

1 COUNTERNARCOTICS CONTRACTS IN LATIN AMERICA

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3 THURSDAY, MAY 20, 2010

4 United States Senate,

5 Ad Hoc Subcommittee on Contracting Oversight,

6 Committee on Homeland Security and Governmental Affairs,

7 Washington, D.C.

8 The Subcommittee met, pursuant to notice, at 10:33
9 a.m., in Room SD-342, Dirksen Senate Office Building, Hon.
10 Claire McCaskill, Chairman of the Subcommittee, presiding.

11 Present: Senators McCaskill, Pryor, Brown, and McCain.

12 OPENING STATEMENT OF SENATOR McCASKILL

13 Senator McCaskill. This hearing will now come to
14 order. The purpose of this morning's hearing is to examine
15 how the United States Government is using contractors to
16 fight the drug war in Latin America.

17 The U.S. Government has been involved in
18 counternarcotics activities in Latin America for more than
19 30 years. From 2000 to 2008, the bulk of the
20 counternarcotics assistance to Latin America was through
21 Plan Colombia, a multi-year assistance package that was
22 targeting Colombia, Peru, and Bolivia. In the last 2 years,
23 the Merida Initiative, which focuses on assistance to
24 Mexico, has also increased in importance. Over the last
25 decade, the United States taxpayers have spent billions of

1 dollars on counternarcotics activities in the region. The
2 President has asked for an additional \$6 billion for
3 international counternarcotics and drug interdiction in
4 2011.

5 I understand that much of this money is currently being
6 spent under contracts with companies like DynCorp and
7 Lockheed Martin. Contractors have been hired to spray the
8 drugs under cultivation. They have been hired to work in
9 government ministries. They have been hired to help with
10 intelligence for drug trafficking, help support the local
11 army and police, and maintain bases where American troops
12 live and work in Latin America.

13 Their efforts are crucial to the success of the United
14 States' mission in Latin America. But there is really
15 almost no transparency into what these contractors are doing
16 or how much we are paying them. It appears that there has
17 been insufficient oversight of these types of contracts. It
18 is very important that contracts like this have sufficient
19 oversight so that the contractors are accountable and we are
20 assured that the taxpayers' money is not being wasted.

21 This oversight is particularly important right now
22 because the United States is ramping up counternarcotics
23 activities in Afghanistan. The same Federal agencies and
24 many of the same contractors are performing the work in both
25 places. We need to understand what lessons we need to learn

1 from Latin America so that we can apply them appropriately
2 in Afghanistan.

3 That is why at the beginning of this year the
4 Subcommittee began an investigation into counternarcotics
5 contracts. We wanted to know the answers to just a few very
6 basic questions: What are we spending on the contracts?
7 What are the contractors doing? And are we getting what we
8 paid for? Do we have performance measures that are in
9 place? And are we tracking performance measures as to how
10 the contractors are performing this work and if we are
11 getting any value out of the dollars that we have spent?

12 We asked for this information from the State Department
13 and the Defense Department more than 3 months ago. Despite
14 our repeated requests, neither Department has been able to
15 answer our questions as of the date of this hearing.

16 And just so we are clear on the record, I am perfectly
17 aware of the strains that hearings like this cause within an
18 agency. I understand that it is not a day of celebration
19 when you find out that a hearing like this is going to
20 occur. It means additional work, additional effort. But
21 because the requests here are so basic and, frankly, the
22 notion that they would be so hard to get is part and parcel
23 part of the problem.

24 Let me just put on the record the basic information
25 that we wanted to get. We wanted to get the contractor's

1 name, contract number, the extent of competition, the scope
2 of the work, the contract ceiling, and the dollar amount
3 obligated.

4 Now, that is not the sun, the moon, and the stars.
5 That is Basic Contracting 101.

6 The second area where we requested information was
7 evaluations that had been done of the contractors, reports
8 concerning the contractors, audits that had been done of the
9 contractors' work, and evaluations of the contractors.

10 The third area we asked for was some information about
11 the need for the contract. Why is this something we must
12 contract out? Why is this not something that we can perform
13 as an inherently governmental function? The use of
14 contractors, the scope of their contracts, and the duration
15 of their contracts.

16 And, finally, the last category was communication and
17 legal analysis regarding the use of contractors. Four
18 simple areas. We were not asking for an analysis of how
19 much money you spent in 2009 versus 2001 in real dollars and
20 how much was attributable to--we did not ask for the details
21 of any performance payments you had given to the
22 contractors. This is pretty basic stuff. And none of these
23 requests have been met in full. None, after 3-1/2 months of
24 these requests being made.

25 Instead, the Subcommittee has received information

1 about contracts which appears to contradict the Departments'
2 own regular reports to the congressional Appropriations and
3 Foreign Relations Committees. I have got to congratulate
4 the staff here because some of the information we got, if
5 they had not gone on their and double-checked other places
6 where the Departments have to report, we would have not
7 realized the extent of how inadequate the response to this
8 document request was.

9 The State Department appears to have underreported its
10 contracts to the Subcommittee by hundreds of millions of
11 dollars for Colombia alone. And

12 the Subcommittee also learned that the Defense
13 Department hired a contractor to handle this hearing. Are
14 you kidding me? Have we gotten to that point that we have
15 to hire a contractor to prepare for a Committee on
16 Contracting Oversight? Does anybody else feel that you are
17 in a hall of mirrors in a fun house? I know that we have
18 spent \$50,000 on contractors to prepare for this hearing at
19 the Defense Department.

20 What I asked for, there should be somebody in charge of
21 contract oversight that could produce the documents easily
22 in 30 days. Instead, we are hiring contractors to do it for
23 us.

24 Today, I plan to ask these basic questions that the
25 document request reflected. I plan to listen to the

1 testimony, and I hope that the witnesses will be able to
2 help the Subcommittee conduct this important oversight today
3 and in the future.

4 What we learn today will inform the Subcommittee
5 whether we should move to authorize subpoenas for this
6 information. I hope the State Department and the Defense
7 Department will be able to provide the information we need.
8 I wish I were more optimistic. What we have got to figure
9 out here is: Is this basic information unavailable because
10 the Departments are incapable of producing it or
11 incompetent? Because it is only one of two answers. If you
12 are incapable of producing it, then we have a serious issue
13 on contracting oversight. And, obviously, if you are
14 incompetent and cannot produce it, we have a serious problem
15 in terms of counternarcotics strategy and how it is being
16 implemented.

17 I do not want to use subpoenas. This should be a
18 cooperative exercise. But I will not hesitate, and I know
19 that my Ranking Member feels the same way. I know Senator
20 Brown feels the same way. I will not hesitate to use
21 subpoenas because this is important, and it is billions and
22 billions of dollars. And we need to get to a point where
23 the appropriators say no more money until you are at least
24 capable of showing us how you have spent what you got.

25 I want to thank our witnesses for being here, and I

1 look forward to our discussion today.

2 Senator Brown?

3 OPENING STATEMENT OF SENATOR BROWN

4 Senator Brown. Thank you, Madam Chair. I want to

5 welcome everybody again. Madam Chair, I want to thank you

6 for holding this hearing. I will offer my opening in the

7 form of a written statement, which I would ask be accepted,

8 and then I would just as soon get on with the business.

9 Senator McCaskill. Thank you.

10 Senator Brown. Thank you.

11 [The prepared statement of Senator Brown follows:]

12 / COMMITTEE INSERT

1 Senator McCaskill. Senator Pryor, thanks for joining
2 us. Would you like to make any comments for the record
3 before we begin the witnesses' testimony?

4 OPENING STATEMENT OF SENATOR PRYOR

5 Senator Pryor. Well, thank you. I do have an opening
6 statement for the record, but I want to thank you for your
7 leadership on this because we owe it to the American
8 taxpayer to make sure that people know where their Federal
9 tax dollars are going, and I think there is a pervasive
10 problem with contracting around the Federal Government, and
11 I just appreciate your leadership on this.

12 Senator McCaskill. Thank you. Thank you very much,
13 Senator Pryor.

14 Let me introduce the witnesses today. David Johnson
15 has served as the Assistant Secretary for the Bureau of
16 International Narcotics and Law Enforcement Affairs at the
17 State Department since October of 2007. In addition to
18 numerous other distinguished posts within the Federal
19 Government, Mr. Johnson served as Afghan Coordinator for the
20 United States from May 2002 to July 2003.

21 William Wechsler is the Deputy Assistant Secretary of
22 Defense for Counternarcotics and Global Threats. In that
23 capacity he leads the Department's counternarcotics policies
24 and operations around the world. Mr. Wechsler has
25 previously served as Special Adviser to the Secretary of the

1 Treasury and on the staff of the National Security Council.

2 It is the custom of the Subcommittee to swear in all
3 witnesses that appear before us, so if you do not mind, I
4 would ask you to stand. Do you swear that the testimony you
5 will give before this Subcommittee will be the truth, the
6 whole truth, and nothing but the truth, so help you God?

7 Mr. Johnson. I do.

8 Mr. Wechsler. I do.

9 Senator McCaskill. Thank you very much. Let the
10 record reflect that the witnesses have answered in the
11 affirmative. We would ask that you try to keep your oral
12 testimony to around 5 minutes, and your written testimony
13 will obviously be printed in the record in its entirety.
14 Thank you very much. Mr. Johnson.

1 TESTIMONY THE HONORABLE DAVID T. JOHNSON,
2 ASSISTANT SECRETARY FOR INTERNATIONAL NARCOTICS
3 AND LAW ENFORCEMENT AFFAIRS, U.S. DEPARTMENT OF
4 STATE

5 Mr. Johnson. Thank you. Madam Chairman, Ranking
6 Member Brown, Senator Pryor, thank you for the opportunity
7 you are giving us today to testify on the United States'
8 counternarcotics efforts in Latin America.

9 Anyone looking at news south of our border knows that
10 drug-related violence is spiraling. Drug-trafficking
11 organizations have shown time and again that they have no
12 decency or respect for the law or human life, and the
13 increasing violence currently that we are seeing in Mexico
14 is emblematic of these cartels' disregard for anything but
15 profit.

16 It is hard to overstate the impact that this kind of
17 violence and crime can have. The individual tragedies we
18 hear about on a daily basis, such as innocent lives lost in
19 cartel cross fire, rip at the fabric of families and
20 communities. This undermines public security, weakens
21 Government institutions, and, if left unchecked, provides a
22 breeding ground for narco traffickers and other threats to
23 our own national security.

24 As the State Department's Assistant Secretary for
25 International Narcotics and Law Enforcement Affairs, much of

1 the work that I do involves foreign assistance programs to
2 isolate and minimize drug-trafficking organizations. Each
3 of our programs in Latin America is unique to the country it
4 supports. They are built hand in hand with our partners to
5 strengthen their own capacity for law enforcement and the
6 rule of law, creating strong systems of governance that
7 empower communities and seek to suffocate narcotics
8 enterprises.

9 While each program is unique, there are some important
10 common features, including our on-the-ground contract
11 oversight elements. We operate narcotics affairs sections
12 within the United States embassies of our largest program
13 countries, including both Colombia and Mexico. These
14 offices, which include Foreign Service officers, civil
15 service officers, and locally engaged staff, work with host
16 nation representatives to develop the scope of our
17 assistance projects and draft the requirements needed to
18 achieve these goals.

19 Approximately one out of every eight people who work
20 for us in Central and South America directly in our offices
21 or in the field has received training as a contracting
22 officer's representative, a knowledge set that empowers our
23 program staff to be efficient and effective stewards of the
24 taxpayers' dollars dedicated to the foreign assistance
25 programs they support. Our single largest allotment of

1 contracting officer's representatives trained staff, 43 in
2 total, help to oversee INL's Colombia programs.

3 After more than 10 years supporting Colombians in their
4 quest to provide greater security in their country, the
5 Government of Colombia has taken steps to self-administer
6 the counternarcotics eradication and alternative development
7 programs that the United States helped to introduce.
8 Colombia President Uribe's consolidation plan is to
9 nationalize our joint programs, and that is now Colombian
10 Government and U.S. Government policy.

11 As a result, our programs in Colombia have been able to
12 reduce their footprint considerably, scaling back our
13 contract personnel implementers on the ground from 1,200 in
14 2006 to fewer than 600 in 2010.

15 We see similar program cooperation from our Mexican
16 counterparts who are equally engaged in leading the Merida
17 Initiative planning and implementation process. In fact,
18 bilateral meetings are held on a monthly basis to discuss
19 progress on each of the 46 Merida projects which are
20 extensively negotiated each fiscal year. In order
21 effectively to oversee this program, INL ha enlarged our
22 officer in Mexico from 21 people in 2008 to 77 slots this
23 year, more than 60 of which are already filled. Twenty-
24 eight of the personnel currently in Mexico have received
25 contracting officer's representative training. We have

1 taken the additional step of assigning three full-time
2 contracting officer's representatives to the staffing
3 pattern in Mexico City, in addition to the 28 personnel
4 trained in contract management.

5 Our business approach toward implementation of
6 assistance programs throughout Latin America is to seek the
7 most effective and efficient implementer to achieve our
8 program goals. As a matter of practice, we choose
9 implementation vehicles after conducting analysis of the
10 program type, past performance, cost, availability, and the
11 political and security environment in which we operate. The
12 implementing mechanisms include contracts with companies of
13 all sizes, program agreements with interagency partners,
14 grants to nongovernmental organizations and educational
15 institutions, and contribution letters to multilateral
16 organizations.

17 Our approach to management allows the Department to
18 plan for effective transitions and build-up and drawdown
19 program management and oversight staff as circumstances
20 dictate. Procurements to support our programs are made by
21 the embassies' contracting officers, the Department's
22 Regional Procurement Support Office in Fort Lauderdale and
23 the Department's Office of Acquisition, or directly by INL.

24 Factors such as the complexity, type of acquisition,
25 scope of work, the involvement of other agencies or

1 requirements such required sources of supply and whether
2 other agencies have existing contract vehicles are
3 considered as factors in the analysis of the procurement.
4 Once procured, a variety of management controls are
5 essential to monitor and oversee these programs.

6 All Government-procured commodities and construction
7 are subject to INL's end-use monitoring and reporting to
8 track their use and consistency with agreed foreign
9 assistance use.

10 The Department remains committed to building and
11 maintaining the necessary capacity to address citizen
12 safety, rule of law, and transnational crime in Latin
13 America for two compelling reasons: first, to assist our
14 international partners; and, second, to diminish the impact
15 transnational crime has on America's own citizens.

16 Madam Chairman, thank you for the opportunity to
17 illustrate some of our counternarcotics assistance programs
18 and our contracting vehicles. I will do my best to answer
19 your questions.

20 [The prepared statement of Mr. Johnson follows:]

1 Senator McCaskill. Thank you.

2 Mr. Wechsler?

1 TESTIMONY OF WILLIAM F. WECHSLER, DEPUTY ASSISTANT
2 SECRETARY FOR COUNTERNARCOTICS AND GLOBAL THREATS,
3 U.S. DEPARTMENT OF DEFENSE

4 Mr. Wechsler. Thank you very much, Chairman McCaskill,
5 Senator Brown, Senator Pryor. Thank you for the opportunity
6 to discuss the Department of Defense's use and oversight of
7 counternarcotics contracts in the Western Hemisphere.
8 Before describing what I consider to be a significant return
9 on our investments over the years in counternarcotics funds,
10 I would like to start by addressing some of the specific
11 concerns that you raised in your most recent letter and in
12 your opening statement.

13 The Counternarcotics and Global Threats Office that I
14 lead was established by Congress some decades ago to be the
15 single focal point for all of DOD's counternarcotics
16 activities and to ensure a focused counternarcotics program
17 with clear priorities and measured results. You can be sure
18 that this administration recognizes the importance of the
19 counter-drug mission to our national security and the
20 Department's critical role in this effort.

21 When I came into this office just about a year ago, I
22 recognized that we need to do a better job in evaluating our
23 programs and using performance data to maximize return on
24 dollars that we invest in counternarcotics. This is an
25 especially important subject for me. In between the time

1 that you mentioned previously where I was in the Government,
2 I was a management consultant working on these issues in the
3 private sector. This has been one of my top priorities
4 since I have been on this job.

5 To that end, both the Counternarcotics Technology
6 Program Office and Southern Command have taken other
7 positive steps to improve contract oversight, and I have
8 initiated an internal management review that will be well
9 underway by the early summer. I would be happy to discuss
10 these measures in greater detail in the question-and-answer
11 session.

12 At the Department level, in December 2009, the Defense
13 Science Board launched a task force on improving DOD
14 acquisition and procurement policies and practices. Just on
15 May 10th of this year, Under Secretary Carter issued
16 departmentwide instructions to collect and report on all
17 services contracts as required in the authorization bill.
18 The common reporting requirement will help provide the
19 greater transparency and will help the Department make more
20 informed decisions about whether to contract out certain
21 functions.

22 We very much welcome the Subcommittee's interest in our
23 oversight efforts. You noted that you felt that we
24 perceived your oversight as a strain on us. I want to
25 assure you that it is not a strain at all on us. It is your

1 appropriate function, and we very much welcome it and
2 appreciate it because we are driving towards the exact same
3 end.

4 We understand our data submission thus far has been
5 incomplete. Please rest assured that we will continue to
6 work to provide all the information that you requested. I
7 expect that we will be able to complete this effort by the
8 end of July.

9 My staff and I will continue to work with the
10 Subcommittee after that point as it continues to analyze the
11 enormous amount of information we have already provided and
12 we will be continuing to provide. This was, of course, an
13 especially large and extensive request going back across
14 touching three different administrations, across almost an
15 entire hemisphere, but that is not an excuse. We need to be
16 able to get this information better and faster than we have.
17 It shows the challenges inherent in overseeing a \$1 billion
18 global program implemented by numerous services, combat-and-
19 commands, and agencies in the Department of Defense.

20 For instance, in compiling the requested information,
21 we found inconsistent records management among the various
22 contracting entities, that the volume of procurement actions
23 overwhelms staff capacity in some instances, that many of
24 the acquisition steps are manual processes that are both
25 time-consuming and error prone. Also, because the COCOMS

1 define and drive the mission support requirements, but the
2 services provide the acquisition vehicles, contract
3 performance monitoring has at times often been ambiguous and
4 inconsistent, especially as we look back over the years,
5 over the decades. I look forward to a continuing dialogue
6 on these and other issues.

7 Ensuring proper oversight and contract management is
8 absolutely essential to achieving our strategic
9 counternarcotics objectives. The transnational illicit drug
10 trade is a multi-faceted national security concern for the
11 United States, which my colleague David Johnson has just
12 talked about. It weakens the rule of law. It reduces
13 Government's ability to address other transnational threats
14 such as terrorism, insurgency, organized crime, weapons and
15 human trafficking, money laundering, and piracy.

16 Many of us here recall the drug trafficking and
17 lawlessness of the 1980s that made "Miami Vice" a hit
18 television series during that time, going through the
19 Caribbean into Florida. The counternarcotics mission at
20 that time was not a principal mission of the Department of
21 Defense, but the Congress recognized that DOD's surveillance
22 capabilities and command and control structure was unique
23 suited for the detection and monitoring of illicit drug
24 shipments bound for the United States. DOD programs
25 primarily implemented by U.S. Southern Command and its Joint

1 Interagency Task Force-South have made a tremendous impact
2 on the drug flow directly into Florida and to the Mainland.
3 The problem is different today as a result.

4 The counternarcotics mission was once slow to be
5 embraced by some of our defense policymakers, it is true,
6 but today the Department is widely recognized as a critical
7 component of the National Drug Control Strategy, and JIATF-
8 South is viewed as really the model for regional engagement
9 and interagency coordination.

10 During the late 1990s, the Department of Defense played
11 a vital role in the development and implementation of Plan
12 Colombia. The State Department's lead by providing
13 equipment, information sharing, and capacity building to the
14 Colombian armed forces. These programs, again, coordinated
15 very closely with the Department of State's leadership, with
16 DEA, and USAID, has helped the Government of Colombia
17 increase its presence throughout the country, reduce levels
18 of violence, disrupt drug production and trafficking, and
19 dismantle drug-trafficking organizations. These
20 achievements have contributed to the reductions we have seen
21 in cocaine purity and availability in the United States.

22 In Mexico, our programs are supporting President
23 Calderon's continuing campaign to confront rising violence
24 fueled by drug trafficking and other organized crime. Our
25 support to Mexico is implemented primarily through Northern

1 Command and includes training, equipment, and information
2 sharing as well as indirect support.

3 While outside the scope of the Merida Initiative that
4 you mentioned, the foreign assistance funding, our support
5 complements Merida and is closely coordinated with our
6 interagency partners at post and in Washington.

7 As the Department continues to confront extraordinarily
8 complex counternarcotics challenges around the world, very
9 much particularly in Afghanistan, it is important--it is, in
10 fact, critical that we apply all of the lessons that we have
11 learned from the efforts in the Western Hemisphere to the
12 work that we are doing now in our major war effort abroad.

13 Afghanistan presents unique challenges that are
14 different from what we have seen in many, many respects from
15 Colombia and elsewhere, but there are many lessons,
16 including the appropriate use and oversight of contractors,
17 that must be taken into consideration.

18 Again, I thank you for the opportunity to speak today,
19 and I look forward to your questions.

20 [The prepared statement of Mr. Wechsler follows:]

1 Senator McCaskill. Thank you, Mr. Wechsler.

2 What we are going to do, if we would go ahead and let
3 us just do 7-minute rounds, if we could put the clock to 7,
4 that would be great, because I want to make sure that
5 everybody gets a chance to offer questions, and we can do as
6 many rounds as people would like.

7 Let me just start with a few basics. Do you know, Mr.
8 Johnson, how much the State Department spent on
9 counternarcotics contracts last year?

10 Mr. Johnson. The data that I have gathered in front of
11 me is for the period from 2000 to 2009, but we cannot
12 disaggregate it by year.

13 Senator McCaskill. Well, do you have a figure for what
14 you have spent over the last 10 years?

15 Mr. Johnson. By the principal countries in question,
16 yes. Bolivia, \$770 million; Colombia, \$4.2 billion; Peru,
17 \$900 million; Ecuador, \$191 million; Guatemala, \$23 million;
18 Mexico, \$727 million; Dominican Republic, \$6.9 million;
19 Haiti, \$10.7 million. Those are appropriated funds amounts.

20 Senator McCaskill. Okay. And how much of that has
21 been spent on contracts?

22 Mr. Johnson. In the case of Colombia, \$3.89 billion;
23 Bolivia, \$726 million; Peru, \$831 million.

24 Senator McCaskill. Okay. Let me stop you here. Is
25 there a reason that you have this information today and that

1 you could not produce it for the Committee so we could
2 prepare for the hearing?

3 Mr. Johnson. In the course of the work that we have
4 done with your staff, we initially reached out for documents
5 that we could provide, supporting documentation for--that
6 was name retrievable, and we have built up since then
7 additional numerals, and we are seeking the supporting
8 document for that as well.

9 Senator McCaskill. Okay. So you have the numbers that
10 you are confident are correct for how much the State
11 Department has spent on counternarcotics contracts for an
12 aggregate over 10 years, and you could easily extrapolate an
13 annual number out of each one of those?

14 Mr. Johnson. I would not extrapolate it, but I would
15 disaggregate it down to that.

16 Senator McCaskill. Okay, sorry. Wrong term. And I am
17 wondering why you did not talk about that in your opening
18 statement instead of--I mean, we got to page 11 of your
19 opening statement before you mentioned the word "contract."

20 Mr. Johnson. I sought to put in some context the
21 policy objectives that we are pursuing.

22 Senator McCaskill. Well, let me remind you, we are
23 here on contracting oversight.

24 Mr. Johnson. I understand.

25 Senator McCaskill. We are not here to argue about

1 whether or not it is a good thing or a bad thing, although I
2 am trying to figure out why it is so--why we have two, you
3 know, and how much--I mean, that is not the job of this
4 Committee. This Committee is about contracting oversight.

5 Now, do you know how many contractors you now have
6 currently working in Colombia? Do you know what the size of
7 your contracting--

8 Mr. Johnson. 598.

9 Senator McCaskill. Do you know the total number of
10 contractors you have working for State in counternarcotics?

11 Mr. Johnson. I could get that figure for you by
12 country, but I do not have it at my fingertips right now. I
13 happen to know the Colombia figure because it is our most
14 mature program, it is the one we worked hardest on to
15 reformulate and to nationalize with our Colombian partners,
16 and part of that nationalization is reducing the contractor
17 footprint on the ground and turning over as much as
18 possible, as much as appropriate, to the Colombians in a
19 coordinated fashion.

20 Senator McCaskill. Okay. And since now for the first
21 time we are getting real numbers from you as to an annual
22 contracting amount and how many contractors, do you have any
23 contractor evaluations that you can share with us today?

24 Mr. Johnson. I do not have any at my fingertips here,
25 but we are gathering that data for you.

1 Senator McCaskill. And why is it so hard to gather it?

2 Mr. Johnson. Well, as you pointed out in your opening
3 statement, this requires time, and we have put in time to
4 gather the documents and to clear the documents that we
5 provided you at the end of last week, some several thousand
6 pages that backed up the initial dollar amount, which was a
7 relatively small percentage of this, I recognize that. But
8 we were striving to provide you data that we could back up
9 with paper, and we are moving to the second phase of that,
10 bringing in, as you recognized in the letter that you sent
11 me, the global programs, particularly those that are
12 administered by our air wing at Patrick Air Force Base. And
13 we will endeavor to gather in all of the information that is
14 in many different places at our embassies abroad as well as
15 here in order to back up the efforts that we have underway.
16 We feel like we have done a good job. We know we could do a
17 better job, and we look forward to your helping us do that.

18 Senator McCaskill. Well, you know, the bottom line is
19 that it does not appear--are you confident that you have
20 evaluations on all these contractors and that there are
21 audits that have been done on any of the contractors?

22 Mr. Johnson. I am confident that we have evaluations.
23 I am not going to tell you that we have audits because I do
24 not know that off the top of my head. I would be
25 speculative there, and I do not want to do that.

1 Senator McCaskill. Who is the person that is at the
2 top of the food chain on contracts that you all are doing?
3 Or is the problem that you--is each individual embassy
4 entitled to contract and there is nobody that is looking at
5 all these contracts to see if we are getting the performance
6 out of these contractors that we would hope with this kind
7 of expenditure of Federal funds?

8 Mr. Johnson. Well, the buck stops with me, but we do
9 authorize our embassies to engage in contracting for varying
10 amounts, and we have other officials that are responsible
11 for the implementation of the contracts that are in
12 locations outside of Washington that manage their contracts
13 not on a state-by-state basis but in a global or regional
14 support context. And so gathering the data, as you have
15 requested it, is a process that takes some time.

16 Senator McCaskill. Well, it does not--you know, I
17 guess the thing that is worrisome to me is a request for
18 contractor name, contract number, extent of competition,
19 scope of work, which should be a pretty easy document to get
20 because every contract should have a scope of work.

21 Mr. Johnson. They do.

22 Senator McCaskill. It is not a contract if you do not
23 have a scope of work. The contract ceiling and the dollar
24 amount obligated. We have got six spread sheets--no, excuse
25 me. We have got one spread sheet with a tab for each of the

1 last 10 fiscal years. We did not get the right number, and
2 we were not even told that it was an incomplete number when
3 it was given to us. We had to point out to you that it was
4 an incomplete number based on other research we had done.
5 In fact, the number we got, somebody on my staff could have
6 gotten in an hour in a Google data search. Any member of
7 the public could have gotten it.

8 So, you know, I guess what I am most concerned about is
9 that no one appears to be worried about value as it relates
10 to these contractors. It appears that these have been
11 siloed and no one has taken responsibility to say, Hey, how
12 are the contractors doing? Should we be renewing these
13 contracts? You do not have that many. How many contractors
14 do you have, by and large, that are doing the bulk of the
15 work? Isn't it like four or five?

16 Mr. Johnson. The bulk of the work is done by, yes,
17 four or five.

18 Senator McCaskill. Okay. So, you know, if you would
19 have come to us and said, hey, here is the bulk of the work
20 done by four or five contractors, it is going to take more
21 time and may not be as efficient as we would want it to be
22 to get you every single small contract for some kind of
23 logistic support or whatever, but for the five big ones,
24 should it be this hard to get this information?

25 Mr. Johnson. While there are five big contractors, as

1 you pointed out, there are individual statements of work and
2 task orders that execute the individual efforts that we have
3 in different countries at different times. So it is not a
4 matter of going to, you know, one single contractor and
5 gathering all the data for every single task order and every
6 single statement of work.

7 Senator McCaskill. Okay. Well, my time is up, but I
8 have more questions, and I just think, with all due respect,
9 for you to come and give an opening statement that is all
10 about the policy of counternarcotics strategy and even
11 mentions Haiti--which has nothing to do with what we are
12 talking about today. We are talking about contracting and
13 whether or not somebody is minding the store on contracting.
14 And we are going to continue to bore down until we get the
15 answers on contracting, because I have an uneasy feeling
16 that if we get all the information, there is going to be a
17 lot more work that needs to be done on contracting oversight
18 at State. And, Mr. Wechsler, I have questions for you on
19 the next round.

20 Senator Brown?

21 Senator Brown. Thank you, Madam Chair.

22 You know, it is interesting, Madam Chair, when I first
23 heard that I was going to be on this Committee, I said, "Oh,
24 gosh, contracting. That is pretty boring." But with all
25 due respect, it is getting more and more interesting because

1 of the things that we have been learning about the money
2 that is being spent and how it is being spent and why it is
3 being spent and how much money is owed or we owe various
4 contracting entities. So I am actually very excited to be
5 on this Committee.

6 I am wondering, Mr. Johnson, are there any overpayments
7 of contracts that are outstanding with any of the four or
8 five major groups? Do we owe them any monies or do they owe
9 us any monies from any overpayments or anything like that?

10 Mr. Johnson. Well, I know that outside of this region
11 there are overpayments that we have in the provisional
12 payment program that we have in Afghanistan, for example. I
13 am unaware of any overpayments that we have calculated that
14 are currently outstanding. I am certain that there are
15 bills that are pending that we are--

16 Senator Brown. In the ordinary course?

17 Mr. Johnson. Yes.

18 Senator Brown. And how about any breaches of contracts
19 from any of these four or five entities? Are they
20 performing all the terms of their contracts, to the best of
21 your knowledge?

22 Mr. Johnson. To the best of my knowledge, yes.

23 Senator Brown. And are there any outstanding terms
24 that you are aware of, any performance issues that we need
25 to be concerned about with these contracts?

1 Mr. Johnson. There is, you know, constant oversight of
2 these contracts, and there is constant work with the
3 contractors to address issues on a daily basis. So I am
4 sure that there are some things that are being done every
5 day, but--

6 Senator Brown. Nothing major that would warrant us
7 learning more about it?

8 Mr. Johnson. I am sure that some of these would be of
9 interest, but they are at the individual embassy level.

10 Senator Brown. Okay. One of my concerns is I just
11 want to make sure we are spending our money properly, that
12 it is properly accounted for, et cetera. And I know in our
13 April 15th hearing on the Afghan National Police, that
14 contract administered by State which you just referenced a
15 little bit, we inquired into the lack of oversight made
16 possible by the inadequate number of in-country contracting
17 officers representing the ICOR who are responsible for
18 monitoring and inspecting the contractors' performance on
19 the ground. Can you reassure this Subcommittee that the
20 problems in contract administration are not occurring in
21 other regions like Latin America and in the Caribbean?

22 Mr. Johnson. The contracting work that we are doing in
23 Latin America is much more mature, and it operates in a much
24 more benign environment than we have had in Iraq and
25 Afghanistan. So we have been able to build in contracting

1 oversight as we built up these programs. We have a number
2 of our people who are trained that are administering the
3 contracting contract oversight as well as quality assurance
4 managers that are individually assigned to the major
5 countries, for example, six in Colombia, three in Bolivia.
6 We have two contracting officer representatives in Mexico
7 and one contracting officer in order to provide direct
8 oversight there.

9 Senator Brown. And are you able to delineate for the
10 Subcommittee the number of ICORs or personnel on the ground
11 in-country responsible for contract surveillance, for
12 example, in Colombia and in Mexico?

13 Mr. Johnson. Yes. The individual--the numerals that I
14 just cited for you, that is their responsibility.

15 Senator Brown. Okay, great. The administration's
16 fiscal year 2011 budget request includes \$36 billion less
17 for contractors, which, as you noted, is a 5-percent decline
18 for the current year. Based on this reduction, is the
19 Department of State and DOD realigning the strategies or are
20 you going to be able to fit within that framework?

21 Mr. Johnson. In certain of the programs for which I am
22 responsible, for example, Colombia, which has had a large
23 dollar amount dedicated to contracting over time, the
24 appropriation itself is declining as Colombia has engaged in
25 a nationalization program with us. So within that, we are

1 able to reduce.

2 Likewise, in Mexico, the appropriations which have been
3 provided over the last three appropriation cycles have been
4 dedicated in significant measure to large acquisitions for
5 aircraft, data processing equipment, things of that nature;
6 whereas, as we look into the out-years, we are looking more
7 at capacity-building efforts which will not require the same
8 sums of money and in significant measure will be implemented
9 through interagency agreements by our partners who are
10 providing direct training.

11 Senator Brown. Great. And this is obviously for you,
12 Mr. Wechsler, this next question. What is the status of the
13 transition of the U.S. support programs to the Colombian
14 Government? And, in turn, I would like maybe both of you to
15 comment, and then I will turn it over to the next Senator to
16 speak. And what lessons learned have we learned, what
17 lessons learned have we gained through our experience in
18 Colombia and with transitioning a U.S. function to the host
19 country that may be applied to our new situation in
20 Afghanistan?

21 Mr. Wechsler. Thank you very much. It is an
22 exceedingly important question. There are a great number of
23 functions that are being transferred, that have been
24 transferred to the Government of Colombia and are being
25 transferred to the Government of Colombia and still some

1 capacity that the Government of Colombia needs to build in
2 and of itself. But the fascinating thing for me compared to
3 the last time I was in Government at the end of the Clinton
4 administration when Plan Colombia was beginning--this
5 statistic will always stick in my mind--is that two-thirds
6 of the Colombian people at the time thought that the FARC
7 was going to take Bogota. Now the FARC is a shadow of what
8 it was. The effort is not over. But the end result is that
9 Colombia is now an exporter of security and helps us
10 regionally and even outside the region to export security
11 based on the capacities that they have built in part with
12 our assistance and that we have transferred to them.

13 Amongst the lessons that are critical to learn from a
14 policy perspective is that this takes a long period of time.
15 We cannot think in terms of years. We cannot think in terms
16 of certainly news cycles. But we have to think in terms of
17 a decade, quite often, to have this kind of impact for the
18 full range of transition of the services from building them
19 in the beginning to them being an exporter of security,
20 which means we need steady, consistent efforts in these
21 areas.

22 Another thing that I would suggest where we have had
23 the most success is where we have a whole-of-government
24 effort on our side, and Colombia is probably one of our
25 better examples of that whole-of-Government approach to

1 these issues.

2 And then I think that there are also, again, back to
3 the purpose of this Committee especially--and, again, I am
4 more than happy, in fact, very eager to talk about matters
5 of policy, but I know that this Committee is talking about
6 contracting. I do believe that there are lessons to be
7 learned from contracting during this whole effort from this
8 era as we look back. And, again, as we have begun looking
9 back even before this Committee hearing, but especially in
10 conjunction with the task required for this Committee and
11 our work that I look forward to doing and continuing with
12 this Committee, there are lessons to be learned, lessons to
13 be drawn about the requirement for very clear and concise
14 requirements give by the COCOMs and oversight by the
15 services, by the contracting offices, providing the
16 necessary oversight that is required. In some cases, this
17 worked well. In some cases, this did not seem to work as
18 well as it should. And what we want to do is make sure that
19 we have those lessons and we apply them to Afghanistan where
20 we are doing the reviews of these programs as well there,
21 and we find also some things are working very well, some
22 things are not, and we want to make sure that the things
23 that are not working well are working better. And I am
24 happy to talk to you about some of the things that we have
25 done in that area as well.

1 I hope I have answered your question.

2 [Pause.]

3 Senator Brown. Thank you, Madam Chair.

4 Senator McCaskill. Senator Pryor?

5 Senator Pryor. Thank you, Madam Chair.

6 Mr. Johnson, I am going to put you back in the hot seat
7 here for just a minute. Could you just give the
8 Subcommittee here just a very brief, 30-second overview of
9 what we are talking about in the contracting world? What do
10 you contract for? And who do you contract with?

11 Mr. Johnson. We contract significantly for civilian
12 police services, a global contract, which is an indefinite--
13 delivery indefinite, quantity contract.

14 Senator Pryor. Is that a private security firm you are
15 talking about?

16 Mr. Johnson. There are three current qualified bidders
17 under this for task orders under this contract: Civilian
18 Police International, a division of L3; Pacific Architects
19 and Engineers, which was acquired, I believe, about a year
20 ago by Lockheed Martin, was formerly an independent company;
21 and DynCorp International. We have other contracting
22 relationships as well. That is by far the largest dollar
23 amount because, in addition to that, DynCorp is a successful
24 bidder on our global aviation contract.

25 Senator Pryor. Okay. You mentioned before that there

1 are maybe four or five companies that do the bulk of the
2 work. Are these competitive bids?

3 Mr. Johnson. The Civilian Police contract that I
4 mentioned is a competitive bid. That contract has been
5 extended several times, but there is an RFP on the street
6 right now. Bids are due on June the 1st. It is my hope and
7 it has been my ambition since I took this job to broaden the
8 pool of contractors that we could work with. I think that
9 three is too few, if you will, and would like to enhance our
10 ability to compete them against one another.

11 Senator Pryor. You mentioned three companies. What
12 are the other one or two or three that also do the bulk of
13 the work?

14 Mr. Johnson. A small amount of the work but an
15 important amount is done by an Alaska Native company that
16 provides some individual services for us, and Lockheed
17 Martin has provided some services as well.

18 In addition, one of the more successful efforts we have
19 had during the period of time we are talking about is
20 currently using the contracting capability of the Department
21 of the Army and reaching to its eight contractors, I think,
22 that it can work with on our behalf for some acquisition of
23 goods.

24 Senator Pryor. And, Mr. Wechsler, is it true with the
25 contracting you do that you usually work with four or five

1 or six contractors?

2 Mr. Wechsler. Yes. We work with a great number, but
3 there is a group that receives the majority of the
4 resources.

5 Senator Pryor. Is it the same group that the State
6 Department uses?

7 Mr. Wechsler. Well, for instance, in South and Central
8 America, looking back at this period over the last decade,
9 according to the data that we have collected thus far--and I
10 always want to stress that because, as I said in my opening
11 statement, we are continuing to work on this. We have
12 collected an awful lot of the data, but there is more for us
13 to collect. But according to the data that we have
14 collected thus far, the top ones are DynCorp, Lockheed
15 Martin, Northrop Grumman, ITT, and King Aerospace.

16 Senator Pryor. Okay. We have seen problems in Latin
17 America with corruption either in government--in fact, we
18 are, unfortunately, starting to see corruption even in our
19 Government with border security and the Mexican drug cartels
20 corrupting our Government, which is very disturbing. But
21 how do you know that these contractors are not corrupted?

22 Mr. Johnson?

23 Mr. Johnson. The way that we have worked with them in
24 order to guard against that is to have an active
25 conversation with them about their own internal control

1 procedures, and as we discover challenges to that, to bring
2 them to their attention and to seek improvements. All three
3 of the ones that we are working with currently are public
4 companies so that they are required to have the accounting
5 procedures under Sarbanes-Oxley, which is a safeguard that
6 we think is important. And it is a constant effort to work
7 with them on this issue.

8 I think that the use of contractors that are this size
9 gives us some internal controls that are important, but this
10 is not something that you fire and forget, if you will. I
11 work actively and have an ongoing conversation with senior
12 management with these companies whenever any problem is
13 drawn to my attention.

14 Senator Pryor. Let me just say this on behalf of the
15 Subcommittee. I do not want to speak for any individual,
16 but I think there is an institutional concern here, and that
17 is, Senator McCaskill talked about how you have not been
18 forthcoming with a lot of documentation, and apparently the
19 Chairwoman has been determined to try to get as much
20 information from you as possible, and that has not really
21 been forthcoming. And what that does, at least in my mind,
22 is it raises a question about how on top of this you really
23 are.

24 You talk about you have got these procedures in place
25 and, you know, this, that, and the other, but if you cannot

1 provide us with the documentation and the numbers and the
2 details of some of the contracts and some of the requests
3 that the Subcommittee has made, it just raises a question,
4 in my mind at least, about how much you really are
5 overseeing these contracts. So that is just a question and
6 another reason why I hope you will get us the documentation
7 very quickly.

8 I also want to follow up on Senator Brown's question
9 about whether these companies are fulfilling their
10 contracts. Your testimony a few moments ago was that they
11 are fulfilling the terms of the contract, they are not
12 breaching the contracts?

13 Mr. Johnson. I do not have any evidence that they are
14 breaching the terms of the contract, but we work with them
15 constantly to make sure that they are fulfilling the
16 requirements of the individual task orders under these
17 contracts. I think that is where my attention goes.

18 Senator Pryor. I know that one of the things that
19 Senator McCain has spent a lot of his time on since he has
20 been in the Senate is contracting and making sure that the
21 terms of the contracts are fulfilled. And one of the
22 things, I know, in his work on the Armed Services Committee
23 and other places that we have learned is that there are
24 many, many, many examples of Government contracts where the
25 low bidder wins, but then once you get into the contract,

1 they either cannot comply with all the terms or they seek
2 more money or a longer amount of time to do the work that
3 they originally bargained for.

4 Do you find that is occurring in these contracts as
5 well?

6 Mr. Johnson. I know of instances where under
7 individual task orders we have not been, shall we say,
8 completely satisfied that the company has provided the
9 individuals that we needed to perform in a training mission,
10 but that is something that we address with them as
11 aggressively as we possibly can.

12 Senator Pryor. And I know that one of the things--
13 again, not to take Senator McCain's thunder because he has
14 been a leader on this for a long time, but just the overall
15 cost overruns of contracts are a great concern to us, where
16 you may get into some sort of, you know, military
17 procurement of a weapons system or whatever it may be, and
18 you think you are going to spend X, and by the end of the
19 contract, you are really spending maybe double or triple
20 that.

21 Do you see those large cost overruns in these
22 contracts?

23 Mr. Johnson. I think that we face, if you will, a
24 slightly different kind of problem because we do not tend to
25 be buying equipment which is newly--in the new design phase,

1 right at the cutting edge, where there is more of an
2 opportunity and a challenge on that.

3 Where we do have a problem is having allocated funds
4 for a particular service, does it really achieve the
5 objective we are trying to achieve? And that is where I
6 think we can be properly attentive to knowing whether the
7 way the program is designed, the people that have been
8 brought on board are actually doing what we need to have
9 done.

10 Senator Pryor. Thank you, Madam Chair.

11 Senator McCaskill. Thank you, Senator Pryor.

12 Senator McCain, welcome. We are glad to see you here.

13 Senator McCain. Thank you, Madam Chairman, and thank
14 you for holding this hearing and your continued zealous work
15 on behalf of the taxpayers of this country. I am very
16 grateful.

17 Mr. Wechsler, I was struck by a comment that you made
18 in your statement, your written statement, that I think
19 really authenticates the reasoning for this hearing, and you
20 said in your written statement, "In compiling the
21 information requested by the Subcommittee for this hearing,
22 my office found inconsistent records management among the
23 various contracting entities, found that the volume of
24 procurement actions overwhelms staff capacity in some
25 instances, and found that many of the acquisition steps are

1 manual processes that are both time-consuming and error
2 prone."

3 What would have happened if we had not called for this
4 hearing? Would those practices just have continued?

5 Mr. Wechsler. The answer is no, Senator. This
6 hearing, as I said in my opening oral statement, is quite
7 timely and quite helpful because it dovetails completely
8 with efforts that I have made since I came into office over
9 the last year. These things that we have discovered in the
10 course of this review have mirrored things that we have
11 discovered in the course of our own reviews that have been
12 going on, again, since I took office.

13 We have discovered a number of areas in which processes
14 can be improved, a number of times where things have worked
15 exactly the way you want them to work, but there have been
16 far too many times when information that I want I have not
17 been able to receive as rapidly as I need to receive it;
18 when I look into the contracts, I do not get the clarity
19 that I need to see or I do not get the After Action Report
20 that I need to see; and I do not want to be one of these
21 appointees that only looks at things from their moment on,
22 but I want to look at what happened before me so that I can
23 get the lessons that are learned for what we are doing now.

24 I will give just one example, sir, one that I know is
25 very dear to your heart. My first trip abroad when I took

1 this job was to Afghanistan, of course. One of the things
2 that we do there is a significant amount of work with the
3 Drug Enforcement Administration to train up the Afghans,
4 special vetted units of the Afghan counternarcotics police
5 in order to work alongside the U.S. military in the
6 campaigns that we are doing today. And those programs, by
7 the way, do involve a number of U.S. Government personnel,
8 but also do involve some contracting personnel, and those
9 programs are working quite well, by and large. However,
10 when I turn to the contracts and the efforts that were done
11 to train the wider counternarcotics police, these were not
12 nearly as effective.

13 And I would say, Senator Pryor, with your question
14 earlier, when you were asking about do contractors execute
15 what is asked of them, I think that is an excellent
16 question. Of course, there are lot of laws and processes
17 that need to be--that are designed to get that, but that is
18 not the only question about did they check the boxes and do
19 everything. Are they effective at the end of the day? And
20 the efforts to train the counternarcotics police, the wider
21 counternarcotics police, were not nearly as effective.

22 One of the things that I discover when I was there was
23 that CSTC-A did not have an individual development cell
24 designed for the counternarcotics police, which is a
25 different effort, of course, than the wider police.

1 I talked with the leadership there. Now they have a
2 cell. We relooked at the program, including the contracting
3 program, changed some elements of it. I was just out there
4 a few weeks ago, and I was impressed at the path that they
5 are on.

6 So that is the kind of approach that I am taking both
7 in conjunction with the efforts driven by this Committee,
8 but also outside of that, preceding that, and continuing
9 after this.

10 Senator McCain. All right. Well, let me just say in
11 your written statement, Contract Oversight Issues/Way
12 Forward, you talked about a lot of the problems that you
13 have found, but there is very little, frankly, in this as to
14 what actions you have taken to cure the problem. So maybe
15 you could submit for the record the steps that you have
16 taken to cure these problems, because I think you have
17 correctly identified them, but I do not see specific steps
18 that are being taken. Perhaps I missed them. But maybe you
19 could provide them in a pretty succinct fashion for the
20 benefit of the Committee.

21 [The information follows:]

22 / COMMITTEE INSERT

1 Senator McCain. Mr. Wechsler, in your written
2 testimony, you made a very interesting statement that a lot
3 of people do not quite get or are not as well aware of as
4 they should be, and I quote, "Terrorists associated with
5 Islamic Radical Groups...as well as narcoterrorist groups
6 such as the Revolutionary Armed Forces of Colombia (FARC),
7 operate sophisticated networks designed to move not only
8 weapons, drugs, and other materials, but people as well. A
9 wealth of intelligence reporting has linked many IRG members
10 to both drug trafficking and alien smuggling....Such
11 trafficking, in which terrorists with transnational reach
12 commonly engage, is a present and growing danger to the
13 security of the United States, our forces abroad, and our
14 allies."

15 That is a very strong statement, Mr. Wechsler. Do you
16 believe that the IRG or FARC are working with the
17 Mexican drug cartels or foreign governments such as
18 Venezuela?

19 Mr. Wechsler. It is an excellent question. The first
20 thing that I would state is that there is far too much for
21 my level of comfort that we do not know about all these
22 questions.

23 The second thing I would say is that what we--

24 Senator McCain. Mr. Wechsler, I do not have a lot of
25 time. I would like a direct answer. Do you believe that

1 IRG or FARC are working with the Mexican drug cartels or
2 foreign governments such as Venezuela?

3 Mr. Wechsler. Just yesterday, I believe, in Spain,
4 there was a judge that produced information that was quite
5 fascinating about Venezuela's role--

6 Senator McCain. With ETA, yes.

7 Mr. Wechsler. Exactly. The connections between these
8 entities are often quite larger than we appreciate. It is--

9 Senator McCain. Mr. Wechsler, for the third time, I am
10 going to ask you, do you believe--I would like a yes or no
11 and then elaborate, okay?

12 Mr. Wechsler. The answer is no to your entire question
13 because you said Mexico. I do not see the connection
14 between the IRGs and Mexico.

15 Senator McCain. I said Mexican drug cartels or foreign
16 governments.

17 Mr. Wechsler. Or foreign governments, yes. Venezuela,
18 as I just referenced--it was the Mexican one that I do not
19 have the evidence in front of me at present.

20 Senator McCain. And that could mean that Islamic
21 radical groups could be coming across our members--could be
22 coming across our southern border if the drug cartels and
23 human smugglers are working with them?

24 Mr. Wechsler. Again, there is a lot that we do not
25 know about these problems, but you are absolutely right to

1 be asking these questions because there is an awful lot that
2 we do not know about these issues. I have not seen, again,
3 the connections between the Islamic terrorists and the IRGC
4 and the Mexican drug cartels. That is the area that I have
5 not seen evidence for. But it does not mean that it does
6 not exist. It means that we need to investigate it.

7 Senator McCain. And if you say that it is a "present
8 and growing danger to the security of the United States"--I
9 am quoting from your statement--does that influence your
10 opinion as to whether the National Guard should be deployed
11 to secure the border?

12 Mr. Wechsler. What we do on the border--it does
13 influence my opinion. It does influence my opinion about
14 what needs to be done on the border. Whether the National
15 Guard is the right tool to be used is a question that comes
16 from--that is a separate question. But it does indeed
17 influence the decision about how we need to approach our
18 border, indeed.

19 Senator McCain. You know, Mr. Wechsler, I have been
20 around here a long time, and I would like straight answers.
21 In other words, do you believe that we need the Guard on the
22 border or not in light of a present and growing danger?

23 Mr. Wechsler. I personally think that the Guard is not
24 the right tool for a lot of reasons on the border. I think
25 that there are elements of the Guard that play an especially

1 important role in what we do on the border that my office
2 funds. My office funds an awful lot of the deployments of
3 the Guard to the border. Those elements of the border, of
4 what we do on the border, I support wholeheartedly. There
5 are other proposals for what the Guard might do on the
6 border that I think would be not the appropriate use of the
7 Guard on the border. I am happy--

8 Senator McCain. Some elements, if I interpret your
9 answer, some elements of the Guard on the border would be
10 helpful.

11 Mr. Wechsler. We already do that. Yes, sir. I pay
12 for it out of my budget. There are deployments that we go
13 down to do that on a regular basis, and those are quite
14 valuable, indeed.

15 Senator McCain. Thank you. Do you believe that the
16 UAVs have been beneficial and perhaps more use of them would
17 help in our effectiveness?

18 Mr. Wechsler. I think we cannot get enough UAVs around
19 the world, indeed.

20 Senator McCain. Do you think that the Mexican
21 Government in its struggle with the drug cartels--and I
22 realize this one is a tough question--is winning or losing
23 that struggle?

24 Mr. Wechsler. It is a tough question. I believe that
25 it is--and, again, I know you more than others appreciate

1 how challenging that question is. And I do not mean to be
2 evasive on this.

3 Senator McCain. I understand this is a tough one.

4 Mr. Wechsler. But I do want to say that when I look at
5 whether you are winning or losing, the first question that I
6 ask is: Do they have the right policy and approach? The
7 next question is: Do they have the right structure? Do
8 they have the right people? Do they have the right
9 resources? But the first question is: Do they have the
10 right policy and approach? And President Calderon has the
11 right policy and approach. He has brought the fight to the
12 drug-trafficking organizations in a way that we have not
13 seen before in Mexico. And he has brought some tools to
14 this fight in a way that we have never seen before in
15 Mexico.

16 Senator McCain. And we have increased the Plan Merida
17 and all of those things.

18 Mr. Wechsler. Right.

19 Senator McCain. What do you think the outcome has been
20 so far?

21 Mr. Wechsler. So far we have not seen an outcome yet.
22 We have seen some tactical evidence of success from time to
23 time, but it is not the case that they have solved this
24 problem or are even in a place where we see it in the
25 immediate horizon. I compare this much more closely to the

1 earlier stages of Plan Colombia, and I think that--and
2 perhaps this is where you are going with this, and I had
3 mentioned this a little bit in my opening statement. One of
4 the challenges for the United States more generally is that
5 we have very short time horizons for problem sets that have
6 very long time horizons. This is a problem set that has a
7 long time horizon and requires as much longer time horizon
8 that, in fact, I think we have given it previously. And it
9 requires consistent--and only at the end of that long
10 horizon are we going to be able to say that we have won.

11 Senator McCain. I am way over time and I apologize,
12 Madam Chairman, but let me just say if you gauge success or
13 lack of success in number of Mexican citizens killed in this
14 struggle with the drug cartels, you can only certainly reach
15 the conclusion that they are not winning. Would you agree
16 with that?

17 Mr. Wechsler. By that judgment, there is absolutely no
18 question. You are correct, sir.

19 Senator McCain. I thank you.

20 Thank you, Madam Chairman.

21 Senator McCaskill. Thank you, Senator McCain.

22 Mr. Wechsler, in the 10-year period, you say, between
23 1999 and 2009 the Defense Department spent \$5.3 billion in
24 counternarcotics programs, and then, I am quoting, "...it is
25 estimated that 18 percent...was expended towards contractor

1 support." I am concerned that you have to estimate that
2 figure.

3 Mr. Wechsler. Yes.

4 Senator McCaskill. And I am even more concerned that
5 you had to hire a contractor to help you estimate that
6 figure.

7 Mr. Wechsler. Yes, I--

8 Senator McCaskill. So, first, I want to point out that
9 we do not know for sure because you are estimating. That
10 needs to go to the top of the list problem. And walk me
11 through the decisionmaking process. You get a notice from
12 this Committee that we are going to look into contracting in
13 counternarcotics work in this hemisphere, and walk me
14 through the process where somebody says, "Hire a contractor
15 to do it." Is this common? Does the Defense Department
16 hire contractors to prepare them for hearings all the time?

17 I think you understand the line of questioning. The
18 reason this hearing is important is because, as you candidly
19 admitted in your testimony, as Senator McCain pointed out--
20 and I admire you for your candor--in fact, this hearing
21 helped you realize that you have a problem.

22 Now, if in fact, people at the Pentagon are hiring
23 contractors to take care of hearings, how do we ever get
24 through to that maze of a bureaucracy that they have got a
25 management problem? You know, should we pass something in

1 the defense authorization this year that says you cannot
2 hire contractors to help you prepare for oversight hearings?

3 Mr. Wechsler. Thank you. Thank you very much. Let me
4 get to all your questions because your questions are, of
5 course, critically important to us.

6 It is an estimate, first and foremost, and the reason
7 why it is an estimate--and I want to be clear about what we
8 have done for you and what we have not done for you yet--is
9 we have not gotten all of the information. There are some
10 elements--again, we are going back 10 years, 15 acquisition
11 and contracting components, OCONUS, COCOMs, services,
12 defense agencies, National Guard Bureaus, all their
13 contracting offices, we have done over 2,000 independent
14 actions thus far going across, again, three administrations.
15 This is in no way to excuse this situation. This is merely
16 an explanation of the scope and what we are doing.

17 As you know, we went back immediately when we got your
18 letter to seek some clarity about narrowing or focusing or
19 trying to understand how we could best help it. You said
20 you wanted the entire thing. We said, Great, we will do it.
21 We then went through the process and tried to figure out how
22 we could best go forward and provide this information to
23 you. And, frankly, this gets to your next question. And
24 just from a personal perspective, the last time I was in the
25 Department of Defense was in 1995 when I served directly for

1 General Shalikashvili. When I came back into the Department
2 of Defense, there were a lot of things that were different,
3 and a lot of things all for the better. But, frankly, one
4 of the things that struck me immediately was the increased
5 reliance on contractors compared to what I had seen
6 personally from my previous experience, including in my own
7 office as it was presented to me.

8 One thing that was presented to me, just for example,
9 was that the person who was responsible for legislative
10 affairs in my office was a contractor. This I thought was
11 entirely inappropriate. That person is no longer with my
12 office. But it is important to understand where we have
13 been and where we are going.

14 When I arrived over a year ago--and I want to get
15 immediately to your question, but this is--

16 Senator McCaskill. Do it quickly.

17 Mr. Wechsler. We recognized the need for a more
18 permanent workforce. What had happened under previous
19 leadership, under the last administration, and, frankly,
20 under the first half to 6 years of the last administration,
21 whenever a vacancy had occurred in my office that does
22 oversight over contracts and budgets, the billet was almost
23 always taken and reallocated to other organizations. It was
24 backfilled by detailees and some contractors. This is not
25 an appropriate way to be overseeing these kinds of efforts,

1 and my office has shrunk as a result.

2 As I said before, we are conducting an oversight
3 review. I have already gotten approval from Under Secretary
4 Flournoy, who shares completely my concerns about this area,
5 about a new process to, as rapidly as possible, build out my
6 office, focusing it first and foremost on my budget program
7 and evaluation area, where the evaluation side of this, as I
8 look back in history, was not done nearly as effectively as
9 I would like, and to build out that staff.

10 Quite frankly, we are not there yet. I saw when
11 Secretary Gates publicly complained that it took so many
12 four-star reviews before he could send, you know, a small
13 team out to somebody. I am on the other side of that, and
14 it takes an awful lot through the Pentagon bureaucracy for
15 me to build out the staff that I need.

16 But we are pushing as rapidly as possible in doing that
17 and to build up the staff, and I have a new legislative
18 affairs person, and we are working quickly to convert people
19 from contractors to permanent Government staff in that
20 regard.

21 But when we started this in February, we simply did not
22 have the staff.

23 Senator McCaskill. Okay.

24 Mr. Wechsler. And so that is why we went the direction
25 that we did.

1 Senator McCaskill. Answer this question, if you can.
2 You know, believe me, we now know you have been there--you
3 were there in 19--you have got to try to not talk quite so
4 long because I have got a lot of questions. You are going
5 to be here a long time if you keep talking so long.

6 Mr. Wechsler. Sure, okay.

7 Senator McCaskill. It is just going to prolong the
8 pain, because I am not going anywhere until I get all these
9 questions answered.

10 Mr. Wechsler. Senator, I am here as long as you want
11 me to be.

12 Senator McCaskill. We do not need to hear again that
13 you were there in 1995 and you are back and things have
14 changed. You can just try to hone in. Let me hone in on
15 the question here.

16 Is it common--and I have a feeling you are the kind of
17 guy that knows this, and I am asking you for your
18 impression. Is it common for people in the Pentagon to hire
19 contractors to help them prepare for oversight hearings? Is
20 that common?

21 Mr. Wechsler. I have never hired a contractor to
22 prepare for oversight hearings before.

23 Senator McCaskill. Are you aware of others that are
24 hiring contractors to--

25 Mr. Wechsler. I am not aware myself of anybody doing

1 it, but probably legislative affairs would be helpful for
2 you.

3 Senator McCaskill. Thank you. I am going to try to do
4 one more question before I turn it over to Senator Brown.

5 Let me ask you about the ANC. As you may or may not
6 know, I am focused on ANCs and the ridiculous stature they
7 have in contracting in the Federal Government, the notion
8 they can be as big as they want, they do not have to
9 compete, and they can front is offensive to me. I know that
10 an ANC received over \$16 million in contracts from the State
11 Department 2005 to 2008. Olgoonik, an ANC. Let me ask you
12 first--and I think I know the answer to it. I am willing to
13 bet these contracts were not competed.

14 Mr. Johnson. That is correct.

15 Senator McCaskill. Okay. And why would it be
16 necessary to not compete these contracts? Were they not
17 competed because you do not have to because they are ANCs or
18 because there was a legitimate reason for them not to be
19 competed?

20 Mr. Johnson. We were looking rapidly for the service
21 to be provided, and we consulted with our acquisitions
22 personnel, and they advised us that this would be an
23 appropriate way to pursue rapidly to acquire these services.

24 Senator McCaskill. And this is the ironic part about
25 this. Last month, the State Department officials told the

1 Subcommittee staff that the Department paid Olgoonik, the
2 Alaska Native corporation, to provide local Colombian
3 employees to various Colombian ministries. So we are hiring
4 an Alaska Native corporation to go to Colombia to identify
5 Colombian employees for the Colombian Government to hire,
6 and for that reason we do not need to compete a contract?

7 Mr. Johnson. We were looking for something that we
8 could rapidly deploy, and this was--

9 Senator McCaskill. What would happen if ANCs did not
10 have this vaulted status of not ever having to compete for a
11 contract?

12 Mr. Johnson. I--

13 Senator McCaskill. Could you have legitimized this as
14 a sole-source were it not for the fact that an ANC got the
15 contract?

16 Mr. Johnson. I do not know.

17 Senator McCaskill. I would like to know the answer to
18 that question.

19 Mr. Johnson. I will give you an answer to that. I do
20 not want to speculate.

21 Senator McCaskill. Because I am determined to ferret
22 out every opportunity I can to point out that ANCs are
23 getting non-compete contracts across the Federal Government
24 for no good reason, and the vast majority of those or the
25 vast majority of people doing the work have nothing to do

1 with the Alaska Native corporation. And so I would
2 appreciate a follow on that.

3 [The information follows:]

4 / COMMITTEE INSERT

1 Senator McCaskill. Senator Brown.

2 Senator Brown. Thank you, Madam Chair.

3 When you say rapidly deploy, what is the time frame we
4 are talking about?

5 Mr. Johnson. Senator, I would need to get you that
6 data, but in order to carry out a full, fair, and open
7 competition, it is a multi-month process, and we were
8 looking to, I am told, address an issue where we were unable
9 appropriately and rapidly to bring these services on board
10 locally, and this was a vehicle through which we could do
11 it.

12 Senator Brown. Right, right, because I am sharing the
13 Chairman's concern, the failure to compete, and everything
14 is always in a rush around here. We have got to rush, rush,
15 rush. Everyone is an emergency. And then you say, well,
16 you had to rapidly deploy in order to deal with the concern.
17 Well, what is rapidly deploy? Is it a month? Is it 6
18 months? Is it a year? So I would like to have an idea of
19 what typical scenarios would be about rapid deployment,
20 because it seems that if it is a rapid deployment situation,
21 then we need to go this way versus, you know, another way.
22 So if you could zero in on that and get back to us.

23 Mr. Johnson. I shall.

24 [The information follows:]

25 / COMMITTEE INSERT

1 Senator Brown. And this is for both of you. Beginning
2 in 2000, Congress placed ceilings, as you know, on military
3 and U.S. citizen contractors who can be in Colombia in
4 support of Plan Colombia. I was wondering, does this cap on
5 those contractors in Colombia hinder the performance to
6 achieve your mission objectives, or did it hinder your
7 performance objectives? Flip a coin.

8 Mr. Johnson. Since I have already pressed the button,
9 I will take the coin and be brief.

10 It is possible. I do not know whether that had an
11 impact in the early period of time, but I know now we are
12 working quickly to nationalize those programs, particularly
13 with the Colombian military, and not with the objective of
14 staying under that ceiling. It has had the collateral
15 benefit of that, but in order to take account of the fact
16 that Colombia has made extraordinary strides and that the
17 continuing level of support that we have provided in the
18 early part of Plan Colombia for the Colombian military is
19 not really needed or appropriate now, and we need to turn
20 those items and those responsibilities over to the
21 Colombians.

22 Mr. Wechsler. Yes, I am going to have to defer. I am
23 happy to look into the tactical questions about in 2001 and
24 2002, whether there was an impact on a tactical basis. I
25 can say from my own personal perspective, from a strategic

1 level, the limits that the Congress put in working with then
2 Under Secretary Tom Pickering collaboratively on our efforts
3 in Colombia I personally think worked out for the better and
4 helped focus the strategic thinking at the initial stages of
5 Plan Colombia. That was the part that I am personally
6 familiar with. I thought it was a positive effort.

7 Senator Brown. Do you think the caps will have any
8 effect on the ability to accomplish the objectives in
9 Afghanistan? Either one.

10 Mr. Johnson. It has not affected the work that I am
11 responsible for doing at this point.

12 Senator Brown. Okay.

13 Mr. Johnson. I think anything into the future is
14 really speculative as the situation there evolves.

15 Senator Brown. Yes. As you know, I just got back, and
16 I wanted to see if putting a ceiling would have an effect on
17 that mission.

18 Let me just shift gears for a minute. As the
19 Chairwoman mentioned in her opening statement, I was
20 wondering, there is a fundamental question that must be
21 asked by our program managers prior to any decision to
22 initiate a procurement action, is identifying the objectives
23 of the acquisition and the program in determining how to
24 successfully measure the progress towards that objective. I
25 am wondering, what are some key patent reform measures that

1 we in Congress can track towards determining if
2 counternarcotic strategies are being successful? That would
3 be for both of you.

4 Mr. Johnson. For my part, I think it is important to
5 look at the objectives beyond the contract itself. For
6 example, in Colombia, for reasons which I am sure made a
7 great deal of sense at the time, the original objective was
8 focused on the amount of coca under production and cocaine
9 exiting Colombia. Strides have been made in that area, but
10 the original objective which was set, which was cutting it
11 by 50 percent by a year certain, was not met.

12 On the other hand, if you look at the strategic
13 objective that we had of changing Colombia from a state
14 under threat to one which is an exporter of security, we
15 have done extremely well there. And I think that by any
16 measure the efforts that have been made through these
17 contracting mechanisms have made a fundamental contribution
18 to that, particularly by providing the ability of the
19 Colombian state to reach into areas which it was previously
20 not able to and were ungoverned.

21 Senator Brown. Do you have a comment on that at all?

22 Mr. Wechsler. Yes, this is a topic very near to my
23 heart. As Ambassador Johnson said, there are strategic-
24 level approaches to this, but on each and every contract and
25 each and every program, we need to have specific program

1 metrics that do not just measure inputs but measure outputs.
2 In some cases these exist, but in many cases these do not.

3 We have just recently issued standard operating
4 procedures for our new CN performance metric system to our
5 COCOMs, and we are working with each and every COCOM to
6 develop individual metrics, some of which will be global in
7 nature because of their nature, but many of which will be
8 specifically designed for a given program or even for a
9 given country.

10 Just last week, I had my POM reviews for the fiscal
11 year 2012 budget process where I worked with every one of
12 the combat-and-commands, and we had a special session
13 exactly on these metrics and how we were going to develop
14 them for each program going forward. So this is a critical
15 question that you raise.

16 Senator Brown. Thanks. Did you really spend \$50,000
17 to get ready for this hearing?

18 Mr. Wechsler. I want to be clear about this. It is
19 not to get ready for this hearing. It is to get the
20 information that you asked for.

21 Senator Brown. To get ready for the hearing.

22 Mr. Wechsler. Yes. I mean, my staff can brief me for
23 the hearing, but to pull over 10 years of data from 15
24 different Department of Defense agencies across three
25 administrations with thousands and thousands of different

1 contracts, given the state of the offices I described, we
2 absolutely--I did not have two extra people that could work
3 on this. I had to bring in two extra people. I cannot hire
4 them immediately, so all I could do is hire them in as
5 contractors.

6 Senator Brown. So basically 25 grand for a month, so
7 somebody made 25 grand for the month to do this?

8 Mr. Wechsler. Two and a half people did.

9 Senator Brown. Two and a half people.

10 You know, if I may just ask one more question?

11 Senator McCaskill. Sure.

12 Senator Brown. Thanks. Contracting and budgeting as
13 it comes to eradication--in Colombia, there was a lot of
14 work, time, and money spent to help eradicate drugs, cocaine
15 and everything in Colombia. Is there a plan, a contracting
16 or budgeting plan, Mr. Johnson, regarding the eradication of
17 poppies in Afghanistan? Because I can tell you, I was
18 there, and from here to the Russell Building outside the FOB
19 there were poppy fields in full bloom. Is there a
20 contracting or budgeting plan for that that you are aware
21 of?

22 Mr. Johnson. The critical distinction is that the
23 Colombians welcomed and asked for and facilitated our work
24 to provide an eradication effort, and they thought and
25 continue to think it plays a significant role in their

1 ability to extend the governance over their country.

2 For historical reasons, we do not have any support in
3 Afghanistan for the use of herbicides delivered in any way,
4 shape, or form, and so we are working toward dealing with
5 this problem through other means, principally through
6 providing alternative livelihoods for individuals who might
7 be there, as well as having a massive interdiction program.
8 The Drug Enforcement Administration has its largest
9 contingent of people anywhere abroad now in Afghanistan.

10 Senator Brown. Thank you.

11 Thank you, Madam Chair.

12 Senator McCaskill. Thank you, Senator Brown.

13 Let me follow up a little bit on the metrics, and let
14 me follow up with some of the things that you just said, Mr.
15 Johnson, about Colombia. You indicated that the original
16 performance metric of decreasing production by 50 percent at
17 a time certain was not accomplished. In fact, I think that
18 in October of 2008, GAO found that from 2000 to 2006,
19 Colombia cultivation of coca actually increased during that
20 period of time, and that cocaine production also increased.
21 And I understand that. I guess my question is: What you
22 basically said is the rule of law and the strengthening of
23 the Colombia Government as it relates to rule of law has
24 been a success, cocaine production and amount of cocaine
25 production not so much?

1 Mr. Johnson. I think the amount of cocaine and the
2 amount of cocaine production and the area under cultivation
3 and the yields have, in fact, declined, and the decline has
4 been significant. But it has not by any means been what was
5 originally projected or sought as a goal.

6 It has played, according to our evaluation and
7 according to the Colombians, a significant role in allowing
8 them to extend the rule of law and to deprive the FARC of a
9 means of livelihood and sustenance.

10 Senator McCaskill. Okay. I guess my question is, you
11 know, as you look at that, have there been ongoing attempts
12 over the last decade since the strengthening of the rule of
13 law has worked well, maybe not as well as the original plans
14 to diminish the amount of production, were resources shifted
15 from eradication and trafficking work to rule of law?

16 Mr. Johnson. I would broaden it beyond "rule of law,"
17 and I think it has to do with really the extension of the
18 ability of the Colombian state to govern, to provide
19 governing services, not just--

20 Senator McCaskill. Governance and rule of law.

21 Mr. Johnson. Including rule of law, but I think if you
22 focus exclusively on that, you miss a big part of the issue.
23 But I--

24 Senator McCaskill. Well, I guess I am confused. You
25 think the counternarcotics budget and the amount of money

1 spent on contractors for counternarcotics in Colombia is
2 what strengthened governance and the underlying rule of law?

3 Mr. Johnson. I think it provided--it played a major
4 role in providing the space for the other programs to work.
5 I do.

6 Senator McCaskill. Okay. And that has worked?

7 Mr. Johnson. We believe that it has substantially
8 worked.

9 Senator McCaskill. So are we going to be dramatically
10 cutting back the amount of money we spend on eradication and
11 production problems down there in the coming years?

12 Mr. Johnson. We have been significantly stepping down
13 over time. I think that we will be devoting more and more
14 of our effort to supporting the Colombians in manual
15 eradication programs. But I think if you look at the
16 geography of Colombia and the transportation routes and the
17 ability of the government under any conceivable scenario to
18 extend its reach over the entire country, there is going to
19 be a continuing role for aerial eradication well into the
20 future.

21 Senator McCaskill. In 2003, as you know, Congress
22 passed a law saying that we should transfer counternarcotics
23 contracts in Colombia away from contractors and to Colombia
24 nationals. According to the reports to Congress that our
25 staff has reviewed, the Department has not fully transferred

1 any of those activities in Colombia. Is that accurate?

2 Mr. Johnson. I think I would like to have an
3 opportunity to go over our documentation with your staff
4 because I think that there are some places where we have, if
5 you will, fully turned over things. But this is an ongoing
6 effort, and it is not one that we slacked away from. We
7 anticipate that, in terms of the support of the funds under
8 my administration, we would be looking to conclude our
9 support significantly and eventually entirely for the
10 Colombian military. But we look to the Colombian police as
11 a long-term partner that we would work with well into the
12 future. And our colleagues at the Department of Defense, of
13 course, would continue with their engagement and through the
14 foreign military financing and sales program to continue an
15 engagement with the Colombian military as well.

16 Senator McCaskill. In 2004, Congress limited the
17 number of contractors in Colombia. Has that limitation been
18 helpful or has it been a harmful policy? And is that a way
19 to get at this as somebody who continues to be frustrated,
20 or what Mr. Wechsler talked about, that is that we have just
21 exploded contracting without appropriate oversight or
22 personnel to keep track of it in this Government over the
23 last decade? Should we start setting a number on how many
24 contractors are allowed in-country?

25 Mr. Johnson. Well, in the case of Colombia, as I

1 mentioned earlier, we have cut that figure in half, from
2 1,200 to slightly under 600.

3 Senator McCaskill. But the law required you to do
4 that. The law says that you had to limit the number of
5 contractors allowed in Colombia to 600. I do not think
6 that--I mean, I assuming you did it because the law told you
7 you had to?

8 Mr. Johnson. Well, we would have done it, whether we
9 thought it was a great idea, because the law told us that we
10 had to. But we have been engaged in that period of time in
11 a program that we refer to a nationalization, which is turn
12 these responsibilities and these programs over to the
13 Colombians during the course of that period of time.

14 Senator McCaskill. Do you think it would be helpful
15 for us to do a number limitation on contractors in other
16 environments around the world?

17 Mr. Johnson. Speaking for myself, I think maintaining
18 some flexibility in that area makes more sense than a
19 rigidity. But I know that that will require an active
20 interaction with you and your staff to make sure that we are
21 following the ideas that you think are appropriate in terms
22 of shrinking the contractor footprint worldwide.

23 We are looking at ways to do that. I read newspapers.
24 I know that this has changed. We are looking at ways to
25 engage more fully with our State and local authorities for

1 the provision of police training, for example, where there
2 might not be a Federal solution, and by so doing, we would
3 be cutting into some things that we have traditionally done
4 through only a contractor solution.

5 On the other hand, as I look at that as a model, I am
6 still thinking that I am going to certainly need significant
7 contractor support for life support for these individuals in
8 environments which might be quite challenging.

9 Senator McCaskill. It is not so much that I--don't
10 misunderstand the view that I hold about contracting. It is
11 not the number of contractors that bothers me. My urgency
12 about reducing contracting is because it has become very
13 clear to me that we do not have adequate contracting
14 oversight in Government, and this is an equal opportunity
15 sin. We spend a significant amount of time on Defense and
16 State because you are two of the big ones. But I think
17 Energy is next up, isn't it? The Department of Energy, we
18 will be looking to see if they hire contractors to help them
19 get ready for the hearing we are going to have about
20 contractors at the Department of Energy. Homeland Security,
21 same thing.

22 So, you know, either we are going to get the right
23 contracting oversight in place, or we are going to have to
24 reduce the contracting, one or the other, because the
25 current situation I think is untenable.

1 Let us go back to the metrics for a minute. ONDCP, is
2 it important? Are the metrics--do you all feel like that
3 there is a coordinated effort with ONDCP at the top? Or do
4 you all feel that it is still a siloed effort?

5 Mr. Johnson. I have an active engagement with Mr.
6 Kerlikowske, and I look to him to provide the type of
7 guidance that I will then implement in the international
8 programs for which I am responsible. The clear shift with a
9 real focus on demand reduction, prevention, and treatment,
10 as he addresses it, is something that we have begun a shift
11 to. We are looking very strongly at that in all of our
12 programs. You will see it in Afghanistan and Mexico and so
13 forth. That is one signal.

14 We also look at the price/purity statistics that he
15 uses as a measure to gauge in some measure whether the
16 programs that we have, which are aimed at eradication and
17 interdiction, are having an effect on the streets in the
18 United States.

19 Senator McCaskill. And I certainly think those are
20 both great additions to your repertoire, that price/purity
21 is very important, as you all know, probably know more so
22 than--I used to know a lot more about that when I was
23 actively prosecuting, but the purity of heroin in this
24 country has just skyrocketed and it has gotten inexpensive
25 because of it. You know, we are seeing more problems in

1 local communities from OxyContin than heroin only because
2 OxyContin has gotten more expensive than heroin in some
3 places.

4 So getting back to ONDCP, they require agencies to
5 submit performance reports on counternarcotics activities.
6 In 2009, the Defense Department presented 285 performance
7 measures for your counternarcotics activities. However, in
8 a recently released preliminary report from GAO, it states
9 that your performance measures were missing key attributes
10 of successful measures in the database and were otherwise
11 inadequate.

12 Can you give me an example, Mr. Wechsler, of the
13 unclassified performance measures used by the Defense
14 Department? What would be an example of a performance
15 measure that you all would be looking to to see if you are
16 doing a good job or a bad job?

17 Mr. Wechsler. Sure. It depends on the program, but,
18 for instance, one example is on the JIATF-South's efforts to
19 do the aerial and maritime domain awareness and to attack
20 the air bridge system. It is the proportion overall of the
21 tracks that are going in that we believe that are drug-
22 related that were interdicted, and that is a top-line metric
23 that then will have very many submetrics underneath it. But
24 that is a very good metric to be looking at for that line of
25 activity. There are other lines of activity that talk about

1 building partner capacity for which there are different
2 metrics about how capable the individual foreign force that
3 we are trying to train is and, you know, very much akin to
4 the way that we train military.

5 Senator McCaskill. I know that you have hired a
6 contractor to help you with revising your guidelines for
7 performance measures. Who is the contractor that was hired
8 for this project?

9 Mr. Wechsler. It is Hagerty.

10 Senator McCaskill. Hagerty. The same contractor that
11 is helping you with this hearing?

12 Mr. Wechsler. That is right.

13 Senator McCaskill. But there is somebody between them
14 and you, isn't there? Isn't there somebody that you hired,
15 then they sub-hired Hagerty? Isn't it Lockheed?

16 Mr. Wechsler. Oh, yes, well, there is--and I am happy
17 to get into this. We do a lot of our contracting through an
18 office called the Narcoterrorism Technology Program Office,
19 and they have five primes, and the primes do subprimes. And
20 that is where not all but a good deal of the contracts go
21 through, particularly when you want to do something quickly.
22 I decided that I could not wait for the personnel system of
23 the Department of Defense to give me the personnel that I
24 needed to work on performance metrics, and we needed to
25 start more rapidly.

1 Senator McCaskill. And this is a constant them we
2 hear.

3 Mr. Wechsler. Absolutely.

4 Senator McCaskill. But why do we need somebody to take
5 a cut? I mean, why is Lockheed getting a cut of this
6 contract that the Hagerty people did, getting data, trying
7 to get data--I do not think we have successfully gotten the
8 data yet for this hearing--and on the performance measures?
9 Are they taking a cut, is Lockheed taking a cut on that,
10 too?

11 Mr. Wechsler. Undoubtedly as a prime they would have a
12 management responsibility, and we can get back to you on
13 exactly what that is. The process is set up to provide
14 rapid action when we need rapid action, and so you have the
15 five primes that compete for their position as that. The
16 alternative is to put something out for independent
17 contractors. Of course, it would then take the same amount
18 of time that it would take--or probably sometimes more than
19 it would take for me to hire someone into my office. So
20 that is why we are where we are.

21 It is this office--and we will certainly--I should have
22 mentioned earlier--get back to what Senator McCain said
23 about all the things that we have done in our office, we
24 will get you all that in writing. But a lot of the things
25 that we have done in our office have been most directly

1 about this office, the CNTPO, which we most have direct
2 oversight and working with, to improve their ability to
3 contract and to oversee contracts, and there has been a
4 great number of steps that we have taken in the last year
5 towards that end, and they are not finished.

6 Senator McCaskill. It is just a weird system that has
7 evolved, that you have got these big companies that
8 essentially are providing inherently Government functions by
9 subbing out quickly to other people. It is almost like we
10 created a process to make sure that we are hiring in a way
11 that is fair and open-minded or that we are contracting in a
12 way that is fair and open-minded, and then we have this huge
13 short circuit that all you have got to do is get primes and
14 do tasks. And if you get primes and do tasks, then they get
15 a middleman cut. Can you imagine the amount of money we are
16 spending on the middleman cut in this Government? I mean,
17 in the Pentagon alone, it is billions of dollars. It is so
18 frustrating to me. And this would never occur in the
19 private sector. This would never occur in the private
20 sector. This is where so much money is being wasted, and it
21 is all just to get around the process.

22 You know, it is like you said, Mr. Johnson. The ANCs
23 are great because you can get around the cumbersome process
24 that takes so long. And I am aware of this. I do not mean
25 to be yelling at you guys about it, because it is a reality.

1 You want the work done and you need it done quickly. So we
2 have got to figure out how we do a better job on the
3 complexity of hiring and the time of contracting because it
4 is costing us much more money than the problem we tried to
5 solve by making it so complex. And, you know, we can do it
6 because we print money.

7 Mr. Wechsler. If I could say, Senator, I completely
8 agree with your assessment. I just spent the last 8 years
9 in the private sector, and, of course, there, if I wanted
10 to--and we did contract in the company that I worked with
11 quite often. And if we wanted to contract, I just
12 contracted something.

13 Now, you do not want that system, of course, in
14 Government because you do not want an individual without any
15 oversight making those kinds of decisions with taxpayer
16 dollars. So there is this balancing effort that has
17 resulted in the system that you are accurately describing,
18 and I very much look forward to working with you, at least
19 in the one area that I have a say on, and help figuring out
20 how to make sure that if we are out of balance, that we can
21 balance it, that we can rebalance it.

22 Senator McCaskill. In the President's national drug
23 control budget for fiscal year 2007, there is a discussion
24 of an improvement underway to establish a comprehensive
25 Performance Reporting System--I do not think we have used

1 enough acronyms in this hearing; it is hard to get through
2 these hearings without a lot of acronyms--a PRS that will
3 track resource allocation, program effectiveness, and
4 provide prompt feedback on the agency's progress within the
5 National Drug Control Strategy.

6 Now, if you juxtaposition that up with the reality that
7 one of the things we learned in the GAO report is that
8 SOUTHCOM and CENTCOM and JIATFs, all components that have
9 operational control over counternarcotics, they say that
10 their personnel does not use the main counternarcotics
11 database. Well, you know, this is a problem. You have got
12 the three different parts of the defense that are supposed
13 to be reporting into a database so we can manage these
14 contracts, and they do not use it.

15 How can you do performance measures--I do not care how
16 many contractors you hire. How can you do performance
17 measures if you cannot get the commands to even use the
18 database you have? And on top of that, guess what? We are
19 about to create a new database.

20 Mr. Wechsler. You are exactly right. This was, again,
21 the topic--this specifically was the topic of the
22 conversation that we had just last week in the context of
23 our annual POM reviews.

24 In my experience, putting on my management consultant
25 hat, quite often the drivers of situations like this when I

1 have seen it in the past is that the performance--there is a
2 variety of them, but the performance metrics themselves are
3 not useful to manage the programs, and that people will use
4 the database when they themselves find that--first and
5 foremost, when they are told to do it, but also when they
6 themselves find that it is useful for running their own
7 programs that they are responsible for. They see this as an
8 additional task that is separate and devoid from their own
9 responsibilities to manage the program. Then they are going
10 to be lax at using it. And you mentioned before the
11 weaknesses in the previously existing performance metrics
12 system. And so I see these two failings as being
13 intricately links. You get the right performance metrics
14 that measure the right things that help you run the programs
15 in the right way, and then you get the right database to
16 track those particular efforts. Then the people who are
17 running those programs will not only do it because they are
18 told to do it, but will want to use this metric. And then
19 we at a headquarters level can use the individual data and
20 the aggregated data to do the kind of oversight at a
21 programmatic level, you know, at a policy and programmatic
22 level that we need to do in order to provide the oversight
23 that we are required by Congress.

24 Senator McCaskill. I mean, don't you think it is kind
25 of problematic that we would start--you know, is a

1 contractor developing PRS, I assume? Do you know?

2 Mr. Johnson. I do not know. I would have to consult
3 with Mr. Kerlikowske.

4 Senator McCaskill. Well, we will follow up with them.
5 I bet you it is a contractor. What do you bet? I bet it
6 is. And we will check with them about the PRS system, but,
7 you know, we have had a hearing on databases, and if there
8 is one thing that we have got more of in Government than
9 contractors, it is databases. And it is databases that are
10 not being utilized fully. They are not being utilized
11 effectively. They are costing us a lot of money. They are
12 not talking to one another. And at the end of the day, it
13 is going to be like that general in Kuwait told me a long
14 time ago when I was asking him about the complete and abject
15 failure of contracting oversight in Iraq. He said, "I
16 wanted three kinds of ice cream. I wanted it in the mess.
17 I wanted it yesterday, and I did not care how much it cost."

18 That is out there, and it is particularly out there in
19 your neck of the woods, Mr. Wechsler.

20 We are buying airplanes--which one said we were buying
21 airplanes? You were buying airplanes, Mr. Johnson.

22 Mr. Johnson. We are in Merida, yes, and we are also
23 acquiring some for both Afghanistan and for Iraq.

24 Senator McCaskill. Are we contracting with people to
25 buy airplanes and they are going to fly them? Or are we

1 actually buying them and hiring contractors to fly them?

2 You know, why are we--it was my understanding we were
3 contracting aviation, including the capital requirements of
4 aviation. And now you tell me we are buying airplanes. Can
5 you explain?

6 Mr. Johnson. We are acquiring the air frames, and we
7 are contracting for the flying and for maintaining them.

8 Senator McCaskill. And have we always bought the air
9 frames at State, or have we contracted for someone else to
10 buy the air frames and fly them?

11 Mr. Johnson. We have in limited circumstances done
12 leasing of aircraft. I personally, in the areas where we
13 are operating, do not really prefer that because of the
14 safety issues that it raises. If we can acquire the
15 aircraft and have a contract over which we have very direct
16 oversight provide the maintenance and provide the piloting
17 for us, I am much more confident of the safety of those
18 aircraft and the safety of the passengers on board them.

19 Senator McCaskill. Are all the aircraft that we--what
20 percentage of the aircraft that you have in the air doing
21 counternarcotics work are being piloted by contractors?

22 Mr. Wechsler. I am going to have to get you that exact
23 number, of course, or as close as we can get to that exact
24 number. I am just thinking through off the top of my head
25 the programs that I know of. I know of some that are like

1 that, but, frankly, some of the more prominent ones and the
2 ones that we work on like the effort to provide MI-17
3 helicopters to the Afghan counternarcotics police, those are
4 ones where we buy the helicopters. We have U.S. personnel
5 that are there. We are training up Afghans. There is some
6 contractor assistance to help in the training and to help
7 with the maintenance.

8 Senator McCaskill. Right.

9 Mr. Wechsler. But all that is designed to provide
10 Afghan capability. It is not a permanent thing. It is
11 designed as a training function.

12 Senator McCaskill. I understand. Once we get all this
13 data--and let me turn to--

14 Mr. Johnson. Senator, could I correct something I said
15 before?

16 Senator McCaskill. Yes.

17 Mr. Johnson. I think I was focusing on these new
18 acquisitions that we had in Afghanistan and Iraq where the
19 contracting for the pilots and the maintenance is going to
20 take place. Just as Mr. Wechsler was mentioning about
21 transfer of skill in Afghanistan, we have worked very hard,
22 particularly in the case of Colombia, to transfer those
23 training and skills. So all of the helicopters that are
24 operating there, for example, are piloted by Colombian
25 personnel, and much of the maintenance is also provided by

1 them with limited oversight by a contractor that we provide.

2 On the other hand, in Iraq and Afghanistan, the
3 aircraft that we are operating there are for the most part I
4 think exclusively to provide lift for our own personnel, and
5 in that case, we are not engaged in trying to build capacity
6 yet for the Afghans for that type of work.

7 Senator McCaskill. Well, let me focus back on
8 counternarcotics, because I believe you referred to buying
9 airplanes for Merida, right?

10 Mr. Johnson. Yes, ma'am, that is correct.

11 Senator McCaskill. Not Afghanistan and Iraq. The
12 airplanes you bought were for counternarcotics efforts
13 associated with mx.

14 Mr. Johnson. Yes ma'am. We are in the process of
15 buying helicopters as well as one fixed-wing aircraft.

16 Senator McCaskill. Okay. Once we get all this data--
17 do you all talk to each other about what kind of airplanes
18 you are buying?

19 Mr. Johnson. Absolutely.

20 Senator McCaskill. Okay. So is there not a way that
21 we could buy airplanes on existing contracts? I am sure the
22 Defense Department has a much better deal on these aircraft
23 than you are ever going to get at State.

24 Mr. Johnson. We are buying them through the Army
25 Command, and we are using their contract.

1 Senator McCaskill. All right. So it is going through
2 Army Command.

3 Mr. Johnson. Absolutely.

4 Senator McCaskill. Okay. Well, good. See? We got
5 some great news out of this hearing.

6 Okay. So we still have a problem on this data. I am
7 going to try to go as many hearings as I can possibly go
8 without subpoenas. But we still have a problem on the data.

9 Now, we made a broad request, and we have a little bit
10 of a chicken-and-egg thing going on because we have learned
11 the hard way that if you make a broad request, you may get
12 enough information you can really use. But we are more than
13 happy to make a less broad request if we are actually going
14 to get what we ask for.

15 So what I would suggest we do is to have your staffs
16 get with the staff of the Subcommittee. Now, we are not
17 going to let you decide what data you can give us, but you
18 know what we want to do. We want to get a handle on whether
19 or not you know and can produce information about the
20 contracts you have, how they were issued, the scope of the
21 work they are doing, the performance measures that are
22 there, and if somebody is looking over the shoulder of these
23 contractors and seeing if we are getting a bang for our
24 buck, if we are getting value. That is the data we need.
25 And we need it not to take 3 months, and we need not to have

1 a situation where you give us information and it is stuff we
2 could have gotten easily ourselves and we have done enough
3 work to know that what you gave us was not even complete,
4 and you did not even admit it was complete until after we
5 confronted you with it. And then you come to the hearing
6 today, and you clearly have a lot more numbers than we have
7 ever heard before, which makes it hard for us to prepare for
8 the hearing to ask the kind of questions that I would like
9 to ask. If I had had all those numbers that you had
10 indicated at the beginning of the hearing, Mr. Johnson, if I
11 had had that information, I could have done a much better
12 job drilling down on contract oversight today than I was
13 able to do because of the lack of data.

14 So I suggest we try this one more time. I suggest we
15 get your staffs with our staff, and you give us input as to
16 how quickly you can get us the kind of data that both of you
17 are smart enough to know that we need to do adequate
18 contract oversight, and let us go from there. And we are
19 going to try one more time, and if we are still frustrated
20 at the end of this process, then we will issue subpoenas.
21 Does that seem fair?

22 Mr. Wechsler. Absolutely, Senator.

23 Senator McCaskill. Mr. Johnson?

24 Mr. Johnson. We are ready to proceed on that basis.

25 Senator McCaskill. Okay. We will try again. And, you

1 know, we are not going to go away, even though we have got
2 to move on to the Department of Energy and arm wrestle them
3 on contracting oversight. We want to stay with this because
4 I do not want to move from this topic until everyone is
5 aware, especially the contractor community, that there is no
6 place you can be in the Federal Government that we are not
7 going to be trying to look and see what is going on. And
8 the people who are managing the contracts in every nook and
9 cranny of the Federal Government are going to have to
10 realize that these kinds of questions are going to be asked
11 on an ongoing and consistent basis because this Subcommittee
12 is not going anywhere. There is way too much work to do.
13 It is amazing to me that there has not been one of these
14 Subcommittees much sooner in the process because what
15 happened, we had an explosion of contracting, and everyone
16 was so busy exploding contracting, nobody was paying
17 attention as to whether or not there was adequate oversight,
18 adequate management, and adequate data collection so we
19 could keep track of whether or not they were doing a good
20 job, to say nothing of the problem we have got with the
21 middleman. We have got some people getting very rich off
22 taxpayers that are just shuffling contracts, and we have got
23 to make sure that we can hopefully fix that problem, and
24 that is a long-term goal of this Committee and obviously a
25 work in progress.

1 I appreciate both of you being here. I appreciate the
2 time and energy you put into preparing. We are not done,
3 but I feel confident that you both understand where we need
4 to go with this, and we will look forward to continuing to
5 work with your staffs in a cooperative fashion, and
6 hopefully in another few months we can come back around and
7 tie this up and be confident that you all know what
8 contracts are out there and that they are fully being
9 managed and that you do not have a situation where there is
10 a far-flung embassy that is doing contracts and you really
11 do not have a handle on it, and you do not have a situation
12 where commanders are saying one thing, the acquisition is
13 doing something else, and nobody has even bothered to manage
14 the contract, which essentially is what you were kind of
15 saying in a very diplomatic way in your opening statement.
16 And believe me, I am not shocked. I see it, we see it time
17 and time again.

18 So thank you both, and this hearing is adjourned.

19 [Whereupon, at 12:22 p.m., the Subcommittee was
20 adjourned.]