PRESS RELEASE

House National Security Committee
Floyd D. Spence, Chairman

FOR IMMEDIATE RELEASE
February 26, 1996

CONTACT: Maureen Cragin
Ryan Vaart
(202) 225-2539

STATEMENT OF CHAIRMAN FLOYD D. SPENCE (R-SC)
FULL COMMITTEE HEARING ON DEFENSE REFORM

February 26, 1997

This morning, the committee takes up the broad subject of "defense reform."

Reform is often one of those unique Washington exercises that everyone is for until you get to the specifics. There is near universal agreement that the Pentagon remains inefficient in its organization and its operations, yet there is no consensus on how best to attack the problem.

Efforts to reform the Pentagon are not new. Every administration and every Congress since I have been here has talked about or attempted Department of Defense reform. Unfortunately, the track record has been mixed, with only marginal improvements having been achieved.

Today, the chorus for reform is louder and more justified than ever. And this time I believe that the atmosphere has changed and may be more conducive to achieving a more productive consensus.

- Today, the Department is operating in the 12th consecutive year of real decline in defense spending.
- Today, U.S. military forces are 32% smaller than 10 years ago yet they are also busier than at any point during this time.
- And today the defense budget faces billions in modernization, readiness and quality of life shortfalls.

For these reasons, the imperative to reform how DOD does business has never been greater and, in fact, it may be rapidly becoming a matter of survival. We are no longer talking in terms of "if" we balance the federal budget but rather when and how. In this context, I believe that pressure to cut even below the Administration's proposed spending levels will grow in some quarters. Which points us increasingly in the same direction – the need for a defense establishment that is more cost efficient and able to maintain necessary combat capability at lower cost.

Therefore, the committee has asked the Department to come forward this morning and provide us with an update on its progress across a range of various reform initiatives – whether mandated by Congress or developed internally. In particular, I have asked our witnesses to focus on three broad areas of defense reform.

First, is acquisition policy reform. The past three years have been particularly productive in this area as two consecutive rounds of sweeping acquisition reform legislation passed the Congress. With the help of many of my committee colleagues on both sides of the aisle, Congress was successful in reforming a number of antiquated and restrictive federal acquisition laws. These changes did not come without considerable resistance from some in Congress, the Administration and elsewhere, but we ultimately prevailed by demonstrating that the effort would result in lower costs of doing business.

Now, entering the second year of implementation, the responsibility for making sure that the legislation's intent is achieved rests squarely with the executive branch. Whether the Administration, and the Department of Defense in particular, takes full advantage of the flexibility and increased authorities provided by acquisition reform legislation will be the true test of whether it is committed to conducting business more efficiently. On this point, I must note the disturbing and sudden departure of a key DOD official who had always been at the forefront of this effort – a departure reportedly resulting from a lack of senior level support for the aggressive implementation of key acquisition reform provisions.

The second category is infrastructure and support services reform. Using the Department's own definition, the General Accounting Office recently concluded that over 45 percent of all active duty military personnel are assigned to infrastructure functions. The recently released Defense Science Board study states that only 20 percent of active duty military personnel are in combat assignments. While these are admittedly gross measures, they serve to illustrate the growing concern that the Department's overhead is consuming too many people and resources at a time when combat forces are being cut back and stretched thin by higher operational tempos.

Over the years, Congress has mandated numerous studies and pilot programs in an effort to determine the benefits of shifting responsibility for providing certain support services from the public sector to the private. Given the Department's critical national security mission, there will always be important support functions that must remain, in part or in whole, within the public sector. However, that reality should not stand in the way of moving aggressively to achieve greater efficiencies in non-critical support functions such as printing, payroll, and travel, just to cite a few.

Finally, an area requiring particular attention is organizational and structural reform of the Department itself. Last year marked the 10 year anniversary of the landmark Goldwater-Nichols legislation. Among other achievements, Goldwater-Nichols brought needed reforms to the way the Department organized itself for combat and managed the command of military forces. However, other than calling for a study, the Congress intentionally deferred action on the issue of how to reform the pinnacle of the defense establishment– the Office of the Secretary of Defense and associated support agencies.

Congress finally began to focus on this issue two years ago by proposing a common sense approach. In exchange for wiping clean from standing law all of the provisions that Congress has enacted over the years related to how OSD must be structured, we asked for a phased reduction in the overall size of OSD and a plan from the Department on how best to streamline and consolidate its functions. Rather than welcome this hands-off approach, the Department has reacted with hostility and, to this day, continues to ignore the law. Not only

have the mandated reductions not been implemented, the plan requested from the Department for consolidating and streamlining its operations is more than one year overdue.

The facts underlying the need for reform have not changed. In the same ten year period that active duty military forces have been reduced by 33 percent, the size of the staff and support personnel assigned to the Office of the Secretary of Defense has increased by over 40 percent. This kind of trend is indefensible and undermines the credibility of any effort by the Department to attack the widely recognized imbalance between combat forces and support infrastructure.

It is my hope that new leadership will serve to overcome the Department's unfortunate reaction to Congress' efforts to bring about even modest progress in this area. While no bureaucracy welcomes external attempts to reform it, the severity of the looming alternatives should serve to unify all of us in purpose. I am committed to bringing about much needed reforms in these and other areas. In my mind, what remains undecided is whether or not reform is accomplished in a cooperative fashion.

To help us better understand the Department's efforts and status of on-going reforms, I am pleased to have with us this morning:

Deputy Secretary of Defense, John White; and
Under Secretary of Defense for Acquisition, Paul Kaminski.

Welcome back to the committee gentlemen. I look forward to your testimony.