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THE ACQUISITION WORKFORCE: MERELY A BUSINESS EXPENSE OR A FORCE MULTIPLIER FOR THE WARFIGHTER?

HEARING

BEFORE THE

OVERSIGHT AND INVESTIGATIONS SUBCOMMITTEE

OF THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

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THE ACQUISITION WORKFORCE: MERELY A BUSINESS EXPENSE OR A FORCE MULTIPLIER FOR THE WARFIGHTER?

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THE ACQUISITION WORKFORCE: MERELY A BUSINESS EXPENSE OR A FORCE MULTIPLIER FOR THE WARFIGHTER?

HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
OVERSIGHT AND INVESTIGATIONS SUBCOMMITTEE,
Washington, DC, Tuesday, April 28, 2009.

The subcommittee met, pursuant to call, at 10:00 a.m., in room 2118, Rayburn House Office Building, Hon. Vic Snyder (chairman of the subcommittee) presiding.

OPENING STATEMENT OF HON. VIC SNYDER, A REPRESENTATIVE FROM ARKANSAS, CHAIRMAN, OVERSIGHT AND INVESTIGATIONS SUBCOMMITTEE

Dr. SNYDER. The hearing will come to order. Good morning and welcome to the third, and the final, in a series of three hearings held by the Oversight and Investigations Subcommittee following up on several acquisition matters.

Before we get started I want to recognize and welcome 50 International Fellows of the Naval War College who are in attendance at today's hearing. I say they are in attendance. I think they are actually divided up so that some who are in another room are going to swap out at some point because the hearing room is not big enough. That is why we moved to this hearing room, by the way.

Welcome to all of you from the Naval War College International Fellows Program. We appreciate you being here. Incidentally, a professional military education is something that this subcommittee is very, very interested in, as is Chairman Skelton, and we have an ongoing study for the rest of this year that we are working on.

Our first two hearings centered on acquisition and management issues in the Afghanistan and Iraq theaters of operation. Today's hearing is more broadly focused on the Department of Defense acquisition workforce. It is a timely topic.

Acquisition reform is a high priority here in the Congress and in the executive branch. Chairman Skelton and Mr. McHugh introduced weapons system acquisition reform legislation this week. And they have established a special acquisition reform panel, led by our colleague Congressman Rob Andrews of Jersey. And both the President and Secretary Gates have also spoken about the critical need for acquisition reform. Speaker Pelosi has been very clear on the importance of saving tax dollars, as well as being sure our men and women in uniform and our military families get all the services they need.

I think I was struck—probably the best summary I thought, Mr. Assad, was from your opening statement—and I am going to quote to you now—in which you say, "The objective is straightforward: to ensure Department of Defense (DOD) has the right acquisition capability and capacity to produce best value for the American taxpayer and for the soldiers, sailors, airmen and marines who depend on the weapons, products, and services we buy."

And that simple objective is what has led us here today, because a lot of us think we have got work to do. The acquisition workforce is at the heart of the acquisition system. No doubt there are the policies and the organizational structures that make up important parts of the defense acquisition system, but there are also the people; the engineers, cost estimators, systems engineers, contracting officers, program managers, contract specialists, quality assurance inspectors, logisticians, finance personnel, and auditors who carry out the acquisition function from start to finish.

Working as a team, these members of the workforce are key players in both supporting the warfighter's needs and safeguarding the taxpayers' dollars. We are all familiar with the problems many of the major programs are facing in terms of substantial cost overruns, schedule delays, and problems with performance.

As part of a larger package of reforms, Secretary Gates announced a plan to begin rebuilding the acquisition team to help address those problems. We think the Department already has many important tools for developing and managing the workforce. Congress has at times helped solve these problems, and Congress has at times helped create these problems.

The Armed Services Committee has been very active in passing legislation to ensure that the Department attracts and maintains a professional high-quality acquisition workforce. This subcommittee's immediate predecessor, the House Armed Services Subcommittee on Investigations, in 1990 drafted the legislation in this area: the Defense Acquisition Workforce Improvements Act.

On the other hand, Congress bears some responsibility for the current state of affairs because during the post-Cold War drawdown era, Congress mandated a series of reductions in the acquisition workforce, only to be followed by an era of increasing demands and dramatic growth in the Department's procurement budget after September 11th.

In recent years we began recognizing a critical role played by the workforce and established the Acquisition Workforce Development Fund providing billions of dollars for the next several years for recruiting, retaining, and training the right people. We have provided expedited hiring authority to allow the Department to bring on qualified candidates quickly. We encouraged the Department to ensure that critical acquisition positions like program managers, cost estimators, and chief engineers are filled by government personnel. And we required the establishment of a career path, including general and flag-officer billets for military personnel in the acquisition field.

We have lifted civilian personnel caps for acquisition positions. And we have given the Department the authority to in-source new work and bring back work that the Department previously

outsourced. We look forward to hearing how these tools are helping.

We also would like to hear how the Department and services plan to change from an institutional mind-set that in the past, due to the acquisition workforce, is merely performing an often arcane business function, to one that instead recognizes the critical and essential work that the acquisition workforce performs.

When we talk about changing mind-sets, I believe that the change of mind-set also needs to occur in the Congress. We also need to be part of the changing mentality that recognizes the crucial role that is played by this acquisition workforce. The taxpayers depend on them, we depend on them, and our national security depends on them. Most importantly, our warfighters' lives and success literally depend on them, too. And I now would like to recognize Mr. Wittman.

[The prepared statement of Dr. Snyder can be found in the Appendix on page 35.]

STATEMENT OF HON. ROB WITTMAN, A REPRESENTATIVE FROM VIRGINIA, RANKING MEMBER, OVERSIGHT AND INVESTIGATIONS SUBCOMMITTEE

Mr. WITTMAN. Thank you, Chairman Snyder. I appreciate your leadership in bringing this issue to the forefront. I also want to welcome our witnesses this morning. Thank you so much for joining us and taking your time out of your busy schedules to provide what I think is a very critical perspective on this issue of acquisition reform.

All aspects of the defense acquisition system are receiving much attention these days. It seems to be the popular topic here on the Hill. And the President and the Secretary of Defense have made acquisition reform a priority. And the leaders of both the Senate Armed Services Committee and our own Chairman Skelton and Ranking Member McHugh of the House Armed Services Committee have introduced legislation to improve the system. And there is absolutely no question that any taxpayer-funded system expending more than $4 billion annually and employing thousands of people deserves continuous scrutiny.

More importantly, though, the long history of armed conflict amply demonstrates that the combat force employing the most technologically advanced systems from long bows to gunpowder to stealth aircraft to the capability to rapidly deploy expert marksmen and their equipment from Virginia to the Indian Ocean usually prevails. And our national security demands that we have a well-funded, well-managed weapons acquisition system for our Armed Forces.

Our focus today is not the system, but its most important element: its people. Any complex system requiring sound judgment, creativity, and financial prudence needs talented, motivated professionals. And what we are really doing is assembling a team of inventors, developing and packaging capabilities in ways heretofore unimagined, at taxpayer expense. It is extraordinarily difficult to produce any new capable weapons system, much less produce it on an exact schedule, to exacting performance standards, within an exact budget. As much as I would like to see more precision, we

do need to trust good people to make reasonable decisions on this Nation's behalf.

In that regard this committee has initiated several legislative measures in the last few years designed to strengthen the Department's acquisition workforce. We believe these changes are having a good effect, and are eager to hear your perspectives on this matter. Even so, we understand defense acquisition needs excellent employees and are happy to consider any further legislative changes that may be needed. Any systemic changes we have will have little real effect without a superb core of acquisition professionals to operate it.

Gentlemen, I look forward to hearing your testimony today for you to give us your perspective on the things that we can do to make sure that our acquisition workforce has everything that it needs to perform this Nation's critical, critical duties. Thank you so much.

Dr. SNYDER. Thank you Mr. Wittman.

[The prepared statement of Mr. Wittman can be found in the Appendix on page 39.]

Dr. SNYDER. Let me now introduce our witnesses. Mr. Shay Assad is the Director of Defense Acquisition Policy and Strategic Sourcing. He is the Acting Deputy Under Secretary of Defense for Acquisition and Technology. Lieutenant General Ross Thompson, Military Deputy, Assistant Secretary of the Army for Acquisition, Logistics and Technology. Mr. James Thomsen, the Principal Civilian Deputy, Assistant Secretary of the Navy of the Acquisition Workforce. Lieutenant General Mark Shackelford from the Air Force, Military Deputy, Office of the Assistant Secretary of the Air Force for Acquisition. It seems to me, General, that you got off easy on the nickname. Shack was pretty close for a fighter pilot. They didn't venture far from your given name.

General SHACKELFORD. Yes, sir. It is an easy one.

Dr. SNYDER. Mr. John Needham, Director of the Acquisition and Sourcing Issues, U.S. Government Accountability Office (GAO). Thank you all for being here.

Mr. Assad, we will begin with you. We will put on the clock. And when you see the light goes red, it means five minutes have gone by. If you need to go longer than that, go longer than that, but I know members will have questions.

Mr. Assad, we will begin with you.

STATEMENT OF SHAY D. ASSAD, ACTING DEPUTY UNDER SECRETARY OF DEFENSE, ACQUISITION AND TECHNOLOGY, U.S. DEPARTMENT OF DEFENSE

Mr. ASSAD. Mr. Chairman, with your permission I would like to include my written statement for the record.

Dr. SNYDER. Yes, sir. All your written statements will be made part of the record.

Mr. ASSAD. Thank you. Chairman Snyder and members of the subcommittee, I want to thank you for the opportunity to appear before you and participate in today's hearing. At your request, I will address the overall state of the Defense acquisition workforce, both military and civilian.

In the 1990s there was a significant decrease in the size of the acquisition workforce; 9/11 and ensuing events have led to a significant increase in acquisition workload. These factors have strained our current organic acquisition workforce capability.

In 2001 the Department obligated $138 billion in contracts. And in 2008, obligations reached $396 billion. In contrast, the acquisition workforce decreased from a level of approximately 147,000 in 1998 to its present state of around 127,000.

In 2006 we began the journey of assessing the capability and needs of our acquisition workforce. This has been and will continue to be an evolving process. However, the decisions that we have made regarding the growth of our workforce and the path that we are now on have been deliberate, thoughtful, and forward looking.

On April 6, 2009, the Secretary of Defense announced his intention to significantly increase the capability and capacity of the Defense acquisition workforce by increasing the size of the workforce by 20,000 through the year 2015. This will restore our organic capability to its 1998 levels of approximately 147,000 and address longstanding shortfalls in the workforce. It is the first significant growth since the military buildup in the 1980s and the downsizing that occurred in the 1990s.

This strategy increases the size of the workforce by 15 percent. We will add approximately 9,500 employees to our contracting, pricing, and contract oversight workforce, and 10,500 in program managers, engineers, quality control, logistics, and business management. This will create a better balance between our government workforce and contract or support personnel, and ensure that employees critical to perform inherently governmental functions do so. This strategy will increase and improve the Department's oversight capabilities, thereby ensuring that we get a better deal for the taxpayers, that we get what we pay for, we ferret out waste and assist in combat and contract fraud.

The Defense Acquisition Workforce Development Fund provided by Congress is a key workforce enabler. Since enactment, significant resources have been targeted for improving the Defense acquisition workforce, and we very much thank this committee for supporting the Defense Acquisition Workforce Development Fund.

Improvement initiatives are being deployed and are characterized in three major workforce categories:

First, with regard to recruiting and hiring, hiring has started and is the primary focus of our strategy. In our 5-year plan, approximately 89 percent of the resources of the Defense Acquisition Workforce Development Fund will be used for hiring.

Secondly, concerning retention and recognition, although present economic conditions are contributing to better retention it is essential to start now to implement a long-term retention strategy and talent management strategy as we go forward.

Thirdly, in the area of training and development, certification requirements have exceeded the DAU's present capacity, and DAU must expand to meet this demand.

Equally important is the capacity to meet future requirements resulting from increased hiring of interns, journeymen and highly qualified experts. There are also new and evolving training issues, such as expanded expeditionary contracting training, contracting

officer representative training, and training for those who are not part of the acquisition workforce but who develop requirements.

With regard to our military workforce we must ensure that our joint contracting workforce is properly sized and trained to meet the needs of contracting in a battlefield environment.

The Army and Marine Corps have taken significant steps in terms of training, size, leadership development, and organization of their present and future contracting corps. We anticipate that the Navy's contracting capability will continue to be provided through its Supply Corps and its Civil Engineering Corps.

In terms of contracting capability, we anticipate that the Air Force will continue to provide the largest and most significant capability among the uniformed services. The challenge for the Air Force is, and will be, to provide promotional opportunities for their capable acquisition and contracting community.

The Secretary has established an overarching human capital strategy to mitigate the impact of past downsizing, increased workload, the aging workforce, and to create a better balanced multisector force. This is an unprecedented acquisition workforce growth initiative. Essential to improving acquisition outcomes is a properly sized, highly skilled, ethical and professional workforce. I believe this strategy is on target, and I look forward to working with you and keeping you apprised of our progress.

Thank you, Mr. Chairman, and members of the subcommittee for your support.

Dr. SNYDER. Thank you Mr. Assad.

[The prepared statement of Mr. Assad can be found in the Appendix on page 42.]

Dr. SNYDER. General Thompson.

STATEMENT OF LT. GEN. N. ROSS THOMPSON, III, USA, PRINCIPAL MILITARY DEPUTY TO THE ASSISTANT SECRETARY OF THE ARMY FOR ACQUISITION, LOGISTICS AND TECHNOLOGY AND DIRECTOR, ACQUISITION CAREER MANAGEMENT, U.S. DEPARTMENT OF THE ARMY

General THOMPSON. Chairman Snyder, Congressman Wittman, and distinguished members of the Subcommittee on Oversight and Investigations, thank you for the opportunity to discuss today the state of the Army acquisition workforce and our mutual efforts to ensure a strong and robust acquisition system.

I am pleased to report that the Army is making steady progress in sustaining and growing an acquisition workforce that is focused on getting world-class products and services to our soldiers faster, while ensuring proper fiscal stewardship of the taxpayer dollars. Our plans are outlined in my written statement.

Mr. Chairman, the Army acquisition workforce declined significantly in the last decade, while the workload and the dollars associated with that workload increased. At present, we have roughly 40,000 workforce members, 38,500 civilians, and about 1,600 military to perform the entire acquisition and contracting mission for the Army.

While our workforce members are stretched, they continue to excel in meeting the challenges of their jobs. Their energy and enthusiasm result from the knowledge that their work is critically im-

portant to our soldiers in the field. Size, structure, training, and experience are critically important factors in developing a workforce that is better prepared to deal with the complexities of acquisition and contracting in the 21st century.

Our current workforce initiatives highlight right-sizing development and recognition and retention incentives. Increased investment in our people, coupled with sufficient predictable investment in our programs will continue to give our soldiers the equipment, services and support they need for success on the battlefield.

Before I conclude I want to point out that yesterday we discovered a factual error in my written statement. We provided the correct information to your staffers, and we will provide a revised statement for the record.

This concludes my opening remarks, Mr. Chairman, I look forward to your questions.

Dr. SNYDER. Thank you, General.

[The prepared statement of General Thompson can be found in the Appendix on page 53.]

Dr. SNYDER. Mr. Thomsen.

STATEMENT OF JAMES THOMSEN, PRINCIPAL CIVILIAN DEPUTY FOR THE ASSISTANT SECRETARY OF THE NAVY, RESEARCH DEVELOPMENT AND ACQUISITION, U.S. DEPARTMENT OF THE NAVY

Mr. THOMSEN. Mr. Chairman, distinguished members of the subcommittee, I am Jim Thomsen. It is a privilege for me to appear before you here today, along with your fellow panel members, to discuss a very, very important topic of acquisition workforce. About eight months ago I was asked by the Secretary of the Navy to leave my post as the program executive officer for littoral warfare and move over to serve on the Department of Navy's staff for the service acquisition executive, Secretary Stackley, as his principal civilian deputy. Together with his principal military deputy, Vice Admiral Architzel, we serve as Secretary Stackley's military-civilian senior leadership team to address acquisition challenges.

My particular focus, though, since I arrived on the scene just a few months ago, has been on resetting and rebalancing the Department of Navy's acquisition workforce, along with the team that we have in the Defense Acquisition Career Management Office in the Navy. That particularly includes technical workforce at our Naval Warfare Centers and Naval Research Lab, in addition to the business skills and sets that we have in our workforce.

As you know, we didn't arrive at this place with our acquisition workforce overnight so it will take some time to reset the workforce in an appropriate way. Having said that, the people we have in our acquisition workforce today are outstanding in what they do every day. They truly do amazing work to produce the products that we produce. But they do need our help in strengthening the team to provide an even better set of outcomes in acquisition.

We believe in the Department of Navy we have taken a number of steps to get out ahead of the problem, including a more thorough understanding of our workforce strengths and weaknesses, military and civilian, and identifying the critical gaps within each of our Materiel Commands. We do have a plan to grow the acquisition

workforce, and it is consistent with the Office of the Secretary of Defense (OSD) workforce plan as well. In fact, we are doing so this year to build a workforce.

So the recent actions taken by the Congress we believe will, in fact, reinforce our ability to address these gaps appropriately. The details are in the Department of the Navy written statement I provided. But, again, thank you for the opportunity to appear before you here today, and I look forward to addressing your questions. Thank you, Mr. Chairman.

Dr. SNYDER. Thank you.

[The prepared statement of Mr. Thomsen can be found in the Appendix on page 66.]

Dr. SNYDER. General Shackelford.

STATEMENT OF LT. GEN. MARK SHACKELFORD, USAF, MILITARY DEPUTY TO THE ASSISTANT SECRETARY OF THE AIR FORCE, ACQUISITION, U.S. DEPARTMENT OF THE AIR FORCE

General SHACKELFORD. Mr. Chairman, distinguished members of the subcommittee, thank you for the opportunity to address this subcommittee and to discuss Department of the Air Force's work to improve the capacity and capabilities of our acquisition workforce. I am confident that the Department's ongoing actions and those planned through the future years' defense program will improve the Department's ability to effectively execute the acquisition mission.

I would like to take a few moments to touch on several of these efforts. In October 2008, Air Force leadership identified recapturing acquisition excellence as one of the top priorities that will shape Air Force-wide actions over the next three to five years as we address actions that strengthen people, processes, and policy. Developing, recapitalizing, and shaping our professional acquisition workforce is integral to acquisition excellence.

To guide our efforts towards this vision, we partnered with Air Force acquisition functional leaders in the Acquisition Commands to develop an Air Force Human Capital Strategic Plan for the acquisition workforce, which was published in February of this year. This plan establishes a strategic vision for a professional acquisition workforce with the right number and mix of people, with the right education, training, skills and experience, to effectively and successfully perform the Air Force acquisition mission. We believe it is an excellent roadmap for guiding workforce development in support of acquisition excellence.

The Department of the Air Force is fully committed to acquisition excellence and appreciates the efforts of the Congress to considerably improve our ability to develop and recapitalize our acquisition workforce. We are aggressively using the authorities resources provided in legislation. They are key enablers for our Workforce Strategic Plan.

Again, I appreciate the opportunity to testify in front of you today and ask that the remainder of my statement be placed in the record. I look forward to your questions.

Dr. SNYDER. Thank you, General.

[The prepared statement of General Shackelford can be found in the Appendix on page 74.]

Dr. SNYDER. And Mr. Needham.

STATEMENT OF JOHN K. NEEDHAM, DIRECTOR, ACQUISITION AND SOURCING MANAGEMENT, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Mr. NEEDHAM. Thank you, Mr. Chairman, Ranking Member Wittman and members of the subcommittee. I appreciate the opportunity to discuss GAO's recent work on DOD's acquisition workforce. As the largest buying enterprise in the world, DOD spent $388 billion for goods and services in fiscal year 2008. The acquisition workforce, now numbering approximately 178,000 people, is DOD's key asset in obtaining value for the taxpayer. So building and sustaining it in the years ahead is critical.

Doing this well requires quality information that will provide DOD the insight that it needs. My statement today focuses on the information limitations that DOD has on its acquisition workforce, as well as recent efforts it has taken to improve management and oversight of this workforce.

I will also highlight some additional actions the Department could take to better ensure its workforce could fulfill DOD's mission and make the most of taxpayer dollars.

First, DOD lacks information on contractor personnel. DOD recently began to collect such data and has determined that these contract workers comprise roughly a third of the acquisition workforce, a finding consistent with our own review of 66 program offices. While this is a start, we believe that DOD needs visibility into the reasons program offices use contractor personnel; because without this, the Department cannot determine if decisions to use contractors are appropriate and beneficial. We found decisions to use contractor personnel are often driven by factors such as quicker hiring times and civilian staffing limits, not the nature or the criticality of the work.

Second, DOD lacks complete information on the skill sets of its in-house personnel and other information such as the size and composition of the acquisition workforce that is required to meet its many missions. Lacking this information not only skews analysis of workforce gaps but limits DOD's ability to make informed workforce allocation decisions and determine whether the total acquisition workforce that is both in-house and contracted personnel is sufficient to accomplish its mission.

Recent and planned actions could begin to address many of these challenges that DOD faces in assessing and overseeing its workforce, its plans for hiring, recruiting, and retention activities. In addition, DOD plans to convert 11,000 contractor personnel to government positions and hire an additional 9,000 government personnel by 2015.

Ensuring it has the capacity to acquire needed goods and services and monitor the work of its contractors rests on DOD's willingness to develop comprehensive information about contractor personnel, including the skill sets provided, the functions they perform, or the length of time for which they have been used. Without this information, DOD runs the risk of not having the right number and appropriate mix of civilian military and contractor personnel to manage its acquisitions. Furthermore, there needs to be

guidance on the appropriate circumstance under which contractor personnel may perform acquisition work as well as tracking the implementation of this guidance. Without it, DOD runs the risk of not maintaining control over and accountability for mission-related policy and program decisions.

What should DOD do? In our March 25, 2008 report we made several recommendations to the Secretary of Defense aimed at minimizing these risks. DOD generally concurred with the recommendations. And in taking steps to determine the number of contractor personnel in its acquisition workforce, it has already begun to address our first recommendation. However, the Department has noted that collecting information on contractor skill sets and length of service requires careful consideration.

While we agree that moving forward will entail thoughtful deliberation, it is critical that the Department take action to obtain additional data on its contractor personnel in order to accurately identify and appropriately address its Air Force gaps.

Secondly, DOD needs better insight into why program offices elect to use contractor personnel over in-house personnel. As I mentioned earlier, providing guidance that clarifies the appropriate circumstances under which contractors may perform acquisition work and then tracking the implementation of that guidance would go a long way toward increasing this insight.

Finally, DOD must identify and update on an ongoing basis the number and skill sets of the total acquisition workforce the Department needs to fulfill its mission. As DOD moves forward with its plans to increase the size of the workforce over the next few years, having comprehensive information about the workforce it both has and needs is even more vital if it is to make effective decisions that create, and not diminish, the capacity to manage the largest and most complex buying activity in the world.

Mr. Chairman, this concludes my statement. I would be happy to answer any questions you or any members of the subcommittee may have.

[The prepared statement of Mr. Needham can be found in the Appendix on page 82.]

Dr. SNYDER. Thank you all for both your written and oral statements. We will now begin our questions.

Mr. Wittman, we put ourselves on the five-minute clock, and so I will begin. And then we will go around to members and we will probably go, I suspect, three rounds or more this morning.

Mr. Needham, I want to begin by asking you one specific question. You specifically talk about, I think it is on page 12 of your statement, about—on the chart—the drop from 2001 to 2008 in total acquisition personnel. I think most of us are familiar with what occurred post-Cold War in the 1990s. But the drop continued through 2001 to 2008. How did that come about?

Mr. NEEDHAM. Well, that drop continued because they essentially had cut back through ceilings, personnel ceilings, and so forth. But they also began to meet that need through use of contractors, which is where our focus had been in this recent report we did, was on the use and the growth of those contractors and getting a sense of how big that contractor workforce is. We never had really a good picture of what that growth rate is, so we just had a picture of

what the civilian and military side looked like in terms of its decline.

Dr. SNYDER. So while we saw this continued drop—I mean, it is not tremendously dramatic, but a time of, as you pointed out, big increases in the amount of contracted services and a lot of activity going on with the war on terrorism and the wars in Iraq and Afghanistan. This chart just demonstrates that a lot of the work was being done by a contracted-out force.

Mr. NEEDHAM. Right. But we didn't have, again, the numbers to know that, to be able to identify, which has been an effort of Congress over the recent years to get that kind of documentation down.

Dr. SNYDER. I still find it surprising that the actual numbers have declined of personnel through that 2001 to 2008 period. I want to ask, I am going to ask this a little bit—I will not facetiously, I guess. There is not much humor, it doesn't seem to me, in an acquisition hearing, so I have got to find it the best I can.

But it seems to me, knowing you watch these movies about prisoner of war (POW) camps, you know, the kind of tongue-in-cheek kind of stories, the coolest dude in the camp is always the acquisition guy, is the guy who can find the radio and the phony ID and the two pounds of sausage and whatever it is the commander thinks he needs. So you guys are the coolest dudes in the camp.

Now, that is the mind-set I think that this panel has. The problem is how do we change the mind-set in such a way that we don't forget that you are the coolest dudes in the camp? What will happen 5 years from now, 8 years from now, 10 years from now when there will be another group of people sitting here who will start talking about, well, we have got to look at our tooth to tail ratio, and we look in the tail and we see these people that they are not really warfighters. We can get rid of these folks.

How do you change the mind-set, and how well do you all think you are doing to change the mind-set, that we recognize without you all and the work of the people that you supervise, our military could literally come to a stop?

I would like to go down the row. We are talking about the mind-set now, the culture, that you all work in. Mr. Assad.

Mr. ASSAD. Mr. Chairman, I think it is in two perspectives. The first is the overall acquisition workforce. The reality is that the Secretary of Defense and Congress have been very supportive of now moving forward and doing some very positive things with our acquisition workforce.

We are going to have to demonstrate to our Secretary and to the President and to you that the investment that you are going to make in that workforce is in fact going to pay off, that we are going to get better deals for the taxpayers, that we are going to conduct more robust oversight, that in fact when we encounter fraudulent activities we root them out and we deal with it. So it is going to be in the proof of the pudding over time as to whether or not the investment that the Secretary of Defense, the President and ultimately the Congress makes in this workforce will in fact pay off. We believe it will.

In terms of the military, there is no doubt that we have seen our folks who have their boots on the ground, our soldiers, marines, airmen, and sailors, are performing in an incredible and out-

standing way. But they are taxed in terms of their contracting capability, because we just don't have sufficient military resources to deal with contracting in a combat environment as it is presently envisioned. We will continue to have contractors who support our operational forces. So the need to have capable, competent professional military contracting officers is going to continue on.

And I think, again, it will be in our demonstration to our leader, the Secretary of Defense, the President, as well as to Congress, that in fact the investment that you make in both the civilian and military workforce will in fact result in a more effective—and, frankly, get a better deal for the taxpayers than we presently have been.

Dr. SNYDER. General, I think what I will do, because the time is up, I think I am going to go to Mr. Wittman, and we are going to pick that up the next round. Mr. Wittman.

Mr. WITTMAN. Thank you, Mr. Chairman. Gentlemen, thank you again.

I wanted to direct a couple of questions, actually four in total, to both Mr. Assad and Mr. Needham. Secretary Gates, as you know, announced that he intends to add 9,000 personnel to the in-house acquisition workforce and to convert 11,000 acquisition-related contractor positions to government positions. And this will bring the in-house workforce back to where it was in 1998.

Can you comment a little bit on why 1998 is a meaningful baseline, and will the workforce be overseeing a workload of comparable value or complexity, and do we know what the level of contractor support was in 1998? And if you could give us a little bit of background maybe on the analysis that you put forth to look at this 1998 baseline and the determinations you made as to why that is applicable today?

Mr. ASSAD. Yes, sir. In terms of the contracting workforce, the 9,000, 9,500, professionals that we will be adding in that environment, what we did was we actually had some pretty detailed bottoms-up estimates in terms of what we needed at Defense Contract Management Agency, Defense Contract Audit Agency. We looked at each of the services in terms of their contracting capabilities, and we knew that in general that part of the workforce does not have a contractor segment associated with it. There are some organizations that do have contractors supporting those environments but they are very small. It is a much different picture.

To give you an example, of that 52,000 contractors that we think, approximately 52,000, that support the acquisition workforce, somewhere between 500 and 700 support the contracting or contract oversight workforce, so it is a very small number.

So in that particular case the way we looked at that workforce was really in terms of examining its capabilities. And we just completed it. It took us 18 months to complete probably the most comprehensive competency assessment of that workforce that has ever been done in Federal Government. That was created. Over 18,000 folks participated in that. And that was completed recently. So we have the information that we need to look at that part of the workforce in a very detailed way.

In terms of the contractor workforce, we knew that we needed to change the mix of the workforce. We think that the total size of the

workforce in general is adequate because we are getting the job done with our contractor contracting workforce. But what we needed to do was take a more, I think, realistic view of what we believe is inherently governmental and ensure that those functions are in fact being supported by Federal civilians and/or our military workforce. We needed to ensure that we have the engineering capability inherent within government so that we can provide the proper technical assessments to our contracting officers, so at the end of the day we get a better deal for the taxpayers and, in fact, we can conduct proper oversight.

Going back to the 1998 levels, we simply use that as a measure of that really was the point, it was about a year or two before we began a significant increase in the workload of our workforce. So in reality, while we are going back to the 1987 level, we are adding more contracting folks in that environment.

Mr. WITTMAN. Mr. Needham.

Mr. NEEDHAM. We issued a number of reports at that period of time. A lot of the reforms that had started in the 1990s started to come to fruition in the 1990s. Mr. Assad's point, though, in terms of picking 1998, that was their reason. I know at the time when we were looking at this, that was a period where there had been a lot of effort at reinventing government, rethinking how processes are working and so forth, and a lot of changes had come about at that point. But that is the only insight that we have into that.

Mr. WITTMAN. Thank you, Mr. Chairman.

Dr. SNYDER. Mrs. Davis for five minutes.

Mrs. DAVIS. Thank you, Mr. Chairman, and thank you all for being here. I wanted to just pick up on that for a second. I think that we all know that we do best when we learn from our mistakes. And what I am wondering is, as we move forward, why there wasn't the pushback to some of those moves and whether or not our non-acquisition workforce was not in a position to really say, hey, wait a second, you know, we need some more help out here and the decisions that are being made are not helpful. I don't know if you would like to comment on that sir.

Mr. NEEDHAM. Thank you. Representative Davis, if you will think back at that point, I think when a lot of the changes came about in the acquisition workforce, there was a feeling that the acquisition workforce was cumbersome, it got in the way of acquisitions; and that view, whether it was correct or incorrect, probably governed a lot of decisions. And I know that at the time there was a great deal of emphasis on outsourcing and using contractors. And there was a view that you were either going to save money or you were going to get it done more efficiently or you were going to be able to get the kinds of skills.

What drove those decisions, though, were not key factors in terms of what the criticality of the workforce is, and that is what should be driving them: concerns about inherently governmental, concerns about cost and so forth.

Mrs. DAVIS. I think what I am looking for is how we can read this in the future, then, if in fact there is an effort, a move to say, well, you know, we are okay now, now we can begin to cut back again; and whether—is it the governmental workforce that would be an indicator if you saw a drop in that at some point?

Mr. NEEDHAM. What really needs to occur, and this is something that goes back to—GAO started writing about this in the 1970s—we need to have accurate descriptions of what the needs are. If you have a certain amount of a mission, what does that mission require in terms of all kinds of personnel, but especially with the acquisition and the kind of skill mix that you have. From there you then go back and then try to decide what kind of a mix you want. But you really need to focus on what the needs are and not let the budget drive it as much as what the real needs are. And if the needs exceed the budget, then there has to be some tradeoffs made at that point.

Mrs. DAVIS. I appreciate that. In your report you seem to indicate that you had some problems getting information.

Mr. NEEDHAM. Not that they weren't providing it. They just didn't have it. And in fact DOD over the past several years has been developing that kind of information that they need to have. And we are looking at that as they go forward. They have plans together. In fact, they just announced recently the 52,000 count they have for the acquisition support personnel that they have as contractors.

Mrs. DAVIS. I wanted to just turn for a second to the non-acquisition community, and certainly to how in fact we may be training and educating people to appreciate the role of the contractors in contingency operations. Are we able to do that so that those commanders in the field, the field commanders, can really appreciate what is happening? Is that something important to do, and where are we in that specific role?

General THOMPSON. Let me take a stab at answering that question. It is critically important that the non-acquisition personnel in DOD, both military and civilian, recognize the importance of the acquisition functions, not just contracting; it is all those acquisition career fields.

And I will answer Congressman Snyder's question as to how do you change the mind-set. You have got to value and trust the people, it is that simple. If everything that they read is about how screwed up acquisition is, it begins to affect your mind-set after awhile. And so GAO and other audit agencies, Inspector General (IG) agencies, have got to not just find the things that are wrong, they have got to find the things that are right, and they have got to write about those and give people credit for doing the good things. It is like raising kids. If you criticize your kids every time they do something and never reinforce them with the positive things it is going to have a certain effect. And so you have got to value the people.

We are training the non-acquisition members in the DOD, in particular in the Army, the commanders, to recognize their role in defining requirements. And when you buy something, whether that is a good or a service, the first thing you have got to do is what do you want to buy; define what it is, when do you want it, how much you are willing to pay? And there is a role to play in that. And the acquisition workforce has got to help them define those requirements in a clear way so when we go out and negotiate for that good or service, we get what they want and it meets their expectations.

Mrs. DAVIS. Did you want to comment quickly?

Mr. THOMSEN. Just to add to that, ma'am, in the Department of Navy—it is a great point—is that we have really got to inculcate the culture of importance to acquisition and what we buy to the rest of the Department.

One of the things that we have just initiated over the last really just six months is that the Department of Navy has executive business courses for all of their flag officers. The Marine Corps has the same thing for their general officers. We have made a very pointed, deliberate attempt—and we have—to meet in those classes and walk them through, soup to nuts, why acquisition is important and really why the acquisition workforce is important.

The Department of Navy, the acquisition workforce, represents about eight percent of the total force, but in fact we really execute about 40 percent of the total obligation authority given to us by the Congress. So it is important enough that the rest of our Department of the Navy organization understand that.

Now, we have started that process at the very top levels down through really the 2005 billets and then press that down through the rest of the enlisted rank. So it is a great point.

And piling onto General Thompson's point, unless we can make sure that people recognize this throughout our organization, we are going to continue to get just less than enthusiastic support for the acquisition work that really is done by our great workforce.

Mrs. DAVIS. Thank you. Thank you, Mr. Chairman.

Dr. SNYDER. Mr. Jones for five minutes.

Mr. JONES. Mr. Chairman, thank you very much. And I want to thank each one of you at the table for your presentation. And some of us have been here, I was elected in 1994 so I have been here, sworn in in 1995.

Mr. Assad, I appreciate your comments, and I will tell you why. It seems like every year—I have been on Armed Services for eight terms now, and not just talking about acquisition workforce, but any—I guess any segment of the services, any segment of the Department of Defense. I remember when Donald Rumsfeld came here before the Armed Services Committee in 2001, I guess, or whenever it was, and basically said that he was making a commitment that every dollar of the taxpayer was going to be protected. And I realize nothing is perfect in life. It is just not. But when I sit here and listen to the commitment that Secretary Gates—and I have great respect for Secretary Gates and his team, quite frankly, and I think we are very fortunate to have him and his team, and I look forward to his presentations in the weeks and months to come about his suggestions to make the military more efficient, to make the Department of Defense work even better.

But I was sitting here thinking—and, Mr. Needham, this might really be—if there is any question in my rambling, it might come back to you. But I think David Walker 10, 12 years ago, made the statement that if you are really going to do anything meaningful at the Department of Defense, because of the size, the enormity, of the Department of Defense and the different agencies within and all the size of the machine, if I can put it that way, that if the Congress was going to ever be able to get a handle on how to make it more efficient, then you probably needed to appoint an individual

who is qualified for the full term of a President. Of course, no President knows if he is going to be there four years or eight years, but assume an eight-year term and put this person in who has the qualifications to work within the system—it is not just one man, but he would have his people—to try to get a handle.

I feel like today I have heard that obviously some recommendations made by GAO have been followed, some recommendations within the Department itself which have made things a little bit better. But the size of the whole Department—and we are talking about the acquisition workforce today—but all in all it seems like what I am hearing I have heard before.

Now, some changes have been made. That is not a criticism. But it looks like to me you have got to have a major commitment by an administration. And even if that administration thinks they are going to be there eight years—I am not talking about the current administration—but if they think they are going to be there eight years, if they put this type of plan in place where this individual had the expertise with the commitment and the help of people within the military and outside the military that just think that the system needs to be reworked, is there any way to make it work better than what it is doing now with the current structure that we have, or will it continue to be a kind of hit-and-miss improvement?

I just don't know how you get a handle on this unless you make some major decision by the Congress and the administration that you are going to have to make a six- or eight-year commitment to get the efficiency, or at least get it started in the direction of efficiency.

And again, this is not a criticism. I have the greatest respect for the military and the Department of Defense, but are we going to continue to hear the same thing if we don't do something just really drastic?

Mr. NEEDHAM. What Mr. Walker was talking about at the time was the idea of having a chief management officer for the Department. And really this came from looking at our analysis of the turnover among program managers. And we showed program managers where you might have one President and two Secretaries of Defense and you would have five program managers for a particular function. And it was maintaining continuity and focus at a high level that was irrespective of the political climate they were working in. They were basically concerned with the administration of the Department. That is something that still is something that we view not only for the Department of Defense but for the other departments as well.

My own experience has been I have gone into meetings with Defense officials, and one program I was looking at was the purchase of commercial satellite services, and the program people turned over, the political people turned over, the military people turned over, but I had the same contractor all the way through. And it was something that—it was the only source of continuity we had as we dealt with them over a three-and-a-half-year period as we went back for more and more information. And that is probably the key thing, is keeping people in place so they can actually get some changes done. And I know there has been some thinking about that

within DOD about kind of limiting the amount of turnover that does occur.

Dr. SNYDER. Mr. Franks for five minutes.

Mr. FRANKS. Well, thank you, Mr. Chairman, and thank all of you. There is no way to ever express the appropriate gratitude for those of you that slog through the challenges to make sure that we are prepared in terms of personnel for whatever comes. I suppose in many ways that is the most critical job in the service. Not only does personnel equal policy, as they say, but the people that you choose to be in leadership roles and to carry out this Nation's defense is just an incredibly important job, and I commend you for it, as always.

So I guess I probably would go ahead and just ask each of the services, the representatives of the services, beginning with you, General Thompson, among the ranks, your ranks of acquisition professionals, where do they feel and where do you feel the most pain? What is your greatest shortage in both numbers and expertise, what is your biggest challenge?

General THOMPSON. The biggest challenge I think is being addressed by the plans to grow the size of the workforce. For the scope of the work, the complexity of the work today, the acquisition workforce, both military and civilian, needs to be larger. And the plans that we are putting in place across the DOD to do that I think will address that.

There are 13 different acquisition career fields. It is not just program management and contracting and engineering, but there is business and cost estimating and life cycle logistics. And we have looked at the gaps in those workforce areas, and we have got the plans in place to grow the size of those different acquisition categories appropriately to be able to address the challenges and to be able to meet the requirements of the Army and to be able to meet the requirements of the Department of Defense.

Mr. FRANKS. Thank you, sir. Mr. Thomsen, do you have any perspective?

Mr. THOMSEN. Yes, sir. Just like the Army, we have gone through a review of all of the 13 categories, and then some, to look at what our gaps and critical needs are. For us it is really in two areas, and arguably three.

The first area is really in system engineering, not just engineering but really qualified system engineers. Why is that? Because we really believe in the Department of the Navy that we need to reclaim, if you will, much of the technical and cost trade space in the early parts of these programs, certainly pre-Milestone B, before you really award these large development contracts or reproduction contracts. So qualified system engineering is really number one.

Number two is really in contracting officers, to make sure that we are reasonably healthy there, but we do need some growth in that area.

And then, thirdly, is business and cost estimating. If I can go back to the first one, which if I team up my system engineers with necessary and requisite additions and cost estimating, I am going to be much better prepared to walk into both contract negotiations and really a milestone decision on behalf of the taxpayer whether we should buy this system or not.

So I mentioned three, but two of them for sure we need in the front part of these programs. To understand the cost and technical trade space, to own it inside the government, with industry, not apart from industry, but with them, to really be peers with them before we enter these large contracts.

Mr. FRANKS. General Shackelford.

General SHACKELFORD. Sir, thank you. When I get outside of the Washington environment and go see the Air Force's professional acquisition workforce, what I find is a great deal of enthusiasm for the work that they do and a great deal of pride in the products that they get out that help our warfighters.

That said, they are very sensitive to the decline in the numbers of people that we have had during this time period that we have been discussing during the panel this morning. And they see, in terms of hope, the uniformed effort that is coming out of Congress, the Secretary of Defense, and Air Force leadership to go and do something about that now.

The specific areas that, as we look at the acquisition workforce and would like to see greater numbers and better skills, would be contracting, cost estimators, cost analysts, as well as systems engineers. And those are the areas that we have targeted, both with the new accessions to the Defense Acquisition Workforce Develop Fund, as well as the hiring that we have going on right now to fill the vacant positions we have and to take advantage of the authorities that we already have.

Mr. FRANKS. Thank you, General.

Mr. Assad, I will try to squeeze in one more question here. I have a concern about the 73 percent of the Department's acquisition workforce who are baby boomers. I just slid in the narrow end of that. And you mentioned that your implementing an intern program is a key part of the strategy to balance and develop that experienced workforce. But 73 percent is a big number. And what other initiatives do you think may assist you in dealing with that dearth of experience that will certainly be coming?

Mr. ASSAD. Mr. Congressman, we are looking at it in several different ways. The authority that Congress gave us in terms of our ability to hire under the Defense Acquisition Workforce Development Fund enables us not just to hire interns but to hire those at the intermediate level and highly qualified experts. And so each of the services is targeting a number of hires at both not just the intern level, but at the intermediate and senior level.

The fact is that between levels of experience of about 7 and, let's say, 19 years, that is our biggest area where we have a shortfall. We are doing a great job of bringing interns in and, frankly, hiring people on the front end. So we are looking at it through how do we get some of the experienced workforce that, frankly, left our organizations and went into industry.

Secondly, how do we look to retain some of those baby boomers that might have considered retirement but now are either reconsidering, how do we look at retired annuitants who can be a tremendous source of mentoring and assistance to our workforce as we grow it? There is no doubt that the bulk of our hiring is going to be in the intern side of the street. But on the other hand we are very comfortable, given what is happening in today's workforce en-

vironment, that there are a number of talented people out there who we can attract to the Federal acquisition workforce and then train them with the basic skill sets they have to be very effective in our world.

Mr. FRANKS. Thank you, Mr. Chairman.

I thank all of you very much.

Dr. SNYDER. Thank you, Mr. Franks.

General Shackelford, I think the others have commented, I don't think you have commented specifically on the issue about the mindset. Do you want to add anything to the discussion?

Mr. SHACKELFORD. Yes, sir. As I mentioned, once we get outside of the Washington area, where the execution of acquisition goes on in the Air Force, I find just an incredible amount of enthusiasm amongst our people there. They are very proud of what they are doing. They see the effects of the products that they deliver to the Air Force in the war every day.

That said, they would be the most sensitive people to this decline in the numbers of people and some of the atrophying of skills that have taken place over about the last 10 years or so. So they are the ones that are working under that burden. And they see the press, as was mentioned here, often couched in terms of what is broken and not what is really working well. The fact of the matter is that the far majority of the Air Force acquisition goes out and executes every day and does it extremely well, and that just doesn't get the press because it is successful.

Their sensitivity to the numbers and the workload, though, is being tempered, I think, at this point, really with the interest that the Congress is showing in acquisition. The Secretary of Defense is taking it very seriously. The Air Force's secretary and chief of staff are taking this very seriously, to the point that they are making this one of the five top priorities of the Air Force. That is a source of great encouragement to them, because they see now that the leadership actually recognizes the problem and is wanting to do something about it.

So, as we ride that wave out into the future through the hiring that is coming through the workforce development fund, as we look at the other things we are doing in the Air Force to recapture acquisition excellence, I think we are going to see a boost in terms of their enthusiasm as well as their performance.

Dr. SNYDER. And the issue, though, is it is not just their enthusiasm; it is the enthusiasm of everybody else, so that they will be valued and, you know, 18 years from now, if we have budget problems, they won't be the first people we look to cut and say, "Oh, we can contract this out" or something. But we just need the President and the Secretary of Defense just to say they are the coolest dudes in camp. That is all.

I wanted to ask and maybe hear from the three service representatives, if you would talk briefly about the issue of career paths and where we are at with regard to general and flag officer billets and if the people coming into those fields that you all were mentioning sense that this is something that they can have a successful career in.

I will start with you, General Thompson, and just go down the row.

General THOMPSON. Sir, that is a great question.

First, I would like to say thank you to the Congress for specifically authorizing the Army in the last authorization act an additional five general officer billets in the acquisition, specifically for contracting.

You know, we have conducted two promotion boards this past fiscal year. The results have not yet been released. And I think when those results are released and the selections are approved by the Congress, you will see that we have done the right thing in selecting, you know, very qualified officers with contracting background to begin to put them in those critical billets.

As the senior military acquisition official, I have responsibilities for managing that acquisition workforce in the Army. There are about 65 general officers and members of the Senior Executive Service that I specifically manage. And we have been able to, in the last year, in each of our Program Executive Offices (PEOs), we had—the PEO, who is the two-star general officer or the two-star equivalent Senior Executive Service (SES) that manages that portfolio of programs, we have been able to establish a flag-officer-level position, either SES or general officer (GO), in every one of those PEOs, so that there are two senior officials in every one of those 12 portfolios of programs in the Army.

So I think that the young military and civilian acquisition professionals that come in see that this is a viable career path and that there is a way to get to the top of the pyramid, provided they do a good job in all of their assignments. And we have been able to increase the senior-level ranks appropriately, both for the general officers and for the members of the Senior Executive Service.

Dr. SNYDER. Mr. Thomsen.

Mr. THOMSEN. Yes, sir. Today we have about 25 percent of all of our flag billets in the Navy are actually AP billets—in other words, acquisition professional. We have about 180 Senior Executive Service members, like myself, that are in acquisition professional billets. So that is about half of all of our Senior Executive Service billets.

So the line of sight to flag officer billets—and, in the Marine Corps case, there are also some general officer billets in acquisition now—but also in the civilian corps, we have about half those billets, of all of our billets, are acquisition. So the line of sight to that is pretty healthy, we think, and we think we have that about right.

But the thing that really, I think—and we just looked at this this year in even more detail—is, what are the promotion rates, getting into these flag billets, apart from just acquisition? How does acquisition flag promotion rates really compare to non-acquisition?

Actually, this past year, it was better than non-acquisition. So I think that is a pretty good indicator—we think we are in the right ballpark for that. I don't think we need to make any significant changes to it. So I think it is a pretty good sign we have it about right.

Dr. SNYDER. Mr. Shackelford, if you could briefly respond, and then we will go to Mr. Wittman.

General SHACKELFORD. Yes, sir. The Air Force has 27 general officer positions in acquisition, as well as—actually, 27 qualified acquisition general officers, as well as 87 SES acquisition qualified

people. So we have a healthy pyramid that gets to those positions, with the exception, perhaps, of contracting, which we need to work on, and we recognize that.

As part of this recapturing acquisition excellence, our chief and secretary have sent us off to go look at the acquisition corps within the Air Force and make an assessment of how we are doing in that pyramid in terms of promotion opportunities and bringing the right people with the right skills up through that process up into those senior positions.

And so, they are looking at that right now in terms of the mix. They are the ones that make the choices for us as to where we put our general officer positions, for instance. But part of this review will determine how we do in terms of either plussing up the number of acquisition general officers or having SESs perform those duties based on what the senior leadership recognize as their needs.

Dr. SNYDER. Thank you.

I misspoke. We will go to Mr. Sestak for five minutes.

Mr. SESTAK. Thank you, Mr. Chairman.

General, first, thanks for coming to the district and helping us out up there. I appreciate it very much.

General SHACKELFORD. Yes, sir. My pleasure.

Mr. SESTAK. I am sorry I wasn't here earlier, but if I could ask, do you think one of the—the GAO report appeared to say that—for me, the key word was "oversight."

If I could ask more from a parochial experience, in the Navy, you have at Naval Sea Systems Command (NAVSEA) technical authorities responsibility. Is it really more that we don't have enough expertise within the contracting, towards the acquisition, the procurement? Or is it really more in the failure to have the proper oversight of this, for whomever executes it?

Maybe an example might be how we had to put the LPD–17 out of a shipyard down there in the south and move it to somewhere else.

Is the real word not "how many" or "contracting" or "procurement," but "oversight"?

Mr. THOMSEN. In a word, yes, sir. But it is a combination of things.

I had mentioned earlier that, prior to these large contracts being awarded, we also believe in the Department we have to do a better job of really understanding the technical and cost trade space before we get to that point.

But once the contract is awarded, post-award, whether it is a ship or a missile or anything else, oversight becomes critical. And so we have added—and I know you are familiar with this, Admiral—Supervisors of Shipbuilding, Conversion and Repair (SUPSHIPs), we have added some additional billets in cost-estimating, as well as EVM, or earned value management, of surveillance and oversight at those organizations.

So it is critical for us that we do the upfront part well, better, and also as we get into the post-award phase that we really do this surveillance and the oversight part of this just as well.

Mr. SESTAK. Could I ask a second question? If it is oversight and even if it is procurement—I wasn't here for the previous questions, but to some degree we talk about our military acquisition force. Is

it time to really look at whether the heft, the increase in this acquisition force should not come from the military?

I mean, after all, we are trigger-pullers. And you take a commander or a lieutenant colonel and transfer him to the acquisition force, that is a different level of experience than if you took a civilian and transferred him or her to run a ship as a lieutenant commander or commander.

Do you think we might be going about this the wrong way, of saying we need more military acquisition workforce? Because, by and large, they come over after not doing it very well—at all. Then, all of a sudden, they are an admiral and they are trying to run these programs.

Maybe, could a possible better way of going about it be that the requirements side of the military reasserts, which since Goldwater-Nichols has not permitted it to do, its rightful oversight of the acquisition community in producing an effective, cost-efficient requirement? And that is where the military should reside as officers, not in the acquisition, if we change Goldwater-Nichols to merit that to happen, sir?

Mr. THOMSEN. Just a couple of comments on that.

One of the things that we have put into place through the Secretary of the Navy this past year to really get at, I think, the heart of the question you had——

Mr. SESTAK. And that would be open to anyone to answer.

Mr. THOMSEN [continuing]. Is a governance process that really circles back on the issue that you asked about. And that really is the integration of requirements and those officers that are coming from the field and landing in, for example, Office of the Chief of Naval Operations (OpNav) and operations billets there in OpNav and then what we do on the acquisition side.

In other words, we have worked very hard in putting together a governance process that brings those together at the beginning to make decisions that are transparent and together between the acquisition and requirements phase.

With regard to growing the acquisition workforce through the military vice—or maybe not vice, but in addition to what we are doing in the civilian side——

Mr. SESTAK. But it is vice, to some degree. Every military guy is——

Mr. THOMSEN. It is always a tradeoff, yes, sir.

Really, our emphasis right now is not so much that, but making sure that we are bringing qualified officers, particularly in the unrestricted line officer corps (URL), bringing them out earlier and getting them into the acquisition business earlier so that we can have the best-qualified folks we can get. So, in a sense, we are adding to it on the URL side of the House.

As you know, the supply corps officers, Civil Engineering Corps (CEC) and restricted line, are pretty much growing up through the acquisition workforce from the beginning. A lot of our focus has been on how do we improve and tweak and turn the knobs a little bit better on bringing forward some of our unrestricted line officers in the acquisition corps early to get that experience and not wait until they are here 25, you know, to come into the acquisition business.

Dr. SNYDER. Mr. Wittman for five minutes.

Mr. WITTMAN. Thank you, Mr. Chairman.

I want to direct these questions to Lieutenant General Thompson, Mr. Thomsen, and Lieutenant General Shackelford.

In looking at the personnel that are going to be assigned to the services, it appears that about half of those new personnel will go to the service branches. I wanted to get some feel about what positions will be filled within that framework, where you see your critical gaps as they exist today, and a little bit about how you determine where your greatest needs exist.

And I want to try to tie all those aspects together, so if I could get you to give us some perspective on that.

General THOMPSON. Sir, yeah, similar to the answer that I gave before, we did do a gap analysis, if you will, across all the acquisition areas. The growth area that is the most significant is contracting, followed by systems engineering, program management, and then cost-estimating. And I think we have the numbers about right. We did a holistic assessment, looking at the programs that we have to run and the types of service contracts that we have to let, and determined high-grade, middle-grade, you know, interns, and new members of the workforce, what the right balance is.

I think we have it about right. We will have to adjust it as we go, over time. I mean, the numbers for the Army are 5,435 conversions and new members of the acquisition workforce. If we don't need 5,435, we won't go up to that number. It is really looking at what the need is and having the right mix of military, civilian, and some contractors that are working in support of the acquisition function and swinging the pendulum back the other way.

Mr. ASSAD. Sir, if I could just make a comment for a minute to give you a little bit more context in terms of what we are doing with the workforce.

About 70 percent of the growth in the acquisition workforce will be in the engineering, oversight functions. It will not be in the contracting or pricing. About 30 percent of our growth is in contracting and pricing, about 70 percent program management, oversight, Defense Contract Management Agency (DCMA), Defense Contract Audit Agency (DCAA), and engineering capability. Less than 10 percent, in fact probably even less than that, is in the military side of the street. So this is primarily a civilian workforce growth initiative, and so there will not be a significant increase in the numbers of military officers in the acquisition community.

Having said that, there is no doubt that we need to have battlefield commanders and acquisition professionals with their boots on the ground who understand—for example, in Iraq and Afghanistan, we have well over 200,000 contractors supporting our force. They need to know how to manage that force. They need to understand how it was contracted for and how it will be overseen. And so, there is an inherent capability that we need to have within the military services, especially as it relates to contracting in a combat environment.

Mr. THOMSEN. Congressman, yes, sir, a few things.

Not unlike the Army or the Air Force, we have really gone through, first, really, our program offices, where most of our man-

agement pieces of our business is done. And it revealed a couple of things. One, without a doubt, was really——

Dr. SNYDER. Would you pull your microphone a little closer?

Mr. THOMSEN. Yes, sir.

It brought forward a couple of things. Really, some imbalances in our governmental workforce as opposed to what we have in contracting support services. For example, in some of our program offices, we had contractors serving in some of these billets upwards of around 60 percent. So I am pretty sure 60 percent isn't the right number. We are trying to figure out what the right number is, but we have gone through that process.

Secondly, and one that I know you are familiar with, for example, at Dahlgren, which is one of our field activities, they have a very mature process that they go through that is based entirely on the demand signal, primarily from Department of Navy, Navy and Marine Corps, but also some of the other agencies, as well—they have some work there—very mature process to identify what their gaps are. We feel very comfortable—and, by the way, they represent about two-thirds of our acquisition workforce, if you take Dahlgren and some of the other field activities.

So, in other words, we feel pretty good about that. We are also applying this model to the program offices. We do think we have some imbalances.

All that said, again, it is really the three areas that I mentioned before: system engineering to really reclaim our knowledge space up front; and then business and cost-estimating the team up in the cost trade space; and then thirdly really is our contracting numbers, make sure that we have the right number for oversight and surveillance.

General SHACKELFORD. Yes, sir, if I could add briefly, last fall, as part of our internal assessment of where we stood in acquisition in the Air Force, we went out to the field and asked them how many folks they needed to get up to what they considered to be a healthy level. That has resulted in 2,062 positions, just over 1,800 of which are civilian, 291 officer and 11 enlisted, that we are going to flow in to our workforce over the next 3 years.

There are others that are coming as part of the initiatives coming out of the Defense Department. They will be going, targeted to those product centers for execution of programs. And, as I mentioned, contracting, cost-estimating, and systems engineering are the heavy hitters.

Mr. WITTMAN. Thank you, Mr. Chairman.

Dr. SNYDER. Mrs. Davis for five minutes.

Mrs. DAVIS. Thank you.

You mentioned the acquisition experience in the field and how important that is. I wonder if you could focus on Afghanistan for a second and how confident you are that we have the contracting and logistics expertise in Afghanistan as we flow in troops and personnel and, obviously, equipment.

General THOMPSON. Ma'am, the general officer that is over there now as the head of the Joint Contracting Command for Iraq and Afghanistan is Brigadier General Bill Phelps; just got over there in February and took command. He recognizes the very significant challenge of trying to execute a deliberate, planned drawdown in

Iraq consistent with the administration policies and a deliberate increase in our footprint in Afghanistan.

He has come back to the Department, and we are working across the Department right now to increase the size of the Joint Contracting Command with both military and civilian members to be able to handle that balancing act over the next year or so. And so, we are working, based on his assessment, to source an increase of about 53, I think is the exact number, military and civilian contracting professionals to be able to deal with that surge into Afghanistan, also at the same time balancing the drawdown in Iraq.

And so the commander on the ground that has that responsibility, working both for General Odierno and General McKiernan, the two commanders on the ground, is pretty confident that, if he gets that increased help, he will be able to balance that. And we are watching that very, very closely.

Mrs. DAVIS. Is there an area particularly in addition to a number of the issues that you have raised in terms of the gaps that we—you know, three months from now when we are sitting here in committee, what do you think is the most likely thing that we might hear that is needing assistance?

General THOMPSON. I don't have an answer on one area that I think is going to come up. I think if we do this right, we shouldn't have any major issues or, you know, things that hit the press that are not going right.

And so, we have learned some lessons, and we have taken those lessons to heart on, you know, the surge into Kuwait and Iraq over the last seven years. And we are using all those lessons learned.

You know, the things we talked about earlier today, ma'am, about training the non-acquisition workforce, the operational commanders, to understand their critical role in defining requirements and their critical role in helping us manage the delivery of those, primarily, services in the theater with not just the acquisition workforce and the contracting officers but also the contracting officer representatives, who ensure that the delivery of that service happens as it is contracted for.

Mrs. DAVIS. Does anybody else want to comment on that?

General SHACKELFORD. Ma'am, if I could, the Air Force supports approximately 70 percent of the military contracting manpower positions in that joint command in Afghanistan and Iraq. The good news is they are doing a marvelous job, and they are in high demand. The bad news is, it has driven that community into what we call a one-to-one dwell ratio, where their time at home equals their time deployed, which is leading us towards pursuing a retention bonus for those officers. Our enlisted people already have a bonus to help them with the retention.

But the other point there is, those are the same people that, at home, would be doing the work of contracting. So that is part of this. In terms of numbers of contracting people, we have a low-density, high-demand workforce, one that has skills that are useable on the outside. We would like to keep as many as we could; we would like to get more so that we can just robust that entire community.

Mrs. DAVIS. One of the things I was pleased—and I think, Mr. Assad, you mentioned this—the need to bring in mentors, people

who have had great experience in contracting acquisition, who have left, perhaps with the economy have an interest in coming back, but that they may not be available in the war theater in the same way that they would be in other communities.

And I am just wondering, to the extent that—it seems to me that we get so much more work, in many ways, developing expertise from interns when they have support personnel around them who are really playing a very active role. I don't know what those numbers are, if they are even near what they could be, given the situation that we are in.

But would you like to comment on that and whether or not we are actually able to get them out in the field at all?

Mr. ASSAD. Well, I think, for the most part, what we are looking at right now as part of a lesson learned are those activities that presently are being done by our uniformed forces on the ground that could, in fact, be done in the rear to support the contracting that is taking place on the ground.

And so, one of the things we are looking at is, how do we get more civilian participation, even if it is in the rear, to support the contracting that is being done on the ground? And I think that we are moving towards a more effective mix of—and the Army has especially been looking at that, in terms of its experience in Kuwait, of doing more contracting in the rear.

So we are looking at that now as we go forward to ensure that General Shackelford is correct, which is why the Army is increasing its contracting capability in its uniform services, to, frankly, give a little relief to the Air Force as we look forward.

Mrs. DAVIS. Thank you.

Thank you, Mr. Chairman.

Dr. SNYDER. We are letting Mr. Sestak play catch-up here, so Mr. Sestak for five minutes.

Mr. SESTAK. Thank you. I have been playing catch-up my whole life.

Could I follow up on that? I have to agree with you, the importance of the contractors out there. I think it might have been a GAO study, but I can't remember, that I read about a year ago that made a recommendation that our war colleges—and I can't remember if we still have junior and senior ones—that we might, on the longer-term sustainability of this need, much like we train our warriors when they go forward how to shoot a gun if they are going to be—or manage a company, they should manage contractors, should there be a course, not just at the Industrial War College but all of them, that helps imbue our officers with that kind of knowledge? Should we legislate something like that?

Mr. ASSAD. Well, I am not sure we need to legislate it. We are moving in that direction. And I think, you know, in terms of making sure that our senior, middle, and our field-grade officers get more exposure to understanding what they are going to have to deal with in the battle space as it relates to contractors, how to manage that workforce.

Mr. SESTAK. So, for example, Capstone, where every new flag officer might have a junior——

Mr. ASSAD. Yes, sir.

Mr. SESTAK. Can I ask—were you going to comment, sir?

General THOMPSON. Yes, sir. The only thing I would say is we have looked at all of the course content in the Army, and I agree with Mr. Assad, I am not sure it is something we need to legislate. But we have put, in 18 non-acquisition courses, we have put course content in there to talk about the important role of contracting and setting requirements.

And similar to the Navy and the Air Force, I mean, all three of the services have senior executive courses where the importance of business principles and, you know, learning how to operate the very large enterprises that we have——

Mr. SESTAK. Right. But the Navy does not have—and there are 12,000 naval personnel on the ground in Iraq on the ground, some of them managing contracts, oversight, has any course at the war college, where it is mandatory you have to have some experience at a junior officer level—lieutenant commander, commander—on this. So maybe leveling to make sure everybody is the same might not be a bad idea why.

GAO, if I could ask this one question again. I am taken with what I think is the proper effort to give heft or to the ability for oversight in the acquisition community. But I am still taken with the process that somehow it seems as though you might put more people out there on the acquisition side, but how well they are overseen or driven by the requirements side has always seemed, to me, a disconnect.

I will always remember the Chief of Naval Operations going to the Assistant Secretary of Acquisition of the Navy in years past and almost asking what they thought of some requirement.

Does that need to change, or am I wrong on this? Have you looked at it? Is this your area?

Mr. NEEDHAM. No, I have not looked at that particular issue, in terms of the personnel in terms of the oversight and the role they play.

The one issue that we were focusing on here in this effort was trying to get—what is DOD measuring and looking at and counting? And one of the things they could not get or did not have was the contracting officers representative, who is often a technical program person, who is overseeing the contractor. We have no real clear picture of how many of those are, what their training and skills are, and so forth. That is one area we saw as a need.

Mr. SESTAK. All right. I can remember studies being done within the service, and no one ever knew how many contracts. And we couldn't—two years of trying to grab it in the Navy, and we could never get that final number of how many contractors we had.

Well, thanks. I am just also taken—I think this hearing is great, and I think the need for more technical authorities in all oversight is tremendous. I just hope that eventually we look at the process of how the emphasis upon the civilian acquisition oversight in years past, Goldwater-Nichols, led to some of the requirements being, "Give as it is, we got it from here, don't bother us again."

Thank you.

Dr. SNYDER. General Thompson, in your written statement, on your first page, you refer to the period from 2003 to 2005. You say, "From 2003 to 2005, as a result of downsizing of the acquisition workforce in the 1990s, there were not enough acquisition profes-

sionals to handle all the Army's acquisition programs and contract missions."

Why did you take 2003 to 2005? Was that just because of the tremendous activity that was going on, due to the overseas operations? What was the magical about looking at that picture?

General THOMPSON. Yes, sir, we picked that particular period because that was when the large surge of activity into Iraq, in particular. And, as a result of that, we ended up with some seams in the system, where we had a number of people that were investigated, in some cases prosecuted. And so we had some negative things happen then, you know, that primarily the reason was there was just not enough people to deal with the large surge in workload.

Dr. SNYDER. Got you.

On page two, I need to ask a basic question here, you talk about, "We must reform how and what we buy, meaning a fundamental overhaul of our approach to procurement, acquisition, and contracting." I think you are using those three terms there as terms of art. I think probably on this side of the table we interchange a lot of terms and probably in our public discussions interchange all of these terms.

Do each of those terms have a precise meaning for you, "procurement," "acquisition," and "contracting"?

General THOMPSON. I look at "acquisition" as the overarching term. And we all operate within an acquisition system. Contracting is a subset of the acquisition system, and the procurement is a subset of that. So the overarching term is "acquisition."

Dr. SNYDER. Is "acquisition." Good. Thank you.

Mr. Thomsen, you had talked about this earlier, about the science and engineering. You say, "We must increase our business skills and rebuild our science and engineering depth that has been significantly reduced over the last 10 to 15 years."

I want you to amplify more, if you would, on the science, what you see as a lack of science depth within the Navy. In specific, what are you talking about?

Mr. THOMSEN. Yes, sir, as I mentioned before, about two-thirds of our acquisition workforce is actually in, I will call it, the field. In other words, they are not here in Washington, D.C. They are outside the Beltway in places like Crane, Indiana; San Diego, California; Newport, Rhode Island; Panama City, Florida; et cetera—Dahlgren. Right up the road, actually, in Carderock, Maryland, there is a naval research lab—or, excuse me, David Taylor Naval Ship Research Center there. Naval Research Lab is right across the river; it is inside the Beltway.

That is where most of our science and engineering talent resides. If you go back to 1990, depending on which one of those you pick, but in general we have reduced those organizations by about 40 to 45 percent. That is a lot of scientists and engineers that we have allowed to go out the door in Department of Navy. And that is very much connected to what I said before about our desire to want to reclaim that technical and cost trade space up front.

Those are the individuals that turn in, eventually, to system engineers. In fact, it doesn't take them that long because they are ac-

tually getting their hands on some of the systems that we buy and that we build.

We think it is critical that we rebuild appropriately—not necessarily a hiring bonanza, but a deliberate rebuilding of that part of our workforce in a way that is going to support our strategy, which, again, is focused on the system engineering aspects.

In Department of Navy, we rely on those organizations to support not just the program offices but to also work very, very closely with industry. So, for example, we have a requirement, all of us do, to really move to ensure that we don't have a Lead Systems Integrator (LSI) situation in the future. We are not lead systems integrators. We need to be our own lead systems integrators prior to these large contract orders. Well, in order to do that, we have to have the right scientists and the right engineers working with industry, to be a peer of industry, so that when we get to the negotiating and contract table we are speaking the same language and we understand each other.

Dr. SNYDER. Mr. Needham, in your statement, on the third page, you cite one case study where you say, "In our case study, we found that one Army component was paying between 17 and 27 percent more, on average, for contractor personnel working as contract specialists than for its government employees, who were doing equivalent work."

Of course, that is contrary to probably what has been discussed a lot in the last decade and a half or so. That is one case study. Do you think that generalizes the fact that outsourcing a lot of that actually ends up costing us more?

Mr. NEEDHAM. Again, there is no data on this, Mr. Chairman. We did that particular case study to begin to try to get a handle on this. We have done some work at NASA looking at the same question. And we have been trying to, kind of, identify what is the cost-beneficial ratio here. And there really is no—there is no information. And, in fact, it is not often evaluated.

One of the issues—we surveyed 66 program offices. And I think, of the ones that responded, there were 13 that said they looked at cost. Only one considered cost as an issue when deciding whether or not—in terms of their contractor workforce, in terms of deciding the mix that you would have, was looking at the cost.

And that is not often done. And it is hard to do. And the only place that it is ever really done is on the A–76 process, and that has such a tiny proportion of the procurement dollars that go to that, where they do an actual cost comparison between the civilian workforce and the contractor workforce.

But there is very little data. I put that in the statement because it was work we did a year ago when we started to look at this whole issue. And it is an important one that you raise.

Dr. SNYDER. Mr. Wittman, anything else?

General THOMPSON. Mr. Congressman, can I give you a little data but sort of a little philosophy there, as well?

Dr. SNYDER. Sure.

General THOMPSON. If the size of the workforce is such that you need X number of people and it is an enduring mission, it is cheaper over the long run to do it with a government workforce member.

We have started down the path of insourcing some of the things that we had contracted out, when we look at, "It is an enduring mission; I need that many people to do that job." And, on average, we have saved about $50,000 per every conversion that we have made from a contractor doing that job to a member of the government workforce doing that job, you know, trying to look at apples-to-apples comparison on burden costs, you know, retirement benefits, et cetera.

But if you are going to do it for the long haul and it is not just a temporary situation where I need to contract to get something done and then I no longer need those people, it is cheaper to do with the government workforce.

Dr. SNYDER. Mr. Assad, you mentioned both in your discussion here and your written statement about—I think it was in response to Mr. Wittman, about baby boomers retiring, about annuitants.

Are there any specific legislative changes that are hampering your ability to get the annuitants that you want? Or do you have everything you need, as far as ability to recruit?

Mr. ASSAD. Mr. Chairman, I believe, in general, we have what we need. Congress has given us a great deal of flexibility, especially recently, in terms of dealing with hiring our acquisition workforce. So I think we have the tools that we need to execute this smartly.

Dr. SNYDER. One of you mentioned conflict-of-interest provisions with regard to stockholdings. Was that you, Mr. Assad? I don't remember who it was. Oh, it was in an article, that is right. It was in John Young's newspaper article today, about the issue of, at certain levels of hiring, that acquisition personnel have to divest themselves of certain investments.

Is that a factor in your hiring? Is that an insurmountable problem for some people or not?

Mr. ASSAD. It depends. In general, no. But, as you get to more senior folks who may have been with companies for a significant period of time, they usually have—and, frankly, are older, they usually have investments. And, frankly, if they are going to come into the workforce, they need to divest of those things so that there isn't a conflict of interest.

Dr. SNYDER. Mr. Assad, are you—or any of you—are you aware of any specific legislative changes that you are wanting now? Are you more apprehensive about any legislative changes that may come?

Mr. ASSAD. No, sir, I think we are in pretty good shape. We are presently working with our personnel in the human resources community to see if there is anything else that we might be able to suggest to the committee that we need. But I think, in general, we think we have the tools we need.

Dr. SNYDER. Mr. Wittman, anything further?

We appreciate you being with us today. We appreciate the work you are doing. Please pass on to all the folks that do your work that I think they are the coolest dudes in the Western Hemisphere.

Thank you all. We are adjourned.

[Whereupon, at 11:40 a.m., the subcommittee was adjourned.]

A P P E N D I X

April 28, 2009

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

April 28, 2009

Opening Statement of
Chairman Dr. Vic Snyder
Subcommittee on Oversight and Investigations

Hearing on "The Acquisition Workforce: Merely a Business Expense or a Force Multiplier for the Warfighter?"

April 28, 2009

The hearing will come to order.

Good morning and welcome to the third and final in a series of three hearings by the Oversight & Investigations Subcommittee following up on several acquisition matters.

Before we get started, I'd like to recognize and welcome a group of about 50 International Fellows from the Naval War College who are in attendance at today's hearing. Professional military education is another issue the Subcommittee is examining closely. Welcome and thank you for taking the time to attend today's hearing.

Our first two hearings centered on acquisition and management issues in the Afghanistan and Iraq theaters of operation. Today's hearing is more broadly focused on the Department of Defense acquisition workforce. It is a timely topic. Acquisition reform is a high priority here in the Congress and in the executive branch. Chairman Skelton recently established a special acquisition reform panel and both the President and Secretary Gates have spoken about the critical need for acquisition reform.

The acquisition workforce is at the heart of the acquisition system. No doubt, there are the policies and the organizational structures that make up important parts of the defense acquisition system. But, there are also the people – the engineers, cost estimators, systems engineers, contracting officers, program managers, contract specialists, quality assurance inspectors, logisticians, finance personnel, and auditors – who

carry out the acquisition function from start to finish. Working as a team, these members of the workforce are key players in both supporting the warfighters' needs and safeguarding the taxpayers' dollars.

We're all familiar with the problems many of the major programs are facing in terms of substantial cost overruns, schedule delays, and problems with performance. As part of a larger package of reforms, Secretary Gates announced a plan to begin rebuilding the acquisition team to help address those problems. We think the Department already has many important tools for developing and managing the workforce.

The Armed Services Committee has been very active in passing legislation to ensure that the Department attracts and maintains a professional, high quality acquisition workforce. Indeed, this Subcommittee's immediate predecessor, the House Armed Services Subcommittee on Investigations, in 1990, drafted the seminal legislation in this area, the Defense Acquisition Workforce Improvement Act (or "DAWIA").

Congress may bear some responsibility for the current state of affairs because during the post-Cold War drawdown era, Congress mandated a series of reductions in the acquisition workforce -- only to be followed by an era of increasing demands and dramatic growth in the Department's procurement budget after September 11th.

In recent years, we've again recognized the critical role played by the workforce and established the Acquisition Workforce Development Fund, providing billions of dollars over the next several years for recruiting, retaining, and training the right people. We've provided expedited hiring authority to allow the Department to bring on qualified candidates quickly. We've encouraged the Department to ensure that critical acquisition positions like program managers, cost estimators, and chief engineers are filled by government personnel, and we required the establishment of a career path, including general and flag officer billets, for military personnel in the acquisition field. We've lifted civilian

personnel caps for acquisition positions and we've given the Department the authority to "insource" new work and bring back work that the Department previously outsourced.

We look forward to hearing how these tools are helping. We'd also like to hear how the Department and the Services plan to change from an institutional mindset that, in the past, viewed the acquisition workforce as merely performing an often arcane business function and to one that instead recognizes the critical and essential work that the acquisition workforce performs. The taxpayers depend on them. But most importantly perhaps, our warfighters' lives and success literally depend on them too.

After Mr. Wittman's opening remarks, I'll introduce our witnesses.

[Mr Wittman's Opening Statement]

Thank you, Mr. Wittman. Our witnesses today include:

Mr. Shay Assad
Director
Defense Procurement Acquisition Policy and Strategic Sourcing (DPAP)
Acting, Deputy Under Secretary of Defense, Acquisition & Technology

Thank you for joining us again. Mr. Assad was a witness at our earlier hearing on the Gansler recommendations.

Lieutenant General Ross Thompson, USA
Military Deputy to
the Assistant Secretary of the Army for Acquisition, Logistics and Technology

Mr. James Thomsen
Principal Civilian Deputy Assistant Secretary of the Navy (Acquisition Workforce)

Lieutenant General Mark Shackelford, USAF
Military Deputy
Office of the Assistant Secretary of the Air Force for Acquisition

Mr. John K. Needham
Director, Acquisition and Sourcing Issues
U.S. Government Accountability Office

To all of our witnesses, thank you for your service and your dedication to an area that needs urgent attention.

I'll turn to each of you for a brief opening statement. I ask that you keep your oral statements to 5 minutes. Your entire prepared statements will be made part of the record.

On an administrative note, we will use our customary five-minute rule today for questioning, proceeding by seniority and arrival time.

Statement of Ranking Member Rob Wittman
Subcommittee on Oversight and Investigations
House Armed Services Committee

Hearing on the Acquisition Workforce

April 28, 2009

Thank you, Chairman Snyder, and good morning to our witnesses – we appreciate your being here today.

All aspects of the defense acquisition system are receiving much attention these days. The President and the Secretary of Defense have made acquisition reform a priority, and the leaders of both the Senate Armed Services Committee and our own Chairman Skelton and Ranking Member McHugh of the House Armed Services Committee have introduced legislation to improve the system.

There's no question that any taxpayer funded system expending more than $400 billion annually and employing thousands of people deserves continuous scrutiny. More importantly, the long history of armed conflict amply demonstrates that the combat force employing the most technologically advanced system, from longbows, to gunpowder, to stealth

aircraft, to the capability to rapidly deploy expert marksmen and their equipment from Virginia to the Indian Ocean usually prevails. Our national security demands that we have a well funded, well managed weapons acquisition system for our armed forces.

Our focus today is not the system, but its most important element—its people. Any complex system requiring sound judgment, creativity, and financial prudence needs talented, motivated professionals. What we are really doing is assembling a team of inventors, developing and packaging capabilities in ways heretofore unimagined at taxpayer expense. It is extraordinarily difficult to produce any new, capable weapons system, much less produce it on an exact schedule, to exacting performance standards, within an exact budget. As much as I'd like to see more precision, we do need to trust good people to make reasonable decisions on the nation's behalf.

In that regard, this committee has initiated several legislative measures in the last few years designed to strengthen the Department's acquisition workforce. We believe these changes are having a good effect, and are eager to hear our witnesses' view of the matter. Even so, we

understand defense acquisition needs excellent employees, and are happy to consider any further legislative changes that may be needed. Any systemic changes we make will have little real effect without a superb corps of acquisition professionals to operate it.

Our witnesses are experts in this area and I look forward to their testimony.

STATEMENT BY

MR. SHAY D. ASSAD

ACTING DEPUTY UNDER SECRETARY OF DEFENSE

(ACQUISITION & TECHNOLOGY)

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT & INVESTIGATIONS
COMMITTEE ON ARMED SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES

DEPARTMENT OF DEFENSE
DEFENSE PROCUREMENT AND ACQUISITION POLICY

THE STATE OF THE DEPARTMENT OF DEFENSE'S
ACQUISITION WORKFORCE AND
THE DEPARTMENT'S IMPLEMENTATION
OF RECENT LEGISLATION

APRIL 28, 2009

Chairman Snyder and Members of the Subcommittee:

My name is Shay Assad and I am serving as the Acting Deputy Under Secretary of Defense for Acquisition and Technology, in the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (AT&L). I am also the Director of Defense Procurement and Acquisition Policy. I want to thank you for the opportunity to appear before you and to participate in today's discussion. At your request, I will address the Department's recent and significant action to improve the state of the Department of Defense acquisition workforce that support of the President's objectives and recent legislation.

STATE OF THE DEFENSE ACQUISITION WORKFORCE

Downsizing of acquisition organizations in the 1990's was followed by a dramatic increase in workload since 2001. These factors have strained the current organic acquisition workforce and increased risk of successfully achieving desired acquisition outcomes. In 2001, the Defense Department spent $138 billion on contracts, and in 2008 spending reached $396 billion -- $202 billion of it was for services. During this period, the size of the organic Defense acquisition workforce (civilian and military) remained relatively flat while dollars spent on contracting actions over $25,000 more than doubled. Additionally, there was also a significant increase in use of contractor support personnel.

SECRETARY OF DEFENSE'S INTENT TO GROW THE DEFENSE ACQUISITION WORKFORCE

On April 6, 2009, the Secretary of Defense announced his intention to significantly improve the capability and capacity of the Defense acquisition workforce by increasing the size of the workforce 20,000 through fiscal year 2015. This will restore the organic acquisition workforce to its 1998 levels of approximately 147,000 and address long standing shortfalls in the Defense acquisition workforce. It is the first significant growth since the military build-up in the 1980's and the downsizing that occurred during the 1990's. The Secretary's initiative is the overarching human capital strategy to revitalize the acquisition workforce.

The Department's growth strategy directly supports the President's March 4, 2009 memorandum's objective to ensure the acquisition workforce has the capacity and ability to develop, manage, and oversee acquisitions appropriately. The Defense acquisition workforce is critical for improving acquisition outcomes for the nation's $1.6 trillion investment in major systems. The objective is straightforward: to ensure DoD has the right acquisition capability and capacity to produce best value for the American taxpayer and for the soldiers, sailors, airmen and marines who depend on the weapons, products and services we buy.

This strategy increases the size of the acquisition workforce by 15% - 20,000 through fiscal year 2015. As an integral part of this strategy, the Department will convert approximately 11,000 contractor support positions to full-time government employees. This will create a better balance between our government workforce and contractor support personnel and ensure that critical and inherently governmental functions are performed by government employees. Section 324 of the FY2008 National Defense Authorization Act provides the legislative foundation for these conversions.

This strategy will increase and improve the Department's oversight capabilities, thereby ensuring we get what we pay for; ferret out waste, and assist in combating contract fraud. We will increase our contracting and contract oversight workforce, to include the Defense Contract Management Agency and the Defense Contract Audit Agency. We will build up our contract pricing and program-estimating capability to ensure our program estimates are more accurate so we get a better deal for the taxpayers. We will increase our organic acquisition and program management capability, such as program managers, systems engineers, and other acquisition professionals. This will also include critical professionals such as our competition advocates and small business specialists.

THE DEFENSE ACQUISITION WORKFORCE DEVELOPMENT FUND

The Defense Acquisition Workforce Development Fund provided by Congress through the FY2008 National Defense Authorization Act (NDAA), is a key workforce enabler. Since enactment, significant resources have been targeted for improving the Defense acquisition workforce. Improvement initiatives are being deployed and are categorized in three major workforce categories: 1) recruiting and hiring, 2) training and development, and 3) retention and recognition. The following provides a brief description:

RECRUITING AND HIRING. Hiring has started. DoD is investing in hiring interns, journeymen, and highly qualified experts and will leverage and expand existing hiring programs to meet our goals. As we prepare the future workplace environment and deploy strategies to improve acquisition outcomes, we must recruit and hire the brightest and best talent. This requires DoD to create a workplace environment where current and new employees view the department as the best place to work—an integral part of DoD's employee value proposition. Recruiting initiatives include partnering with federal initiatives, such as the Federal Acquisition Intern Coalition, while also optimizing best practices that exist within the Department, such as the Warner Robins Air Force Base and Wright-Patterson Air Force Base contracting hiring programs which leverage

local, state and community partnerships to create strong area-centric hiring pipelines. In addition the Department is developing best practices relative to job fairs, college campus outreach, Historically Black Colleges and University advertising and partnerships, etc. Because the Baby Boomer generation represents 73 percent of the Department's acquisition workforce, intern programs are a key part of our strategy to balance and develop an experienced future workforce. Journeymen will also be hired who add "real time" capability to the workforce. Additionally, Highly Qualified Experts (HQEs) and retired annuitants will be hired where special capabilities are required. Concurrently with these growth initiatives, the Department will also reduce contractor support to create a better balanced multi-sector workforce.

RETENTION AND RECOGNITION. Although present economic conditions are contributing to better retention, it is essential to start now to implement a targeted, long term employee retention and talent management strategy to retain acquisition employees with expert knowledge in critical and shortage skill areas. These employees include, but are not limited to: individuals filling key leadership positions such as program managers; engineers; senior contracting officers; life cycle logisticians; cost estimators; contract pricers; etc.; especially those in major acquisition programs; and other personnel possessing special expertise that is hard to find or retain.

TRAINING AND DEVELOPMENT. Certification training requirements, our top priority, have exceeded DAU's training capacity, which must expand to meet

forecasted growth. Increased training demand is based on the departure of the Baby Boomers; replenishment hiring for other workplace turnover; and expanded requirements resulting from planned growth of the workforce. Equally important is the capacity to meet future training demand resulting from increased hiring of interns, journeymen and HQE's resulting from the Defense Acquisition Workforce Development Fund. We will expand and improve training programs in critical risk areas such as successful program execution, source selection, risk management, pricing, and contracting. We will also expand resident training, expand simulations, and continue to leverage e-learning technologies to improve our ability to deliver learning assets at the employee's learning point of need. There are also new and evolving training initiatives to improve workforce quality and capability, such as expanded expeditionary training; Contracting Officer Representative (COR) training; requirements training for non-acquisition personnel who develop contract requirements; cohort training for intact Major Defense Acquisition Program teams; international cooperation training; expanded program management training; and other high impact, emerging acquisition needs. Investments will also facilitate the delivery of the right blend of live, virtual and immersive simulation training to create a more effective learning environment for the workforce. We will continue to leverage DoD resources for benefit of the federal-wide acquisition workforce.

COMPONENT TRAINING INITIATIVES. Training initiatives are also being deployed by the Components to address leadership and other Component-specific

skill/competency requirements, such as the Army Contracting Lab and Army Acquisition Basic Course and the Navy Acquisition Boot Camp, Navy Acquisition Hot Topics Course and various executive leadership training. Air Force initiatives include expansion of attendance at its Air Force Institute of Technology Mission Ready Contracting Officer Course, the Intermediate Project Management course, Acquisition Leadership Challenge Program course, and the Air Force Fundamentals of Acquisition Management course.

COMPETENCY ASSESSMENTS

The Department has deployed an enterprise-wide competency assessment of the acquisition workforce to identify gaps and improve both training and human capital planning. As of today, over 21,000 members of the 126,000 member Defense acquisition workforce have completed competency assessments, 18,000 of which are in the contracting career field. As part of a disciplined process, we actively engaged contracting leaders throughout the Department to validate competencies, champion the assessment process, and then use assessment results for organizational planning. I tasked contracting leaders to review these results in light of workload and future needs and to develop a position on workforce growth requirements. Their conclusions support their planning needs and are an underpinning of DoD's significant growth strategy. The contracting competency assessment was completed in September 2008 with a participation rate of over

87% DoD-wide. Community engagement for this assessment was exemplary and this effort has provided a solid baseline for understanding current inventory of skills. In addition, we are continuing efforts to update competencies and complete assessments across the other acquisition functional communities. The remaining functional community-wide assessments (11) will be completed during FY2009 and FY2010.

LEGISLATIVE REQUIREMENTS

Legislative requirements related to the acquisition workforce over the past four years fall into five broad categories: 1) human capital planning; 2) size, mix and composition; 3) qualified workforce; 4) recruiting and retention; and 5) ethics. In general, we have made significant progress in all five of these broad categories. However, we recognize that there are some specific requirements that we must continue to improve. With the Secretary's leadership and intent to grow the acquisition workforce, the Department has the right momentum, focus, and guidance to meet the intent of the legislative provisions and accelerate the Department's journey to revitalize the acquisition workforce. Recent legislative provisions provided the Department with both resources and tools to support and enhance the ability of the Department to reset and restore the acquisition workforce. These provisions established requirements that include human capital and succession planning; identifying and addressing workforce gaps; ensuring we

have adequate numbers of qualified personnel, including flag officers, in critical acquisition functions; creating training for requirements personnel; providing headquarters cap relief; and ensuring that we attract and develop military personnel for the acquisition mission. The FY2009 NDAA provided expedited hiring authority which the Department has deployed. Initial use has resulted in job offers for over 100 new hires. Section 834 requires that DoD establish policies and guidance to ensure proper development, assignment, and employment of military members in acquisition. We have a team working with the Components to ensure a clear path and development process, with emphasis on career patterns that provide opportunities for members in the acquisition career areas to ensure flag opportunities. Results and status of these human capital requirements will be captured in the annual human capital update and will be provided in June 2009.

SUMMARY

Again, thank you for the opportunity to address current initiatives for the Defense acquisition workforce. The Secretary has established an overarching human capital strategy to mitigate the impact of past downsizing, increased workload, the aging workforce, and to create a better balanced multi-sector workforce. This is an unprecedented acquisition workforce growth initiative. The Secretary and the Department's senior leaders are strongly committed to this strategy to grow and improve the acquisition workforce. Essential to improving acquisition outcomes is a robust, highly skilled, ethical and professional workforce. There is strong agreement that DoD must act now to recruit, hire, develop, retain, and sustain the acquisition workforce. I believe this strategy is on target and addresses Congressional concerns. I look forward to working with you and keeping you apprised of our progress. Thank you for your support.

RECORD VERSION

STATEMENT BY

LIEUTENANT GENERAL N ROSS THOMPSON III
PRINCIPAL MILITARY DEPUTY TO THE ASSISTANT SECRETARY OF THE ARMY
FOR ACQUISITION, LOGISTICS AND TECHNOLOGY AND
DIRECTOR, ACQUISITION CAREER MANAGEMENT

BEFORE THE

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS
COMMITTEE ON ARMED SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES

ON ARMY ACQUISITION WORKFORCE

FIRST SESSION, 111TH CONGRESS

APRIL 28, 2009

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BY THE COMMITTEE
ON ARMED SERVICES

Introduction

Chairman Snyder, Congressman Wittman, and distinguished members of the Oversight and Investigations Subcommittee: Thank you for this opportunity to discuss the overall state of the U.S. Army's acquisition workforce. The Army is creating and sustaining a healthy acquisition workforce focused on getting products to the Soldier faster, making good products even better, minimizing life cycle costs, and enhancing the synergy and effectiveness of the Army Acquisition, Logistics and Technology communities, while ensuring proper fiscal stewardship of taxpayer dollars. Our push towards a more integrated, holistic approach to product development and sustainment is driving changes in acquisition training and education to better prepare our workforce for the many challenges they will face in the 21st Century. I am pleased to report to you that our progress has been steady and significant.

There are roughly 38,500 civilians in the Army's acquisition workforce, and we are working toward a growth strategy commensurate with the Secretary of Defense guidance over the Future Years Defense Program. However, from 2003 to 2005, as a result of the downsizing of the acquisition workforce in the 1990s, there were not enough acquisition professionals to handle all of the Army's acquisition programs and contracting missions. Since 2001, the number of contract actions has grown by more than 600 percent and contracted dollars have increased by more than 500 percent. In 2007, 25 percent of every Federal contract dollar was put on contract by the U.S. Army.

In the military acquisition workforce, there are fewer than 1,600 members, but these numbers also are projected to grow over the next few years. Our projections include a new Army Acquisition Non-Commissioned Officers (NCOs) Corps. We recognize that the Army, like the U.S. Air Force, needs well-qualified NCOs, especially for expeditionary contracting.

The increasing importance of our acquisition workforce was mentioned on April 6, 2009, by Secretary of Defense Robert M. Gates at a press briefing on the FY10 budget. Secretary Gates announced key decisions with three principal objectives: "First, to reaffirm our commitment to take care of the all-volunteer force, which, in my view, represents America's greatest strategic asset. Second, we must re-balance this department's programs in order to institutionalize and finance our capabilities to fight the wars we are in today and the scenarios we are most likely to face in the years ahead, while at the same time providing a hedge against other risks and contingencies. Third, in order to do this, we must reform how and what we buy; meaning a fundamental overhaul of our approach to procurement, acquisition, and contracting."

Secretary Gates further stated plans to increase the size of the defense acquisition workforce, converting contractors and hiring additional government acquisition professionals. He announced plans to reduce the number of service support contractors "from our current 39 percent of the workforce to the pre-2001 level of 26 percent and replace them with full-time government employees." The Army has been aggressively moving in this direction and is proud to support this important insourcing initiative.

As we work to build a stronger and more vibrant acquisition community, we are assisted in our efforts by recommendations contained in the report, *Urgent Reform Required: Army Expeditionary Contracting* dated October 31, 2007, by Dr. Jacques Gansler and Members of the Commission on Army Acquisition and Program Management in Expeditionary Operations. We are guided by the report's overarching recommendation – *implement the Commission's recommendations rapidly and measure success* – and four supporting recommendations for the success of future expeditionary operations:

(1) Increase the stature, quantity, and career development of military and civilian contracting personnel, particularly for expeditionary operations;

(2) Restructure organization and restore responsibility to facilitate contracting and contract management;

(3) Provide training and tools for overall contracting activities in expeditionary operations; and

(4) Obtain legislative, regulatory, and policy assistance to enable contracting effectiveness in expeditionary operations.

The Gansler Commission's supporting recommendations listed above included 40 actions to correct the discrepancies identified – 22 of these are Army-specific while the remaining 18 are within the purview of the Office of the Secretary of Defense (OSD), or are legislative actions being addressed jointly among the Services with OSD as the lead agent. The Army has completed action to implement all 22 of the Army-specific recommendations, with one – to increase the military and civilian contracting workforce – an ongoing initiative that requires additional time to hire and train new personnel. Our

plan for FY09 is to increase our military contracting workforce by 131 members and our civilian workforce by 347 members. The increase in workforce size will be phased over the next three years to ensure we have the organizational capacity to develop and train the increased workforce needed to execute the contracting mission.

U.S. Army Actions

In support of the **first recommendation – "increase the stature, quantity, and career development of military and civilian contracting personnel, particularly for expeditionary operations,"** – Section 503(a) of the National Defense Authorization Act (NDAA) for Fiscal Year 2009 (FY09) authorized five additional General Officer billets in the Active Component with the requirement that they have significant contracting experience. As of September 2008, the Army selected one additional acquisition General Officer (GO) and will select more this year until the five billets are filled. The GO selected is a Brigadier General who is the Commander of the recently established Expeditionary Contracting Command. The Army had already established the two-star U.S. Army Contracting Command as part of AMC and the one-star Mission & Installation Contracting Command – which are two billets presently filled by experienced members of the Senior Executive Service until new GOs are selected. The two remaining billets are the Military Deputy for Contracting in the U.S. Army Corps of Engineers (USACE) and an acquisition (contracting) GO in OASA(ALT) in the Office of the Deputy Assistant Secretary for Procurement (DASA(P)). We are seeking appropriate candidates for these positions until such time as General Officer's are available to fill the positions.

The Commission recommended increasing the number of military (by 400) and civilian (by 1,000) personnel in the Army contracting workforce. The Army has been working to ensure contracting or contracting-related needs are identified and codified through the Army's concept plan process, which serves to document organizational force structure. An analysis of the 19 concept plans submitted to date, further refined contracting workforce requirements beyond the military and civilian personnel numbers recommended by the Gansler Commission to 617 military and 1,635 civilians.

In June 2007, the Director, Force Management/Army (G3/5/7), approved the Force Design Update for Contingency Contracting Force Structure across all Army components. This included 317 enlisted (AC) authorizations to support Career Management Field 51 – Acquisition and Military Occupational Specialty 51C - ALT Contracting NCO; 54 U.S. Army Reserve enlisted authorizations and 110 National Guard authorizations and a Special Operations contracting force structure. To date, the U.S. Army Acquisition Support Center, 51C Proponent has met its recruiting goals for FY09 and continues to support, train, and promote the professional and career development of our NCOs.

In other actions, the Army is establishing an earlier accession point for military contracting officers and NCOs to enable them to begin their acquisition careers up to two to three years earlier, providing for increased availability of Army contracting personnel and more time to develop and apply their expertise. We have also issued career guidance to restrict military contracting professionals from serving in theater until they have a minimum of one year of contracting experience within the United States.

In addition, as required by law, the Army's Acquisition Support Center is preparing a report that will address Sections 813 and 834 of the FY09 NDAA for submission no later than June 2009, with updates annually, to the Office of the Under Secretary of Defense for Acquisition, Technology and Logistics. The report will focus on established career paths and other requirements for military acquisition professionals in the Army Acquisition Corps to ensure that the highest caliber officers and NCOs enter, develop, and remain in the right positions in the acquisition workforce. Further, this report will address the command opportunities for acquisition and contracting officers (to include GO opportunities) and the development of qualified contingency contracting personnel. In this report, we will focus on the five Acquisition Career Fields in which Army officers and NCOs currently receive training, experience, and acquisition certification: Program Management; Contracting; Systems, Planning, Research, Development and Engineering-Systems Engineering; Information Technology; and Test & Evaluation. As mission and career development needs dictate, officers are assigned to the five career fields at the Field Grade ranks, and NCOs belong to the 51C (Contracting) Acquisition Career Field.

The Army is implementing Section 852 of the FY08 NDAA which directed establishment of the Department of Defense (DoD) Acquisition Workforce Development Fund and mandates that the military departments and DoD agencies make quarterly monetary transfers to this fund to enhance new career development initiatives as well as supplement those already in place. We appreciate the authority and the flexibility of Section 852 as it allows us to increase the size and capability of the Acquisition workforce and further enable corrective action measures identified by the Gansler

Commission. With Section 852 funds, the Army is able to recruit, train, educate, and further the career development and progression for the acquisition workforce. Current Army Acquisition Corps demographic data indicates that over the next five years, a significant share of our workforce will be eligible to retire. We are using Section 852 funds to hire more interns, journeyman level, and Highly Qualified Expert personnel to compensate for these projected losses. Among these new hires will be much needed systems engineers and contracting personnel. Section 852 funding has enabled the Army to hire 345 new acquisition interns starting in FY09. We anticipate hiring an additional 625 interns in FY10; 850 interns in FY11; 745 interns in FY12; and 610 interns in FY13. Our primary focus in FY09 and FY10 is on the Army contracting career field to support implementation of the Gansler Commission's recommendations.

Additional Army initiatives using Section 852 funding assist us in attracting and recruiting new acquisition personnel. This includes offering Student Loan Repayment opportunities and Special Duty Assignment Pay for NCOs. Section 852 efforts are also underway to provide Army contracting professionals with opportunities to attend programs that address the commercial business environment and advanced issues in source selection decisions.

The Army is making substantial progress in implementing the Expedited Hiring Authority for acquisition positions in accordance with Section 833 of the FY09 NDAA. DoD guidance was issued on December 23, 2008.

Last February, the Assistant Secretary of the Army for Manpower and Reserve Affairs delegated to the Commanders of the Army Commands, the Commanders of the Army Service Component Commands, and the Commanders of the Direct Reporting

Units and the Assistant Secretary of the Army, the authority to appoint highly qualified individuals to shortage category positions in acquisition career fields identified in the DoD guidance. The authority may be delegated, in writing, to a level no lower than activity commander or activity head. Several Army commands have already issued internal delegations, and others are in the process of delegating this authority.

In addition to the requisite delegation of authority, in February the U.S. Army G-1 issued instructions for reporting the use of the Expedited Hiring Authority for acquisition positions. That was followed in March by the issuance of Army Supplemental Implementation Guidance with examples of Highly Qualified Contract Specialist criteria. The Army will provide DoD a report on utilization of this tool in July.

Stakeholders in the acquisition process agree that decisive action must be taken to further develop and rebuild the acquisition workforce to improve both capacity and capability. This, for the Army, directly impacts our contracting workforce first and foremost, along with other functional career fields. Shaping the right size and mix of the workforce is challenging. To help us, the Army and other Services participated on a Defense Acquisition Workforce Joint Assessment Team (JAT) which included a senior-level steering group and a working-level group. The JAT explored rebuilding DoD's acquisition workforce with a goal of increasing the organic acquisition workforce and rebuilding capacity and capability by addressing workforce gaps. There is a list of deliverables that Services will provide over the next few months regarding component workforce size, total force mix, and future funding levels. The Army's future growth in the acquisition workforce over the next five years will be commensurate with the goals established by the Secretary and will include a steady annual growth in all of the

Acquisition Career Fields with the largest increases likely in the career fields of: Information Technology; Program Management; Contracting; Systems Planning, Research, Development and Engineering; Business, Cost Estimating and Financial Management; Life Cycle Logistics; and Facilities Engineering. This growth anticipates that approximately 50 percent of these new Army personnel will be as the result of conversion from contractor support status to Department of the Army employee status.

In support of **recommendation two – "restructure organization and restore responsibility to facilitate contracting and contract management,"** – the Army responded quickly to restructure its contracting organizations by moving the Army Contracting Agency (ACA) under AMC. By merging and transforming the contracting resources of ACA and AMC, the two-star U.S. Army Contracting Command was established in March 2008. This restructuring places approximately half the contracting structure and about 70 percent of the Army's contracting personnel under AMC.

The Army has made great progress in supporting **recommendation three – "provide training and tools for overall contracting activities in expeditionary operations."** We are addressing this recommendation in two broad areas: first, train as we fight; and second, develop and field contract tools needed for expeditionary forces. In the first area, we are adapting our training exercises to stress rapid acquisition, logistics, and contracting in expeditionary operations and are beginning to include contracting operations and planning requirements in some military exercises. Sixteen different officer and non-commissioned officer professional military education courses have been added or modified to include information on Operational Contract Support to increase the awareness of contracting and contractor management by our

operational Army. To improve knowledge gaps in training venues, the U.S. Army Training and Doctrine Command has an approved concept plan to add acquisition personnel to their Combat Training Centers. This new, collective training capability is designed to stimulate commanders and their staffs to solve expeditionary tactical problems, apply emerging doctrine to these tactical situations, and to promote a better appreciation of the challenge of integrating contractor support into military operations. Additionally, the Army's Acquisition Support Center is sponsoring a scenario based Contracting Laboratory for both officers and NCOs in the acquisition workforce to develop an understanding of the current contracting tool used by the Army. This course is in addition to the current Basic Acquisition and Intermediate Contracting courses.

In support of **recommendation four – "obtain legislative, regulatory, and policy assistance to enable contracting effectiveness in expeditionary operations,"** – OSD, with Army assistance, led the effort. Several aspects of this recommendation have been addressed earlier in this statement and include the increase of five general officers in acquisition and overall increases in the contracting workforce.

The Army worked closely with OSD to analyze the Gansler Commission's recommendations for potential legislative changes. We also worked with various agencies to address specific issues within the recommendations such as ways to incentivize contracting personnel in expeditionary operations. The Army will continue to assess opportunities for legislative, regulatory, and policy assistance.

In-Sourcing

Let me briefly address a topic of interest to this Committee and the U.S. Army – in-sourcing. In-sourcing implements Congressional direction to give "special consideration" to Federal government employee performance of contracted functions based on the reviews and contractor inventory process required by Congress for identifying inherently governmental functions, those closely associated with inherently governmental functions, and unauthorized personal services. The Army is using a comprehensive approach to comply with Congressional direction to give special consideration to civilian performance of contracted services. In-sourcing cannot be effectively implemented within a single stovepipe. It is not simply a contracting matter but also involves the civilian manpower authorization, hiring process, and budget. It requires identifying funding sources to hire civilians, along with the use of over-hires until an authorization is documented.

We find that a practical in-sourcing schedule must be established in order to assure continuity of service. This schedule may be affected by the timing of Base Realignment and Closure moves, the effect of Headquarters headcount limits, and the ability and capacity of our civilian infrastructure to hire. Most importantly, successful in-sourcing requires strategic planning that looks at activities or functions holistically for the total workforce – military, civilian, and contractor – within the framework of manpower requirements determination. It requires a contractor inventory and a process for reviewing the contracted activities in that inventory, as recently directed by Congress in the FY08 NDAA, and then projecting those contract requirements in our manning documents.

It also requires culture change. For example, the Army has devised a checklist approach along with General Officer/Senior Executive Service certification and approval to ensure that each requirement is analyzed before a contract is initiated or renewed. This checklist approach ensures that the statutory in-sourcing requirements and the long-standing Federal Acquisition Regulation definitions are applied in order to ensure proper sourcing.

Conclusion

Our most important asset is our people. The Army is focused on developing agile and adaptive acquisition officers, noncommissioned officers, and civilian leaders who possess a diverse and well-rounded background, can effectively and efficiently support all phases of acquisition, and are prepared to lead any complex, multifunctional acquisition command, agency, organization, or team.

Our emphasis for the acquisition workforce is recruiting people who are able to do high-tech missions. All of the acquisition career fields require highly trained people, not just scientists and engineers, but also business and financial experts to put together contract instruments. My strategic objective is to make the Army a very tough customer. I want the Army's acquisition workforce negotiating the best deal for the U.S. Army because that allows us to put the best capabilities in the hands of our Soldiers. Increased investment in our people coupled with sufficient, predictable investment in our programs will continue to give our Soldiers the equipment, services, and support they need for success on the battlefield.

Thank you for this opportunity to discuss the overall state of the U.S. Army's acquisition workforce.

NOT FOR PUBLICATION UNTIL RELEASED BY THE
HOUSE ARMED SERVICES SUBCOMMITTEE ON
OVERSIGHT AND INVESTIGATION

STATEMENT OF

MR. JAMES THOMSEN
PRINCIPAL CIVILIAN DEPUTY
FOR THE ASSISTANT SECRETARY OF THE NAVY
(RESEARCH DEVELOPMENT AND ACQUISITION)

BEFORE THE

HOUSE ARMED SERVICES SUBCOMMITTEE ON
OVERSIGHT AND INVESTIGATION

ON

OVERALL STATE OF THE NAVY AND MARINE CORPS ACQUISITION
WORKFORCE AND IMPLEMENTATION OF RELATED PROVISIONS

APRIL 28, 2009

NOT FOR PUBLICATION UNTIL RELEASED BY THE
HOUSE ARMED SERVICES SUBCOMMITTEE ON
OVERSIGHT AND INVESTIGATION

Chairman Snyder, distinguished members of the subcommittee, I would like to thank you for this opportunity to discuss the work the Department of the Navy is doing to improve the capacity and capabilities of our acquisition workforce. I am confident that the Department is taking action now and through the Future Years Defense Program (FYDP) that will improve the health and depth of this workforce and improve the Department's ability to effectively execute the acquisition mission.

The Department is committed to increasing the number of our highly skilled acquisition workforce members with additional entry and mid-level professionals, and highly qualified experts, particularly in the areas where we have significant gaps such as systems engineering, contracting, financial management, and cost estimating. We have both shortfalls in total workforce capability and an over-reliance on the contractor workforce for core defense acquisition functions. We must increase our business skills and rebuild our science and engineering depth that has been significantly reduced over the last 10 to 15 years.

In response to the Gansler Commission report on Army Acquisition and Program Management in Expeditionary Operations findings and recommendations, the former Secretary of the Navy Donald Winter directed an independent assessment of Navy and Marine Corps contingency contracting to verify that checks and balances for the Department's contracting and disbursing operations were sufficient. Findings indicated that additional contract oversight was needed. The Secretary issued revised policy for Organic Department of the Navy Procurement System Oversight and Management to minimize vulnerabilities to fraud, waste and abuse. Implementation includes additional professional development for deploying personnel.

With regard to the overall acquisition workforce, the Department is committed to increasing the number of our highly skilled acquisition workforce members with additional entry and mid-level professionals, and highly qualified experts. These increases are needed to reverse the over-reliance on the contractor workforce for core defense acquisition functions and to rebuild our science and engineering depth that has been significantly reduced over the last 10 to 15 years. The Secretary of the Navy earlier this fiscal year issued guidance to the Department's acquisition commands and program managers directing them to leverage the technical workforce in our Warfare Centers and Laboratories as a primary source for technical domain experience and directed a review of outsourcing of technical work to assure an appropriate government workforce to develop and sustain the needed technical capabilities of the Department. Additionally, the Secretary established the Principal Military Deputy position and my position, the Principal Civilian Deputy within the Office of the Assistant Secretary for Research Development and Acquisition. These two senior acquisition leadership positions support an organizational foundation for strategic management of the acquisition workforce and provide long-term stewardship of in-house technical capability. In response to the Secretary's memo, I issued direction to these same acquisition commands to develop strategies to increase organic capabilities by reducing their dependence on outsourced core acquisition functions.

Through recruiting events and public outreach, our acquisition commands have interviewed hundreds of mid-career, highly skilled candidates that resulted in over 300 hiring actions from these events alone. Additionally, the Naval Sea Systems Command specifically has recruited skilled professionals who exited the automobile industry. We

have also been working closely with the military personnel community to target some of our recruiting toward military members separating from military service, in order to draw them into the civilian acquisition community.

To address the long-term programming and budgeting for our workforce, the Department has more closely integrated our planning, programming and budgeting efforts with the acquisition workforce management community. The Department has issued policy, now being formalized in a Secretary of the Navy policy, which assigns the Service Acquisition Executive the responsibility to balance acquisition workload to workforce capacity and address gaps or imbalances in the workforce among military, civilian and contractors. This policy resulted in improved collaboration in acquisition workforce budget decisions among the Department's planning, programming, budgeting and acquisition oversight stakeholders. I chartered a program office staffing assessment, using the Air Force-developed Sustainment/Acquisition Composite Manpower Model (S/ACOM). This assessment, which spanned most of the Department's ACAT I programs, is being used to understand critical gaps, inform program office staff sizing, and guide in-sourcing decisions to affect future years budget submissions. Also, because of increased collaboration, we received clearer workload demand signals from our resource sponsors, enabling our working capital funded organizations to be more aggressive in hiring at our research lab and warfare centers to meet expected demand and reduce outsourcing rates.

The Department appreciates the legislation that Congress has enacted which improves our ability to maintain a healthy acquisition workforce and we are capitalizing on the opportunities they provide. As a result of the National Defense Authorization Act

for Fiscal Year 2008, Section 852, Department of Defense Acquisition Workforce Development Fund, the Department expanded our three-year acquisition intern program to 500 new interns per year with plans to increase this number next year. Also, through the Defense Acquisition Workforce Development Fund, the Department established a two-year journeyman program with planned hiring of at least 150 civilian personnel per year. The Department has already hired over 400 interns and journeymen this year and expects to meet our Section 852 hiring target in May. We are also offering additional recruitment incentives and training to improve workforce health, through Section 852.

The Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 provided significant enablers for increasing the acquisition workforce. Section 219, Mechanisms to Provide Funds for Defense Laboratories for Research and Development, provided access to additional funding to support workforce initiatives at warfare centers and laboratory. We expect to use these funds to attract new scientists and retain the world-class scientists we currently have. In addition, Section 833, Acquisition Workforce Expedited Hiring Authority, enabled streamlined hiring processes in support of the Naval acquisition workforce. Within the first 60 days of implementation, the Department hired 126 new applicants using this authority. Most job offers were made within 72 hours. Compared to our typical 175-day hiring timeline, this is a great new tool to bring in the best talent very quickly. We have had similar success using the same processes for Direct Hire Authority at Personnel Demonstration Laboratories for Certain Candidates authorized by Section 1108.

Under the provisions of Section 834, Career path and other requirements for military personnel in the acquisition field, Congress has directed the Department of

Defense to report on military career paths and other requirements for our military personnel. The Department actively manages our military workforce career path requirements. Over the past two years, we have revised some military community career paths to meet anticipated shortfalls in the pipeline for experienced acquisition professionals in order to fill our most critical acquisition positions, including Program Managers, Program Executive Officers, and contracting officers. The Department's military acquisition leadership is most effective when staffed with a carefully calibrated mix of warfare communities including Marine Corps operational and Navy Unrestricted Line Officers (Aviation, Surface and Submarine communities), Restricted Line Officers (Engineering Duty Officers, Aerospace Engineering Duty Officers, Aerospace Maintenance Duty officers) , and Staff Corps (Supply Corps and Civil Engineering Corps). Due to the demands on operational forces, we have faced challenges providing our officers with needed acquisition experience early in their career pipelines. As a result, the Naval Aviation community proposed a refinement to their acquisition professional career path which will provide Aviators with hands-on acquisition experience years earlier in their careers. Approval is expected in May 2009. Last year, the Surface Warfare Officer community made similar changes to their career path structure, ensuring acquisition experience for these officers earlier in their careers.

The Department's Restricted Line and Supply Corps communities have been effective in ensuring a robust acquisition career path that yields highly experienced and qualified Acquisition Professionals. The Marine Corps established a Military Occupational Specialty for Acquisition Management Professionals. Officers in this specialty are typically assigned to critical acquisition positions that provide acquisition

leadership for ground equipment and/or weapons systems programs. This prepares them for future program management and executive officer assignments. The Department is working with the Office of the Secretary of Defense and the other Services to identify and refine Flag and General Officer requirements. At the end of Fiscal Year 2008, the Department had 40 Flag and General Officers in acquisition billets. Of those 40 Flag and General Officers, five were contracting officers. In addition, the Department has 15 Senior Executive Service members who are warranted contracting officers and work alongside our Flag and General Officers. Within the Marine Corps there are 114 officers in the Acquisition specialty, including two General Officers (Commander of Marine Corps Systems Command and Joint Strike Fighter PEO). Contracting is a separate specialty that contains 30 officers and 120 enlisted billets aligned to the operational forces to support the Marine Corps' contingency operations. Marine Corps Officers earn the contracting specialty as secondary specialty with a primary specialty in a related field, such as logistics, supply or financial management, and become contracting officers after completing acquisition training. The majority of the contracting officers within the Marine Corps are highly experienced civilians throughout the supporting establishment and at Marine Corps Systems Command. The Department is confident that the current allocation of Flag and General Officers is appropriate and effective to accomplish the Department's acquisition functions.

The Department of the Navy is committed to working with the Congress to improve the overall health of our acquisition workforce through in-sourcing efforts, hiring, and other capabilities improvements. We have instituted policy and process changes in both the military and civilian communities as well as our outsourcing

practices that will grow the acquisition workforce and produce the desired improvements to accomplish the Department's acquisition mission.

DEPARTMENT OF THE AIR FORCE

PRESENTATION TO THE COMMITTEE ON ARMED SERVICES

SUBCOMMITTEE ON OVERSIGHT AND INVESTIGATIONS

UNITED STATES HOUSE OF REPRESENTATIVES

SUBJECT: OVERALL STATE OF THE AIR FORCE ACQUISITION WORKFORCE AND IMPLEMENTATION OF RELATED PROVISIONS

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UNITED STATES HOUSE OF REPRESENTATIVES

Mr. Chairman, distinguished members of the subcommittee, I'd like to thank you for the opportunity to address this subcommittee and to discuss the work the Department of the Air Force is doing to improve the capacity and capabilities of our acquisition workforce. I am confident that the actions the Department has on-going and those planned through the Future Years Defense Program (FYDP) will improve the Department's ability to effectively execute the acquisition mission. I would like to take a few moments to touch on several of these efforts.

In October 2008, Air Force leadership identified recapturing *Acquisition Excellence* as one of the five top priorities that will shape Air Force-wide actions over the next three to five years, addressing actions that strengthen people, processes, and policy. Developing, recapitalizing, and shaping our professional acquisition workforce is integral to acquisition excellence. To guide our efforts to achieve this vision, we partnered with Air Force acquisition functional leaders and the acquisition commands to develop an Air Force Human Capital Strategic Plan for the acquisition workforce, which was published in February of this year.

This plan establishes a strategic vision for a professional acquisition workforce with the right number and the right mix of people with the right education, training, skills and experience to effectively and successfully perform the Air Force acquisition mission. We believe it is an excellent roadmap for guiding workforce development in support of *Acquisition Excellence*.

Sizing acquisition manpower to program requirements is the first goal of our Human Capital Strategic Plan. In the fall of 2008, the Assistant Secretary of the Air Force for Acquisition directed the Air Force Program Executive Officers to reexamine

and provide acquisition workforce requirements for our product centers. After review by the Air Staff and Air Force Corporate Structure, the Air Force validated 2,062 acquisition workforce positions, comprised of 1,804 civilian, 247 officer and 11 enlisted positions. Our next step is to assess additional acquisition manpower needs at the Air Logistics Centers. Finally, we have identified over 900 contractor positions for conversion to civilian acquisition positions, to include acquisition managers, systems engineers, contracts experts, cost and pricing analysts and others. This conversion effort started in early FY09 and will continue through FY13. To help guide our strategic planning, we've completed a RAND study of Air Force cost estimators, and have undertaken reviews of price analysts and future engineering requirements.

For the long-term, we are working with Air Force manpower experts, building on lessons learned from our first-generation acquisition manpower model, to develop a family of objective-based, workload-driven manpower models that define and validate the manpower requirements needed to efficiently launch and manage a weapon system program. When completed, the Acquisition and Sustainment Unit (ASU) Manpower Models will give us the ability to quantify the manpower resources needed for new, existing and/or changing missions. We expect to have several of these models available for use by the FY12 Program Objective Memorandum (POM).

Our strategic plan also includes a focus on initiatives to attract, select, develop and foster talent with the competencies we need to do the current and future acquisition mission. It establishes a competency management framework to support hiring and succession planning as well as initiatives to identify required critical skills, replenish the workforce, advance workforce development and foster knowledge transfer. To

accomplish these objectives, the Air Force is making full use of the Acquisition Workforce Development Fund established under FY08 NDAA Section 852.

Section 852 funding has enabled us to jump start hiring today while we work through the corporate process to establish permanent civilian and military authorizations for a larger workforce, sized to meet program requirements. Based on needs gathered from the Air Force acquisition community, our FY 2009 Section 852 hiring targets include over 300 additional interns, at least 130 additional participants in the Student Career Experience Program and at least 330 experienced journey-level overhires. We distributed the first allocated Section 852 funds to Air Force acquisition commands in mid-January and our product, logistics, R&D and test centers are hard at work recruiting and hiring using these resources.

With regard to hiring authorities, the Air Force re-delegated the use of Expedited Hiring Authority (EHA), as authorized in NDAA 2009, to our installation commanders and other appointing authorities. Next, the Air Force Personnel Center (AFPC) disseminated implementation guidance, posted the requisite public notices and held a web cast with Air Force Human Resource offices. We have established streamlined hiring processes in support of EHA for all acquisition functional positions at the mid and senior level positions (NSPS pay band 2 & 3). The AF goal is to fill positions within one pay period after receipt of the request for personnel action (RPA). Compared to what had been a months-long process, this is a notable improvement and enables us to hire highly qualified individuals quickly. We continue to use individual and open continuous internal and external vacancy announcements to attract internal Air Force candidates,

other current Federal employees, Veterans, and other noncompetitive appointment eligibles.

The Air Force is using a corporate recruitment strategy targeted to ensure the right talent applies for available acquisition positions. We've partnered with Office of Personnel Management (OPM) and the Air Force Personnel Center to create an employment brand, recruitment materials and website; to create concise, easily understood, and user-friendly vacancy announcements and streamlined assessments and certification for our featured vacancies. We've established strategic recruiters at each Acquisition Center, who, in conjunction with their senior acquisition functionals, have overall responsibility for local recruitment plans, activities and events to target highly qualified candidates. We're seeking diverse quality talent using external recruitment sources tailored to the types and levels of the positions. This includes searching for qualified job seekers through professional and community outreach to professional organizations, alumni associations, career building organizations, professional conferences, non-federal employment sites, job fairs, contractor-to-civilian conversions, transition centers for separating and retired military, employment agencies, and employee referrals. We're using the full range of recruitment flexibilities to include recruitment and relocation incentives, student loan repayment, work-life programs such as alternate work schedules, transportation subsidies, fitness programs, and tuition assistance along with available pay setting flexibilities.

We are also investing more in the people we have. Our Human Capital Strategic Plan outlines four major objectives to increase the effectiveness of the workforce: identify and address training gaps; train people before they are assigned to positions of

higher responsibility; emphasize professional currency; and revitalize position qualification and tenure management. Here again, we're leveraging the Acquisition Workforce Development Fund established under Section 852 to address training capacity shortfalls, including sending more civilians to acquisition initial skills courses and increasing seats in other courses we believe can help improve acquisition outcomes. We've also been working closely with Defense Acquisition University to focus their use of the Fund on high priority Air Force training needs.

Section 834 of NDAA 2009 directs the Department of Defense to report on three objectives regarding military acquisition career paths, command positions, and contingency contracting. The Air Force has a deliberate and well defined strategy for addressing these objectives and for paving the way forward for the acquisition workforce of today and the foreseeable future.

The Air Force deliberately develops acquisition professionals according to well defined career path models which serve as a guide for developing both military officers and civilians through assignments, education, and training. These career models define career paths to greater rank and responsibility within the acquisition workforce. The development of acquisition workforce members is enhanced by the use of Career Field Development Teams consisting of senior leadership from within each Career Field. Using the published acquisition career path models as a guide, the Acquisition Development Teams provide each individual developmental guidance "vectoring" them on paths of progression and opportunity in the acquisition workforce. The DTs also nominate officers and civilians for service schools (developmental education), and identify military candidates for command leadership positions within the acquisition

workforce. The Air Force has also established career field management and force development functional responsibility at the Headquarters Air Staff level to provide strategic direction to the career fields, and oversight of the Developmental Team process.

The Air Force relies on a large pool of military contracting officers in order to meet Air Force and a fair share of joint, contingency contracting deployments. Today the Air Force maintains the Department of Defense's largest deployable contracting force and is filling the bulk of the contingency contracting and contract administration deployment requirements in Iraq and Afghanistan. The current operations tempo generated by the wars in Iraq and Afghanistan has made the contracting career field one of the most deployed career fields in the Air Force. Air Force leadership recognizes the threat the current ops tempo poses to the retention of the contracting force and has initiated numerous efforts to ensure the workforce remains the backbone of the contingency contracting mission. One of the recent efforts is to evaluate the need for a Critical Skills Retention Bonus for contracting officers in targeted year groups and ranks/grades. This effort has been underway for some time and, pending OSD and corporate Air Force approval, is targeted to formally roll out in the 2009 fiscal year.

The Air Force acquisition workforce also has a contingent of enlisted personnel within the contracting career field. These Airmen serve in key positions throughout the Air Force in the operational and contingency contracting communities and are also developed in concert with the needs of the Air Force. The development of this invaluable resource is addressed both within the enlisted force and within the contracting community to ensure the right quality and numbers of contracting NCOs are retained for the Air Force contracting mission.

In November 2004, the Air Force initiated an unprecedented change in the acquisition organizational structure within the Acquisition and Logistics centers. The centers were reorganized into a Wing-Group-Squadron structure to align with the organizational constructs employed by Air Force operational units. The result of this re-structuring has provided numerous command opportunities that were not previously available to the acquisition workforce. We are currently reviewing this structure to ensure that it is properly aligned and sized to meet warfighter needs.

The Air Force codes and tracks all General Officer billets in the acquisition workforce for use in development and succession planning, and to ensure the best qualified leaders are identified to fill these key leadership positions. The Air Force currently has 20 General Officer acquisition billets, and 27 acquisition-qualified General Officers including 1 contracting-qualified General Officer. At this time, the 6 senior Contracting positions in the Air Force are Senior Executive Service (SES) positions. The Air Force most senior leadership continually reviews General Officer requirements against our General Officer authorizations to ensure the number of General Officer billets in acquisition continue to be properly balanced with total Air Force requirements.

The Department of the Air Force is fully committed to Acquisition Excellence and appreciates the efforts of the Congress to considerably improve our ability to develop and recapitalize our acquisition workforce. We are aggressively using the authorities and resources provided in legislation – they are key enablers for our workforce strategic plan.

United States Government Accountability Office

GAO

Testimony

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ACQUISITION WORKFORCE

DOD Can Improve Its Management and Oversight by Tracking Data on Contractor Personnel and Taking Additional Actions

Statement of John K. Needham, Director Acquisition and Sourcing Management

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GAO-09-616T

April 2009

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Highlights

Highlights of GAO-09-616T, a testimony before the subcommittee on Oversight and Investigations, Committee on Armed Services, House of Representatives

ACQUISITION WORKFORCE

Additional Actions and Data Needed for DOD to Improve Its Management and Oversight

Why GAO Did This Study

Since 2001, Department of Defense's (DOD) spending on goods and services has more than doubled to $388 billion in 2008, while the number of civilian and military acquisition personnel has remained relatively stable. To supplement its in-house workforce, DOD relies heavily on contractor personnel. If it does not maintain an adequate workforce, DOD places its billion-dollar acquisitions at an increased risk of poor outcomes and vulnerability to fraud, waste, and abuse.

This testimony is based on GAO's March 2009 report and addresses DOD's efforts to assess the sufficiency of the total acquisition workforce and to improve its management and oversight of that workforce. It also discusses selected practices of leading organizations that may provide DOD with insights for its efforts.

What GAO Recommends

In its March 2009 report, GAO recommended the Secretary of Defense, among other things, collect data on contractor personnel and identify the total acquisition workforce that the department needs to meet its missions. DOD concurred with three of the recommendations and noted that implementing the other requires careful consideration.

View GAO-09-616T or key components. For more information, contact John K. Needham at (202) 512-5274 or needhamjk1@gao.gov.

What GAO Found

Although contractor personnel are a key segment of its total acquisition workforce, DOD lacks critical departmentwide information on the use and skill sets of these personnel. DOD also lacks information on why contractor personnel are used, which limits its ability to determine whether decisions to use contractors to supplement the in-house acquisition workforce are appropriate. GAO found that program office decisions to use contractor personnel are often driven by factors such as quicker hiring time frames and civilian staffing limits, rather than by the nature or criticality of the work. In comparison with DOD's practices, leading organizations maintain and analyze data on their contractor personnel and take a business-oriented approach to determining when to use contractor support.

Personnel in Acquisition-Related Functions as Reported by Selected Program Offices in 2008

Organization (number of program offices)	Total (military, civilian, and contractor personnel	Contractor personnel	
		Number	Percentage of total
Air Force (19)	1,549	467	30
Army (12)	1,723	373	22
Navy and Marine Corps (18)	2,374	940	40
Joint Programs (9)	1,460	688	47
Missile Defense Agency (8)	1,656	809	49
Total (66)	**8,762**	**3,277**	**37**

Source: GAO analysis of DOD data.

DOD also lacks key pieces of information that limit its ability to determine gaps in the acquisition workforce it needs to meet its missions. In addition to lacking information on contractor personnel, DOD lacks complete information on the skill sets of its in-house personnel. DOD also lacks information on the acquisition workforce it needs to meet its mission. Not having this information not only skews analyses of workforce gaps, but also limits DOD's ability to make informed workforce allocation decisions and determine whether the total acquisition workforce—in-house and contractor personnel—is sufficient to accomplish its mission. In comparison with DOD's practices, leading organizations identify gaps in the workforce by assessing the competencies of their workforces and comparing those with the overall competencies the organization needs to achieve its objectives.

DOD recently initiated several efforts aimed at improving the management and oversight of its acquisition workforce, such as plans for overseeing additional hiring, recruiting, and retention activities. DOD is also planning to increase its in-house acquisition workforce by converting 11,000 contractor personnel to government positions and hiring an additional 9,000 government personnel by 2015. The success of DOD's efforts to improve the management and oversight of its acquisition workforce, however, may be limited without comprehensive information on the acquisition workforce it has and needs.

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss the Department of Defense's (DOD) acquisition workforce, which is responsible for planning, executing, and supporting DOD's acquisitions. Over the past several years, changes in the federal acquisition environment have created significant challenges to building and sustaining a capable acquisition workforce. From fiscal years 2001 to 2008, DOD's spending on goods and services more than doubled to $388 billion, and the number of weapon system programs has also grown. Despite this substantial increase, the number of civilian and military personnel in DOD's acquisition workforce has remained relatively stable. To supplement its in-house acquisition workforce, DOD relies heavily on contractor personnel.

Both GAO and DOD have noted that without an adequate workforce to manage the department's acquisitions, there is an increased risk of poor acquisition outcomes and vulnerability to fraud, waste, and abuse. Today I will discuss the limitations of DOD's assessment of the sufficiency of its total acquisition workforce and highlight some recent DOD efforts to improve the management and oversight of that workforce. I will also discuss selected practices of leading organizations that may provide DOD with insights for its efforts. I will conclude with some observations on what further actions the department should take to address these challenges.

This testimony is based primarily on our recent report *Department of Defense: Additional Actions and Data Are Needed to Effectively Manage and Oversee DOD's Acquisition Workforce.*[1] (See appendix I for this report's objectives, scope, and methods.) We also conducted additional analyses on data we obtained during that review and on updated data we obtained from DOD, and included information from prior GAO products. This work was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

[1] GAO, *Department of Defense: Additional Actions and Data Are Needed to Effectively Manage and Oversee DOD's Acquisition Workforce*, GAO-09-342 (Washington, D.C.: Mar. 25, 2009).

Background

At the end of fiscal year 2008, the number of civilian and military personnel in DOD's acquisition workforce totaled nearly 126,000—of which civilian personnel comprised 88 percent.[2] DOD defines its acquisition workforce to include 13 career fields, based on the Defense Acquisition Workforce Improvement Act of 1990.[3] From fiscal years 2001 to 2008, the number of civilian and military acquisition personnel in these 13 fields declined overall by 2.6 percent; however, some career fields have increased substantially—test and evaluation—while others have shown dramatic declines—business, cost estimating and financial management. See appendix II for the number of military and civilian personnel in each of the acquisition career fields in fiscal years 2001 and 2008, and the percentage change between those years.

Our prior work has shown that DOD has relied heavily on contractor personnel to supplement its in-house workforce. While use of contractor personnel provides the government certain benefits, such as increased flexibility in fulfilling immediate needs, we and others have raised concerns about the federal government's contracting for services, in particular for professional and management support services, including acquisition support services. One key concern is the risk of loss of government control over and accountability for mission-related policy and program decisions when contractors provide services that closely support inherently governmental functions. Inherently governmental functions require discretion in applying government authority or value judgments in making decisions for the government. To the extent that the government does not have sufficient numbers or training in its acquisition workforce to properly oversee contractor personnel that are closely supporting inherently governmental functions, the greater the risk of contractor personnel inappropriately influencing the government's control over and accountability for decisions that may be based, in part, on contractor work.

In March 2008, we reported on DOD offices that used contractor personnel to perform the type of tasks closely associated with inherently governmental functions. For our review, we selected 21 offices cited by various DOD officials as having large contractor workforces and

[2] DOD's acquisition workforce count does not include other contributors to acquisition, such as contracting officer representatives, and nongovernmental contributors, such as contractor personnel.

[3] Defense Acquisition Workforce Improvement Act of 1990, Pub. L. No. 101-510, § 1202(a).

representing a cross-section of DOD organizations. In 15 of the offices, contractor personnel outnumbered DOD personnel and comprised as much as 88 percent of the workforce.[4] In the other 6 offices, contractor personnel comprised between 19 and 46 percent of the workforce. Although this review did not focus on the acquisition workforce, many of the 21 offices had acquisition responsibilities. Other concerns that have been raised about using contractor personnel for services that closely support inherently governmental functions include the potential for the improper use of personal services contracts[5] and the increased potential for conflicts of interest (both organizational and personal).[6]

An additional concern that has been raised about using contractor personnel is the risk that the government might pay more for the work than it would if the work were to be performed by government personnel. We noted, in March 2008, concern about one DOD component's hiring contractor personnel in reaction to a shortfall in the government workforce rather than as a planned strategy to help achieve its mission.[7] In our case study, we found that one Army component was paying between 17 and 27 percent more on average for contractor personnel working as contract specialists than for its government employees who were doing equivalent work.

Numerous components in DOD share policy and guidance responsibility for the workforce. Among the components, the Office of the Under Secretary for Acquisition, Technology and Logistics (AT&L), is responsible for managing DOD's acquisition workforce, including tailoring policies and

[4] GAO, *Defense Contracting: Additional Personal Conflicts of Interest Safeguards Needed for Certain DOD Contractor Employees*, GAO-08-169 (Washington, D.C.: Mar. 7, 2008).

[5] Personal services contracts are characterized by the employer-employee relationship created between the government and the contractor's personnel. Federal Acquisition Regulation (FAR) 37.104(a). Agencies are prohibited from awarding personal services contracts unless specifically authorized by statute. FAR 37.104(b).

[6] GAO-08-169. Personal conflicts of interest can occur when contractor personnel can materially influence DOD's recommendations and/or decisions and, because of his/her personal activities, relationships, or financial interests, may lack or appear to lack objectivity or appear to be unduly influenced by personal financial interest. Organizational conflicts of interest can occur when a defense contractor has present or currently planned interests that either directly or indirectly relate to the work to be performed under a DOD contract and (1) may diminish its capacity to give impartial, technically sound, objective assistance or advice, or (2) may result in it having an unfair competitive advantage.

[7] GAO, *Defense Contracting: Army Case Study Delineates Concerns with Use of Contractors as Contract Specialists*, GAO-08-360 (Washington, D.C.: Mar. 26, 2008).

guidance specific to the acquisition workforce and managing the training and certification of that workforce. In addition, each military service has its own corresponding acquisition offices that develop additional service-specific guidance, and provide management and oversight of its workforce. Within each service, the program offices identify acquisition workforce needs, make decisions regarding the composition of the workforce (the mix of civilian, military, and contractor personnel), and provide the day-to-day management of the workforce.

AT&L Lacks Comprehensive Information on the Use of Contractor Personnel in Its Acquisition Workforce

DOD lacks critical departmentwide information on the use and skill sets of contractor personnel performing acquisition-related functions. While DOD planning documents state that the workforce should be managed from a "total force" perspective—which includes civilian, military, and contractor personnel[8] —DOD has only recently collected departmentwide data on contractor personnel[9] performing acquisition-related functions. According to an AT&L official, DOD's baseline count shows that 52,000 contractor personnel are supporting the acquisition workforce. As such, contractor personnel comprise about 29 percent of DOD's total acquisition workforce. The AT&L official noted that the contractor personnel tracking system is still under development.

Data we obtained from 66 program offices show that contractor personnel comprised more than a third of those offices' acquisition-related positions.[10] Table 1 shows the data on contractor personnel reported by the 66 program offices (see appendix III for more detailed information).

[8] DOD, *Civilian Human Capital Strategic Plan 2006-2010* and *Quadrennial Defense Review Report* (Feb. 6, 2006).

[9] Although university and Federally Funded Research and Development Center personnel are retained by DOD through contracts, for purposes of this report, we do not include them as contractor personnel because DOD tracks them separately.

[10] For the purposes of this report, we defined acquisition-related functions to be those related to planning, executing, and supporting DOD's acquisitions, including: program management; business functions, such as auditing, business, cost estimating, financial management, property management, and purchasing; contracting; and engineering and technical, including systems planning, research, development and engineering, life-cycle logistics, test and evaluation, production, quality and manufacturing, and facilities engineering.

Table 1: Total and Contractor Personnel in Acquisition-Related Functions by Service as Reported by Selected Program Offices in 2008

Organization (number of program offices)	Total (military, civilian, and contractor personnel)	Contractor personnel	
		Number	Percentage of total
Air Force (19)	1,549	467	30
Army (12)	1,723	373	22
Navy and Marine Corps (18)	2,374	940	40
Joint Programs[a] (9)	1,460	688	47
Missile Defense Agency (8)	1,656	809	49
Total (66)	**8,762**	**3,277**	**37**

Source: GAO analysis of DOD data.

[a]Joint Programs can be staffed by personnel from multiple services.

DOD also lacks information on factors driving program offices' decisions to use contractor personnel rather than hire in-house personnel. DOD guidance for determining the workforce mix outlines the basis on which officials should make decisions regarding what type of personnel—military, civilian, or contractor—should fill a given position.[11] The guidance provides instruction on factors that must be considered when deciding on a workforce mix, but does not advise on whether the function is needed to ensure institutional capacity.

The guidance also states that using the least costly alternative should be an important factor when determining the workforce mix.[12] However, when we asked program offices about their reasons for using contractor rather than civilian personnel, we found that cost was cited by only 1 program office. The 30 program offices, which provided reasons for using contractor personnel, cited the following key factors:

- 22 cited a shortage of civilian personnel with a particular expertise,
- 18 cited staffing limits on civilian personnel,

[11] Department of Defense Instruction 1100.22, *Guidance for Determining Workforce Mix*, paragraph 1.1 (Apr. 6, 2007).

[12] Department of Defense Directive 1100.4, *Guidance for Manpower Management*, paragraph 3.2.3 (Feb. 12, 2005); Department of Defense Instruction 1100.2, *Guidance for Determining Workforce Mix*, paragraph 4 (Apr. 6, 2007).

- 17 cited that the particular expertise sought is generally not hired by the government,
- 15 cited the ease or speed of bringing on contractor personnel,
- 9 cited having a short-term requirement,
- 8 cited funding not being available for civilian personnel, and
- 1 cited the cost of contractor personnel being less than civilian personnel

(See appendix IV for information on the number of program offices reporting the reasons for using contractor personnel by component.)

In comparison with DOD's practices, we found that leading organizations maintain and analyze data on their contractor personnel in order to mitigate risks, ensure compliance with in-house regulations and security requirements, and ensure that reliance on contractor personnel creates value for the company. We also found that leading organizations take a business-oriented approach to determining when to use contractor support. For example, some companies generally use contractor personnel to facilitate flexibility and meet peak work demands without hiring additional, permanent, full-time employees. Some also place limits on their use of contractor personnel, such as limiting the use of contractor personnel to temporary support, to 1 year of operations, or to functions that are not considered as core pieces of the company's main business.

AT&L Lacks Key Pieces of Information Necessary to Conduct Workforce Gap Analyses

AT&L lacks key pieces of information that hinder its ability to determine gaps in the number and skill sets of acquisition personnel needed to meet DOD's current and future missions. At a fundamental level, workforce gaps are determined by comparing the number and skill sets of the personnel that an organization has with what it needs. However, AT&L lacks information on both what it has and what it needs. Not having this information in its assessments not only skews analyses of workforce gaps, but also limits DOD's ability to make informed workforce allocation decisions.

With regard to information on the personnel it has, AT&L lacks complete information on the skill sets of the current acquisition workforce—including the skill sets being fulfilled by contractor personnel—and whether these skill sets are sufficient to accomplish its missions. AT&L is currently conducting a competency assessment to identify the skill sets of its current in-house acquisition workforce. While this assessment will provide useful information regarding the skill sets of the current in-house

acquisition workforce, it is not designed to determine the size, composition, and skill sets of an acquisition workforce needed to meet the department's missions.

AT&L also lacks complete information on the acquisition workforce needed to meet DOD's mission. The personnel numbers that AT&L uses to reflect needs are derived from the budget. Because these personnel numbers are constrained by the size of the budget, they likely do not reflect the full needs of acquisition programs. Of the 66 program offices that provided data to us, 13 reported that their authorized personnel levels were lower than those they requested.

In comparison with DOD's practices, we found that leading organizations identify gaps in the workforce by assessing the competencies of its workforce and comparing those with the overall competencies the organization needs to achieve its objectives. An official from one company noted that such an assessment indicated that the company needed skill sets different from those it needed in the past, because the work in one of its lines of service had increased.

Recent Workforce Initiatives May Not Yield the Additional Information DOD Needs

AT&L has begun several initiatives aimed at improving DOD's management and oversight of its acquisition workforce, including developing data, tools, and processes to more fully assess and monitor its acquisition workforce. Some of AT&L's recent initiatives include: [13]

- Drafting an addendum to the *Implementation Report for the DOD Civilian Human Capital Strategic Plan 2006-2010* that will lay out AT&L's vision and key initiatives for managing and overseeing the acquisition workforce and an analysis of the status of the acquisition workforce. [14]
- Implementing the Acquisition Workforce Development Fund, with efforts focused in three key areas: (1) recruiting and hiring, (2) training

[13] See GAO-09-342 for information on additional AT&L initiatives.

[14] The National Defense Authorization Act for Fiscal Year 2008 required DOD to issue this addendum. See Pub. L. No. 110-181, § 851 (2008).

and development, and (3) retention and recognition.[15] The largest proportion of the fund is currently slated for recruiting and hiring.

- Developing a competency assessment for the acquisition workforce, which is scheduled to be completed in March 2010.
- Establishing the Defense Acquisition Workforce Joint Assessment Team. According to an AT&L official, the team will now focus its efforts on identifying, tracking, and reporting information on contractor personnel supporting the acquisition workforce—including developing a common definition to be used across the department.

The Secretary of Defense recently announced that efforts will begin in fiscal year 2010 to increase the size of the acquisition workforce by converting 11,000 contractor personnel to government positions and hiring an additional 9,000 government personnel by 2015. According to an AT&L official, AT&L is working with the DOD components to develop the plans for these efforts.

Another DOD initiative aimed at improving the broader workforce may have the potential to enhance AT&L's efforts to obtain information on the skill sets of contractor personnel supporting the acquisition workforce. Specifically, DOD, through its components, is developing an annual inventory of contracts for services. The inventory is required to include, among other things, information identifying the missions and functions performed by contractors, the number of full-time contractor personnel equivalents, and the funding source for the contracted work. The Army issued its first inventory for fiscal year 2007. This initial inventory, however, does not include information on the skill sets provided by the contractor personnel and the functions they perform. Inventories for all DOD components are not scheduled to be completed before June 2011.

Although these efforts are promising, their success in improving the management and oversight of DOD's acquisition workforce may be limited by DOD's lack of comprehensive information on the acquisition workforce it has and needs.

[15] Section 1705 of title 10 of the U.S. Code requires DOD to establish and fund the Acquisition Workforce Development Fund. The fund is financed by an amount equivalent to a portion of the military services' and defense agencies' expenditures for certain types of service contracts.

Concluding Observations

DOD faces significant challenges in assessing and overseeing its acquisition workforce to ensure that it has the capacity to acquire needed goods and services and monitor the work of contractors. While DOD's recent and planned actions could help address many of these challenges, the department has yet to determine the acquisition workforce that it needs or develop comprehensive information about contractor personnel—including the skill sets provided, functions performed, or length of time for which they are used. Without having more comprehensive information on its total acquisition workforce on a departmentwide basis, DOD runs the risk of not having the right number and appropriate mix of civilian, military, and contractor personnel it needs to accomplish its missions. In addition, without guidance on the appropriate circumstances under which contractor personnel may perform acquisition work, DOD runs the risk of not maintaining sufficient institutional capacity to perform its missions, or losing control over and accountability for mission-related policy and program decisions.

In our report released March 25, 2009, we made several recommendations to the Secretary of Defense to better ensure that DOD's acquisition workforce is the right size with the right skills and that the department is making the best use of its resources. We recommended that the Secretary:

- Collect and track data on contractor personnel who supplement the acquisition workforce—including their functions performed, skill sets, and length of service—and conduct analyses using these data to inform acquisition workforce decisions.
- Identify and update on an ongoing basis the number and skill sets of the total acquisition workforce that the department needs to fulfill its mission.
- Review and revise the criteria and guidance for using contractor personnel to clarify under what circumstances and the extent to which it is appropriate to use contractor personnel to perform acquisition-related functions.
- Develop a tracking mechanism to collect information on the reasons contractor personnel are being used so that DOD can determine whether the guidance has been appropriately implemented across the department.

We are pleased that DOD has implemented part of the first recommendation by collecting departmentwide data on the number of contractor personnel that support the acquisition workforce. We are encouraged by DOD generally concurring with the rest of our recommendations, although the department noted that collecting

information on the skill sets and length of service of contractor personnel needed to be carefully considered. We agree that the manner in which data on contractor personnel are to be collected should continue to be carefully considered. Nevertheless, we continue to believe that comprehensive data on contractor personnel are needed to accurately identify the department's acquisition workforce gaps and inform its decisions on the appropriate mix of in-house or contractor personnel. As DOD moves forward with its recently announced plans to increase the size of the acquisition workforce over the next few years, having comprehensive information about the acquisition workforce it both has and needs will become even more vital to ensure the department makes the most effective workforce decisions.

Mr. Chairman, this concludes my prepared remarks. I would be happy to answer any questions you or other Members of the Subcommittee may have at this time.

Appendix I: Objectives, Scope, and Methods

This testimony is based primarily on our recent report *Department of Defense: Additional Actions and Data Are Needed to Effectively Manage and Oversee DOD's Acquisition Workforce.*[1] This report (1) assessed DOD's ability to determine whether its acquisition workforce is sufficient to meet its national security mission, (2) assessed the department's recent initiatives to improve the management and oversight of its acquisition workforce, and (3) discussed practices of leading organizations that could provide insights for DOD's acquisition workforce oversight.

To conduct our review, we analyzed key DOD workforce documents, including the department's *Implementation Report for the DOD Civilian Human Capital Strategic Plan 2006-2010* and related assessment of the acquisition workforce. In addition, we met with representatives from the Office of the Under Secretary for Acquisition, Technology and Logistics (AT&L), the Office of Civilian Personnel Policy within the Office of the Under Secretary for Personnel and Readiness, the three military services, and the Missile Defense Agency (MDA). We also gathered data from 66 major weapon system program offices across all DOD components. To obtain more detailed information, we interviewed officials from 4 program offices, 1 from each service (Army's Joint Land Attack Cruise Missile Defense Elevated Netted Sensor, Air Force's Reaper, and Navy's Presidential Helicopter) and 1 from MDA (Airborne Laser). We selected the program offices, in part, because they were responsible for developing and acquiring major weapon systems, mostly in the development phase, and contained a mix of both contractor and civilian personnel.

To better understand the workforce management practices of leading organizations, we met with representatives from six companies recognized as leaders for various aspects of workforce management: Deloitte; General Electric Company (General Electric); Lockheed Martin Corporation (Lockheed Martin); Microsoft; Rolls-Royce, PLC (Rolls-Royce); and Valero Energy Corporation (Valero Energy). We also reviewed research on leading workforce practices or discussed workforce management issues with officials at a number of nonprofit and consulting organizations: Aerospace Industries Association, APQC,[2] IBM Center for The Business of Government, National Academy of Public Administration, Partnership for Public Service, and the Society for Human Resource Management.

[1] GAO-09-342.

[2] APQC was previously known as the American Productivity & Quality Center.

Appendix II: Department of Defense In-house Acquisition Workforce by Career Fields

DOD Acquisition Workforce—Military and Civilian Personnel for Fiscal Years 2001 and 2008

Functional career field	Fiscal year 2001	Fiscal year 2008	Percentage change fiscal years 2001 to 2008
Program Management	14,031	12,781	-8.9 %
Contracting	25,413	25,680	1.1
Industrial/Contract Property Management	620	451	-27.3
Purchasing	4,121	1,196	-71.0
Facilities Engineering	0	4,920	n/a
Production Quality and Manufacturing	10,547	9,138	-13.4
Business, Cost Estimating and Financial Management	10,279	7,085	-31.1
Life Cycle Logistics	11,060	13,361	20.8
Information Technology	5,612	3,934	-29.9
System Planning, Research, Development and Engineering—Systems Engineering	34,899	34,537	-1.0
System Planning, Research, Development and Engineering—Science and Technology Manager	0	480	n/a
Test and Evaluation	5,113	7,420	45.1
Auditing	3,457	3,638	5.2
Unknown/Other	4,097	1,258	-69.3
Total	**129,249**	**125,879**	**-2.6**

Source: DOD data.

Appendix III: Department of Defense Personnel by Type and Function for Selected Program Offices

Military, Civilian, and Contractor Personnel in Acquisition-Related Functions by Service as Reported by Selected Program Offices in 2008

Type of personnel by Function	Air Force (19 program offices)	Army (12 program offices)	Navy (18 program offices)[a]	Joint services (9 program offices)[b]	Missile Defense Agency (8 program offices)	Total (66 program offices)[c]
Program Management						
Military	142	146	37	35	33	**393**
Civilian	63	88	93	56	31	**331**
Contractor	99	42	43	53	8	**245**
University/FFRDC[d]	4	0	1	6	3	**14**
Business (includes auditing, business, cost estimating, financial management, property management, and purchasing)						
Military	17	0	9	8	8	**42**
Civilian	69	135	150	42	54	**450**
Contractor	79	45	82	92	109	**407**
University/FFRDC	1	0	11	3	2	**17**
Contracting						
Military	13	2	1	4	1	**21**
Civilian	75	115	52	57	53	**352**
Contractor	23	5	11	18	16	**73**
University/FFRDC	1	0	0	0	0	**1**
Engineering and Technical (includes systems planning, research, development and engineering; lifecycle logistics; test and evaluation; production, quality and manufacturing; and facilities engineering)						
Military	125	40	136	100	72	**473**
Civilian	150	784	901	325	421	**2,581**
Contractor	266	281	804	525	677	**2,553**
University/FFRDC	422	40	44	136	169	**811**
Totals						
Military	297	188	183	147	114	**929**
Civilian	357	1,122	1,196	480	559	**3,714**
Contractor	467	373	940	688	810	**3,278**
University/FFRDC	428	40	56	145	174	**843**
Grand Total	**1,549**	**1,723**	**2,375**	**1,460**	**1,657**	**8,764**

Source: GAO analysis of DOD data.

[a]Navy includes one Marine Corps program office.

[b]Joint Programs can be staffed by personnel from multiple services.

[c]Program offices reported additional administrative and other staff that we excluded from this table, as they would not be considered part of the acquisition workforce.

[d]FFRDC personnel work in Federally Funded Research and Development Centers.

Appendix IV: Department of Defense Reasons for Using Contractor Personnel in Selected Program Offices

Number of Program Offices Reporting Reason for Using Contracor Personnel as Reported by Selected Program Offices in 2008

	Air Force (10 program offices)	Army (3 program offices)	Navy and Marine Corps (5 program offices)	Joint services (4 program offices)[a]	Missile Defense Agency (8 program offices)	Total (30 program offices)
Ease or speed of bringing on contractor personnel (compared with hiring civilians)	2	3	3	2	5	**15**
Funding not available in budget accounts used for civilian personnel	4	0	2	1	1	**8**
Overall staffing limits on civilian personnel	8	3	3	2	2	**18**
Expertise does not exist—specialized skill/not generally hired	5	1	4	2	5	**17**
Expertise does not exist—shortage of civilian personnel with this expertise	6	2	4	3	7	**22**
Short-term requirement	0	2	4	2	1	**9**
Cost of contractor personnel less than civilian personnel	0	1	0	0	0	**1**

Source: GAO analysis of DOD data.

[a]Joint Programs can be staffed by personnel from multiple services.

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Related GAO Products

Department of Defense: Additional Actions and Data Are Needed to Effectively Manage and Oversee DOD's Acquisition Workforce. GAO-09-342. Washington, D.C.: March 25, 2009.

Human Capital: Opportunities Exist to Build on Recent Progress to Strengthen DOD's Civilian Human Capital Strategic Plan. GAO-09-235. Washington, D.C.: February 10, 2009.

High Risk Series: An Update. GAO-09-271. Washington, D.C.: January 2009.

Department of Homeland Security: A Strategic Approach Is Needed to Better Ensure the Acquisition Workforce Can Meet Mission Needs. GAO-09-30. Washington, D.C.: November 19, 2008.

Human Capital: Transforming Federal Recruiting and Hiring Efforts. GAO-08-762T. Washington, D.C.: May 8, 2008.

Defense Contracting: Army Case Study Delineates Concerns with Use of Contractors as Contract Specialists. GAO-08-360. Washington, D.C.: March 26, 2008.

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The Department of Defense's Civilian Human Capital Strategic Plan Does Not Meet Most Statutory Requirements. GAO-08-439R. Washington, D.C.: February 6, 2008.

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QUESTIONS SUBMITTED BY MEMBERS POST HEARING

April 28, 2009

QUESTIONS SUBMITTED BY DR. SNYDER

Dr. SNYDER. Congress directed the Department to set a goal of having certain critical acquisition functions for major acquisition programs and major automated information systems, like program and deputy program managers, chief engineers, systems engineers, and cost estimators be government personnel. Where do we stand with respect to that congressional direction? What challenges are you facing? Will Secretary Gates' proposal to grow and restore the acquisition workforce address this issue? If so, in what respect? If not, how is the Department going to reach this goal?

Mr. ASSAD. The Secretary of Defense announced plans to revitalize the Defense acquisition workforce by significantly increasing its organic size by approximately 20,000 federal employees. As part of the Secretary's growth strategy, a high priority is to ensure that all inherently governmental functions are performed by government employees and that a sufficient organic acquisition workforce capability is available to fill critical acquisition positions. The Secretary's growth strategy includes in-sourcing acquisition support functions. To further ensure a successful outcome, the Department incorporated the positions identified by Congress in our DOD acquisition Key Leadership Position construct, and added the lead contracting officer to the list. These Key Leadership Positions will receive increased monitoring to establish a pool of qualified candidates to fill these Key Leadership Positions. The above efforts support meeting congressional direction that critical acquisition functions be performed by qualified government personnel. DOD's progress will be reported in the Defense Acquisition Workforce Human Capital Report. This report will combine various reporting requirements as part of a consolidated report to be delivered in July 2009.

Dr. SNYDER. It appears that most of the FY 2008 Defense Acquisition Workforce Development Fund initiatives are aimed at hiring new personnel. Training appears to account for a much smaller amount. Aren't there areas of training in need of funding? One of the things the subcommittee has heard is that there's very little, if any, training or professional-level coursework for services contracting. Are there any efforts underway to address that?

Mr. ASSAD. Top DOD acquisition training priorities include ensuring training capacity for the planned growth of the defense acquisition workforce, improving workforce certification levels, reinvigorating certification standards, and continuing improvements to training resources that support workforce performance. Training initiatives are being deployed by DOD Components to address leadership and other Component-specific skill/competency requirements. Examples of Component-specific initiatives include the Army Contracting Lab and Army Acquisition Basic Course; and the Navy Acquisition Boot Camp, Navy Acquisition Hot Topics Course, and various executive leadership training. Air Force initiatives include expansion of attendance at its Air Force Institute of Technology Mission Ready Contracting Officer Course, the Intermediate Project Management Course, Acquisition Leadership Challenge Program Course, and the Air Force Fundamentals of Acquisition Management Course.

We agree that services contracting training needs continued emphasis and improvement. The Defense Acquisition University (DAU) has created the Learning Center of Excellence for Service Acquisition. The center provides a dedicated, integrating focus on developing an in-depth body of training and learning assets to improve DOD's execution of service requirements. DAU has developed a classroom course, ACQ 265 Mission Focused Services. This is an interactive, case based course that targets a broad range of the acquisition workforce. It focuses on developing performance based requirements and business strategies and has been available since 2007. DAU has also developed Service Acquisition Workshops (SAWs). The workshops provide just-in-time, hands-on, training early in the requirements process. The team training includes major stakeholders—the customer, program manager, contracting officer, Contracting Officers Representative (COR), and other personnel. The DOD Service Acquisition Mall (SAM) is another initiative that provides on-line access to best-in-class practices for acquiring services. SAM will be organized by standard Federal Product Service Codes and contain training material and tools for

developing performance based service requirements. Initial operational capability for SAM is planned for the end of September 2009.

Other examples of new acquisition-related training include expanded expeditionary training, Contracting Officer Representative training, and requirements training for the "Big A" workforce. This also includes improved and expanded training for contract specialists and pricing personnel; international cooperation training; expanded program management training; source selection and risk management training improvements; new curricula development for high impact, emerging acquisition needs; and other job enhancing learning assets. DOD will also complete an enterprise-wide competency assessment of the acquisition workforce to identify gaps and improve both training and human capital planning.

The above initiatives reflect DOD's commitment and action to ensure increased training capacity and to create a comprehensive learning environment that has the right learning assets available at the employee's learning point-of-need. The Defense Acquisition Workforce Development Fund, made possible by the Congress, is enabling DOD to significantly improve acquisition training capability, to include in the area of services contracting.

Dr. SNYDER. Last year's authorization legislation required the establishment of a career path for military personnel that assures that we attract highly talented individuals who will have opportunity for promotion and advancement. We also required that general and flag officer billets be reserved for the acquisition career path and that there are adequate numbers of military personnel active in acquisition to ensure proper functioning and to make sure we have the military personnel we need to conduct contingency contracting. Can you comment on how your Service will meet these requirements? How many of the general/flag officer acquisition billets are for contracting positions?

General THOMPSON. The Army has a robust process that attracts and accesses highly talented military personnel into the Army Acquisition Corps. This past year we established an earlier accession point for military acquisition officers and NCOs to enable them to begin their acquisition careers up to two to three years earlier. This provides for increased availability of Army acquisition personnel and more time to develop and apply their expertise. We have also issued career guidance to restrict military contracting professionals from serving in theater until they have a minimum of one year of contracting experience within the United States.

In addition, the established career paths for military acquisition professionals in the Army Acquisition Corps ensure that the highest caliber officers and NCOs enter, develop, and remain in the right positions in the acquisition workforce. The career path includes a robust command opportunity for acquisition and contracting officers (to include GO opportunities) and the development of qualified contingency contracting personnel. Army officers and NCOs currently receive training, experience, and acquisition certification in five Acquisition Career Fields (ACFs): Program Management; Contracting; Systems, Planning, Research, Development and Engineering-Systems Engineering; Information Technology; and Test & Evaluation. As mission and career development needs dictate, officers are assigned to the five career fields at the Field Grade ranks, and NCOs belong to the 51C (Contracting) ACF.

Army Section 852 funding initiatives also assist us in attracting and recruiting new acquisition personnel. This includes offering Student Loan Repayment opportunities and Special Duty Assignment Pay for NCOs.

Section 503(a) of the National Defense Authorization Act (NDAA) for Fiscal Year 2009 (FY09) authorized five additional General Officer billets in the Active Component with the requirement that they have significant contracting experience. As of April 2009, the Army selected one additional acquisition General Officer (GO) and will select more this year until the five billets are filled. The GO selected is a Brigadier General who is the Commander of the recently established Expeditionary Contracting Command. The Army had already established the two-star U.S. Army Contracting Command as part of AMC and the one-star Mission & Installation Contracting Command—both billets are presently filled by experienced members of the Senior Executive Service until new GOs are selected. The two remaining billets are the Military Deputy for Contracting in the U.S. Army Corps of Engineers (USACE) and an acquisition (contracting) GO in the Office of the Assistant Secretary of the Army for Acquisition, Logistics and Technology (ASAALT) in the Office of the Deputy Assistant Secretary for Procurement (DASA(P)).

Dr. SNYDER. Last year's authorization legislation required the establishment of a career path for military personnel that assures that we attract highly talented individuals who will have opportunity for promotion and advancement. We also required that general and flag officer billets be reserved for the acquisition career path and that there are adequate numbers of military personnel active in acquisition to ensure proper functioning and to make sure we have the military personnel we need

to conduct contingency contracting. Can you comment on how your Service will meet these requirements? How many of the general/flag officer acquisition billets are for contracting positions?

Mr. THOMSEN. The Department of the Navy actively manages our military workforce career path requirements. Over the past two years, we have revised some military community career paths to meet anticipated shortfalls in the pipeline for experienced acquisition professionals in order to fill our most critical acquisition positions, including Program Managers, Program Executive Officers, and contracting officers. The Department's military acquisition leadership is most effective when staffed with a carefully calibrated mix of warfare communities including Marine Corps operational and Navy Unrestricted Line Officers (Aviation, Surface and Submarine communities), Restricted Line Officers (Engineering Duty Officers, Aerospace Engineering Duty Officers, Aerospace Maintenance Duty officers) , and Staff Corps (Supply Corps and Civil Engineering Corps). Due to the demands on operational forces, we have faced challenges providing our officers with needed acquisition experience early in their career pipelines. As a result, the Naval Aviation community has proposed a refinement to their acquisition professional career path which will provide Aviators with hands-on acquisition experience years earlier in their careers. The Surface Warfare Officer community initiated similar changes to their career path structure to ensure earlier acquisition experience.

The Department's Restricted Line and Supply Corps communities have been effective in ensuring a robust acquisition career path that yields highly experienced and qualified Acquisition Professionals. The Marine Corps established a Military Occupational Specialty for Acquisition Management Professionals. Officers in this specialty are typically assigned to critical acquisition positions that provide senior leadership for ground equipment and/or weapons systems programs. This prepares them for future program management and executive officer assignments.

At the end of Fiscal Year 2008, Department of the Navy had a total of 72 Flag Officer/General Officer acquisition billets, with 40 Flag or General Officers filling those billets. Of those 40 Flag and General Officers, five were in contracting. The number of Flag Officer/General Officer billets allows for flexibility in assigning of Flag Officers and General Officers in areas of greatest need.

At the end of Fiscal Year 2008, the Department of the Navy had approximately 1,200 military officer contracting billets. Navy construction contracting capability resides in the Civil Engineer Corps. Navy logistics material and major weapons systems acquisition contingency contracting capability resides in the Supply Corps.

Within the Marine Corps, contracting is a separate specialty that contains 30 officers and 120 enlisted billets aligned to the operational forces to support the Marine Corps' contingency operations. Marine Corps Officers earn the contracting specialty as secondary specialty with a primary specialty in a related field, such as logistics, supply or financial management, and become contracting officers after completing acquisition training. The majority of the contracting officers within the Marine Corps are highly experienced civilians throughout the supporting establishment and at Marine Corps Systems Command.

Dr. SNYDER. Can you please describe how your Service is conducting its inventory of services contacts? The Army seems to be the farthest along in this effort. Are you using the Army's work as a model? If not, why wouldn't that make sense?

Mr. THOMSEN. In accordance with the phased implementation schedule detailed in the May 16, 2008 Deputy Under Secretary of Defense for Acquisition and Technology memo regarding NDAA FY08 Section 807, the Department of the Navy (DON) is developing, and will deliver, a prototype inventory list for review and approval in FY09.

In response to Section 807, the DON has developed a methodology to compile the FY 08 inventory of services contracts. The DON methodology uses existing data repositories and databases (the Standard Procurement System and the Federal Procurement Data System—Next Generation) to electronically capture discretely identified contracts and related data elements, specifically those required under Section 807. This captured data is used to electronically generate the required Section 807 data reports.

One of the contract data categories required under Section 807, the number of full-time contractor employees or equivalents (FTE) on each service contract, is not directly captured by the DON data systems. DON has developed, and received Defense Procurement and Acquisition Policy's approval for, a statistical sampling approach to report the number of FTEs in the inventory. From a statistically-significant sample, DON calculates an average FTE figure from weighted average labor rates and using a defined algorithm then calculates the number of FTEs on each services contract.

DON's review of the Army's Contractor Manpower Reporting System revealed that the systems used by DON (referenced above) would be incompatible with the Army-designed system due to different internal data base structures required by DON to meet the scheduled reporting requirements of Section 807.

Dr. SNYDER. Last year's authorization legislation required the establishment of a career path for military personnel that assures that we attract highly talented individuals who will have opportunity for promotion and advancement. We also required that general and flag officer billets be reserved for the acquisition career path and that there are adequate numbers of military personnel active in acquisition to ensure proper functioning and to make sure we have the military personnel we need to conduct contingency contracting. Can you comment on how your Service will meet these requirements? How many of the general/flag officer acquisition billets are for contracting positions?

General SHACKELFORD. The Air Force deliberately develops acquisition professionals according to well defined career path models which serve as a guide for developing both military officers and civilians through assignments, education, and training. These career models define career paths to greater rank and responsibility within the acquisition workforce. The development of acquisition workforce members is enhanced by the use of Career Field Development Teams consisting of senior leadership from within each Career Field. Using the published acquisition career path models as a guide, the Acquisition Development Teams provide individuals developmental guidance "vectoring" them on paths of progression and opportunity in the acquisition workforce. The Development Teams also nominate officers and civilians for service schools (developmental education), and identify military candidates for command leadership positions within the acquisition workforce. The Air Force has also established career field management and force development functional responsibility at the Headquarters Air Staff level to provide strategic direction to the career fields, and oversight of the Developmental Team process.

The Air Force relies on a large pool of military contracting officers in order to meet Air Force and a fair share of joint, contingency contracting deployments. Today the Air Force maintains the Department of Defense's largest deployable contracting force and is filling the bulk of the contingency contracting and contract administration deployment requirements in Iraq and Afghanistan. The current operations tempo generated by the wars in Iraq and Afghanistan has made the contracting career field one of the most deployed career fields in the Air Force. Air Force leadership recognizes the threat the current ops tempo poses to the retention of the contracting force and has initiated numerous efforts to ensure the workforce remains the backbone of the contingency contracting mission. One of the recent efforts is to evaluate the need for a Critical Skills Retention Bonus for contracting officers in targeted year groups and grades. This effort has been underway for some time and, pending OSD and corporate Air Force approval, is targeted to formally roll out in the 2009 fiscal year.

The Air Force acquisition workforce also has a contingent of enlisted personnel within the contracting career field. These Airmen serve in key positions throughout the Air Force in the operational and contingency contracting communities and are also developed in concert with the needs of the Air Force. The development of this invaluable resource is addressed both within the enlisted force and within the contracting community to ensure the right quality and numbers of contracting NCOs are retained for the Air Force contracting mission.

The Air Force codes and tracks all General Officer billets in the acquisition workforce for use in development and succession planning, and to ensure the best qualified leaders are identified to fill these key leadership positions. The Air Force currently has 22 General Officer acquisition billets, and 27 acquisition-qualified General Officers including 1 contracting-qualified General Officer. The Air Force currently has no General Officer contracting positions. The 6 senior Contracting positions in the Air Force are Senior Executive Service (SES) positions. The Air Force's most senior leadership continually reviews General Officer requirements against General Officer authorizations to ensure the number of General Officer billets in acquisition continue to be properly balanced with total Air Force requirements.

Dr. SNYDER. Can you please describe how your Service is conducting its inventory of services contracts? The Army seems to be the farthest along in this effort. Are you using the Army's work as a model? If not, why wouldn't that make sense?

General SHACKELFORD. To fulfill the Section 807 reporting requirements for June 09, the Air Force has pulled contract-specific data from the Contracting Business Intelligence Service (CBIS) system supplemented by a manual data call and mathematical calculation for other required elements. The Army's Section 807 submittal was based on data from their Contractor Management Reporting System, a data system which the Army began implementing several years ago. The Air Force has

had no equivalent system capturing the number of full-time contractor equivalents because of our use of performance-based service contracting as required by the Office of Federal Procurement Policy, whereby the focus is on outcomes not on the number of contractor personnel required to achieve the outcome. It is our understanding that Defense Procurement and Acquisition Policy (DPAP) is looking at a possible department-wide solution for the future, leveraging the lessons learned from the contractor reporting requirements of the 2009 American Reinvestment & Recovery Act.

QUESTIONS SUBMITTED BY MR. FRANKS

Mr. FRANKS. Mr. Assad, in your best estimation, with the increase of 20,000 personnel through the year 2015, taking into consideration training, experience, and the graduated departure of our existing workforce, what would you project as a "get well" date where we start to see the benefits of this plus-up initiative?

Mr. ASSAD. As has been stated by the Secretary of Defense, there is no silver bullet. However, we are already seeing the benefits as a result of improved and expanded training investments made in Defense Acquisition University. Hiring has started, morale is up, and we are getting great feedback from the defense acquisition community. We have added resources to the Defense Contract Audit Agency (DCAA) and they have hired over 100 people. DCAA is already seeing benefits of added audit capacity which is providing additional data for our senior acquisition leaders. As for a specific get well date relative to improved acquisition outcomes, the results will not change overnight. However, we believe the strategy is right and the successful employment of these workforce initiatives is a leading indicator for improving acquisition outcomes.

Mr. FRANKS. Mr. Assad, with the plan to significantly increase the size of the acquisition workforce, it has been said that with a large shortfall that already exists within the DOD coupled with stiff competition from the private sector that the Defense Department might find it difficult to attract the best and brightest to their ranks. Do you agree with this statement? What plans does the department have to recruit and retain quality acquisition professionals?

Mr. ASSAD. No. I do not agree. I believe the Department of Defense is well positioned to attract high quality candidates to become members of the defense acquisition workforce. The Administration's leadership, the top-down driven strategy of the Secretary of Defense, and the strong support of Congress are enabling the most significant increase in growth of the defense acquisition workforce ever undertaken. The challenges we have are internal and related to administrative processes associated with establishing positions and the length of time to hire and to get onboard new personnel. We are actively working through initiatives to resolve these issues. The support we have received from Congress (e.g., Expedited Hiring Authority) have been very beneficial. We are encouraged and believe we will solve these issues.

The Department is implementing a robust employee retention and talent management strategy to retain acquisition workforce employees with expert knowledge in critical and shortage skill areas. These employees include individuals filling Key Leadership Positions (KLPs) such as program managers, engineers, senior contracting officers, life cycle logisticians, cost estimators, etc. (especially those in ACAT I and ACAT II programs) and other personnel possessing special expertise that is hard to find or retain. We are confident that we will be successful.

QUESTIONS SUBMITTED BY MS. SANCHEZ

Ms. SANCHEZ. I have received a number of reports stating that contracts are awarded to contractors and subcontractors whose products do not meet the original performance specification. How could a production contract award be made based on a product that did not meet the original performance specification? Is there a set process, and if so, what is the process contractors/subcontractors have to go through in order to ensure that their products are meeting the performance specifications indicated by the Department? How is the Department ensuring that performance specification testing is rigorous enough so that our service members are not exposed to defective products?

General THOMPSON. Contracts should not be awarded to contractors and subcontractors whose products do not meet the original performance specification. If the contractor has not met the original performance specification then the contract should be terminated.

Delineated in the Federal Acquisition Regulation (FAR) Subpart 9.2, is a set process that ensures contractor/subcontractor products meet Department of the Army

performance specifications. The formal and structured process includes the testing and examination of products for compliance with contract requirements. Upon completion of the Government's evaluation and subsequent determination that the products meet the qualification requirements, the agency places that product on an approved list. Only contractors with products on the approval list may compete for contract award. Since this process is more restrictive, in the interest of promoting full and open competition, it is used only when necessary and only after the head of the agency, or his designee, prepares a written justification. For those products whose qualification requirements do not fall under this Subpart, the contracting officer relies upon the requiring activity technical expert to ensure that the performance specifications meet the government's needs.

The Department, through its contracting function, specifies contract quality requirements based on product complexity and criticality. We vigorously audit conformance to contract quality requirements. Contract quality requirements include product attributes at the component and end-item levels, as well as those {contractor} management controls necessary to assure quality. These controls apply to all work affecting quality such as ordering of materials, fabrication, assembly, inspection and testing (in-process and final), and delivery. Additionally, all acquisition programs require a Test and Evaluation Master Plan, which describes what testing is required, who will perform the testing, what resources will be needed, and what the requirements are for evaluation. The Commanding General, U.S. Army Test and Evaluation Command is responsible for assessing program effectiveness, suitability, and survivability (or progress towards achieving these) during each phase in the life-cycle. Assessments or evaluations, conducted by the system evaluator (including the safety confirmation), will support materiel release actions for new procurement, reprocurements, and system changes.

Ms. SANCHEZ. Currently, the Lead System Integrators (LSIs) and Prime Contractor oversight is limited because of the downsizing of the DOD acquisition workforce. What progress has DOD made in rebuilding its acquisition workforce, and how will this impact LSIs? What are the impediments for DOD in this regard?

General THOMPSON. The Army is making significant progress in identifying acquisition workforce requirements that will be increased through many avenues. We are actively recruiting new employees, in-sourcing contractor positions to civilians, and are working with the personnel community to identify new opportunities to pilot to streamline the hiring process. In-sourcing is being identified as a result of an Army-wide review of contractor support positions. This review will provide the analytical underpinnings to ensure the Army has a proactive, executable strategy for in-sourcing. Due to restrictions on the use of LSIs, the Program Manager, Future Combat Systems will continue to transition the System of Systems engineering and integration tasks to the government with the assistance of a prime contractor in FY10. Given the time required to acquire the skills and conduct additional formal and experiential training to make these personnel effective, the transition is not expected to be complete until 2013.

There are challenges in moving forward. The process to grow the acquisition workforce will require formulation of concept plans, with subsequent review and approval of the spaces and the funding. There are also limitations in available skilled personnel, since a fair amount of program experience is required to prepare a systems engineer, for example. On the job practical experience is required to truly be qualified. Given the limited number of true developmental programs currently in the Army, the number of individuals getting opportunities for this experiential piece is limited. The Army will expand the developmental opportunities as we grow the acquisition workforce.

Ms. SANCHEZ. I have received a number of reports stating that contracts are awarded to contractors and subcontractors whose products do not meet the original performance specification. How could a production contract award be made based on a product that did not meet the original performance specification? Is there a set process, and if so, what is the process contractors/subcontractors have to go through in order to ensure that their products are meeting the performance specifications indicated by the Department? How is the Department ensuring that performance specification testing is rigorous enough so that our service members are not exposed to defective products?

Mr. THOMSEN. Contract awards made upon a competitive source selection will meet the RFP performance specification. Proposals that are assessed as not meeting the requirements of the RFP are considered deficient and are deemed unawardable. However, during the performance of the awarded contract, particularly development contracts, changes to the specification may result due to technical, schedule, cost and or budgetary issues. These issues are not unusual for major weapons systems contracts. Even within this environment, contractors are not allowed to deviate from

any Critical Performance Parameters called out in the specification. Contractors may only propose to deviate from lesser parameters which do not affect usability or safety. These deviations must be identified and justified. Consequently, due to the trade-off analysis employed during development, the follow-on production contract's performance specification may be somewhat different from what was originally envisioned when the development contract was awarded.

Production contracts normally include a requirement for the contractor to submit a production test plan and test procedures for Government approval. This serves as the basis for the contractor to demonstrate compliance with the contract's specification requirements, which is required before Government acceptance and/or payment.

The Department ensures performance testing is sufficiently rigorous by first requiring a program manager to have an over-arching Test & Evaluation Master Plan (TEMP) approved by the Milestone Decision Authority (MDA) prior to obtaining approval to start production. Secondly, requirements specified in the Capability Production Document (CPD) set the acceptable thresholds and desired objectives used in the TEMP for performance measures to be demonstrated during developmental and operational testing. Programs must complete a series of development-level testing; achieve Government-required Technology Readiness Levels; conduct technical specifications demonstrations; and perform operational assessment for programs on the OSD OT&E oversight list. The foregoing results and satisfactory program health at Milestone C inform the MDA's decision to proceed with Low-Rate Initial Production (LRIP) articles to support Initial Operational Test and Evaluation (IOT&E). The MDA's subsequent Full-Rate Production Decision Review (FRPDR) requires the Government Independent Operational Test Agency to report on Operational Effectiveness and Suitability. Finally, each production contract requires every item offered for delivery to be subjected to various tests, witnessed by the Government, to ensure contract performance specification compliance, prior to Government acceptance.

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