Policy and the joint staff, among others.

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Currently in Iraq, joint State and DoD teams have been established in each of the remaining locations to develop practical solutions to issues resulting from the downsizing of a site footprint. These transition of these sites is not a turn-key operation and each presents unique challenges. For example, each site team is establishing new perimeters and moving T-walls, re-site containerized housing units, rerouting utilities and where needed, undertaking general site preparation. These actions are occurring at varying degrees at all the enduring sites.

To enable secure communications at these sites, DoD is restructuring its secured network infrastructure to accommodate the changing footprint. I visited Iraq in October and met with Ambassadors Jeffrey and Jackson, as well as General Austin, to discuss plans for transition. The chairs of the senior executive steering group recently returned from Iraq, where they conducted site visits to future State Department enduring presence posts, to assure that transition plans are proceeding.

State does not have the management and oversight capacity in-theater to immediately handle the large scale support requirements for all the remaining sites. Therefore, the Department of Defense will provide a number of specific functions in accordance with the Economy Act. The LOGCAP4 contract will provide base life support and co-logistic services. Requests for proposals were released in January 2011. . Proposals are due in 5 days, and we expect to make the award in July.

Food distribution and fuel distribution and supply will continue to be provided by the Defense Logistics Agency, as Ambassador Kennedy mentioned. The Army Sustainment Command will provide maintenance contract support for those items not maintained under existing site contracts or LOGCAP, such as the sense and warn systems and mine-resistant ambush protection vehicles that we are providing to the State Department.

The Army Sustainment Command will also provide selected security contract support. DoD will provide fixed-site contract security under combat and commander rules for the independent sites operating through the Office of Security Cooperation in Iraq.

The synchronized information systems. The synchronized pre-deployment and operational tracker response and the total operational picture of support systems had been designated by State as a personal management tool that they will use, and those will transition directly from DoD. State will reimburse DoD for all these contracts and services provided.

DoD has received and continues to address State requests for approximately 23,000 individual equipment items, ranging from medical equipment to counter-rocket protection. As mentioned above, a joint equipping board has been established to streamline and centralize the request process. There have already been a number of success stories with respect to the transfer of equipment. For example, we are loaning 60 Caiman Plus MRAPs in place of the basic model Caimans to provide a greater level of protection to State Department personnel. We took State's initial requirement for three CT scan systems for their medical equipment, which would have cost in excess of $9 million, and found a solution that would provide the scanners for less than $1 million total. We have found two

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excess CH46 helicopters that were being provided to State, with a potential of four more to be made available to meet the immediate need in State's worldwide air fleet, and free up other assets.

The rules of engagement for fulfilling the equipment needs have been established. Excess items are being transferred at no cost. State is to provide funding for Defense services associated with these transfers, including transportation and maintenance. Non-excess items are being provided on a reimbursable basis, most through sales from stock.

In instances where funding is not available, those items will be addressed on a case by case basis by the equipping board cited above. DoD will consider loaning non-excess equipment on a case by case basis, based on radius impacts. All equipment transfers are being completed in accordance with the Economy Act.

I just want to close by saying that we are very well aware of the challenges. Our greatest challenge is probably time. And Ambassador Kennedy and I are working together, as is our entire team, to assure that we do the things that are needed to successfully execute this transition.

Another challenge, of course, is funding. We are working also with the Iraqi government on several agreements which are not finalized. But we are beyond the planning phase, though some planning continues. We are executing at this time, and we believe we are on track to meet the schedule that has been set out.

Thank you, Mr. Chairman.

[The prepared statement of Mr Kendall follows:]

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STATEMENT OF THE DEPARTMENT OF DEFENSE BEFORE THE SUB-COMMITTEE ON NATIONAL SECURITY, HOMELAND DEFENSE AND FOREIGN OPERATIONS UNITED STATES HOUSE OF REPRESENTATIVES MARCH 2, 2011

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

The next few years will be critical ones for our relationship with Iraq; for Iraq's relationship with its regional neighbors; and for the relationship between the people of Iraq and their own government. In the case of each of these relationships, the United States has a tremendous amount at stake. Given Iraq's importance, situated strategically in the Middle East at a time of great change and turmoil, it is profoundly in the American national interest that Iraq emerge as a strategic partner to the United States; a sovereign, stable, self-reliant nation; and a positive force for moderation and stability in the region.

Consistent with the U.S.-Iraq Security Agreement and with Presidential direction articulated on February 27, 2009, to implement the responsible drawdown, more than 90,000 U.S. forces have departed Iraq since January 2009. On September 1, U.S. forces completed the change of mission from combat to stability operations. We are currently at approximately 47,000 forces in Iraq and will remain at that number through the fall. We will withdraw remaining forces in accordance with the Security Agreement by December 31, 2011.

The Iraqis Are In The Lead

We understand that that members have concerns about the readiness of the Iraqi government to provide security in Iraq as U.S. forces draw down between now and December 2011, particularly as extremist groups, such as al-Qaeda in Iraq (AQI), continue to wage attacks against innocent Iraqi civilians. Indeed, we continue to see evidence that extremists groups are capable of horrific attacks. Nevertheless, these attacks have repeatedly failed to accomplish AQI's objective: to spark a return to widespread insurgency and communal civil war. Moreover, despite the often exaggerated media narrative that depicts Iraq on the verge of unraveling, the underlying security situation remains strong.

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Overall levels of attacks and Iraqi civilian casualties have remained relatively constant at their lowest levels of the post-2003 period for more than two years. This consistently low level is even more remarkable considering it has been maintained as the Iraqi Security Forces (ISF) have assumed primary responsibility for security, and our force numbers have declined from roughly 144,000 in January 2009 to approximately 47,000 today.

Since January 1, 2009, the ISF have been in the lead on security operations, a role they have more capably embraced with each passing month. On September 1, 2010, we made the transition to Operation New Dawn and drew down to below 50,000 U.S. troops, fulfilling the President's commitment and further cementing the Iraqis' lead security role. While the U.S. continues to provide vital support to the ISF – training, equipping, mentoring, advising, and providing critical technical enablers – the Iraqis are in charge, and they simply no longer need such large numbers of U.S. forces to help them keep the violence in check.

Transition

This transition includes four key components: 1) ensuring the ISF reach minimum essential capabilities (MEC); 2) developing a State-led police development program (PDP); 3) expanding the U.S. diplomatic presence; and 4) establishing an Office of Security Cooperation-Iraq (OSC-I). These programs, implemented under the Strategic Framework Agreement, are the foundation for building our continued strategic partnership with Iraq. This is a partnership that includes robust diplomatic, political, economic, and security cooperation.

The ISF modernization program is designed to provide the ISF with the MEC required to defend Iraq against internal threats, while creating foundational capabilities to defend against external threats. The ISF modernization program aims to promote ISF-Peshmerga integration, promote a culture of sustainment within the ISF, and smooth the transition to a State-led PDP to set the Iraqi police on a path toward police primacy. Funding Iraqi Security Forces Funding (ISFF) at $1.5 billion in FY11 will allow U.S. Forces-Iraq (USF-I) to realize strategic objectives in Iraq, while still maintaining a manageable level of risk.

The State Department will assume leadership of the PDP. Over the past seven years, the United States has helped Iraq's Ministry of the Interior and Defense grow their security forces dramatically, to over six hundred thousand people. Now we need to build upon that force generation to ensure these forces have the training and capabilities to meet their basic policing responsibilities, to

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protect Iraq's vulnerable minorities, and uphold the rule of law. This is a basic element of a stable society, respect for human rights, and more reliable economic growth.

Outside of Baghdad, State intends to open two consulates general and two Embassy Branch Offices (EBOs) in highly strategic locations in the country: the consulates in Basrah and Erbil, and the EBOs in Kirkuk and Mosul. State's officers in these posts will conduct crucial engagement directly with Iraqis at the regional and local levels, helping them to build institutional and other capacity. Tensions between Iraq's communities are still significant and State will have an important role to play in helping Iraq's leaders to resolve drivers of tension.

Following the completion of the withdrawal of U.S. forces from Iraq by December 31, 2011, the Office of Security Cooperation-Iraq (OSC-I) will form the cornerstone of the U.S.-Iraqi strategic security partnership, and it will serve as the hub of both security assistance and security cooperation activities. The OSC-I will be under Chief of Mission authority and facilitate the transition from a military-led to a civilian-led mission by continuing to support ISF development and modernization. The OSC-I represents a critical component of the normalization of the USG-Government of Iraq (GoI) bilateral relationship. We seek Congressional support in obtaining the appropriate authorities in FY11 to begin immediate facility and site work for the OSC-I.

Setting State Up for Success

The Department of State, the Department of Defense, and other agencies and offices have undertaken unprecedented levels of coordination and planning for the transition in Iraq. State and DoD have an excellent working relationship and are working together at all levels to achieve a successful transition. As one would expect with a transition of this scope and complexity, challenges exist. DoD is doing everything it can to help set the State Department up for success.

After a comprehensive review process, USF-I identified 1,127 essential activities that DoD performs in Iraq. The tasks were divided into 24 categories; examples include intelligence, telecommunications, and reconciliation. In close coordination with Embassy Baghdad, USF-I completed the process of canvassing, categorizing, and defining "handover" plans for these activities and functions, determining what would be turned over to Iraqi entities, U.S. civilian agencies, or multilateral or private institutions or terminated altogether. The Embassy has already taken the lead on 150 of these tasks, and will assume control of another

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310 as USF-I completes its drawdown; 82 will be transferred to USCENTCOM, and 36 to the Iraqi government; 530 have been completed, and 22 were identified as non-essential and will be phased out.

To facilitate the whole-of-government coordination, in November 2010, DoD embedded a staff officer within the transition team in State to serve as a liaison and work day-to-day issues. DoD and State have also established an Ad Hoc Senior Executive Steering Group for coordination and synchronization. The group is co-chaired at the Deputy Assistant Secretary level and meets biweekly to review status and progress of the eight subordinate functional areas (supply chain, equipment, contracting, medical, facilities and construction, information technology, security, and aviation).

Additionally, to expeditiously respond to requests for equipment, a combined OSD/Joint Staff equipping board was established in early January 2011. The process consists of working level representatives from all Services, Joint Staff, and OSD, which feed recommendations for sourcing of equipment to a General Officer/Flag Officer board (chaired by the Joint Staff J-4) for approval.

Currently in Iraq, a State-DoD team has been established in each of the remaining locations to develop practical solutions to issues resulting from the downsizing of the site footprint. The transition of these sites is not a turnkey operation and each presents unique challenges. For example, each team needs to establish new perimeters and move the T-walls, re-site and move containerized housing units, reroute utilities, and, where needed, undertake general site preparation. The Chairs of the Senior Executive Steering Group recently returned from Iraq where they conducted site visits to future State Department locations to assess transition plans.

Initially, State will not have the management and oversight capacity in theater to handle the large-scale support requirements for the fourteen remaining sites. Therefore, DoD will provide a number of specific functions on a reimbursable basis:

- Logistics Civil Augmentation Program IV (LOGCAP 4) will be retained to provide general base operations and life support. (The request for proposal was released in January 2011.)
- Food distribution and fuel distribution and supply will be provided by the Defense Logistics Agency.

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- Selected maintenance and security contract support will be provided by the Army Sustainment Command.
- Administrative contract support will continue to be provided by the Defense Contract Management Agency.
- The Synchronized Predeployment and Operational Tracker (SPOT) and the Total Operational Picture Support System (TOPSS) have been designated by State as the personnel management tool.

DoD has received and continues to address State requests for approximately 80,000 individual equipment items ranging from medical equipment to counter-rocket protection. As mentioned above, in order to streamline and centralize the request process, a joint equipping board has been established.

Rules of engagement for filling the equipment needs have been established. Excess items are being transferred at no cost. State is to provide funding for Defense services associated with these transfers (transportation and maintenance) primarily for items that need to be shipped from outside the theater. Non-excess items are being provided on a reimbursable basis through sales from stock. In instances where funding is not available, those items will be addressed on a case-by-case basis by the equipping board cited above. DoD will consider loaning non-excess equipment on a case-by-case basis based on readiness impacts. All equipment transfers are being completed in accordance with the Economy Act. There have already been a number of success stories with respect to equipment. For example: 60 Caiman Mine Resistant Ambush Protected (MRAP) vehicles, CT scanners, CH-46 helicopters, and night vision goggles that are being provided.

CONCLUSION

The United States' continued engagement in Iraq remains vital. We are now at the point where the strategic dividends of our sacrifice are within reach, as long we take the proper steps to consolidate them. A long-term strategic partnership with Iraq, based on mutual interests and mutual respect, presents many advantages for the United States. Recent turmoil in the broader Middle East highlights the importance of active U.S. engagement and shoring up our relations with our key regional partners. U.S. support in recent years has proven critical to the emergence of a sovereign, stable, self-reliant and democratic Iraq that is a long-term strategic partner of the United States. We must stay focused on Iraq in order to advance our broader regional objectives of peace, prosperity and security.

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Reduced funding for State's Iraq program will severely impact meeting our national objectives in Iraq. Our country has sacrificed a great deal in Iraq, and fully resourcing the State mission to its completion is vital to ensuring that this enormous national investment produces enduring results. We are ten yards from the goal line and need one final push. A sovereign, stable, self-reliant Iraq that is a partner with the U.S. and a force for stability in a strategically critical region is within reach.

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Mr. CHAFFETZ. Thank you, Mr. Kendall. Thank you all.

Your entire statement will be submitted for the record.

We are going to now move to the portion where Members will be each allowed 5 minutes for questioning. We will alternate, obviously, on different sides of the aisle. I would ask that Members try to maintain the 5-minute rule, in deference to their colleagues, in moving forward.

I would like to start, if I could, please. Through some discussions with the Special Inspector General, some written testimony from the Special Inspector, conversations that Members have had in Iraq, staff and what-not, it is our understanding that both the State Department and Department of Defense have actually been tightening up and not have been as forthcoming in providing the Special Inspector access to both the information and personnel that they have in the past.

There are two memos in particular, one dated October 7, 2010, another one January 8, 2011, that have restricted this access. I would appreciate a comment, starting perhaps with you, Ambassador Kennedy, about the State Department's granting of access to document and information. Is that something you are going to be forthcoming with, or is it something that we need to dive into a little deeper?

Mr. KENNEDY. Mr. Chairman, we deal with the Inspector General for Iraq, we provide him information. We provide information to the General Accountability Office. We provide information to the State Department's Inspector General. We provide information to the Agency for International Development's Inspector General. Each one of those individual entities has defined lanes of the road that have been worked out in response to congressional mandates, and we provide each one of those offices with all material that they are entitled to.

Mr. CHAFFETZ. Ambassador Vershbow, or Mr. Kendall, either one? I guess what I am concerned about with the Department of Defense is this new operating procedure that you have instituted, that creates this delay of 15 days, having to fill this four or five page document out, instead of this unfettered access that they have had previously.

Mr. KENDALL. Mr. Chairman, I have to apologize, I am unaware of any attempts to withhold information. And I am not familiar with the memos. Our policy is to be, I believe, the same as State Department, to be open in those regards. I would be happy to take this for the record and get back to you on the specific——

Mr. CHAFFETZ. Perhaps, Mr. Bowen, you can express the concern.

Mr. BOWEN. Yes, sir. On the DoD front, I addressed this with General Austin, my staff has worked with his chief of staff over the last weeks, and we have resolved, I believe, satisfactorily, the concerns that we have had regarding access. At least it appears so, in practice.

On the State Department front, yes, we get substantial information from the embassy. I have to say, Ambassador Jeffrey has been forthcoming, as have his deputies. So it is clear, we are responsible for reporting on any contract "to build or rebuild physical infrastructure in Iraq, to establish or re-establish a political or societal institution in Iraq, or to provide products or services to the people

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of Iraq." That is about as broad as it gets. That is the congressional mandate that you all have given us.

We have had some problems over the last 6 months regarding getting information about provincial reconstruction team transition, transitions to the new embassy offices, support, logistical contracts that are going to help the State Department continue its mission in overseeing contracts that fall under these rubrics.

Mr. CHAFFETZ. My time is short as well. My concern is that the access has not been growing, it has been shrinking. And the timing of that access is critical, not only for the Special Inspector, but for your own inspectors general to do their jobs.

We will continue to followup, but this is of upmost importance. I am trying to signal that here today. Any attempt to try to slow that process down or to hold back information I don't think will be met with, it won't be met very well.

Very quickly, in July, for the State Department, if I could, Ambassador Kennedy, in July 2010, the State Department identified 14 core lost functionalities, as they called them, everything from recovering killed and wounded personnel, recovering damaged vehicles, counter-battery notification, counter-battery fire, things that traditionally Department of Defense has operated, but now is going to the State Department.

The core question is, are you prepared to actually do this in the next 10 months? How are you going to gear up to actually do that? We are very concerned that these are some very difficult things to do. How prepared are you to actually fulfill those duties?

Mr. KENNEDY. Mr. Chairman, of the 14, I think we have resolved about 7 of them. On the other hand, there are another seven that simply make no sense for the state Department or are simply not applicable. They disappear when DoD disappears.

For example, the DoD has been assisting the Iraqi government in policing the green zone. That is not a function the State Department should take on in another nation. Counter-battery fire, the State Department engages in defensive activities of its personnel. We are never going to be launching 155 millimeter artillery rounds back at the opposition. That is a function of the government of Iraq. I would be glad to submit something for the record, Mr. Chairman. But we will do everything that is necessary for us to do. However, there are simply functions that do dissolve and disappear when the Department of Defense leaves, because they are military functions.

Mr. CHAFFETZ. Thank you, Ambassador.

I will now recognize the ranking member, Mr. Tierney, for 5 minutes.

Mr. TIERNEY. Thank you very much.

Ambassador Kennedy, I think Mr. Bowen gave us a pretty good idea here to help us with our work. So I want to put it to you for as close to a yes or no answer as you can reasonably do here. Will you and the State Department submit to this subcommittee sufficiently in advance of implementation for our review and comment each plan for carrying out your responsibilities, including the strategic and the tactical aspects?

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Mr. KENNEDY. I think, sir, the answer is yes. But I do not have the kind of written plans, for example, I can provide a copy of our contract for the maintenance of the MRAPs. That is my plan.

Mr. TIERNEY. Well, when you have a plan for strategy and tactical, carrying out any of the responsibilities that you have, I take it as a yes that you will submit that to us sufficiently in advance for our review. And I appreciate that.

Mr. KENNEDY. We will certainly submit them to the committee. However, everything is ongoing. Every day, we make decisions, Mr. Tierney.

Mr. TIERNEY. But you don't make a plan every day. Every day you carry out aspects of a plan.

Mr. KENNEDY. Exactly.

Mr. TIERNEY. Every so often, you make a plan. When every so often you make that plan, the tactical and strategic aspects, I am taking it as a yes that you will submit it to this subcommittee and Congress so that we can have enough time to look at it. I think it was a good idea.

Mr. KENNEDY. It is an excellent idea, but we may have to implement it immediately.

Mr. TIERNEY. We will work with you on that. And will you certify to Congress and this subcommittee that for each plan that you have the actual resources that you need to implement it, and that you are committed to the oversight and management of that plan?

Mr. KENNEDY. We will certainly certify we are committed to the Management and oversight. However, we have plans that are dependent upon appropriations. So I cannot certify——

Mr. TIERNEY. You can certify the condition that you have the resources, subject to certain appropriations?

Mr. KENNEDY. I can certify that we have things subject to appropriations.

Mr. TIERNEY. And in that line, let me just go on with that. On February 17th, Secretary of Defense Robert Gates testified before the Senate Armed Services Committee. He was pretty passionate about his call to support the State Department's budget request for fiscal year 2011 and 2012. Here is what he said: "The budget request is a critically urgent concern, because if the State Department does not get the money that they have requested for transition in Iraq, we are really going to be in the soup."

Further, he went on, he said without this funding, "much of the investment that was made in trying to get the Iraqis to the place they are is at risk." Admiral Mullen also added that sufficient investment in State's capabilities was critical, otherwise, we are going back for a lot more investment and a lot more casualties. So despite these pleas from Defense and military leadership, last month the House passed an appropriations bill that seeks to dramatically cut State's budget request for fiscal year 2011. Secretary Clinton, as I said in my opening remarks, testified yesterday that cuts would severely inhibit State's ability to perform its mission. Ambassador Kennedy, if H.R. 1 became law, with that 16 percent cut in there, how would the cuts impact your ability to perform your mission in Iraq?

Mr. Kennedy. Mr. Tierney, we would not be able to perform the mission that has been tasked to the State Department.

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Mr. TIERNEY. And Ambassador Vershbow and Mr. Kendall, am I correct in assuming that you agree with Secretary Gates that full support for State's budget request is essential to the success of the mission in Iraq?

Mr. VERSHBOW. Absolutely, Congressman Tierney.

Mr. TIERNEY. Mr. Thibault, the Commission's recent report on the Iraqi transition makes its No. 1 recommendation that Congress adequately fund State to perform its duties in Iraq. In your view, what would happen to the mission if Congress dramatically slashed State's top line program budgets, as proposed?

Mr. THIBAULT. Mr. Congressman, the mission would not be accomplished. It would be mission failure.

Mr. TIERNEY. In the Commission on Wartime Contracting report that you released yesterday, the recommendation was made that the State Department expand its organic capability to meet heightened needs for acquisition personnel, contract management and contract oversight. The report goes on to say that shorter funding and program Management staff to adequately conduct oversight of the thousands of contractors we will need to hire in order to successfully take the reins of U.S. operations in Iraq from the Department of Defense, some of these contracts will be for highly critical or sensitive missions, such as handling unexploded ordnance.

In addition, the Commission warns that if the scope of State's contracts in Iraq increases, failure to provide for expanded oversight and implementation of contract administration strategies will lead to instances of waste, fraud and abuse in contracting. So Mr. Thibault, do you think that spending money now to ensure that State can conduct effective oversight of the contractors necessary to implement the transition will ultimately prevent waste, fraud and abuse in contracting, and save the American people money?

Mr. THIBAULT. Yes, Mr. Congressman, and we also believe that part of that process or plan includes both the pre-award costs, evaluation and analysis, and as previously mentioned, oversight. Because they not only need the money, but they need the ability to implement the program.

Mr. TIERNEY. Exactly so. Thank you. I yield back, Mr. Chairman.

Mr. CHAFFETZ. Thank you. It is now my pleasure to recognize the gentleman from Idaho, Mr. Labrador, who is going to serve as the vice chairman, a new Member of the 112th Congress, and somebody who just recently returned from a visit to Iraq. Mr. Labrador, you are recognized for 5 minutes.

Mr. LABRADOR. Thank you.

Being new to Congress, I sometimes question some of the things that are happening here in Washington, DC. It seems like we make some assumptions.

Mr. Ambassador Kennedy, explain to the American people, really, there are going to be 17,000 new workers, people employed in Iraq. Yet 16,000 of them are contractors. That doesn't make any sense to me, especially when we pay contractors a lot more money than we pay government employees. Can you explain how you justify that?

Mr. KENNEDY. On two grounds, Mr. Vice Chairman. First of all, the General Accounting Office did a study, which I would be glad to make sure that you receive, that actually shows that the State

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Department use of contractors in protective security operations actually saves the U.S. Government money in the long term.

Second, we have a surge issue here in Iraq. We need aviation support. We need medical support. We need logistical support. We need that effort in Iraq and in Afghanistan. I do not need that effort in the other 163 American embassies that we have.

Hiring permanent U.S. Government employees for a 20 or 30 year career for a need in Iraq for aviation or particular security or explosive ordnance disposal, etc., is not good government. It is not good for the American taxpayer to saddle them with a long-term 30-year bill for employees, when I need them for a surge capability, for a brief period of time.

Therefore, if I need them for a long period of time, they become government employees. If I don't need them for a long period of time, that surge capability is best done and least expensively done for the long haul with the use of contractors, sir.

Mr. LABRADOR. According to the GAO, for the past 3 years, the State, DoD and USAID have been unable to determine the exact number of contractors you employ in Iraq. Without having reliable data on the number of contractor personnel it is currently relying on in Iraq, how has State developed projections regarding the number of additional contractor personnel after the drawdown of U.S. forces?

Mr. KENNEDY. Two points, Mr. Vice Chairman. One, I believe that I know exactly how many contract employees I have on any given day in Iraq, and I would be glad to meet with you or your staff to discuss that.

But second, what we do is we have analyzed each of those major functions that I have referred to: aviation, medical, etc. And we have done a table of organization, I need so many pilots, I need so many bomb disposal personnel, I need so many static guards. We have a table of organization and that is actually what we give to the contractor. You must fill each one of those billets. And then when they provide us personnel, we use a data base that we borrowed within the Department of Defense that is called SPOT, and we register every single one of those contractors in that data base.

Mr. LABRADOR. So you claim that GAO is wrong? You do have a number? What is that number of contractors that we have?

Mr. KENNEDY. Today? Let me submit that for the record, because that number does change every day.

Mr. LABRADOR. But GAO was wrong when they said you couldn't account for them?

Mr. KENNEDY. That is correct. I believe that I can account for every single contractor I have in Iraq, yes, sir.

Mr. LABRADOR. But you don't know right now what that number is?

Mr. KENNEDY. I brought our planning numbers for the transition. I didn't bring with me my charts which show exactly how many I have on board today. My apologies.

Mr. LABRADOR. OK. Now, Mr. Green, in his testimony Under Secretary Kennedy disputes your finding that the State Department did not arrive at its decision to use contractors by default. He points to the fact that State has hired an additional 102 staff for contract administration, 200 managers for oversight of private se-

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curity contractors, and is supplementing its oversight of the LOGCAP with subject matter experts from DoD. Is this sufficient, in your view?

Mr. GREEN. Well, it may be sufficient today. But if you look at, and I don't disagree with Secretary Kennedy, if you look at the number of contractors that the State Department will require post-2011, they do not have enough oversight today to oversee and manage those contractors in the way they should be.

One of the things that this Commission has found in the last 2 years is a huge difference in the number of contracting, procurement, acquisition personnel on board, not just in State, but in every agency we have looked at, and the number of contracts that are being awarded. So we have this lack of oversight generally. And with State, with the huge increase in the number of contractors that they are going to experience, they need a lot more oversight, and they need it on the ground.

Mr. LABRADOR. Thank you, Mr. Chairman.

Mr. CHAFFETZ. Thank you. The gentleman's time has expired.

We will now recognize the ranking member of the full committee, Mr. Cummings of Maryland, for 5 minutes.

Mr. CUMMINGS. Thank you very much, Mr. Chairman.

Mr. Chairman, as I have listened to this testimony, I want to thank you, gentlemen, for your testimony. It is very enlightening. I can conclude that we all understand that we need to tighten our belts, no doubt about it. But we have already spent 8 years, $1 trillion and lost, unfortunately and tragically, 4,000 American lives in trying to help Iraq. Certainly we applaud our military for all they are doing to slash the State Department's budget in this way at this time is not only irresponsible, but it is a clear and present danger to our national security. And as I listened to you, Mr. Ambassador Kennedy, you were asked some questions about, if you had to take the cuts that now seem to be coming down the pike, we would be in deep trouble, wouldn't we?

Mr. KENNEDY. Sir, we would not be able to execute the mission that we have been given without the funding that is both in the fiscal year 2011 President's budget and the fiscal year 2012 budget, yes, sir.

Mr. CUMMINGS. And another term for that would be mission failure, is that not correct?

Mr. KENNEDY. Yes, sir.

Mr. CUMMINGS. Now, on February 24th, the Commission on Wartime Contracting released a report entitled At What Risk, Correcting Our Over-Reliance on Contractors in the Contingency Operations. In the report, the Commission identified several policies and practices that hamper competition for contingency contracts. Ambassador Kennedy, you testified that State is considering bids for several functionalities that are vital to a successful transition in Iraq, including the police development program, security operations and life support services.

As State begins the process of significantly expanding its contracting and oversight functions in Iraq, what steps are you taking to expand competition?

Mr. KENNEDY. Sir, we believe in competition. For example, on our security, for both static and movement security, we are en-

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gaged in competitive bids for all those contracts. For the construction of our facilities in Iraq, our Office of Overseas Buildings Operations is using competitive competition. For our medical contract, competitive competition. Our aviation contract was awarded by competitive competition. We are using competitive competition ourselves, or we are riding DoD contracts that were awarded already by competitive competition, and we access them through the Economy Act, sir. We are using competitive competition.

Mr. CUMMINGS. And do we have appropriate oversight over those contracts? Because we had some testimony a few days ago from GAO that we have contractors overseeing contractors.

Mr. KENNEDY. Sir, we do not have contractors overseeing contractors.

Mr. CUMMINGS. Good.

Mr. KENNEDY. We are doing three things. We have increased significantly the staff of our contracting operation at headquarters. We are deploying, and will deploy, 200 U.S. Government diplomatic security personnel to oversee the contracting operations. We will have State Department medical personnel overseeing the medical contract, and we will have State Department logistics people, etc., overseeing those contracts.

We are deploying additional contracting officers' representatives, i.e., U.S. Government employees, to oversee every single one of our contractors.

Mr. CUMMINGS. You understand why I am saying that, because we want the American taxpayers' dollars to be spent effectively and efficiently. I think it is very difficult when you have a contractor overseeing a contractor, and we lose control over the billions of dollars that we are spending.

Let me just get to this last question. The Commission on Wartime Contracting and SIGIR testified that State does not have adequate resources in place for contract Management and oversight. In its July 2010 report, CWC found that planning for moving vital functions in Iraq was not adequate for effective coordination of billions of dollars in new contracting, and risked both financial waste and undermining U.S. policy objectives. Today, Inspector General Bowen testified that he continues to have some concern about whether State's current structure and resources provide a sufficient basis for managing very large continuing contracts and programs.

Ambassador Kennedy, do you believe that State has the current structure and resources necessary to manage and oversee the very large contracts and programs that State will be responsible for? And I assume your answer is yes, based upon what you just said?

Mr. KENNEDY. It is, sir. We have the plans, we have the program in place. My only codicil to that is, carrying out the full program in Iraq depends on the President's budget request for the State Department for fiscal year 2011 and fiscal year 2012 being enacted.

Mr. CUMMINGS. I see my time has expired. Thank you, Mr. Chairman.

Mr. CHAFFETZ. Thank you.

The chair will now recognize Mr. Farenthold of Texas, a new member to this committee. Welcome, and you are recognized for 5 minutes.

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Mr. FARENTHOLD. Thank you. As a new member of this committee, and not an expert in foreign affairs or the situation, and never having been to Iraq, I am troubled by what I am hearing here. My impression of Iraq comes from what I see on television and read in the newspapers, which might in and of itself be a mistake.

But we are talking about an unprecedented logistical situation for the State Department going in there. We are talking about unmanned aerial vehicles, we are talking about recovering bodies, we are talking about trauma medical facilities. We are talking about pretty hefty defenses against attacks. We are talking about not being able to get gasoline or groceries within the country.

This kind of troubles me. I realize the Bush administration set a hard deadline of the end of this year for getting out of Iraq on a military basis. I guess I will address this to the DoD, or Ambassador Kennedy, you are welcome to jump in on this. It doesn't sound like we are ready for the military to get out of there, if the situation requires this level of logistical support. Has anybody in the Obama administration or the DoD talked to the Iraqi government and said, hey, you think maybe it might be a good idea for us to stay a little bit longer until this is more stable?

Mr. VERSHBOW. Congressman, that is a very good question. First of all, the decision to draw down our forces by the end of this year was a mutual decision with the government of Iraq. We honor the commitments that we made in the security agreement to carry out the drawdown in a responsible way.

We do think that the Iraqi security forces have become increasingly capable of managing security for the country as we go forward. They have taken responsibility step by step. We transitioned to full Iraqi lead responsibility on September 1st of last year. And the security conditions, in our view, are improving.

That is not to say that everything is perfect in Iraq, and there have been very dramatic and tragic spikes of violence in recent weeks. But I think that we have seen the Iraqis respond in a professional way.

So we will depend more and more on the Iraqis for our security. But I think that with the effort that has been described here by Under Secretary Kennedy and by Mr. Kendall, we are aiming to equip our State Department colleagues for success. It is, indeed, going to be an unprecedented effort in its scale. That is all the more reason why Secretary Gates emphasized the need for providing the State Department with the resources that it needs to succeed.

I would also emphasize the strategic importance of Iraq, in light of the recent dramatic upheavals in the region. With all the popular pressures around the Middle East and North Africa for reform and democratization, Iraq is now serving as an example.

Mr. FARENTHOLD. I am excited that we have achieved the success that I think the Bush administration, Iraq being a shining example. But if they can't provide even groceries for us, I am not sure we are there yet.

And maybe I will address the question to Mr. Bowen. You spent some time over there. Are you aware of any requests from anybody within the Iraqi government that maybe our military presence, that we reevaluate our time lines?

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Mr. BOWEN. Yes, I am. I was in Iraq 2 weeks ago, and I met with a number of senior officials, specifically a deputy prime minister who indicated that there is openness at the very least to renegotiating a security agreement. And I think Secretary Gates has spoken openly about that possibility as well.

But as Ambassador Vershbow noted, this is really something that the Iraqis secured from us originally in security agreements, and that they would really need to publicly reopen. That matter, of course, doesn't have much time. December 31st will be here soon.

Mr. FARENTHOLD. Are you aware of anybody within the administration who is actually pursuing these discussions? Or is this something they just came up with over coffee somewhere, or I guess tea?

Mr. BOWEN. I am not involved in the policy matters related to this issue.

Mr. FARENTHOLD. I am just about out of time, so I will yield back my remaining 20 seconds.

Mr. CHAFFETZ. The gentleman yields back. We will now recognize the gentleman from Illinois, Mr. Quigley, for 5 minutes.

Mr. QUIGLEY. Thank you, Mr. Chairman, and welcome to your new position.

I guess I am struck with something I heard someone from State say when I was visiting Iraq. We were being briefed, and they kept saying, we want to make sure we have this right, so we don't have to come back. Finally, after about an hour of that, a few of the Members said, we are not coming back.

But there was a sense within the people there at State, and some of what I hear here, that we have to make things perfect. Let's name a Middle East country that isn't at least facing some possibility of extraordinary instability. Are we going to embed ourselves to that degree you are talking about in Iraq to maintain the stability we would love for our own national security?

I just think perhaps we are talking about a bridge too far. Someone mentioned the corruption is as bad as it has ever been. I don't know that the people of Iraq will ever get along to the extent that you are talking about, or that corruption is going to change, or that all the efforts that we have already done or that you have planned for the next infinite number of years will achieve what you would like it to do. It is almost, from my point of view, impossible.

So it is what stuck in my mind since I went there, and nothing has changed, that I heard today. But let me ask Ambassador Kennedy a question on this specific issue.

You wrote a letter, I believe, April 7, 2010, to DoD, the problems that State Department will face in implementing the new life support system, any number of other agencies, entities have expressed concerns as well. There are related issues.

Could you elaborate and make us feel a little better about how that situation is going to play out?

Mr. KENNEDY. Yes, sir. We have been receiving absolutely stellar cooperation, both in Iraq and the United States, from the Department of Defense. They are providing us surplus equipment, they are providing us equipment on loan. They are permitting us, under the Economy Act, to ride, utilize their contracts, for example, for food, for fuel, for logistical activities.

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So we have now crossed that barrier. We now have a way forward in those activities. Thanks to the cooperation from the Department of Defense, the contract is on the street for that, using the superior buying power, so to speak, of the Department of Defense. As you know, the Department of Defense has facilities all over the Middle East and Southwest Asia. Therefore, our ability to partner with DoD on these gives us greater economies of scale, to save money for the American taxpayer, and also permits us to use the contracting capabilities and the contract oversight for DoD.

So I am very, very pleased with the progress we have made, and we are on track, sir.

Mr. QUIGLEY. What still needs to be done?

Mr. KENNEDY. The contract has to be executed. It is now out for bid. We will get the bids back in, they will be evaluated by DoD, and it will be awarded. But there is plenty of time to meet the half October 1st, half December 31st deadline, sir.

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

Mr. CHAFFETZ. Thank you, the gentleman yields back.

Now we will recognize Mr. Yarmuth of Kentucky for 5 minutes.

Mr. YARMUTH. Thank you very much, Mr. Chairman.

Thank you for your testimony, all of you. Mr. Tierney inquired earlier about the impact of the top line cuts proposed in H.R. 1, and on the ability to carry out your mission. You may not have reviewed all of the provisions of H.R. 1, but are there perhaps other provisions in H.R. 1 that concern you about your ability to either, in Defense or State, in carrying out the mission, things that may not relate to just the top line cut in State's budget?

Mr. KENNEDY. My review, sir, is that the major issue at hand here is the funding levels. The State Department has both a core mission in 165 countries in the world to advance our economic security, to provide life and safety for the thousands and millions of American citizens who travel, to be the first agency in terms of our border security, in terms of passport issuance, in terms of these issues overseas.

Cuts of that magnitude are devastating not only to the State Department's special missions in Iraq, Afghanistan and Pakistan, but they are also devastating to our core mission to advance our national security through diplomatic means.

Mr. YARMUTH. Were there any other cuts in any other budget besides State at Defense? Were you concerned about any of the provisions in H.R. 1 that relate to these areas of operations?

Mr. KENDALL. As far as I know, it is the State Department cuts that are the gravest concern. We have requests before the Congress for both fiscal year 2011 and fiscal year 2012 which I think are still under consideration. But I think any substantial cut, as Secretary Gates mentioned, I think, when he testified just a couple of weeks ago, this is a dominant concern for us right now, State Department's funding.

Mr. YARMUTH. Thank you for those answers.

During the Oversight Committee's last hearing on this subject, there was some concern expressed about whether contractors were being asked to perform inherently governmental functions. Ambassador Kennedy, you mentioned before some of the functions that would disappear when the military the military operations ceased.

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But Mr. Thibault and Mr. Green, do you believe that tasks such as IED clearance and hostage rescue are inherently governmental functions?

Mr. THIBAULT. Mr. Congressman, yes, I do. In the sense that absent, there are two parts that have been discussed today. Are the Iraqis ready to assume responsibilities, and then second, absent a military solution, are contractors the right solution. I have seen no indication that on the highly technical areas we are discussing here, such as IED removal, such as counter-battery, and when I say highly technical, I mean competence also, UAV, that is something that we would transfer to the Iraqis.

So that leaves it to, the military is doing an exceptional job. And I might use counter-battery, and I try to visualize things. But what I have seen is, if the enemy, and I think everyone has seen it, they will bring a small pickup truck, throw down one rocket, pop the rocket and leave. That is because the objective, DoD is so exceptional at putting counter-battery on them within 8 seconds. They know that.

If that degraded, and we are talking about safety to all government and contractor personnel, that are within an area of risk, if that degraded, the real question then becomes, would that knowledge be available. And then at that point, would there be the normal process of a military where you have a forward observer, you redirect fire, and you really can do damage to target areas.

Those are areas where, from an inherently governmental viewpoint, the U.S. Army is exceptional. And there are several areas such as that quite frankly, I am very uncomfortable personally, and we have discussed as a commission transferring those kinds of functions to the contractor world.

Mr. YARMUTH. Thank you very much. Mr. Green, did you want to add anything to that?

Mr. GREEN. No. I would certainly agree. Some of these, as we call them, functional areas that will be taken over by State are very close, if not inherently governmental. I guess the basic question is, today, in the next 10 months, what is the option? State is not going to hire and bring in-house DoD personnel. And DoD is going away.

So it leaves us very little wiggle room when it comes to performing many of these functions. Hopefully, State uses contractors now in other locations for, I will call it bomb disposal, if you will. Do they need to build that capability within their organization? And how often would you use it?

So I think as ill-defined as inherently governmental is today, I think when you talk about the time, there are many of these functions, or certainly a good number of them, that are appropriately done by contractors.

Mr. THIBAULT. And I might add, though, in building upon Commissioner Green, if I might, in about 10 seconds, the key for State, if they go contractor, is to have and bring in government employees, because State has said it is not their objective to have contractors looking at contractors, that are experts in the proper way to do these types of examples we have seen. I don't believe that capability exists presently. I think that is something they would have to grow into, in order to do the oversight.

Mr. YARMUTH. Thank you for your response.

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Thank you, Mr. Chairman.

Mr. CHAFFETZ. The gentleman's time is expired.

We are actually going to go to a second round of questioning, if the number of Members here would like to ask some questions. I am going to recognize myself for 5 minutes.

Ambassador Kennedy, I was struck here, actually, as we thought more about your answer to the 14 lost functionalities, that there were 7, and I would be interested in your followup on which 7 stay and which 7 don't, I was really struck by your comment, and I hope I heard you right, we will have to go back and look at the record, you said that State wasn't going to fire back. We may be actually taking mortar rounds, we may be taking rocket fire, but you don't plan to fire back. Is that right?

Mr. KENNEDY. Yes, Mr. Chairman, we have no intention of using 155 millimeter howitzers from the American embassy compound to fire back into Iraq.

Mr. CHAFFETZ. So we are just going to keep taking the shells, and just keep taking it?

Mr. KENNEDY. No, sir. We are already working very, very well with the government of Iraq, providing them with the locations that the material has been fired at us, and the Iraqi government has been successful, not to the degree that I wish they were, in disrupting those who would fire on our diplomatic and consular positions.

But it is not the function of a diplomatic entity to engage in a defense engagement.

Mr. CHAFFETZ. Well, that is the concern, at the end of the day, that is the concern that on January 1st, we don't expect that suddenly it is going to be safe, safe place.

Mr. KENNEDY. Yes.

Mr. CHAFFETZ. We will have to continue to explore this.

Mr. KENNEDY. Could I finish?

Mr. CHAFFETZ. Yes.

Mr. KENNEDY. There are two parts to the counter-battery, sir. There is the return fire. But the prelude to that is called sense and warn, which we are retaining, which is a radar system that tracks the incoming fire, then sounds a warning for our people to take cover. And that we are retaining.

Mr. CHAFFETZ. I am familiar with it. This will obviously need to be further explored.

In a Senate Foreign Relations report issued by Senator Kerry on January 31st, of this year, he maintains that of December, land use agreements had not been signed and construction had not begun on satellite sites. With less than 10 months to go before the deadline, could you please give us an update on this? It seems like a very short amount of time in order to build a fairly significant facility. You haven't even acquired the land, is that correct?

Mr. KENNEDY. We are very, very close to signing agreements with the government.

Mr. CHAFFETZ. What is that going to do to the time line?

Mr. KENNEDY. We believe at the moment, we are still within the time line, because what we have done as part of our planning process in coordination with our Defense Department colleagues, we have identified the plots of land that we need. We have surveyed

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them, we have engaged the architectural and engineering work. And the contracts for the construction have been sent out for bids and the bids are back in.

Mr. CHAFFETZ. OK, if you are telling me you are still going to hit the time lines——

Mr. KENNEDY. At the moment, today, I am telling you I am still going to hit the time lines, yes.

Mr. CHAFFETZ. Mr. Kendall, briefly, briefly.

Mr. KENDALL. Mr. Chairman, I just want to mention, so the committee understands, that the land we will be using is land we are currently generally in possession of. So we are shrinking our bases to provide compounds, if you will.

Mr. CHAFFETZ. Thank you. I do appreciate it.

I need to move on. In April 2010, Ambassador Kennedy, you sent a fairly direct statement out, a letter saying that without the equipment that you needed, for instance, Blackhawk helicopters and what-not, that there would be "increased casualties." I get a sense that some of that list has been to your satisfaction. But where are we on the list that you issued in April 2010?

Mr. KENNEDY. Thanks to the good work of the Department of Defense, I believe that we are on track to receive everything from DoD that I need, or, because for example, DoD's own shortage of Blackhawk helicopters, we are either acquiring other helicopters from Sikorsky.

Mr. CHAFFETZ. But you are confident that you are going to get 100 percent of that?

Mr. KENNEDY. I am confident that we will have 100 percent of what we need from multiple sources, including directly from the Department of Defense, yes, sir.

Mr. CHAFFETZ. And then for the Department of Defense, the question is, how many troops, how many American military will be in-country on January 2nd?

Mr. KENDALL. Those numbers are still a little bit in flux. But the entire OSC-I, Office of Security Cooperation in Iraq, DoD presence will be under 4,000. The most recent number was about 3,900. We think we are going to come down 10 or 15 percent from that.

Mr. CHAFFETZ. And that is of January 2nd?

Mr. KENDALL. No, that is at the end of—yes, January 2, 2012, next year.

Mr. CHAFFETZ. But we will still have close to 4,000 troops?

Mr. KENDALL. Four thousand total DoD personnel, of which roughly 1,000 will be government personnel. A subset of those will be military. The rest will be contractors.

Mr. CHAFFETZ. And what will the military personnel be doing there?

Mr. KENDALL. Various types of security assistance, training, missions such as that.

Mr. CHAFFETZ. I would appreciate some further clarification of that as we move forward.

My time has expired, so I will now recognize for 5 minutes the ranking member, Mr. Tierney.

Mr. TIERNEY. Thank you.

Ambassador, you started to get engaged in the issue on inherently governmental functions there beforehand. Is there something

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you want to add to that conversation? I think it is an important topic.

Mr. KENNEDY. Yes, thank you very much, sir.

The State Department believes that the functions that we are being contracted out for are not inherently governmental. We would never violate the law and contract out for something, these are complex functions, however. So our predicate for handling this is to ensure, and I will use security as the example here, is to have very, very robust oversight by 200 diplomatic security, State Department career, government professionals, over that contract body. It is about a 1 to 35 ratio, which we believe will fully ensure that the contractors perform the non-inherently governmental functions under robust diplomatic security supervision.

Mr. TIERNEY. Describe for me, if you would, a security mission that isn't inherently governmental.

Mr. KENNEDY. For example, if you look at many, many Federal installations or even State and local government installations in the United States, static guards, fixed guards around many Federal buildings in Washington are carried out by contract security personnel. It is widely accepted in the U.S. Government that static security personnel are not inherently governmental. Because they do not have arrest authority and they do not engage in law enforcement activities, sir.

Mr. TIERNEY. Don't you draw a distinction between the properties that we might be trying to protect and the people we might be trying to protect in a contingency zone, like Iraq, make a distinction there between a building in downtown Washington?

Mr. KENNEDY. No, sir, because I think the predicate of it is the same. But second, I have 1,800 diplomatic security personnel sworn worldwide. It makes no sense for me at all to move that number from 1,800 to 1,800 plus 7,000 for a period of time. The surge capability is, in my mind, what contracting is for, is to be able to grow the work when you have a particular need, and then to be able to shrink that work back for the benefit of the mission and the American taxpayer at the same time.

Mr. TIERNEY. How many Marines are going to be protecting our embassy in Iraq?

Mr. KENNEDY. There will be, probably, I would say a couple of dozen.

Mr. TIERNEY. That entire compound?

Mr. KENNEDY. Yes, sir.

Mr. TIERNEY. Will they be supervising any contract security people?

Mr. KENNEDY. No, sir, the Marines do not supervise the contractors. The regional security officer supervises both the Marines and the contract personnel.

Mr. TIERNEY. Would you say that a hostage rescue mission is an inherently governmental function?

Mr. KENNEDY. I think that a hostage rescue mission in a war zone like Iraq, led by diplomatic security personnel and supported by contractors stays within the boundaries of what is legal and what is not legal, sir.

Mr. TIERNEY. Why would you have that supported by contract personnel and not be strictly U.S. personnel?

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Mr. KENNEDY. Because I do not have enough diplomatic security personnel to do the mission, and I do not have a permanent need for that many personnel to hire individuals for a 20 or 30 year career.

Mr. TIERNEY. All right. So the first part I don't accept. The idea on that is because you don't have enough people doesn't mean it is no inherently governmental, it means basically you want to get to that point some time and you are going to bring those people on, you just can't do it right now. I think we can have a debate about the surge capacity on that, whether it makes sense for us to have enough capacity worldwide that we can bring people and have people in areas where that is a likely situation and work on that. I would like you to take another look at that, if you would.

Mr. KENNEDY. And when you say a hostage situation, obviously, if I had the exactly definition of what the individual situation was, I might very, very well use just diplomatic security's sworn personnel, special agents that I have on the ground. I might use those exclusively, given the situation. They might need support, however, from the contractor personnel they supervise.

Mr. TIERNEY. I would like to think that we would have some capacity worldwide, as I say, that wouldn't mean kicking that sensitive type of operation out to contractors on that. I hope you will take another look at that at some point.

Inspector Bowen, just quickly, in your experience, what is a rough ratio of management and oversight personnel to contractors and contracting dollars? What would be the appropriate ratio?

Mr. BOWEN. Within the State Department spending?

Mr. TIERNEY. Yes.

Mr. BOWEN. It varies on location. I mean, the number of contractors to government personnel can range up to 60 to 1 down to 20 to 1, 15 to 1. But I think that the Senate Foreign Relations report of January 31st makes an important point that the committee ought to take under consideration and advisement. That is, allow the regional security officer flexibility on how he or she spends that money across the country.

For example, Erbil. One bomb in 8 years. It is a safe place. No Americans killed up in Kurdistan. But there are very high ratios and standards of security protection that seem inconsistent with the real security situation. Allowing more creative flexibility, I think is the phrase that the report uses, will save taxpayer dollars.

Mr. TIERNEY. Thank you. Thank you, Mr. Chairman.

Mr. CHAFFETZ. The gentleman yields back. We will now recognize Mr. Turner of Ohio for 5 minutes.

Mr. TURNER. Thank you, Mr. Chairman. I want to thank you for holding this hearing, and certainly the importance of this issue.

Gentlemen, I am going to apologize to the extent that my question may overlap with other questions. I am on the Armed Service Committee and just came from the Army budget hearing where General Casey and Secretary McHugh are testifying. I stepped away from that hearing to come and ask my question today. I think certainly what we have seen in the materials that are available from this hearing, there is a great deal of concern as to how this transition would occur. I am going to follow on the questions about the contractors.

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In looking at the materials, I think it is pretty startling to everyone that upwards of 17,000 contractors may be relied upon. If you look at your plans, we are all concerned that you are going to rely heavily on contractors for security. Given the problems that the Department of Defense had in providing oversight of contractor operations, I would like to express certainly my concerns and get your thoughts on the State Department's reliance on contractors, and particularly, the impact it might have on our relationship with Iraq and the Iraqi people.

I have been to Iraq five times, and Afghanistan five times. Certainly we are all aware of the issues that we have had when we have looked to contracted security. General Caldwell was just before the NATO Parliamentary Assembly, and he voiced his concerns in the contracting process where he was looking at services for training Afghanistan military police and its military, saying that frequently, the contracting process limited the scope and the ability to manage what functions were occurring.

We certainly also had concerns of how contractors relate to the Iraqi people, or the government itself, questions have arisen concerning status of forces agreement, what is the status of contractors. I would like you to address that issue as to while they are in Iraq, how they will be treated, the contractors themselves, what is their legal status.

And then also the issue of the oversight of dollars, because there is obviously a significant amount of dollars that will be applied toward the contracts themselves. Could you speak about that for a moment, please?

Mr. KENNEDY. Yes, sir. If I could divide it into three pieces, I think it would be responsive to you.

The first is, I think when you talk about contractors in the security arena, in gross terms you talk about either fixed, static security on the one hand and movement security on the other. The fixed, static people stay within the walls or in the perimeter of the U.S. embassy in Baghdad or our post outside. So their interaction with the Iraqi people is very, very limited, because their mission is within the walls.

On movement security, where we are escorting Members of Congress, other distinguished visitors or our own personnel out into the city, every one of those movements which is staffed by contractors, the agent in charge of that movement is a State Department, U.S. Government security professional who gives direction to the contractors and is on control of that operation at all times. So we think we have oversight, and that is my second point. We have oversight both in the sense of the contract, we have oversight in terms of the control of the contractors' activities when they are engaged in their missions.

The third point, sir, you asked about the status. The contractors are not covered by any type of diplomatic or consular immunity under either of the two Vienna conventions. If they engage in any inappropriate conduct, they are subject to both potentially U.S. law, but also they would be subject to Iraqi law.

Mr. TURNER. That takes me to my point, and I appreciate your use of the word inappropriate. But it also places them at risk for appropriate actions, does it not, as they go, set about providing se-

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curity, if there should be a security issue that is addressed? You have significant issues that need to be addressed with respect to what their relationship is to what has occurred. And I think we have certainly seen probably dozens of news stories that we have all read of issues where there has been a security issue that has arisen, and a concern with the security forces having been contract forces.

Do you have thoughts as to how you will be addressing that?

Mr. KENNEDY. Yes, sir. There is a joint U.S.-Iraq security group that is led by the regional security officer from the U.S. embassy, with senior Iraqi military and police officials. That process has been successful to date in resolving any issue that may have arisen. We believe we have a process in place, we believe it will be a successful one, because there is a track record of it having been successful.

Mr. CHAFFETZ. The gentleman's time has expired. We will now recognize the vice chairman, Mr. Labrador from Idaho, for 5 minutes.

Mr. LABRADOR. Thank you, Mr. Chairman.

Ambassador Kennedy, actually, Mr. Bowen, you said that we are spending $75 billion in Iraq currently. Do you know how much we are going to spend in fiscal year 2012?

Mr. BOWEN. The State Department proposal is around $6 billion.

Mr. LABRADOR. Six billion. There has been a lot of testimony here that if we decrease the spending levels, we are not going to be able to do the mission in Iraq. So $75 billion, $6 billion, we are a looking at a $69 billion savings, yet we are asking for more money for the State Department. Ambassador Kennedy, what is the State Department's budget this year?

Mr. KENNEDY. Overall, the State Department budget request for fiscal year 2012 that the President has just submitted, sir, is $14.9 billion, for State Department.

Mr. LABRADOR. For the entire State Department?

Mr. KENNEDY. Yes, the entire State Department, excluding our expenses in Iraq and Afghanistan.

Mr. LABRADOR. Fourteen point?

Mr. KENNEDY. Fourteen point nine, for Iraq, $4.3 billion for Iraq, Afghanistan, Pakistan, and $14.9 for our core diplomatic mission.

Mr. LABRADOR. Mr. Kendall, what is the Department of Defense budget for next year? What is the request?

Mr. KENDALL. I would hesitate to give you a number off the top of my head. I believe it is about $550 billion for the base budget. Here it is, I have it, I think. No, wrong answer. Let me give you that for the record. I am sorry. I should have it in my head, but I don't. Five twenty-four, base budget.

Mr. LABRADOR. Five twenty-four billion. So we are talking about $524 billion for the Department of Defense, the Department of State is going to have $14.9 billion. We are talking about a significant amount of money that is out there, and we are going to be saving a significant amount of money by drawing down. I am just not really clear why we need additional money and why any cuts are going to be hurting us.

Are there no savings out there that we can do? Is the Department of Defense, for example, since we are saving that money in

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the Department of Defense, can we just transfer some money? Explain this to me, Mr. Kendall.

Mr. KENDALL. The Department has been under an intense effort to find savings ever since last spring, when Secretary Gates made a speech in Abilene that you may be aware of. We have worked very, very hard. The services were all tasked collectively to try to find $100 billion in money they could save in efficiencies and move into other, more value-added activities. We are cutting general officer slots, we are cutting senior executive slots. It has been an extremely intense effort to get rid of every ounce of fat we possibly can in our budget.

As the Secretary has said, if we are going to sustain our force structure and modernize it as we need to, we absolutely have to find savings. So there is an intense effort there. There is not an ounce of extra fat, as far as I can tell, left in the Defense Department's budget.

Mr. LABRADOR. And I applaud, actually, what the Secretary is doing. But it just seems to me that if we are going to be saving money in Iraq, and now for everyone here to testify that we can't save any money in our budgets, it just doesn't make any sense.

There are some savings. For example, in your letter, Ambassador Kennedy, of April 7th, you clearly asked for the equipment to be transferred to the Department of State. How much would that save us, if instead of purchasing the equipment, it was just transferred?

Mr. KENNEDY. I don't have that figure in front of me, Mr. Vice Chairman. But our budget request for 2012 was put together after that was taken into consideration. So I would have had to request additional funds for the armored vehicles or the other equipment DOD was transferring to us. In other words, my request is net of the transfers that DoD is making to us. My request would have been higher if I was having to buy the equipment. Instead, I am receiving it from DoD. So I did not request that as part of my Iraq budget.

Mr. LABRADOR. So is DoD transferring all the equipment that you need, or just transferring some of the equipment?

Mr. KENNEDY. They are transferring everything that they have available in surplus.

Mr. LABRADOR. OK, thank you. I have no further questions.

Mr. CHAFFETZ. The gentleman yields back. We will now recognize Mr. Farenthold of Texas for 5 minutes.

Mr. FARENTHOLD. Thank you.

As I have been sitting here, I wanted to talk a little bit more about some of my concerns I brought up in my earlier question about whether really this is the appropriate time and whether or not we have reevaluated the drawdown deadline of the Bush administration, in light of the amount of extraordinary efforts that the State Department is going to have to put into security.

I guess I would like to start off asking Ambassador Kennedy, in light of everything you are asking, and the situation as you see on the ground, would you feel comfortable taking your wife and kids to serve with you in a facility in Iraq come next year?

Mr. KENNEDY. Sir, we permit working spouses to accompany the State Department employees to Iraq now, and we will continue to do that. The answer is, I would not inject children into Iraq now

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or later or any time in the near future. But that is only one of a number of countries where pat of my job is to decide where family members are permitted to go.

Mr. FARENTHOLD. All right. My earlier question to Mr. Bowen was, are you aware of any negotiations on behalf of the Obama administration with high level Iraqis about possibly extending or renegotiating the number of troops that will be in Iraq after the end of the year. And I probably asked that question to the wrong folks. I would like to address that to you, Ambassador Kennedy, and our two folks from the DoD. If you would each take a second and let me know if you all know anything along those lines.

Mr. VERSHBOW. Congressman, as Secretary Gates has said, the initiative for any discussion on any possible follow-on military presence would have to come from the Iraqis. We have an agreement whereby we have mutually agreed to draw down our forces by the end of this year, and will honor that agreement. In his testimony, Secretary Gates identified some concerns he has about areas where the Iraqis will need additional capability.

But I want to say that drawing down doesn't mean we are disengaging. The Office of Security Cooperation in Iraq and the State Department's FMS programs are going to be important tools for helping to continue to increase the capacity and the effectiveness of the Iraqi security forces. And the police development program, of course, will be very important as a complement in improving the professionalism of the Iraqi police.

So we are preparing for that outcome. And we do believe that the Iraqis, who have had the lead responsibility for security now for more than a year, are doing an increasingly effective job. The question was asked earlier, is this going to be perfection. No, the Iraqis, I think, understand that they have a long way to go in terms of building the institutions of a stable state. I think it is in our strategic interest to help them, and that is what we intend to do, and the State Department's programs and the Department of Defense's continued engagement will be critically important in doing that.

Mr. FARENTHOLD. I appreciate that. But I am troubled by your statement that any request would have to come publicly from the Iraqis. There are two parties to this agreement. If I am unhappy with a contract, I am going to live up to it, but if I think there are some things that need to be renegotiated, I think it is open for either side to open it up and renegotiate. I just make that point.

And finally, again, I am going to ask the direct question. Is anybody on the panel aware of any request from the Iraqi government for us to up those numbers?

Mr. KENNEDY. Sir, I think we will have to get back to you on that question.

Mr. FARENTHOLD. All right. I would appreciate it if you did. Thank you very much. I yield back.

Mr. CHAFFETZ. Thank you.

I am going to recognize myself for 5 minutes as we wrap up the questioning here, starting with Ambassador Kennedy. I want to be crystal clear, I want to go back to the very first thing we started with. Will the State Department give unfettered access, complete and total access, to the Special Inspector General to do their job?

Mr. KENNEDY. The——

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Mr. CHAFFETZ. All right, now, that says a lot right there. That is my concern, is the hesitation.

Mr. KENNEDY. The Special Inspector General for Iraq has a mandate. We will provide him with all the material that is relevant to his mandate.

There are other inspectors general with other mandates that we provide information to. So if the Inspector General for Iraq asks me for something within his mandate, he will receive it. If the Inspector General of the State Department asks me——

Mr. CHAFFETZ. I am not understanding what would be outside of that scope. Mr. Bowen, be as direct and succinct as you can. I only have a few minutes here.

Mr. BOWEN. That question is properly placed at this table between Ambassador Kennedy and me. You have raised an important issue regarding that Congress has all the information it has come to expect from SIGIR about what is going on in Iraq, and specifically about what is going on with regard to transition.

We have an expanded mandate over and above what is usually the case for IGs. It requires quarterly reporting, it is cross-jurisdictional. As we pointed out in our last quarterly report, and as is very specifically detailed in that October 7th memo you cited, the State Department has stopped giving us information that it was giving us before. That question is now before Ambassador Kennedy, and I am confident that they will resume giving us the information. We need to ensure that you have the information about what is going on in Iraq.

Mr. CHAFFETZ. Ambassador Kennedy, do you care to further comment?

Mr. KENNEDY. Mr. Chairman, I could only repeat my position. We provide——

Mr. CHAFFETZ. No need to repeat your position. I find it a troubling position, quite frankly. It is something we will continue to have to further explore, as we will with the Department of Defense.

There are other questions that Members would like to submit. We would appreciate your prompt response to those questions.

As we wrap up here, I would appreciate maybe if we could start with Mr. Green and just go down the table. What is your No. 1 concern? This is a mammoth, massive task that is before us. I cannot thank the men and women who are scrambling every day, putting their lives on the line making this happen. I hope they understand the appreciation of the American people, those of us in Congress and others, for their good, hard work and dedication.

But as we move forward, it is also imperative that we highlight the concerns that you all have. You are the closest to it. If we could just go down the line and cite, what is your biggest concern moving forward?

Mr. GREEN. We have discussed many of them here today. I think to name one or two, it is to ensure that we have the adequate oversight. The fact is that we are going to have a heck of a lot of contractors in-country. But we have to increase the oversight, because that is where we leave ourselves open to waste and fraud.

Mr. CHAFFETZ. Thank you. Mr. Thibault.

Mr. THIBAULT. Thank you, Mr. Chairman.

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Probably my No. 1 in the context of these discussions is, it is explained in our charter, we get bound up sometimes in inherently governmental, and our charter by Congress said, those functions that should be best performed by the government versus contractors. And in that context, and in our discussions here, we talked about these 14 items. I really think it warrants an analysis, because the U.S. Army has built an exceptional capability over time. And to even think about transferring that capability to me introduces the potential for safety of government and contractor employees who reside in those locations that are protected.

Mr. CHAFFETZ. Thank you. Mr. Bowen.

Mr. BOWEN. Accountability for outcomes. As Mr. Tierney pointed out, this committee and the Congress needs to know what the State Department plans to achieve. What are the specific outcomes that $6 billion will be spent, if you include the program money, not just the operating money that the State Department, if it gets it all, will receive this year. Knowing what the police development program will achieve with the 190 trainers across the country that are going out to help the Iraqis improve, what outcomes will they achieve.

Mr. CHAFFETZ. Thank you. Ambassador Kennedy.

Mr. KENNEDY. Achieving the adequate funding levels in order to carry out the mission that I have been tasked to do.

Mr. CHAFFETZ. Thank you. Ambassador Vershbow.

Mr. VERSHBOW. I share Ambassador Kennedy's concern. Secretary Gates said, ensuring that the State Department has the resources it needs to stand up this very ambitious and complex mission is critically important. And it is very urgent, because as the Secretary said, there are facilities to be built, there are people to be hired. So we need to get them the resources that they need as quickly as possible.

Mr. CHAFFETZ. Thank you. Mr. Kendall.

Mr. KENDALL. Mr. Chairman, let me first correct a statement I made earlier. The numbers I gave you were not quite accurate for the DoD presence in the future in Iraq. The total number is approximately less than 4,000. But of that 4,000, about 1,000 total are security assistance. And within that total of 1,000, approximately 200 or less are actually DoD or government personnel.

The answer to your question, from my perspective, is time. Time is a big factor here. And we have a great deal to do in a relatively short period of time. In the fall, the U.S. forces will start to transition very much to exiting from Iraq. We have to accomplish a great deal before then. Along with that, of course, I would add the funding concerns that were expressed earlier.

Mr. CHAFFETZ. Thank you. I thank you all for your participation and your great work and service to the United States of America. I thank you for the interaction and look forward to interacting with you in the future.

Thank you. This committee is now adjourned.

[Whereupon, at 11:18 a.m., the committee was adjourned.]

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BEFORE THE

SUBCOMMITTEE ON NATIONAL SECURITY, HOMELAND DEFENSE AND FOREIGN OPERATIONS

OF THE

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

MARCH 2, 2011

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COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

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