

Prepared Statement
of
The Honorable David S. C. Chu
Under Secretary of Defense (Personnel and Readiness)
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Under Secretary of Defense for Personnel and Readiness

The Honorable David S. C. Chu

David S. C. Chu was sworn in as the Under Secretary of Defense for Personnel and Readiness on June 1, 2001. A Presidential appointee confirmed by the Senate, he is the Secretary's senior policy advisor on recruitment, career development, pay and benefits for 1.4 million active duty military personnel, 1.2 million Guard and Reserve personnel and 680,000 DoD civilians and is responsible for overseeing the state of military readiness.

The Under Secretary of Defense for Personnel and Readiness also oversees the \$15 billion Defense Health Program, Defense Commissaries and Exchanges with \$16 billion in annual sales, the Defense Education Activity which supports over 100,000 students, and the Defense Equal Opportunity Management Institute, the nation's largest equal opportunity training program.



Dr. Chu began his service to the nation in 1968 when he was commissioned in the Army and became an instructor at the U.S. Army Logistics Management Center, Fort Lee VA. He later served a tour of duty in the Republic of Vietnam, working in the Office of the Comptroller, Headquarters, 1st Logistical Command. He obtained the rank of captain and completed his service with the Army in 1970.

Dr. Chu earlier served in government as the Director and then Assistant Secretary of Defense (Program Analysis and Evaluation) from May 1981 to January 1993. In that capacity, he advised the Secretary of Defense on the future size and structure of the armed forces, their equipment, and their preparation for crisis or conflict.

From 1978 to 1981, Dr. Chu served as the Assistant Director for National Security and International Affairs, Congressional Budget Office, providing advice to the Congress on the full range of national security and international economic issues.

Prior to rejoining the Department of Defense, Dr. Chu served in several senior executive positions with RAND, including Director of the Arroyo Center, the Army's federally funded research and development center for studies and analysis and Director of RAND's Washington Office.

Dr. Chu received a Bachelor of Arts Degree, magna cum laude, in Economics and Mathematics from Yale University in 1964 and a Doctorate in Economics, also from Yale, in 1972. He is a fellow of the National Academy of Public Administration and a recipient of its National Public Service Award. He holds the Department of Defense Medal for Distinguished Public service with silver palm.

Mr. Chairman and members of this distinguished Subcommittee, thank you for inviting me to testify today.

Just over a year ago, I advised this subcommittee that Personnel & Readiness would assume a significant new role in providing management and oversight for the Defense Travel System (DTS). This past February, the Defense Travel Management Office (DTMO) was established to consolidate and improve commercial travel oversight and management within the Department of Defense. The DTMO has overall responsibility for commercial travel within the Department and is a “single face” for commercial travel both within the department and to industry, ensuring consistency in the Department’s focus, policy, and execution. Commercial travel functions are being transferred to the DTMO in a phased approach, with transfer expected to be complete by the end of fiscal year 2007.

Personnel & Readiness serves as a champion, through the DTMO, to provide a simple, responsive process for travelers, effective assistance for users, and the best value for both travelers and the government. Before the DTMO was established, commercial travel management within the Department consisted of a number of disparate, stove-piped programs that were not focused on common goals or objectives. Policy for temporary duty travel (TDY), for instance, emanated from three different Department of Defense (DoD) staff agencies. Policy formulation and implementation were often overly complex and inconsistent, there was little focus on training and education, and we lacked a customer service orientation. In short, commercial travel within the Department, including DTS, is under new management.

The DTMO provides one authoritative, responsible agency for commercial travel within the Department, and is charged with central oversight for commercial travel management. We aim at a decreased number of commercial travel office contracts worldwide and an integrated travel management approach. The DTMO provides oversight for commercial travel policy, travel guidance and procedures, the government travel card program, and customer support and training. We have engaged in a thorough review of the travel card program, and are actively pursuing the best methods and venues for providing training on travel policies and procedures as well as use of the Defense Travel System. We look forward to conducting a thorough review of travel policy during calendar year 2007.

During this past year, the DTMO has made major strides toward creating collaborative partnerships through which personnel across the Department work together to achieve shared goals. These partnerships include not only personnel from among the Department’s Services and Agencies, but also include other federal agencies as well as vendors from the commercial travel industry. The creation of a Department travel entity gives us the ability to more closely partner and build relationships with industry.

The DTMO also provides functional oversight for the Defense Travel System (DTS). The Department’s obligation for travel extends beyond low fares and web-based systems. DTS is a fully integrated, electronic financial management system specifically tailored to meet a unique DOD mission, and designated to provide security and financial system requirements for temporary duty (TDY) travel while remaining within the guidelines of Federal and DOD travel policies and regulations. It is an end-to-end solution that allows travelers to create authorizations

(travel orders), prepare all travel reservations, receive approval, generate a travel voucher, and receive approval and direct deposit payment to themselves and the government charge card vendor, all via a single web portal that is available 24 hours every day, seven days a week. DTS provides for electronic archival of all travel documents, protects system access utilizing DoD Public Key Infrastructure (PKI), and ensures a legally binding digital signature capability. It should enhance quality of the travel experience by saving time and effort required to arrange, execute, and receive timely reimbursement for travel in support of the Department's mission. Congressionally mandated requirements and both federal and DoD travel policies are embedded in DTS, helping the traveler and providing the government with the capability to monitor expenditure of travel dollars.

While the Department has made great strides toward consistent enforcement of policy, speedy reimbursement of travelers, accurate tracking of business travel dollars, and automating financial processes through DTS, the system remains imperfect. We are well aware of both the Government Accountability Office (GAO) and DoD Inspector General reports that note, among their key findings, shortfalls in requirements management, inability to document projected savings, low usage rates, and lack of a Department-wide travel management strategy. I am not here today to refute these findings or defend the system's past.

I do, however want to take issue with one July 2006 DTS GAO finding that "personnel savings are unrealistic." I strongly object to this finding. GAO's conclusion is based on the fact that DTS savings did not necessarily reduce the number of Defense personnel. Savings were applied to compelling, unfunded needs within the Department. We are facing an enormous challenge and must successfully prosecute today's war by expanding capabilities in areas of need/necessity. Recognizing fiscal constraints, the Department continues to identify efficiencies and eliminate redundancies to help leverage available funds. This GAO finding, if accepted, would disincentivize the very institutional behavior we should all actively promote.

Regarding DTS itself, I wish to communicate two key points. First, the Department has, through formation of the Defense Travel Management Office earlier this year, begun to address the DTS shortfalls noted above. For example, to effectively oversee requirements management, the Defense Travel Management Office implemented a change management process to define and track existing and new Defense Travel System (DTS) requirements throughout the life cycle; it includes a follow-on impact study of released functionalities. The process, managed by the DTMO in collaboration with the Business Transformation Agency (BTA), also provides a good example of partnering within the Department through two governance boards designed to set and implement the vision for commercial travel. The executive level Defense Travel Steering Committee (DTSC) and the Colonel/GS15 level Defense Travel Improvement Board (DTIB) both address potential changes to policy, procedure and system requirements related to commercial travel. Co-chaired by Personnel and Readiness and the BTA, they are charged with managing "commercial writ large" as well as the requirements for DTS. These boards provide the Services and Defense Agencies with a forum for articulating their travel needs, and help with coordination and collaboration between the Services and the Department.

Second, the Department welcomes the opportunity to study the system as directed by Section 943 of the 2007 National Defense Authorization Act (NDAA). We intend to comply

with this statutory requirement by contracting with an independent entity, such as a Federally Funded Research and Development Center (FFRDC), or an equally well-respected commercial firm. The study will address the feasibility of separating the financial infrastructure of the Defense Travel System from the travel reservation process. Further, it will examine converting the travel reservation process to a fee-for-services system, or authorizing the use of multiple travel reservation processes, both of which would use the financial infrastructure of the Defense Travel System. Additionally, it will address the feasibility of making use of the financial infrastructure of the Defense Travel System mandatory for all Department of Defense travel transactions. The study will also address efforts we have already undertaken to develop firm, fixed requirements for DTS and to determine a phase out plan for legacy travel systems made redundant by DTS. We plan for the study to begin in early December 2006, with delivery of findings to Congress in mid-April 2007, followed by delivery of the implementation report in June 2007. We look forward to the study results, and the course for the future they may determine.

In the meantime, we will continue operations to provide current services for DTS. We will do that through software releases that will fix previously identified problems and adjust existing functionality. For example, we plan to implement improved enforcement of both the Fly America Act and the GSA City Pairs, and provide a friendlier user interface. We will also replace dated code with a modern programming language. This will result in more efficient and less costly system maintenance, position the system to interoperate more fully with evolving external travel systems, and ensure a fair environment for broadening the pool of potential commercial businesses to compete for contracts.

Mr. Chairman, I want to thank you and members of this Subcommittee for the opportunity to appear before you today. Establishing the Defense Travel Management Office is a smart business approach. It ensures consistency and integration of focus, policy, and implementation across the Department and in dealing with industry. The DTMO dedicates organizational energy and commitment to sponsoring and executing change, as well as monitoring compliance. We have begun a new era of travel oversight and management within the Department.

Thank you for your interest and support.