

STATEMENT OF
LIEUTENANT GENERAL CLYDE A. VAUGHN, USA (Ret.)
BEFORE THE SENATE COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
SUBCOMMITTEE ON FINANCIAL AND CONTRACTING OVERSIGHT

FEBRUARY 4, 2014

Chairwoman McCaskill, Ranking Member Johnson, and other distinguished members of the Subcommittee, thank you for providing me with an opportunity to appear before the Subcommittee today at the hearing entitled, "Fraud and Abuse in Army Recruiting Contracts." In the letter of invitation I received from the Subcommittee, dated January 24, 2014, it advised that the:

"...purpose of the hearing is to examine reports of pervasive fraud, abuse, and mismanagement in the award and administration of contracts for the Army National Guard's Recruiting Assistance Program (G-RAP). In particular, the hearing will examine reports indicating a widespread breakdown in oversight and accountability, and the failure to follow multiple laws, regulations, and policies. The hearing will also examine reports that millions of dollars were distributed fraudulently to Army National Guard members."

Specifically, the letter requested that I address the above topics, as well as my involvement in the launching and management of G-RAP as the Director of the Army National Guard.

I served as the Director of the Army National Guard from June 2005 until my retirement on June 30, 2009. As requested by the Subcommittee, a brief biography is attached to this Statement. In addition to the information contained in this Statement and my biography, I am prepared to answer questions posed by you and the other distinguished Members of this Subcommittee based on my personal knowledge and experience with the G-RAP program from its inception up to the date of my retirement in 2009. After my retirement date, I had no involvement with the program and have no personal knowledge of any developments or events occurring after 2009, which are the subject of this hearing. Furthermore, during my tenure as Director, I never received any information or reports about any money being fraudulently distributed to any Army National Guard members with one single exception, based on my best recollection. In connection with that one exception, I was advised that the individual involved was being prosecuted. On the other hand, I was very much involved with the launch of the G-RAP program in November 2005, and its operation through June of 2009.

The genesis of the program can be traced back to an ARNG Commanders' Conference that took place in Arkansas in January of 2005, at the behest of several Adjutants General. As conceived, it was

designed to be a recruitment tool and a supplement to the recruiting activities of the full-time recruiters. The G-RAP program was not designed as a lead or referral program and it was never conveyed as such; rather, it was a recruiting program with a sponsorship component. The program was based on the "Strength From Within" concept utilizing the unique individual strengths and values of the ARNG soldiers to instill, educate, and recruit their peers.

The thought behind it was that citizen soldiers in the Guard were uniquely situated in their communities to identify potential quality recruits among their fellow students and fellow workers, an advantage that full-time recruiters did not have available to them. Moreover, from a budgetary standpoint, the cost of the incentive payments to these soldier-recruiters was so much less than the overhead costs of supporting the full-time recruiters so that, in time, it might be possible to reassign and return some of the full-time recruiters to other duties such as logistics and even combat readiness. To understand fully the need for this unique program, I believe it is important to step back a moment and consider the national environment in which it was conceived. In 2005, our Nation continued to face conditions unique in American history in the protracted global war on terrorism. The need for large numbers of fully-trained combat troops with supporting personnel was at an all-time high. The challenge of recruiting soldiers, in the best of circumstances, bears an inverse relationship to general economic conditions. When the economy is robust and jobs in the civilian sector are plentiful, recruiting can be difficult. When the economy is stagnant, and unemployment is up or rising, recruiting is less challenging.

In 2005, prior to the recession, the economy was healthy and recruiting was down. The numbers speak for themselves. When I became Director that year, manpower strength had been on a steady decline and the low point was reached on July 1, 2005, with ARNG manpower at 330,312, well short of the congressionally directed end-strength of 350,000. At the same time, over 100,000 ARNG soldiers were mobilized for federal Active Duty. Then, in late August 2005, Katrina, a Category 5

hurricane, struck and devastated the southern portions of Louisiana and Mississippi and the Gulf Coast generally. This required an additional 50,000 troops to meet these emergency circumstances. It was imperative, that if we were to continue to meet all mission requirements for the Nation, we had to succeed in achieving our appropriated strength number of 350,000 troops.

In putting the program together, considerable time was spent on evaluating the potential areas of risk, including fraud, and recommended courses of action. When the program was launched with the OPOD in November of 2005, it even identified as a potential risk the scenario where a full-time recruiter might take an enlistment and give credit to a G-RAP recruiter who had no active involvement with the potential soldier, telling him to claim credit and then split the \$1,000. Thereafter, as the program was rolled out for implementation by the various States under the ultimate leadership and authority of each Governor, we consistently and repeatedly emphasized the need for monitoring and controls against the possibilities of fraud. I personally reviewed data on the program every morning and met with my program managers weekly. In addition, I conducted monthly VTC's with Adjutants General and recruiting officials of all 54 States, territories and the District of Columbia. Also, all of the appropriate approvals were obtained from those offices charged with vetting legal and contract authority issues. These were offices outside of my command.

From a recruiting standpoint, the G-RAP program was widely viewed as an enormous success because, with it, we were able to achieve the appropriated strength number of 350,000 troops by April 2007. In fact, all components of the Army implemented the program successfully for various periods of time. The Army Reserve utilized the program from 2007 to 2012 and the Active Army from 2008 to 2009. To my knowledge, none of the senior leaders were apprised of any wholesale fraud.

Going forward, it is my hope that the basic concept can be salvaged with appropriate safeguards in place to prevent fraud. It has shown itself to be an effective tool for recruiting with a potential for cost savings.