

**Advance Questions for Katrina McFarland, Nominee to be
Assistant Secretary of Defense for Acquisition**

Defense Reforms

The Goldwater-Nichols Department of Defense Reorganization Act of 1986 and the Special Operations reforms have strengthened the warfighting readiness of our Armed Forces. They have enhanced civilian control and clearly delineated the operational chain of command and the responsibilities and authorities of the combatant commanders, and the role of the Chairman of the Joint Chiefs of Staff. They have also clarified the responsibility of the Military Departments to recruit, organize, train, equip, and maintain forces for assignment to the combatant commanders.

1. Do you see the need for modifications of any Goldwater-Nichols Act provisions?

No. I believe the current allocation of responsibility for acquisition-related matters in title 10, United States Code, appropriately assigns responsibility to the Under Secretary of Defense for Acquisition, Technology, and Logistics, and that the law also appropriately identifies the acquisition-related functions of the military Department Secretaries. If confirmed, I will continue to assess this issue.

2. If so, what areas do you believe might be appropriate to address in these modifications?

N/A

Duties

Section 138(b)(6) of title 10, United States Code, describes the duties and responsibilities of the Assistant Secretary of Defense for Acquisition (ASD(A)). Under this provision, the ASD(A) is the principal advisor to the Secretary of Defense and the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(ATL)) on matters relating to acquisition.

3. Assuming you are confirmed, what additional duties do you expect that the Secretary of Defense and the USD(ATL) will prescribe for you?

If confirmed, I expect the Secretary and USD(AT&L) to assign duties and functions commensurate with the ASDA's function and expertise as he deems appropriate.

4. Do you recommend any changes to the provisions of section 138 of Title 10, United States Code, with respect to the duties of the ASD(A)?

No.

5. Do you believe that the Department of Defense has effectively implemented a streamlined chain of command for acquisition programs, as envisioned by the Packard Commission?

I believe that the Department has implemented a strong acquisition chain of command, built upon an effective management structure that meets the current acquisition requirements and outcomes. If confirmed, I will assess the structure and the workforce skills, proficiency and oversight to advise USD(AT&L) required to ensure continued success in leadership.

6. Do you see the need for modifications in that chain of command, or in the duties and authorities of any of the officials in that chain of command?

If confirmed, I will support evaluations by USD(AT&L) of the current chain of command and will recommend adjustments should any be needed to ensure continued success.

Qualifications

If confirmed, you will play a major role in managing an acquisition system pursuant to which the Department of Defense spends roughly \$400 billion each year.

7. What background and experience do you have that you believe qualifies you for this position?

I have 26 years of acquisition experience. I have a professional engineering license. I am a graduate of the international Program Managers Institute and have senior certifications (DAWIA Level III) in Testing, Engineering, Program Management, and Logistics. I completed my Engineering in Training requirements for my Professional Engineering qualifications by working as a Quality Assurance Engineer and a workflow process engineer at ALCAN industries. I began federal service in 1986 during the transition of Goldwater-Nichols Act implementation in support of the USMC at Headquarters as one of eight engineers assigned to support all USMC procurements. I was the lead engineer for all vehicles and electronic systems.

In 1990, I was recruited by the Canadian government to work their procurement group head for Electronic systems. In late 1991, the USMC recruited me back to the USMC where I became the Air Defense lead engineer. Then in 1994, I became the Assistant Program Manager for the USMC theater missile defense. During this time, I was credited for leading the USMC to 13 international firsts in ballistic missile testing, and successfully achieved an operational suitable and operationally effective designation for the missile system and its components. At that time in 1996, this was considered the largest operational test conducted by MCOTEA and was delivered on time and within budget.

In 1998, I received the Navy civilian tester of the Year for managing the development and testing of an integrated cooperative engagement capability and successful missile engagement. In 1999, I was assigned to co-lead an acquisition redesign team for the Marine Corps System Command, its organic Acquisition activity of which I received a Civilian Meritorious Service Medal in 2001. At this same time, I was the program manager for the engineering and design of new acquisition facilities to consolidate fifteen sites housing approximately 1200 people into new facilities. I structured the program to reuse the Navy's Hospital Point facility at Quantico and saved the Marine Corps several million dollars.

In 2000, I was appointed Product Group Director for Battle management and Air Defense Systems. In this portfolio, all aviation support assets (UAVs, RADARs, Sensors, command and control and Missiles and ground Command and control were managed.

In 2006, I was selected to be the Acquisition Director for the Missile Defense Agency. As lead for Acquisition, I had the contracting and acquisition workforce to include PMs under my management and all program management policy and implementation.

In addition, I was selected by USD(AT&L) to co-chair the Better Buying Power initiatives and was awarded the Secretary of Defense Meritorious Civilian Service and Secretary of Defense Exceptional Civilian Service Award in 2011 for these efforts.

In 2011, I was appointed the President of the Defense Acquisition University to oversee the training and education of the workforce. During my tenure, the University has won several national awards for continuous learning and teaching methodologies.

Finally, about five months ago, Acting Under Secretary of Defense for acquisition, Technology and Logistics, Mr. Kendall, asked me to support AT&L's role in Acquisition and I have been Performing the Duties of OASD(A) in addition to my role as President of DAU.

8. What background or experience, if any, do you have in the acquisition of major weapon systems?

In 1990, my responsibilities for the Canadian government included procurements equivalent in American dollars to MAIS and MDAP levels. I successfully developed the acquisition strategy and procurement package for the replacement of the Air Traffic Control System that serves both civilian and military air coordination, as an example.

In my job as Product Group Director for Battle Management and Air Defense Systems, I managed the Acquisition strategy, RFP development, and selection for the ACAT 1D GATOR program. The Unit Operations Center, an ACAT II program that I managed was given critical acclaim by the operating and joint deployed forces in OIF and was competitively awarded.

In my role as Acquisition Director of Missile Defense Agency, I oversaw the management of cost, schedule and performance of all the Ballistic Missile Defense System (BMDS) Elements, often in their own right investment decisions on the scale of MAIS and MDAP programs. As all of the major system elements were concluding their Periods of Performance at MDA within a two year window, I was lead for creating the Acquisition Strategies that opened up \$37B of Ballistic Missile Defense Systems' budget to competition. The Acquisition Strategies created a competitive environment at all product component levels and also included consolidation of all knowledge management services. Consolidation of services opened up over thirty percent of budgeted contract funding to small business and saved the Government over twelve percent. I also constructed and led the agencies baseline of programs and within one year had all BMDs elements base lined with their service leads. I was awarded a Presidential Rank Meritorious Civilian Service Award in 2010 for these efforts.

In performing the duties of OASD(A), I engage in all the pre-decision process for MDAP and MAIS programs in support of USD(AT&L).

Relationships

In carrying out your duties, what would be your relationship with:

9. The Secretary of Defense

If confirmed, I will support the Secretary of Defense's priorities in acquisition and technology.

10. The Deputy Secretary of Defense

If confirmed, I will support the Deputy Secretary's priorities in matters of acquisition and technology.

11. The USD(ATL)

The Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L)) would be my immediate supervisor. If confirmed, I will be the principal advisor to the USD(AT&L) for matters relating to acquisition. In addition, I

will assist the USD(AT&L) in the performance of his duties relating to Acquisition and in any other capacity that he may direct.

12. The Principal Deputy Under Secretary of Defense for Acquisition, Technology, and Logistics

If confirmed, I would be the principal advisor to the Principal Deputy Under Secretary in the same manner as to the Under Secretary.

13. The Director of Operational Test and Evaluation

If confirmed, I will work with the Director of Operational Test and Evaluation to ensure the Department has appropriately tested and evaluate defense acquisition programs.

14. The Director of Cost Assessment and Program Evaluation

If confirmed, I will work with the Director of Cost Assessment and Program Evaluation to ensure that the Department has independent cost analysis for defense acquisition programs and appropriate resource assessments for other programs within my responsibilities.

15. The Assistant Secretary of Defense for Research and Engineering

If confirmed, I will work closely with the Assistant Secretary of Defense for Research and Engineering to ensure the Science and Technology acquisition workforce is adequately staffed and qualified to maintain the technological edge and innovative capabilities to serve the Armed Forces and to reduce the cost and risk of our major defense acquisition programs. .

16. The Deputy Assistant Secretary of Defense for Developmental Testing

If confirmed, I will work with the Deputy Assistant Secretary of Defense for Developmental Testing, including to ensure there is strong involvement early in program formulation, that comprehensive, independent developmental testing assessments of program maturity and performance are available to inform acquisition decisions, and that the developmental test community within the acquisition workforce is appropriately staffed and qualified.

17. The Deputy Assistant Secretary of Defense for System Engineering

If confirmed, I will work with the Deputy Assistant Secretary of Defense for System Engineering to ensure that the systems engineering community within the acquisition workforce is appropriately staffed and qualified and that the application of sound systems engineering principles are adhered to for major defense acquisition programs.

18. The Director of Performance Assessments and Root Cause Analyses (PARCA)

If confirmed, I will direct and support the work of the Director of Program Assessment and Root Cause Analysis (PARCA) to ensure that the defense acquisition system performs with sufficient rigor to maintain situational awareness on the execution status of our acquisition portfolio. I will also ensure that all relevant root cause lessons learned are captured from "problem" programs, and those lessons promulgated throughout the acquisition workforce. I will assure that PARCA's performance measurement policies for DoD programs and institutions are effectively implemented. Finally, I will see that underlying tools and supporting systems, such as Earned Value Management for external projects, and an internal DoD acquisition institutional performance measurement system, are resourced and implemented adequately to DoD's needs.

19. The Acquisition Executives in the Military Departments

If confirmed, I will emphasize communication and coordination through the Secretaries of the Military Departments, with the Service Acquisition Executives. I will support USD(AT&L) in working with the Acquisition Executives to ensure effective oversight of acquisition programs through insight into their areas, support transparency in sharing information about program status, recommend appropriate remedial actions to rectify problems, actively engage in the development of departmental processes to improve acquisition outcomes, and support the policies and practices of the Department.

20. The Vice Chairman of the Joint Chiefs of Staff

If confirmed, I will advise USD(AT&L) on acquisition issues related to the Joint Requirements Oversight Council matters and work closely with the Vice Chairman and his staff as appropriate. I will also seek to ensure the requirements and acquisition processes work effectively together in terms of stabilizing requirements, and ensuring requirements established for acquisition programs are achievable within appropriate cost, schedule, and technical risk by engaging early in the requirements development process.

Major Challenges and Problems

If confirmed, you will be the first person to fill the position of ASD(A).

21. In your view, what are the major challenges that will confront the ASD(A)?

I support the acting Under Secretary's position in his Initial Guidance where he outlined the following six major challenges that confront the AT&L enterprise:

- 1) Supporting the war efforts
- 2) Ensuring affordable programs

- 3) Achieving more efficient execution of product and service acquisitions
- 4) Strengthening the industrial base
- 5) Strengthening the acquisition workforce
- 6) Protecting the future despite budget decline

22. Assuming you are confirmed, what plans do you have for addressing these challenges?

In Performing the Duties as Assistant Secretary of Defense (Acquisition), I either chair or support the working groups formed by the Acting Under Secretary (Acquisition) to focus on addressing these major challenges. If confirmed, I will continue to champion these activities.

Supporting war efforts places top priority on ensuring the needs of the warfighters are met as effectively, efficiently, and timely as possible.

Ensuring affordable programs will be pursued by enforcing the discipline of data-based decisions in our acquisition programs. If confirmed, I will ensure the effects of policy and process decisions are measured through data for programs. Lessons learned will provide support to future decisions. I will leverage the Defense Acquisition Board (DAB) oversight to require portfolio affordability analyses to inform programmatic decisions. Finally, I will focus on acquisition processes being more responsive to the Warfighter and more cost effective for the taxpayer by exposing Defense acquisition experience into the early formulation of program requirements. These measures should also underpin more efficient execution of product and service acquisitions.

Strengthening of the industrial base will be undertaken by systematic evaluation of proposed acquisition programs to understand potential impacts on critical national manufacturing resources. The system must be built into the program review process, combining data from program executives with data collected through AT&L's Sector-by-Sector, Tier-by-Tier (S2T2) assessment.

To strengthen the acquisition workforce, I am focused on the training, education and evaluation of the workforce. There must be a conscious effort to elevate the status, prestige and professional standards of acquisition personnel. The US has the best-equipped military in the world. The capability and professionalism of the Defense acquisition workforce are major underlying factors in this success. I will work with the Military Department leadership to elevate the promotion potential and the prestige of the Acquisition Workforce to instill a culture of cost-consciousness across the Department, the leadership must demonstrate consistently cost-conscious decisions and the training and rewards system must focus on cost consciousness.

To protect the future, I will focus on achieving small business goals, advocate competition, use Open Architecture and Intellectual Property, assess manpower and training needs and advocate the investment accounts.

Acquisition Organization

23. Do you believe that the office of the ASD(A) is appropriately organized and staffed to execute its management and oversight responsibilities?

The organizations supporting the Office of the Assistant Secretary of Defense (Acquisition)(ASD(A)) have served me well in the past six months that I have been Performing the Duties. If confirmed, I will do an assessment to ensure the organization and staffing fully support the execution of the office's management and oversight responsibilities.

24. Do you see the need for any changes in the structure or operations of the Joint Requirements Oversight Council (JROC)?

I strongly support the Vice Chairman of the Joint Chiefs' initiatives to emphasize cost-informed decisions in the military needs validation process. The current construct encourages direct and open discussion between senior military needs officials and USD(AT&L). If confirmed, I will work continuously to advise USD(AT&L) in the evolution of these processes to deliver better capability.

25. What improvements, if any, do you believe are needed in the lines of authority and accountability for the acquisition of major weapon systems?

I see no need for changes at this time. I believe in clear lines of authority and accountability for the procurement of major weapon systems. If confirmed, I will continuously assess and advise USD (AT&L) on any changes that I believe might be needed.

26. What steps if any will you take, if confirmed, to empower program managers to execute major defense acquisition programs and hold them accountable for how well their programs perform?

If confirmed, I will assess the implementation of Department's strategy in response to Section 853 of the John Warner National Defense Authorization Act of 2007. The foundation of accountability is based on competency, continuity, and experience. As DAU President, my focus has been on assessing the training methods and needs with the Military Departments. As a result of this assessment, we are changing how we train our acquisition workforce, and we will require demonstration of competency to be qualified for positions. If confirmed, I will reinforce this effort and also work to ensure that program senior leadership continuity exists. Finally, I support the Acting Under Secretary's initiative to include specific goals and objectives in the military and civilian evaluations relating to program execution to reinforce accountability.

Major Weapon System Acquisition

- 27. Do you believe that the current investment budget for major systems is affordable given decreasing defense budgets, the historic cost growth trends for major systems, and the continuing costs of ongoing contingency operations?**

I support the Acting Under Secretary's position that the current investment budget is affordable if properly managed but that it will be challenging to do so. Secretary Gates and Dr. Carter foresaw the Department's imminent economic situation and began the Better Buying Power initiative in 2010 to ensure that the performance of the defense acquisition system was in the best interest of the warfighter and taxpayers. As Co-Chair of the team that supported the Better Buying Power initiative, it is my observation that there is clear evidence that we can do better business deals for the Department. We must reduce the cost growth and the number of failed programs to meet our minimum needs for recapitalization and modernization.

- 28. If confirmed, how do you plan to address this issue?**

If confirmed, I will make cost control an ingrained culture. As the ASD(A), I will advise the Under Secretary on affordability methods that produce results. I will integrate affordability and cost-consciousness into the acquisition workforce training. I will work to control potential cost growth for existing programs and work to improve the Department's requirements, acquisition, and budgeting processes to ensure investment decisions are informed by sound affordability constraints.

- 29. What would be the impact of a decision by the Department to reduce purchases of major systems because of affordability issues?**

I believe additional reductions in our recapitalization and modernization rates could jeopardize our ability to keep up with anticipated military threats, reduce production efficiency, increase sustainment costs for the existing force structure, and impact the health of the industrial base. The Department must balance force structure with operating costs, capital investments, and modernization.

Nearly half of DOD's major defense acquisition programs have exceeded the so-called "Nunn-McCurdy" cost growth standards established in section 2433 of title 10, United States Code, to identify seriously troubled programs. Section 206 of the Weapon Systems Acquisition Reform Act of 2009 (WSARA) tightened the standards for addressing such programs.

- 30. What steps if any would you take, if confirmed, to address the out-of-control cost growth on DOD's major defense acquisition programs?**

If confirmed, I will focus on continued implementation of WSARA and its tools. Emphasis on cost control business skills will help the work force aggressively manage programs at risk of cost growth. With the help of the Defense Acquisition Workforce Development Fund, the Department is working to rebuild its organic acquisition expertise that has had its fundamental acquisition and business skills atrophy and are encouraging industry to the same.

31. What steps if any do you believe that the Department should consider taking in the case of major defense acquisition programs that exceed the critical cost growth thresholds established in the "Nunn-McCurdy" provision?

I believe DoD has full authority to take appropriate measures, including major restructuring or termination of poor performing programs. Due to our overall affordability constraints, the Department will need to be more aggressive in taking action before Nunn McCurdy threshold breaches occur. If confirmed, I will support USD(AT&L) in the practice of conducting Nunn-McCurdy-like reviews as soon as cost growth became likely so that this mechanism is applied proactively instead of reactively.

32. Do you see the need for any changes to the Nunn-McCurdy provision, as revised by section 206?

No

33. What principles will guide your thinking on whether to recommend terminating a program that has experienced critical cost growth under Nunn-McCurdy?

If confirmed, the five criteria listed in the law will continue to guide me.

Operating and Support Costs

The Department estimates that operating and support (O&S) costs account for up to 70 percent of the acquisition costs of major weapon systems. Section 832 of the National Defense Authorization Act for Fiscal Year 2012 requires the Department to take a series of steps to improve its processes for estimating, managing, and reducing such costs.

34. What is the current status of the Department's efforts to implement the requirements of section 832?

USD(AT&L) has instituted a number of programs and tools, such as the Logistics Assessment Guidebook, the O&S Cost Management Guidebook, and the Business Case Analysis Guidebook to assist in managing O&S Costs and improving life cycle affordability. Training curriculum at DAU is being updated to reflect these new requirements and associated skills. The implementation of Section 805, National Defense Authorization Act of 2010 assigns a Product Support Manager to each major

weapon system. USD(AT&L) has enhanced the collection, reporting, retaining, and updating of O&S Cost information (organic and commercial) throughout a Program's life cycle, as well as improving the ability to standardize reporting and collection of this data.

On September 14, 2011, The Acting Under Secretary signed a memorandum entitled, "Document Streamlining - Life-Cycle Sustainment Plan (LCSP)," which directed that each Major Defense Acquisition Program (MDAP) complete an improved and streamlined LSCP earlier in the life-cycle (Milestone A). This tool was designed to assist the Program Manager in the effective and affordable management of life-cycle sustainment requirements. It drives integration among functional areas (particularly between the Product Support and Engineering communities) to ensure that O&S Cost drivers influence system design early on, especially as related to reliability, the single largest driver of O&S Costs. Section 832 requirements are being incorporated into a major revision of the Department of Defense Instruction (DoDI) 5000.02 which will include a specific enclosure that addresses Life Cycle Sustainment Management. The LCSP, along with increased focus and guidance at the Program, Service, and Department level will ensure that we continue to reduce O&S Costs throughout a Program's life-cycle.

The Better Buying Power initiative also required programs to take full life cycle costs into the formulation of affordability targets and requirements as well, which provides for emphasis on the total ownership costs of O&S.

35. What steps remain to be taken to implement section 832, and what is the Department's schedule for taking these steps?

The Department is currently addressing implementation of the requirements of Section 832 in a major revision of the (DoDI) 5000.02. To ensure compliance, this policy will be supplemented with guidance, training, mentorship, and oversight. Insight will be gained into the effectiveness of our efforts through Defense Acquisition Reviews lessons learned incorporated into future policy refinements.

36. What steps, if any, are needed to ensure that the requirements and acquisition communities fully and effectively collaborate to understand and control the O&S costs prior to and early in product development, when it is possible to have the most significant impact on those costs?

The Department recognizes the alignment and partnership among the operational requirements, acquisition, and sustainment communities are essential to optimizing warfighter operating and support strategies at a minimal cost. O&S costs are directly attributable to the operational concept and sustainment requirements for systems determined very early in the Joint Capabilities Integration and Development System (JCIDS) process before developmental costs are incurred. The Initial Capabilities

Document (ICD) provides sufficient fidelity for the warfighter's capability requirements to inform the Analysis of Alternatives (AoA). The Weapon System Acquisition Reform Act of 2009 (WSARA) coupled with recent changes within the JCIDS have placed a premium within the Department on conducting a thorough, rigorous AoA prior to initiating large acquisition programs. The AoA must provide full consideration of possible trade-offs among cost, schedule, and performance objectives for each alternative considered in the context of its life cycle to include energy considerations; and an assessment of whether the joint military requirement can be met in a manner that is consistent with the cost and schedule objectives recommended by the Joint Requirements Oversight Council (JROC). This has resulted in a better examination of the tradeoffs among cost, capability, and risks of programs prior to Milestone A. The results of the AoA provide the acquisition Milestone Decision Authority (MDA) information on which to base an informed materiel solution decision at Milestone A, prior to proceeding into the developmental phase of acquisition. An important input into this decision is "targeting affordability and controlling costs," which was an essential element of Dr. Carter's Better Buying Power initiative. O&S costs associated with the system solution are highlighted as one of the affordability targets at Milestone A. Further, the user's Capability Development Document (CDD) and the Acquisition Program Baseline (APB) include O&S costs as a Key Performance Parameter (KPP) prior to program initiation. O&S cost estimates are then closely monitored by both the acquisition executive and the JROC throughout development. Including planning for sustainment and associated costs "upfront" enables the acquisition and requirements communities to provide a system with optimal availability and reliability to the warfighter at best value.

37. What additional steps, if any, do you believe the Department needs to take to bring O&S costs under control?

Implementation of the "Better Buying Power" initiatives will bring Operating and Sustainment (O&S) costs under control overall, but specific focus on affordability targets at Milestone A and the requirements at Milestone B will place the appropriate focus on the Affordability of a capability as a Total Ownership Cost (TOC) to the Department. Doing this early, when technical and programmatic trades can be made most effectively, will allow for full attention to life cycle costs as part of the design trades. Reduction of costs in the Operations & Support Phase of an acquisition program is closely married to the "Should Cost" initiative. In this execution of this phase, the program office team should take discrete, measurable actions to reduce total ownership costs. The "Will Cost" or Independent Cost Estimate (ICE) projection, including projected Operations & Support Phase costs, should be continually reviewed during design trade-offs and programmatic decision points to ensure management of these costs.

Additionally, if confirmed, I will also support the use of performance based sustainment strategies to drive O&S costs down. Properly structured and executed,

performance based sustainment strategies produce better performance results at less cost than traditional, transactional sustainment approaches.

Systems Engineering

One of the premises for WSARA was that the best way to improve acquisition outcomes is to place acquisition programs on a sounder footing from the outset by addressing program shortcomings in the early phases of the acquisition process. The Defense Science Board Task Force on Developmental Test and Evaluation reported in May 2008 that “the single most important step necessary” to address high rates of failure on defense acquisition programs is “to ensure programs are formulated to execute a viable systems engineering strategy from the beginning.”

- 38. Do you believe that the Department of Defense has the systems engineering and developmental testing organizations, resources, and capabilities needed to ensure that there is a sound basis for key requirements, acquisition, and budget decisions on major defense acquisition programs?**

Since the passage of WSARA, the Department has worked to rebuild the systems engineering and developmental test expertise required for effective acquisition. While much progress has been made, I believe the Department can continue to improve its engineering and test practice.

- 39. What is your assessment of the Department’s implementation to date of section 102 of WSARA, regarding systems engineering?**

I believe the Department has properly and effectively implemented section 102. The organization of the Deputy Assistant Secretary of Defense for Systems Engineering has been established, the office has been staffed with highly qualified teams, and it is providing guidance and oversight to the systems engineering capabilities in the military services.

- 40. What additional steps will you take, if confirmed, to implement this provision?**

If confirmed, I will support the Under Secretary in working with the Secretaries of the Military Departments and their Service Acquisition Executives to ensure the effective implementation of recently approved systems engineering policy and guidance and the adequacy of the competency, capacity and authority of the systems engineering workforce as critical components in support of successful acquisition system performance.

- 41. Do you believe that the nation as a whole is producing enough systems engineers and designers and giving them sufficient experience working on engineering and design projects to ensure that DOD can access an experienced and technically trained systems engineering and design workforce? If not, what do you recommend should be done to address the shortfall?**

I do not believe the nation is currently producing enough systems engineers and engineers in other disciplines to meet the Department's complex engineering challenges. The Department has ongoing efforts to promote engineering education in college curricula, and, if confirmed, I will support those efforts to promote engineering as an important field of study with our national educational system. I will also promote engineering excellence within the acquisition work force, to include the training curriculum.

Last year, the Chairman and Ranking Member of the Armed Services Committee expressed concern that the annual report to Congress by the Assistant Secretary of Defense for Systems Engineering and the Assistant Secretary of Defense for Developmental Testing failed to meet applicable statutory requirements.

42. What steps will you take, if confirmed, to ensure that future reports on developmental testing and systems engineering fully comply with applicable statutory requirements?

If confirmed, I will support the Under Secretary to ensure timely, complete data is provided as needed to ensure sufficiently detailed reports are provided in assessing the developmental test and evaluation and systems engineering capabilities of the Department of Defense.

Technological Maturity

Section 2366b of title 10, U.S. Code, requires the Milestone Decision Authority for a major defense acquisition program to certify that critical technologies have reached an appropriate level of maturity before Milestone B approval.

43. What steps if any will you take, if confirmed, to make sure that the Department of Defense complies with the requirements of section 2366b?

If confirmed, in support to the Under Secretary as chair of the Defense Acquisition Board (DAB) and Milestone Decision Authority (MDA) for major defense acquisition programs, I will ensure technology readiness assessments (TRAs) are properly used to ensure compliance with section 2366b. I will focus on evaluating whether the stated formal TRA levels are critically assessed for risk status prior to entering Engineering and Manufacturing Development (EMD). Technology, engineering, and integration risk associated with products entering EMD must all be assessed thoroughly before committing to EMD. Technology Readiness Level (TRLs) inform engineering risk analysis, they do not replace them.

44. What steps if any will you take to ensure that the Assistant Secretary of Defense for Research and Engineering is adequately staffed and resourced to support decisions makers in complying with the requirements of section 2366b?

If confirmed, I will work with ASD(R&E) and other members of the OSD and Military Department staffs to ensure the adequacy of resources available to meet the challenges of complying with the requirements of section 2366b. Also, I will work to ensure the acquisition workforce is provided the right training.

45. Are you satisfied that technology readiness assessments adequately address systems integration and engineering issues which are the cause of many cost overruns and schedule delays in acquisition programs?

TRAs inform program managers with respect to risk management strategies, planning, and execution, but their results are extremely sensitive to their programmatic and operational context. TRA's by themselves are not adequate for addressing systems integration and engineering risks. TRAs are, however, absolutely necessary for identifying and maturing the Critical Technology Elements enabling the key performance characteristics of advanced systems.

46. Beyond addressing technological maturity issues in acquisition programs, what other steps should the Department take to increase accountability and discipline in the acquisition process?

If confirmed, I will work to improve the acquisition workforce, to improve its professional skills, and to instill a culture of cost consciousness and stewardship of the taxpayer's dollars throughout. Critical in this and all of our Better Buying Power initiatives is the education and training of our workforce, which the Defense Acquisition University is addressing through many avenues, to include Rapid Deployment Training, and Mission Assistance and curriculum updates. The Department is striving to ensure that everyone who touches acquisition in a meaningful way is qualified in the skill sets required to achieve successful acquisition results. Finally, I will work to ensure clear goals and objectives are included in workforce evaluations to ensure accountability.

47. What features of an acquisition program, in your view, contribute most to the effective maturation and integration of advanced technologies?

The most important "feature" needed to mature and integrate advanced technologies in an acquisition program is strong leadership with business skills to engage multiple resources to field rapidly the best technology at the best price. The Better Buying Power initiative has committed the DoD to a path of improving competitive contracting practices and using Open Systems Architectures to reduce redundancy and maximize value. Solution sources across the DoD must be searched and analyzed to provide mature, innovative solutions that can be integrated into current and developing systems.

The Government is moving to manage more effectively the business and technical architectures of weapon systems and direct the use of competitive acquisition practices. Competition is the environment in which innovation and lower costs are born and, when coupled with an Open Systems Architecture, provide the ability to deliver cost-effectively cutting edge solutions across a wider array of platforms. Critical to this strategy is for architectures and integration environments to be open, published, and accessible.

The Government has become more practiced and aware in asserting its data rights. Taking delivery of designs and supporting information, and ensuring our data rights are fully asserted as a part of accepting the contract delivery are critical steps to enabling a level playing field for healthy competition and cyclical re-competes. This is another important element of providing lower cost and spawning innovation, while also reducing the chance of vendor-lock.

There will always be a need for a "platform" (ship, aircraft, ground system, etc.) integrator. The market environment is created through our business practices and contract incentives, such that platform integrators can cost-effectively integrate components and capabilities from Government-provided sources. Open System Architecture, asserting Government Data Rights, publishing interfaces, regular cyclical open competitions, tech insertions and open business models will yield the desired lower price and increased performance.

Concurrency

Some of the Department's largest and most troubled acquisition programs appear to have suffered significantly from excessive concurrency – the effort to produce a weapon system, even as it is still being designed.

48. What impact do you believe that such excessive concurrency has on our efforts to produce major weapon systems on schedule and on budget?

I believe excessive concurrency can drive cost growth and result in major schedule disruptions that produce further inefficiency.

49. What steps will you take, if confirmed, to address this issue?

If confirmed, I will work to ensure that balance is properly struck between the risk associated with the development phase, the urgency of the need, and the likely impact on cost and schedule of any related risk. I will ensure that appropriate tools such as the Configuration Steering Board are used to assess the risk/benefit of any given degree concurrent development and production to insure that major weapons systems programs clearly articulate the framing assumptions underlying concurrency risks, to track progress against these assumptions and the resulting concurrency effects, and I

will require programs to reassess levels of concurrent development and production planned as necessary if these underlying assumptions change.

50. Under what circumstances, if any, do you believe that it is useful and appropriate to require prime contractors on major defense acquisition programs to share in concurrency costs?

In most circumstances, the government will bear the bulk of concurrency risk. When the government initiates production before development is complete, concurrency may drive up production costs as design changes are implemented late in the production process or after Government accepts delivery. Industry should not be asked to bear excessive risk but should be incentivized to reduce those risks through design methodologies. In a well-structured program, concurrency risk should be reduced to the extent that industry can reasonably bear a portion or all of that risk. Until industry is willing to share this risk as reasonable part of doing business, it may be premature to contract for production.

51. In your view, would a requirement for such cost sharing reduce the likelihood of excessive concurrency in the development and production of major weapon systems?

In my view, this cost sharing would incentivize prime contractors to reduce the impacts of excess concurrency on cost, schedule and performance. Cost sharing arrangements don't change the existence of the risk, but if industry is unwilling to accept some concurrency risk as a condition of a production contract, then it is an indication that the risk may be too high to begin production.

Recent Congressional and DOD initiatives attempt to reduce technical and performance risks associated with developing and producing major defense acquisition programs so as to minimize premature entry into production.

Fixed Price-Type Contracts

Recent Congressional and DOD initiatives attempt to reduce technical and performance risks associated with developing and producing major defense acquisition programs so as to minimize the use of cost-reimbursable contracts.

52. Do you think that the Department should move towards more fixed price-type contracting in developing or procuring major defense acquisition programs? Why or why not?

The Federal Acquisition Regulation (FAR) Part 16 prescribes policies, procedures and guidance for selecting a contract type appropriate to the circumstances of the acquisition. A wide selection of contract types is available to provide needed

flexibility in acquiring the large variety and volume of supplies and services required by agencies. I believe the Department needs to move towards having the appropriate skills to know what risk and opportunities there are to ensure that cost certainty is available to form the basis of negotiating a fixed price type contract where appropriate. This skill is needed on both the government and industry teams.

53. Under what circumstances, if any, do you believe it would be appropriate for the Department to use a cost-type contract for the production of a major weapon system?

I do not know a case where a cost type production task is appropriate, but would not want to limit the department in utilizing the full toolkit if a compelling case exists.

Unrealistic Cost, Schedule and Performance Expectations

Many acquisition experts attribute the failure of DOD acquisition programs to a cultural bias that routinely produces overly optimistic cost and schedule estimates and unrealistic performance expectations. Section 201 of WSARA seeks to address this problem by promoting early consideration of trade-offs among cost, schedule, and performance objectives in major defense acquisition programs.

54. Do you believe that early communication between the acquisition, budget and requirements communities in the Department of Defense can help ensure more realistic cost, schedule and performance expectations?

Yes.

55. If so, what steps if any would you take, if confirmed, to ensure such communication?

If confirmed, I will continue to take steps to forge closer ties between military needs and acquisition solution development. ASD(A) now has a small team of individuals who directly works with the OIPTs and the JROC staff as requirements are being vetted through the process to work the assessment of affordability, realism, and executability of the requirements. Input from this assessment is provided to the Acting Under Secretary to assist him in his interaction on the JROC. These informed decisions can yield savings in time and resources for acquisition responses.

The Department of Defense has increasingly turned to incremental acquisition and spiral development approaches in an effort to make cost, schedule and performance expectations more realistic and achievable.

56. Do you believe that incremental acquisition and spiral development can help improve the performance of the Department's major acquisition programs?

Yes. The department applies the term "incremental" to both the incremental and spiral acquisition approaches. An incremental approach could be the right strategy when the program manager is faced with an evolving requirement, rapidly evolving technology (IT), an evolving threat, or where an investment in an immature technology is needed to achieve a longer-term advantage. Fielding a partial (80%, for example) now, with an eye to incorporating the new technology when it is ready later, is a good strategy. Getting a capability into the warfighters' hands sooner, then upgrading to a more capable system can be a smart business approach, and better serve our troops.

57. What risks do you see in the Department's use of incremental acquisition and spiral development?

The purpose of incremental acquisition is to reduce risk and speed delivery. An open design that can accommodate incremental upgrades is necessary to reduce risks and may not be engineered appropriately. Part of the trade off for lowering the initial technical risk is the necessity in such a strategy to incorporate an intentional plan that allows for upgrading early deliveries to the final configuration or cutting changes into the production line. Cost and complexity for these upgrades is an important consideration that must be factored into the overall plan. Smart use of open architecture and commercial standards, assertion of data rights and a well defined form, fit, and function interface construct are important to upgrading systems at a reasonable cost.

58. In your view, has the Department's approach to incremental acquisition and spiral development been successful? Why or why not?

The department applies the term "incremental" to both the incremental and spiral acquisition approaches. In my view, the Department's success has been mixed and we are working to improve our workforce's skill set to improve it. We produce open designs that can accommodate unforeseen new technology when it is available and mature. These opportunities for improvement can come from either new technology, possibly from private investment, or from emergent capability needs derived from real-world warfighting experience. Pre-planned future spirals are generally not as agile to emerging threats as need be. Our success depends upon technical risk management, requirements management, avoiding and breaking vendor-lock, and responsive program management and oversight structures. Incremental acquisition strategies that enable multiple block upgrades and risk/cost-prudent infusion of new capabilities can provide the Department with a useful flexibility and efficient improvements in capability.

59. What steps if any do you believe are needed to ensure that the requirements process, budget process, and testing regime can accommodate incremental acquisition and spiral development approaches?

Each increment of capability requires approved/achievable requirements, full funding for the increment, and a test plan designed to assess the capability the increment is expected to provide. Our policies are designed to support an incremental acquisition approach.

60. How should the Department ensure that the incremental acquisition and spiral development programs have appropriate baselines against which to measure performance?

Each increment of capability requires approved/achievable requirements, full funding for the increment and a test plan designed to assess the capability the increment is expected to provide. These are the Acquisition Program Baselines under which programs are managed and measured. DoD policies are designed to support an incremental acquisition approach.

Funding and Requirements Stability

The poor performance of major defense acquisition programs has also been attributed to instability in funding and requirements. In the past, the Department of Defense has attempted to provide greater funding stability through the use of multi-year contracts. More recently, the Department has sought greater requirements stability by instituting Configuration Steering Boards to exercise control over any changes to requirements that would increase program costs.

61. Do you support the use of Configuration Steering Boards to increase requirements stability on major defense acquisition programs?

Yes, I strongly support activities such as Configuration Steering Boards that provide Service leadership a forum to review and assess proposed changes to program requirements or system configuration and preclude adverse impact on program cost and/or schedule.

62. What other steps if any would you recommend taking to increase the funding and requirements stability of major defense acquisition programs?

Implementation of Affordability Targets at Milestone A, Affordability Requirements at Milestone B, and working to build realistic schedules and hold programs to them are recommended steps. Combined with the Configuration Steering Board process, these steps as described in the Better Buying Power (BBP) will increase the program funding and requirements stability.

Time-Certain Development

The Defense Acquisition Performance Assessment (DAPA) panel recommended in 2006 that the Department set fixed durations for program phases, including a requirement for the delivery of the first unit of a major weapon system to operational forces within six

years of the Milestone A decision. The DAPA panel believed that durations for program phases could be limited by ensuring appropriate levels of technological maturity, defined risk-reduction horizons, and program execution criteria, while allowing for the use of spiral development or block upgrades for enhancements in capability or increased requirements over time. Proponents of this approach, called time-certain development, have highlighted its potential for helping ensure that “evolutionary” (or “knowledge-based”) acquisition strategies are used to develop major systems by forcing more manageable commitments to discrete increments of capability and stabilize funding by making costs and schedules more predictable.

63. What is your view of the DAPA panel’s recommendation?

Many of the DAPA panel findings – shortening development timelines, reducing non-value added oversight, improving coordination with the requirements process – are included in the Better Business Power initiatives put in place last year. The Department is seeing positive results from these efforts.

64. What is your view of time-certain development as an acquisition strategy for major weapons systems development programs?

I believe with the appropriate qualified workforce being available, this strategy has merit in application for many of our programs. The government workforce need to understand technologies and their inherent risks, have a thorough knowledge of the industrial capability and have the requisite exposure to draft a reasonable acquisition strategy to conduct evolutionary acquisition. I believe these skills still need further development to successfully execute the panel’s recommendations. I believe we are working to achieve this goal through Defense Acquisition Workforce Defense Fund (DAWDF).

65. What steps if any would you take, if confirmed, to implement time-certain development strategies in the future acquisition programs?

Focusing on where skills are available and where the commitment of funding is greatest, I will, if confirmed, focus on a step-by-step implementation of the recommendations by aggressively reviewing requirements for incremental build opportunities, focusing on open architecture development with appropriate assertion of intellectual property rights, and carefully assessing schedule development and market research. These tools would allow for time certain constraints to be realistically and effectively applied, and quickly meet the needs of warfighters in response to urgent needs.

Multi-Year Contracts

The statement of managers accompanying Section 811 of the National Defense Authorization Act for Fiscal Year 2008 addresses the requirements for buying major defense systems under multiyear contracts as follows: “The conferees agree that

‘substantial savings’ under section 2306b(a)(1) of title 10, United States Code, means savings that exceed 10 percent of the total costs of carrying out the program through annual contracts, except that multiyear contracts for major systems providing savings estimated at less than 10 percent should only be considered if the Department presents an exceptionally strong case that the proposal meets the other requirements of section 2306b(a), as amended. The conferees agree with a Government Accountability Office finding that any major system that is at the end of its production line is unlikely to meet these standards and therefore would be a poor candidate for a multiyear procurement contract.”

66. If confirmed, under what circumstances, if any, do you anticipate that you would support a multiyear contract with expected savings of less than 10 percent?

If confirmed, I will expect that any case brought forward with less than ten percent savings expected would need to be assessed against the compelling need and how it can best serve the warfighter and taxpayer before I would recommend it be considered.

67. If confirmed, under what circumstances, if any, would you support a multiyear contract for a major system at the end of its production line?

If confirmed, it would depend on an exceptionally strong case for me to support a recommendation for multi-year procurement for a program when it is nearing the end of production. It depends upon the circumstances of the particular procurement.

68. What are your views on multiyear procurements? Under what circumstances do you believe they should be used?

I support the statement of managers’ requirement accompanying Section 811 of the National Defense Authorization Act for Fiscal Year 2008.

69. What is your opinion on the level of cost savings that constitute “substantial savings” for purposes of the defense multiyear procurement statute, 10 U.S.C. §2306b?

The 10% figure cited in the conference manager’s statement is a reasonable benchmark but it need not be absolutely required in special cases.

70. Under what circumstances, if any, do you believe that a multiyear contract should be used for procuring weapons systems that have unsatisfactory program histories, e.g., displaying poor cost, scheduling, or performance outcomes but which might otherwise comply with the requirements of the defense multiyear procurement statute, 10 U.S.C. § 2306b?

I do not know of circumstances that would support multi-year procurement for programs that are executing unsatisfactorily. If the history has been replaced with

demonstrated satisfactory performance, then compliance with the requirements of the defense multiyear procurement statute, 10 USC section 2306b, could be assessed and if appropriate, multiyear recommended.

71. How would you analyze and evaluate proposals for multiyear procurement for such programs?

If confirmed, I will ensure analysis and evaluation of proposals for multiyear procurements are in accordance with all statutory and regulatory requirements, and as noted previously, I will ensure for all programs that we fully understand the benefit to the warfighter and taxpayer before I recommend proceeding with a multiyear procurement.

72. If confirmed, what criteria would you apply in determining whether procuring such a system under a multiyear contract, is appropriate and should be proposed to Congress?

If confirmed, I will ensure that all of the regulatory and statutory requirements are met before recommending to proceed with any multiyear procurement.

73. What is the impact of the Department's current budget situation, in your view, on the feasibility and advisability of additional multiyear procurement contracts for major weapon systems?

If compliant with the defense multiyear procurement statute, 10 U.S.C. section 2306b, programs submitted for multiyear could provide savings to the department, particularly when there is a firm requirement and the quantities to be procured are stable.

74. Under what circumstances, if any, should DOD ever break a multiyear procurement?

If the Department has done its job properly, the cancellation of a multiyear contract should be a very rare event. However, there are circumstances when it could occur. One such event would be the failure to fund a program year. Another would be the failure of the contractor to perform, which ultimately could lead to a decision to terminate for default. In these circumstances, cancellation of a multiyear procurement could be appropriate or even required.

75. What impact if any does the use of a multi-year contract have, in your view, on the operation and sustainment cost for a weapon system?

Appropriate contract length should be determined based on a number of factors to include design and support concept maturity, maintenance strategy, contractual arrangements, and risk assessments. When properly applied, a multiyear contract often lowers a Program's operating and support (O&S) costs. The stability provided

by a multi-year contract enables the prime contractor and subcontractors in the supply chain to make investments that improve their product and processes and to recover a return on investment (ROI). Without multi-year contracts, industry is forced to make investment decisions based on a one year ROI period. For complex weapon systems, that is rarely sufficient to design, implement, and support any improvements that make real gains in the areas of efficiency and cost reduction.

76. To what extent should the Department consider operation and sustainment costs, and the stability of such costs, before making a decision whether to acquire a major system under a multiyear contract?

The Department strongly considers operation and sustainment support (O&S) costs and the stability of these costs when making multiyear contracting decisions to focus on reducing the total cost of ownership. Multiyear contracts incentivize contractors within the industrial base and encourage them to implement cost saving investments. This in turn drives down costs and allows them the opportunity to recover a return on investment (ROI), investing early on and realizing benefits in the later years of the contract. As part of the consideration process, the Department conducts Business Case Analyses (BCA) throughout a Program's lifecycle to optimize sustainment strategies and to make informed acquisition decisions. The BCA provides a standardized and objective process that can be used to determine the best sustainment strategy for a Major Defense Acquisition Program (MDAP). The Department uses this information to make informed decisions that mitigate risk, improve performance, and select the most affordable solution available.

The Defense Department's Fiscal Year 2013 budget proposal seeks approval for \$52.7 billion in multiyear procurement contracts. This proposal would affect the Virginia Class submarine, the DDG-51 destroyer, the V-22 tilt-rotor aircraft and CH-47 helicopter programs.

77. What impact would procuring these systems under multiyear contracts have on the Department's budgetary flexibility in a period when tight budgets and possible sequestration could require deep budget cuts?

Multiyear procurement strategies must provide for substantial savings and must comply with congressional requirements established in section 2306b of title 10, United States Code. In general, I favor multiyear procurement strategies if they provide such savings. Frequently, multiyear procurements can offer substantial savings through improved economies in production processes, better use of industrial facilities, and a reduction in the administrative burden in the placement and administration of contracts. While multiyear procurements reduce the government's flexibility during the years the strategy is being executed, the potential for multiyear procurement can be a powerful incentive to suppliers to reduce cost and negotiated price.

78. Do you believe that it is in the best interests of the Department to restrict its budgetary flexibility in this manner? Why or why not?

In general, the total percentage of the Department's budget committed to multiyear contracts is low. The Department examines risk factors in conjunction with the potential for cost savings in determining whether multiyear procurement would be appropriate for a program, and multiyear procurement is one of the Department's initiatives focused on improving funding and requirements stability. And while multiyear procurement restricts the Department's budgetary flexibility somewhat, the benefits of significant savings to the taxpayer and improved stability of requirements and funding both to industry and the Military Departments may far outweigh any disadvantage from restriction in budgetary flexibility but that flexibility must naturally be considered in the final determination.

Continuing Competition and Organizational Conflicts of Interest

Section 202 of WSARA requires DOD to take steps to promote continuing competition (or the option of such competition) throughout the life of major defense acquisition programs.

79. What is your view on the utility of continuing competition as a tool to achieve long-term innovation and cost savings on major defense acquisition programs?

I am a strong proponent of competition to achieve innovation, to reinvigorate the industrial base, to focus on engineering and business management excellence, and to drive out inefficiencies and costs.

80. Do you believe that such continuing competition is a viable option on major defense acquisition programs?

I believe that competition can be conducted at all levels, prime and sub contractors, large and small business, and at the component and system level. The budget itself can be the competition, i.e., an affordable program or no program.

81. In your view, has the consolidation of the defense industrial base gone too far and undermined competition for defense contracts?

I do not believe that consolidation has gone too far; however, with the shrinking diversity of capabilities being procured today compared to history (airframes, as an example), we do need to consider all methods of creating competition, as discussed in the previous question. We will examine merger transactions carefully to ensure we focus on preserving competition and facilitating the most efficient and effective industrial base possible.

82. If so, what steps if any can and should the Department of Defense take to address this issue?

It is the Department's policy to oppose transactions that reduce or eliminate competition and are not ultimately in the best interest of the warfighter and taxpayer. The Department continues to discourage mergers and acquisitions among defense suppliers that are anti-competitive or injurious to national security. The Department has long-established procedures to provide information and the support needed by the antitrust regulators for their merger reviews. Ultimately however, the Department is not an antitrust regulator, and the ability for the DoJ and FTC to intervene must meet statutory criteria. In areas where consolidation has resulted in a loss of competition, the Department has in the past encouraged new entrants or explored the use of alternative capabilities.

Section 203 of WSARA requires the use of competitive prototypes for major defense acquisition programs unless the cost of producing such prototypes would exceed the lifecycle benefits of improved performance and increased technological and design maturity that prototypes would achieve.

83. Do you support the use of competitive prototypes for major defense acquisition programs?

I support the use of competitive prototyping for Major Defense Acquisition Programs where the use of this approach appropriately incentivizes industry and reduces government risk. Competitive prototyping can be an effective mechanism for maturing technology, refining performance requirements, and improving our understanding of how those requirements can drive systems acquisition costs.

84. Under what circumstances do you believe the use of competitive prototypes is likely to be beneficial?

When technology is immature or where the benefits of alternative technical approaches are best assessed after further maturation, competitive prototyping during the technology development phase is an important element of a comprehensive technical risk management process. Competitive prototyping may require a higher initial investment, longer technology development phase schedules, and carefully incentivized competitive sources to properly identify and drive down risk.

85. Under what circumstances do you believe the cost of such prototypes is likely to outweigh the potential benefits?

In cases where the material solution is based on mature, well-integrated technologies and well-integrated and well-demonstrated designs, the up-front investment costs of competitive prototyping may not be offset the potential reduction of system lifecycle costs and must be evaluated as part of a careful cost-benefit analysis.

Section 207 of WSARA required the Department to promulgate new regulations to address organizational conflicts of interest on major defense acquisition programs.

86. What is your understanding of the steps the Department has taken to implement section 207?

Sec 207 of the Weapons System Acquisition Reform Act (WSARA) of 2009 (Pub. L. 111-23) required the Secretary of Defense to revise the Defense Supplement to the Federal Acquisition Regulation (DFARS) to provide uniform guidance and tighten existing requirements for organizational conflicts of interest by contractors in major defense acquisition programs. The DFARS rule was published on December 29, 2010. Additionally, the Civilian Acquisition Advisory Council (CAAC) determined that the Federal Acquisition Regulations (FAR) coverage on organizational conflicts of interest needed updating and a proposed rule was published on April 20, 2011. The public comment period was extended to July 27, 2011 and the CAAC is evaluating public comments. The report is due to be completed shortly. The Department's Panel on Contracting Integrity has also conducted a review of post-employment restrictions applicable to DoD personnel pursuant to Section 833 of the Department of Defense National Authorization Act for Fiscal Year 2010. Section 833 also required the National Academy of Public Administration (NAPA) to perform an independent assessment of the Panel's report. The Panel completed its report in December 2010 and it was provided to NAPA for its assessment. NAPA completed its review in February 2012 and provided additional recommendations for post award restrictions. The Panel will review the NAPA recommendations in 2012 and recommend the way forward.

87. What additional steps if any do you believe the Department of Defense should take to address organizational conflicts of interest in major defense acquisition programs?

The Department published a final DFARS rule in December 2010 that provides uniform guidance and tightens existing requirements for organizational conflicts of interest (OCI) by contractors in major defense acquisition programs. Currently, the Civilian Acquisition Council and the Defense Acquisition Council are evaluating comments on proposed OCI changes to the Federal Acquisition Regulation (FAR) that update and broaden coverage of OCI issues. If confirmed, I will support the Department's activities in ensuring that OCI issues are adequately reviewed in developing acquisition strategies.

88. What are your views on the use of system engineering and technical assistance contractors that are affiliated with major defense contractors to provide "independent" advice to the Department on the acquisition of major weapon systems?

Contractors must not be used to perform inherently governmental functions and they must not be used in a situation where a conflict of interest or the appearance of a conflict of interest would exist.

89. What lines do you believe the Department should draw between those acquisition responsibilities that are inherently governmental and those that may be performed by contractors?

I believe that inherently governmental functions involve the exercise of discretion in applying Federal Government authority, or the making of value judgments in decisions which obligate government funds and commit the government contractually.

90. If confirmed, what steps if any would you take to ensure that defense contractors do not misuse their access to sensitive and proprietary information of the Department of Defense and other defense contractors?

The Department issued an interim rule amending the Defense Federal Acquisition Regulation Supplement (DFARS) to implement section 821 of the National Defense Authorization Act for Fiscal Year 2010. Section 821 provides authority for certain types of Government support contractors to have access to proprietary technical data belonging to prime contractors and other third parties, provided that the technical data owner may require the support contractor to execute a non-disclosure agreement having certain restrictions and remedies. This rule was effective March 2, 2011. Work on the final rule is ongoing.

91. If confirmed, what steps if any would you take to ensure that defense contractors do not unnecessarily limit competition for subcontracts in a manner that would disadvantage the government or potential competitors in the private sector?

Competition is one of the four cornerstones of the Better Buying Power initiatives. I believe that competition at both the prime and subcontract levels is essential. One step we can and are taking is to challenge prime contractors' practices, such as the use of exclusive teaming arrangements, and instead insist that competitive procurements are employed throughout all levels of the supply chain. The Director of Defense Pricing is accomplishing that in the course of the peer reviews he conducts and I fully support that effort. If confirmed, I will continue to emphasize the importance of effective competition at both the prime and subcontract levels.

Implementation of the Weapon Systems Acquisition Reform Act of 2009 (WSARA)

Several new major weapons programs have been started since the WSARA was enacted. Examples include the Ohio Class Submarine Replacement Program, the KC-46 Aerial Refueling Tanker Replacement Program, the VXX Presidential Helicopter Replacement Program, and the Ground Combat Vehicle Program.

- 92. In your view, how effectively have such “new start” major defense acquisition programs abided by the tenets, and implemented the requirements, of the WSARA, particularly those that address “starting programs off right” by requiring that early investment decisions be informed by realistic cost estimates, sound systems engineering knowledge and reliable technological risk assessments?**

The Department has abided by the tenets and implemented the requirements of WSARA in each of its "new start" programs begun since the enactment of WSARA. This includes the examples you cite. The certifications required by WSARA provide a means to enforce each program's implementation.

- 93. Where do you think there might be room for improvement?**

If confirmed, I will support assessment of WSARA implementation by these programs.

Possible Revisions to DODI 5000.02

Acting Undersecretary of Defense for Acquisition, Technology and Logistics Frank Kendall is currently considering revisions to Department of Defense Instructions (DODI) 5000.02, which governs the defense acquisition system.

- 94. What are the top five changes to this instruction you would recommend to streamline or otherwise improve the defense acquisition system?**

There are five changes that I believe will improve the acquisition system: First, fully implement and institutionalize the Better Buying Power initiative; second, enforce the requirements of the Weapons Systems Acquisition Reform Act and associated statute; third, develop acquisition processes tailored to the unique characteristics of information technology and rapid acquisition; fourth, improve the quality of program business arrangements, and fifth, enhance the skills of the acquisition workforce.

- 95. What role do you expect to play if confirmed in the review and revision of the DODI 5000.02?**

If confirmed, I expect to be a principal advisor to the USD(AT&L) in the development of all policies that will impact the DoD acquisition process.

- 96. What is your understanding of the schedule and objectives of the review effort?**

I understand that revised policies are in development and will be coordinated throughout the department following USD(AT&L) approval. In addition, I understand that we will be developing a separate 5000 series document for the acquisition of

services to ensure we have policies tailored to the specific characteristics of those important acquisitions. The intent is to coordinate and publish both policies during this calendar year.

Performance-Based Payments

In 1995, the Federal Acquisition Regulation was revised to create a new category of payments, known as Performance-Based Payments (PBPs) on fixed price contracts. PBPs are made on the basis of the physical completion of authorized work, rather than the incurrence of seller costs.

97. In your view, what advantages, if any, can the Department gain by using PBPs more extensively in connection with fixed-price contracts for the development of its major systems?

PBPs are not practical for use on all fixed price contracts, but when a fixed price contract for development is appropriate, the use of PBPs should be considered. When practical for use, PBPs provide the opportunity for the Government and the contractor to achieve a win-win financial arrangement. This win-win arrangement occurs when the government provides better cash flow than customary progress payments and the contractor accepts a lower profit rate in consideration for the improved cash flow. PBPs are most practical for use on stable production programs where there are objective manufacturing milestones to use as PBP events and cost history to establish the contractor's financing needs at each event. Development contracts are generally less suitable for PBPs because objective events are less plentiful and there is no cost history.

98. Do you believe that PBPs should be the preferred means of providing contract financing under fixed-price contracts for the development of the Department's major systems? Why or why not?

As FAR states, PBPs are the preferred method when the contracting officer determines them to be practical and the contractor agrees to their use. However, PBPs are not practical for use on every fixed price contract and the contracting officer must determine whether they are practical for a particular contract. PBPs are most practical for use on stable production programs where there are objective manufacturing milestones to use as PBP events and cost history to establish the contractor's financing needs at each event. Development contracts are generally less suitable for PBPs because objective events are less plentiful and there is no cost history.

The Better Buying Power Initiative

The Department of Defense's "Better Buying Power" initiative provides acquisition professionals with important guidance on how to achieve greater efficiency, enhanced productivity and affordability in how the Department procures goods and services.

99. If confirmed, what steps if any will you take to follow-through on this guidance and ensure that it is implemented as intended?

I am co-leader for the development, implementation and continued assessment of these initiatives. If confirmed, I will continue to follow-through on implementation of the initiative and carefully consider additional steps consistent with the principles and objectives of the initiative.

100. In particular, what steps will you take to ensure the implementation of the following elements of the better buying power initiative?

- a. Sharing the benefits of cash flow**
- b. Targeting non-value-added costs**
- c. Mandating affordability as a requirement**
- d. Eliminating redundancy within warfighting portfolios**

If confirmed, I will emphasize the steps already taken toward better buying power in these areas, as well as implementing ways to improve performance in these areas as identified:

Sharing the benefits of cash flow: The Better Buying Power initiative includes the use of adjusted progress payments to incentivize contractor performance, as well as providing the government appropriate consideration for this benefit. Integral to this is the use of Performance Based Payments (PBP) in lieu of other than customary progress payments where it makes sense to do so.

Targeting non-value-added costs: I will mandate the use of "Should-Cost" principles to eliminate non-value added costs at the program level and continually reduce costs wherever it makes sense. Review of the affordability requirement and Should Costs opportunities is and will continue to be a major driver in all current and future Defense Acquisition Board investment decisions. In parallel, continuing to seize opportunities to eliminate duplicative and overly restrictive requirements that add to costs without improving value is necessary. A strong emphasis has been placed on this area during critical reviews of Requests for Proposal (RFPs) under development, as well as critical review of all contract deliverables (CDRLs) against this standard throughout the life of a contract.

Affordability: The Milestone Decision Authority (MDA) must now establish affordability targets at Milestone A decisions, to include sustainment costs, that are applicable to design and decisions early in the program. At Milestone B and beyond, these targets become requirements, based on the information garnered from the technology development phase and a more mature cost estimate. The affordability

requirements are now being treated as Key Performance Parameters in the Acquisition Program Baseline and will be closely monitored during the remainder of the acquisition process.

Eliminating redundancy in warfighting portfolios: A program's affordability assessment is in the context of the portfolio within which it resides, and needs to include analysis both at the parent Military Departments, and the Department of Defense wide, levels. Portfolio reviews have commenced to identify existing redundancies. If confirmed, I will continue to emphasize that each Military Department regularly review its portfolios to determine whether a new capability is affordable based on anticipated budgets, while eliminating or reducing redundancies.

101. Are there any elements of the Better Buying Power initiative with which you disagree and which you intend to modify materially or discontinue?

I do not disagree, consistent with the fact I am co-lead for their development; however, we are modifying and adding to the initiatives as we are learning through implementation.

Recently, you reportedly observed that the Defense Department's Better Buying Power initiative "aren't understood" at the "working level" and that it may take two to four years for this initiative to be fully implemented at the working level.

102. Does this statement accurately reflect your views?

Yes, while we have made tremendous progress implementing the Better Buying Power initiatives over the past 18 months, we do still have a ways to go. The culture of our workforce is deeply embedded, and it will indeed take time to fully educate the workforce to gain the benefits of all our efficiency initiatives. This is why Mr. Kendall and I, along with Military Department counterparts, are committed to a long term communications plan, using many different strategies and tactics, to reach every level of the acquisition workforce as well as others involved in the acquisition process. It is also why one of the new tasks for the Better Buying Power initiative is elevating the status, prestige and professional standards of acquisition personnel.

103. What steps would you take if confirmed to ensure that the relevant acquisition workforce is fully trained on the Better Buying Power initiative and to maximize the likelihood that this initiative will achieve its intended results?

It is apparent that while the workforce is implementing many of the Better Buying Power concepts, there's still some degree of uncertainty in many areas. As such, education and training of the workforce are absolutely critical. I am supporting this on many fronts, to include ongoing updates to the guidance contained in our primary acquisition policy instruction (DoDI 5000.02) and the Defense Acquisition Guidebook, as well as revisions to the teaching curriculum and methods at the Defense Acquisition University.

I have also focused on shifting from "certification" to "qualification," a competency-based initiative centered on basic fundamentals, application of knowledge and experience to ensure that everyone who touches acquisition in a meaningful way is qualified in the skill sets required to achieve successful acquisition results.

DAU is also providing on-the-road mission assistance on the application of Better Buying Power at acquisition organizations and programs wherever it can, and has provided tools that are already helping in the area of services acquisition. In all cases, though, communication at every level will remain the key, and hence, the Communications Plan I mentioned above is an essential piece of all this. I have every reason to believe that if we stay the course, the efficiencies we seek will be realized.

Contracting for Services

By most estimates, the Department now spends more for the purchase of services than it does for products (including major weapon systems). After a decade of rapid growth, section 808 of the National Defense Authorization Act for Fiscal Year 2012 placed a cap on DOD spending for contract services.

104. What role if any do you expect to play, if confirmed, in oversight and management of the Department's acquisition of contract services?

If confirmed, I expect to work with the Director of Defense Procurement and Acquisition Policy in his role as the Senior Service Acquisition manager at OSD, along with the Service Acquisition Executives and their appointed senior Services Managers, to participate in oversight of the major service acquisition programs and in refining the governance structure for services. For example, I expect to contribute to the development of a new, 5000 series DoD Instruction dedicated solely to the acquisition of services so that we may institutionalize policy to address the unique challenges that service acquisitions present. Doing so will continue the progress we have made in improving the Department's management of contract services and ensure the appropriate contract type is utilized for the acquisition of services to appropriately balance risk and return on investment for the Defense Department and private industry.

In support of this goal, the Department has increased training for the acquisition of services as well as for Contracting Officer Representatives (CORs), and has developed on-line performance work statement tools to aid in the development of requirements that maximizes the potential for competition while incentivizing efficient delivery of services. Notable examples of training for the acquisition of services are the Defense Acquisition University Services Acquisition Workshops, the Acquisition Requirements Roadmap Tool, and DoD's model curriculum for both classroom and online training of CORs with a variant and a Handbook specifically tailored for CORs deployed in contingency operations.

105. Do you believe that the Department of Defense can do more to reduce spending on contract services?

Yes, the Department can and is doing more to reduce spending on contract services. The Administration has identified management support services as an area in which spending has outpaced other contracted activities. The Department is aligned with OMB's target to reduce spending in this area by ten percent by the end of fiscal year 2012. To achieve this end, the Department is addressing what it is buying in terms of the level of contracted support, and the manner in which it is acquiring these services. If confirmed, I will continue the effort to improve our tradecraft in the way we acquire contacted services. I will make this a high priority and ensure we adhere to the provisions contained in Section 808 of the fiscal 2012 Defense Authorization Act which limits the amount the Department can expand on contract services in fiscal years 2012 and 2013.

106. What steps if any would you take, if confirmed, to control the Department's spending on contract services and ensure that the Department complies with the requirements of section 808?

If confirmed, I will support the Departments effort to control spending as described above. In addition, I will focus on the increased use the Automated Requirements Road Map Tool, ARRT. Further, I will work to ensure that the workforce is trained with tools such as the Services Acquisition Mall. Finally, I will emphasize the inclusion of small business innovation and cost savings in the service industry through training and the use of tools to support market research such as Small Business Maximum Practicable Opportunity Prediction Model (MAXPRAC).

107. Do you believe the Department is providing appropriate stewardship over service contracts?

I believe the Department is improving the quality of the stewardship it maintains over our service contracts through better training, standardization of contract management, and additional senior leader attention. Effective stewardship requires proactive engagement from senior leaders at operational and strategic levels to manage these contracts. The Department is making a concerted effort to instill processes to drive leadership involvement.

108. Do you believe that the Department has appropriate management structures in place to oversee the expenditure of more than \$150 billion a year for contract services?

Not entirely, but I believe the Department improved the management structure to oversee service contracts by establishing Senior Service Managers in each of the military departments. If confirmed, I will work toward an enterprise-wide, structured program to enable thoughtful decisions about how to fulfill service contract requirements. Fundamental to the success of these structures will be the effectiveness

of the front-end process to review and validate requirements for services (as required by Section 863 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011).

109. Do you support the use of management reviews, or peer reviews, of major service contracts to identify “best practices” and develop lessons learned?

Yes. I fully support the use of peer reviews on major service contracts to identify best practices and lessons learned. The practice of conducting peer reviews on the Department's major service contracts has become well engrained in our process and we have derived significant benefit from this initiative. The requirement to conduct peer reviews has been institutionalized in Department of Defense Instruction 5000.02.

USSOCOM Acquisition Authorities

U.S. Special Operations Command (USSOCOM) is unique within the DoD as the only unified command with acquisition authorities and funding. Further, the Commander of USSOCOM is the only uniformed commander with a subordinate senior acquisition executive.

110. Would you recommend any changes to USSOCOM’s current acquisition authorities?

I believe that USSOCOM currently has sufficient acquisition authorities. If confirmed, I will support assessment of USSOCOM for opportunities to improve acquisition efficiency and effectiveness.

111. What role do you believe USSOCOM’s development and acquisition activities should play in broader Service and Department of Defense efforts?

I believe that the Department should always seek the broadest benefit and application of its development and acquisition activities, including those activities sponsored or led by USSOCOM.

112. If confirmed, how would you ensure that special operations capabilities and requirements are integrated into overall Department of Defense research, development and acquisition programs?

If confirmed, I will support the reviews conducted by USD(AT&L) with USSOCOM, the Military Departments, and Defense Agencies to improve collaboration efforts to ensure that special operations capabilities and requirements are integrated into overall Department of Defense research, development and acquisition programs.

Acquisition of Information Technology

Most of the Department's Major Automated Information System (MAIS) acquisitions are substantially over budget and behind schedule. In particular, the Department has run into unanticipated difficulties with virtually every new business system it has tried to field in the last ten years. Section 804 of the National Defense Authorization Act for Fiscal Year 2010 required the Department of Defense to establish a new acquisition process for information technology.

113. What role if any do you expect to play, if confirmed, in oversight and management of the Department's acquisition of information technology?

If confirmed, I expect to be assigned duties and functions commensurate with the ASD(A) position to include active participation in the management and oversight of information technology.

114. Do you believe that unique problems in the acquisition of business systems require different acquisition strategies or approaches?

Yes, I believe there are unique characteristics associated with the acquisition of information systems that call for the use of acquisition approaches that are different from those traditionally used by the Department for acquiring weapon systems. The acquisition of business systems requires a process that is tailored to the specific technology, business process, performance and support requirements associated with the development and deployment of business systems. The Department has already begun to adapt to the unique challenges of business information system acquisition through the implementation of the Business Capability Lifecycle (BCL), an alternative acquisition approach for defense business systems. The Department continues to make significant progress in defining the policies and procedures needed to support the successful implementation of the BCL acquisition model.

115. What steps if any do you believe the Department of Defense should take to address these problems?

The issuance of the 23 June, 2011 directive requiring the use of the Business Capability Lifecycle (BCL) for the acquisition process for business systems and the updates made to the DoDI 5000.02 for BCL policies and procedures are important steps forward in reforming the acquisition processes. Additionally, the Department has been implementing the BCL model on a case-by-case basis. It is the Department's intent that each new defense business system will begin its lifecycle under the BCL model. If confirmed, I will actively support the use of incremental acquisition approaches to delivering capabilities, as well as engage the Department to look for opportunities whenever possible to tailor the acquisition process to include the streamlining acquisition documentation.

116. What steps has the Department taken to implement the requirements of section 804? What steps remain to be taken?

The Department has made steady progress in implementing several of the key approaches outlined in Section 804, specifically in the areas of Acquisition, Requirements, Testing and Certification and Human Capital. On 23 June, 2011, a Directive-Type Memorandum (DTM) on Business Capability Lifecycle (BCL) was signed and issued by USD (AT&L). The BCL provides a framework for implementing a more flexible and streamlined processes for the acquisition of these business information systems. The acting Under Secretary recently launched efforts to update DoDI 5000.02 supporting some key IT acquisition reform efforts identified in the 804 report. The Joint Staff has initiated efforts to include more streamlined requirements management and approval process for acquisition of information systems. They are updating policy to establish improved cycle times for the review/approval of requirements documents and producing a high-level capability Initial Capabilities Document that adopts a portfolio perspective and document requirements in the context of the portfolio. The Department's testing community has been working in collaboration with USD (AT&L) to incorporate an integrated testing, evaluation, and certification approach into the DoDI 5000.02, to reduce redundancies in system testing activities and improve the efficiency and effectiveness of testing the Department's information systems.

A comprehensive review of IT acquisition competencies is currently being conducted. This review will update the IT acquisition competencies to better define DoD critical skill sets and assist in the update of curricula at the Defense Acquisition University and the Information Resources Management College.

The Department is working directly with ongoing and new start acquisition programs to drive many of the IT reform principles identified in Section 804. Implementation of Business Capabilities Lifecycle (BCL) is a current focus area. The Department will use the experience and lessons learned from the "pilots/early adopters" to inform and shape the on-going reforms and updates to policy and guidance.

117. If confirmed, how would you work with the Chief Information Officer of the Department of Defense to take these steps?

If confirmed, I will work closely with the DoD CIO, and I will ensure the OUSD(AT&L) staff and the DoD CIO staff work collaboratively to identify and take any steps needed to improve the acquisition of information technology based capabilities. This is an important area for the Department as we need to achieve more consistent and better outcomes given the continuing evolution of technology. In an effort to facilitate an even greater alignment of acquisition resources and processes between the two organizations, as of February 26, 2012 a majority of the acquisition responsibilities and resources that fell under the ASD(NII) within the DoD CIO have transferred to the USD(AT&L).

Some have argued that the current test and evaluation process does not appropriately address the unique circumstances applicable to the acquisition of information technology systems.

118. What steps if any do you believe the Department should take to improve the test and evaluation process for information technology systems, including their vulnerabilities in the face of a growing cybersecurity threat environment?

The Department has taken steps to develop a new Rapid IT Acquisition process, as the traditional acquisition process timelines are not as agile as the commercial sector. Long acquisition timelines result in IT systems that, at deployment, can be several steps behind current technology and, thus, more vulnerable to sophisticated cyber attacks. The Department is moving towards incorporating 'agile' development techniques for information systems, more in line with industry practices. To support iterative, incremental development, we will employ a continuous integration and test approach that integrates developmental test, operational test, and certification and accreditation activities. This approach will rely more heavily on early user involvement, use of automated testing, and continuous monitoring of deployed capabilities. An essential element of this more agile approach is a robust pre-production cyber test environment that permits us to better understand and characterize the cyber threat, and take preventative actions prior to fielding systems. The Department is still working through how to effectively develop and use this type of test bed.

Recently, you reportedly observed that "real challenges" exist in the acquisition of information technology (IT) because the Defense Department does not have the skills necessary to procure information technology capability efficiently.

119. Does this statement accurately reflect your views?

Yes, training our acquisition professionals remains a top priority. This training must include a combination of formal classroom training, mentoring, coaching, and on the job learning to provide the skills to ensure a workforce that is agile, flexible, and ready to respond to the unique needs of acquiring IT for the Department.

120. What challenges do you see in this area?

As DoD draws down the overall force the Department must retain critical skills and recruit new personnel to address known gaps and deficiencies specific to IT. The Department needs to assist our acquisition professionals to be conversant in new technology and development methods specific to IT. It needs to train our acquisition professionals to be more confident in their ability to deal with industry during the acquisition process. It needs to work on achieving better business arrangements in terms of products and support over the entire lifecycle. To achieve this, the acquisition workforce must be agile, flexible, and prepared to adapt our buying

practices to match our needs in the area of acquiring IT. The Department needs to equip the workforce with the necessary skills to be on par with industry as they negotiate contracts set expectations for goods and services.

121. What steps would you take if confirmed to address these challenges?

As stated in the previous question, recruiting, training and retention initiatives are vital, including particularly these supported with DAWDF resources. Dealing effectively with industry, getting better business deals, and generally institutionalizing our Better Buying Power Initiatives are priorities to me.

The Department's Information Technology Enterprise Strategy and Roadmap, dated 6 September 2011, proposes overhauling IT policies to provide improved access to information, common identity management, standardized Department-wide services/applications/tools, streamlined IT acquisition, consolidated data centers, and cloud computing services.

122. What reorganization if any do you believe will be needed in the IT acquisition structures of the Department of Defense and the military departments to achieve these objectives?

At this time I have no specific recommendations for changes as this initiative is new; however, if confirmed, I will work to assess the organizational changes necessary, if any, to achieve these objectives.

123. In your view, how fundamentally different, in ways relevant to procuring needed defense capability effectively, is acquiring information technology products and services from how the Defense Department more typically procures products and services?

Existing DoD hardware development processes do not always translate effectively in IT given the speed at which technological change occurs is often faster than we as a Department can effectively implement or upgrade the technology for our users. The Department needs to continue to move away from large IT development projects to smaller, more incremental IT projects, utilizing commercial applications whenever possible.

124. How, in your view, are the Department's existing processes inadequate to procuring defense-related IT products and services effectively?

Existing acquisition processes primarily accommodate hardware development, in which highly customized weapons systems are methodically developed over time. The process rightfully focuses on maturing and developing technology, mitigating manufacturing risk and engineering for sustainment. Information technology is continually evolving and inherently different. The process needs to focus on network

and process optimization, data management continually (and rapidly) changing technology and mitigating cyber vulnerabilities.

125. What specific changes, if any, would you recommend to improve how the Department procures Major Automated Information Systems?

The Business Capability Lifecycle, (BCL), an alternative acquisition approach for defense business systems and instantiated in a June 23, 2011 policy directive, has been an important step in adapting the Department's approach. The BCL model requires the rigorous up front analysis of functional requirements, establishment of performance measures and incremental delivery of capability. Continued implementation of this approach as well as other agile acquisition approaches for other types of MAIS IT are critical to improving how the Department delivers these types of capabilities.

126. In your view, what are the implications of the challenges and differences you discussed above on efforts by the Department to procure effectively cyber-security products and services?

One of the challenges with procuring and deploying cyber-security solutions is the sheer scope of the DoD enterprise. Once the capability has been developed or procured, it can take several additional months to install, configure, and deploy to forces overseas and afloat. An additional challenge is the lack of a time-focused acquisition approach to acquire and deploy cyber-security products and services. The Weapon system and the streamlined IT acquisition processes do not always support the rapid acquisition timelines necessary to deliver cyber warfare capabilities. The Department is addressing these challenges as part of our response to Section 933 of the NDAA for FY 2011.

127. Are there any special acquisition authorities not currently available that if authorized could help address some of the observed IT and cybersecurity-related acquisition shortfalls?

Acquiring cyber-related capability requires a new approach to support the rapid acquisition of cyber tools and applications. As part of the Department's response to Section 933 of the NDAA for FY 2011, it is assessing the degree to which current acquisition authorities and policies impact the speed at which the Department can acquire capabilities for cyber warfare.

128. In your view, does the Defense Information Systems Agency (DISA) deliver enterprise computing services and provide IT infrastructure in an operationally responsive and cost effective manner?

The Defense Information Systems Agency (DISA) is continuing to enhance and improve its ability to deliver an integrated enterprise infrastructure "platform" capability across the Department. This infrastructure "platform", to include

computing, networks, enterprise services and information assurance, is intended to range from the “tactical edge” (any user, any device, anywhere) to Senior Department leadership, thereby enhancing operational responsiveness and decision making. In the face of rapidly changing technologies and cyber threat environments, DISA is employing numerous strategies to improve cost effectiveness to meet these challenges, to include agile acquisition and testing techniques, leveraging and maturing of cloud computing and service models and enhancing seamless information sharing via mobile computing technologies.

129. What specific recommendations would you make to improve DISA’s delivery of telecom and IT contracting, enterprise services, and computing/application hosting?

As documented in their 2011-2012 Campaign Plan, DISA has established a clear vision and set of operating principles, defined through their three “Lines of Operation” (Enterprise Infrastructure, C2 and Information Sharing, and Operate and Assure), and nine underlying “Joint Enablers”. The simplest way to improve on DISA’s delivery of services is to focus on creatively and efficiently executing the plan as defined in the Campaign Plan. The Department is committed to monitoring and assisting DISA in that process.

A very tangible and specific means of improving enterprise services and computing/application hosting is through the continued growth of the DISA Cloud. Utilization of cloud computing has the potential to significantly reduce costs and enhance security across a wide range of services and applications in areas such as web services, acquisition, logistics, financial management and personnel management. The Department will articulate its plans for cloud computing in its response to Sec. 2867 of the 2012 NDAA.

Acquisition Workforce

Section 852 of the National Defense Authorization Act for Fiscal Year 2008 established an Acquisition Workforce Development Fund to help the Department of Defense address shortcomings in its acquisition workforce. The fund provides a continuing source of funds for this purpose.

130. What role if any do you expect to play, if confirmed, in management and oversight of the Department’s acquisition workforce?

I would expect, if confirmed, to be responsible and accountable to USD(AT&L) for management and oversight of workforce matters.

131. Do you believe that the Acquisition Workforce Development Fund is still needed to ensure that DOD has the right number of employees with the right

skills to run its acquisition programs in the most cost effective manner for the taxpayers?

Yes. The fund supports continued strengthening of the acquisition workforce. The quality and capability of the workforce is critical to improved acquisition outcomes and achieving efficiencies.

132. If confirmed, what steps will you take to ensure that the money made available through the Acquisition Workforce Fund is spent in a manner that best meets the needs of the Department of Defense and its acquisition workforce?

If confirmed, I will work closely with senior acquisition leaders to ensure that this funding is allocated in a manner that best meets the needs of the Department of Defense, in the continued development of a professional DoD acquisition workforce. This will include providing the necessary workforce education, training, and experience required to meet the current acquisition environment.

133. What do you see as the most significant shortcomings if any in the quality of the Department's acquisition and contracting workforce?

The Department has great people. They equipped the best military in the world and they deserve credit for this. Many attained basic and advanced acquisition certification requirements. Now, I want to build upon that process with tools to ensure the established certifications are combined with demonstrating competency in acquisition proficiencies to better provide an even better qualified workforce for current and future responsibilities. I call this "C2Q" or Certification to Qualification. Our goal is to have a workforce that is both fully certified to today's standards and also fully qualified to perform its duties as acquisition professionals. Our "certification-to-qualification" initiative will provide a critical fourth dimension to certification – on –the-job demonstration of mastery of functional competencies. C2Q builds on the saying, "Tell me, and I will forget; Teach me and I will remember; Involve me and I will learn." If confirmed, I will implement this process to equip the workforce with improved training and development opportunities for performance and acquisition success.

134. What role do you expect to play, if confirmed, in addressing these shortcomings?

If confirmed, I will lead Department-wide efforts to improve acquisition outcomes. This includes strengthening and supporting the acquisition workforce and championing the strategies, initiatives, and resources necessary for an enduring high level of workforce quality and capacity. This includes updating the Human Capital Plan.

- 135. What specific skill sets or core competencies if any do you believe to be vital the Department's ability to procure goods and services effectively and are lacking within the Department's acquisition and contracting workforce?**

I believe we have time-tested core acquisition competencies – we will always need competencies in effective program management, systems engineering, test and evaluation, logistics and sustainment, contracting, quality, pricing, audit and others. However, I also believe a basic understanding of business skills from the industry perspective is vital to the Department's ability to support effectively our Service members with goods and services. As such, we've worked with university business schools and industry training centers to develop business acumen competencies for our acquisition workforce, including contracting experts. In addition, the Defense Acquisition University is currently developing courseware to enhance our workforce's business knowledge to ensure better business deals for the government. If confirmed, I will actively work with the components to target these and other high priority improvements across the acquisition workforce.

- 136. Do you believe that the Department's human capital plan for the acquisition workforce includes adequate measures to acquire or reconstitute these vital skill sets or core competencies?**

Our human capital plan begins the process for strengthening our workforce systems engineering, program management, contracting and other critical functions to include rebuilding the capacity of the Defense Contract Management Agency and Defense Contract Audit Agency. The Department has made significant progress in all these areas to include initiatives to increase our training capacity for certification and targeted training available to the workforce. If confirmed, I will work to update and refine the plan with Military Departments and Defense agencies to ensure its wise use to create and maintain a high quality acquisition workforce.

- 137. What steps if any would you take if confirmed to improve the Department's human capital plan for the acquisition workforce?**

If confirmed, I will exercise strong leadership and partner with the Military Departments, functional leaders, Personnel and Readiness, and other partners to champion the highest priority strategies and workforce initiatives. Our updated plan will leverage the proven best practices from our recent efforts and include objectives that challenge us to take the workforce to a higher level of readiness, qualification and results.

You have reportedly observed that you believe that some of the problems in defense acquisition may stem from a lack of passion new employees have for their craft.

- 138. Does this statement accurately reflect your views?**

I stated that it is difficult for the workforce to have passion for its craft when publically criticized as often as the members are. They need mentorship or coaching, opportunities to get experience, clear and supported opportunities for advancement, and opportunities for growth through progressively more challenging assignments. Lacking all that, passion for one's profession can dissipate.

139. If so, what steps do you believe the Department should take to address this problem?

The workforce needs mentorship and coaching, opportunities to get experience, and to have clear and supported opportunities for advancement like their peers in the military. They need opportunities for growth. Sustaining their passion is something we do by example, by organizational culture, by treating people as valued professionals, and by giving them training and career opportunities to grow and develop. Here is an example: A couple of years ago DAU instituted for all new contracting specialists CON 090, an intensive and challenging four-week, in-class course on the FAR and the DFARS. It has been very successful. One could say it was "re-instituted," because many of our now-senior procurement executives recall that their passion for acquisition started with a similar course they took early in their careers. The certification-to-qualification initiative (C2Q), holds promise for developing and validating professionalism in job performance. I am leading the effort to conduct pilots in program management, contract pricing, and earned value management to determine the feasibility and potential value of C2Q. Depending on the results, I will address policy and process to implement and institutionalize the C2Q initiative in much the same way as the Better Buying Power process.

The Defense Industrial Base

140. What role if any do you expect to play if confirmed, in management and oversight of the Department's defense industrial base policy and practices?

If confirmed, I would work with the office of Manufacturing and Industrial Base Policy to ensure the policies and practices to the defense industrial base are integrated into the Milestone decision process and acquisition strategy development.

141. What is your view of the current state of the U.S. defense industry?

The defense industry is a vital component of our force structure and as such is a vital element of our national security. It lags behind the commercial sector in terms of stock market trends, and recovers slower. However, as compared to the commercial sector, it is a consistent and reasonably steady performer. In term of status, my assessment of the defense industrial base is that it has recently taken a strategic pause in risk taking due to the uncertainties of the budget, as well as taking a closer look internally at its core competencies with an eye on spinning out risky or low profit business units. The largest companies in the Defense industry are well prepared for the fiscal austerity with high levels of retained earnings and low debt to equity ratios.

They have been through the down cycle before. The same does not necessarily hold true for the mid-tier and small businesses. This is why the impacts of acquisition decisions on the industrial base will be examined and the department will intervene only on the rare occasions where it may be warranted.

142. What is your position on foreign investment in the U.S. defense sector?

If confirmed, I will implement USD(AT&L)'s decisions and direction on foreign investment in the U.S. Defense sector. I am not opposed generally to foreign investment in the defense sector with appropriate security protections. Foreign firms can enhance competition, which allows for the inclusion in the U.S. of leading edge technologies that have been developed abroad, as well as lower costs of specific defense systems. In addition, such foreign investment in the long-run may increase interoperability between the U.S. and its allies. Nevertheless, the Department must ensure that foreign investment in the defense sector does not create risks to national security.

143. What steps if any do you believe the Department of Defense should take to ensure the continued health of the U.S. defense industry?

The Department of Defense must take responsible steps to ensure that the defense industry can support our Warfighters' needs, now and in the future. Activities such as the Sector-by-Sector, Tier-by-Tier (S2T2) analysis are specifically needed by the Department to make informed decisions. The Department's effort to increase real competition will incentivize companies to become lean and more efficient. Judicious investments in Independent Research and Development (IRAD), Science, Technology Engineering and Mathematics (STEM), and critical engineering skills will help maintain technological dominance in the industrial base. Through competition, industry will be incentivized to trim excess overhead, which will lead to a healthier industrial base.

144. What is your understanding of the status of the Department's ongoing Sector-by-Sector, Tier-by-Tier (S2T2) analysis of the defense industrial base?

The S2T2 project has been able to collect valuable information across the sectors and down the tiers of the industrial base that has contributed to Department's decision-making in the recent FY13 activities.

145. Has the Department taken any concrete steps to enhance the health and status of a particular sector or tier based upon this analysis?

The Department did adjust some of the program activities to include schedules and procurements in the FY13 budget proposal to smooth workflow, maintaining the health of some critical and fragile niches in the industrial base.

146. Under what circumstances if any do you believe the Department should use Defense Production Act Title III authorities to address defense industrial base needs?

The Department should use Title III authorities, consistent with section 303 of that law when (1) Such action "is essential to the national defense; and (2) without [such action], United States industry cannot reasonably be expected to provide the capability for the needed industrial resource, material, or critical technology item in a timely manner." Title III decisions should be informed by thorough industrial base analysis.

147. What is your view of current or anticipated consolidation efforts by major defense contractors?

The Department has no merger bias (pro or anti-merger), but evaluates mergers on a case-by-case basis to protect its long-term interests. However, the Department is generally going to look unfavorably on merger and acquisition activity among the major primes due to the uncompetitive realities such consolidation would create. The Department would review a transaction among the top-tier if proposed, but we would like to reserve as much competition as possible at the major prime level. Below the major prime level, we believe that there could be some reasonable consolidation activity that could take place as firms to reposition themselves; in such cases, the Department will be particularly interested in ensuring any potential vertical integration which may result does not result in a significant loss of current or future competition.

148. How does the Department evaluate the effect that such consolidations may have on the ability of the Department of Defense to leverage competition to obtain fair value and the best quality in the goods and services it procures and cultivate technological and engineering innovation?

When examining a merger, the Department weighs potential harm to competition and innovation caused by horizontal consolidation and vertical integration against potential benefits such as reduced overhead costs and other synergies. In retrospect, however, there have been cases where the consolidation/synergy benefits projected were not realized and consolidation occurred without real rationalization. Given this experience, the Department may be more skeptical of arguments proposing that financial benefits outweigh the potential loss of competition.

149. What role, if any, should the Department of Defense have in vetting and approving or disapproving such consolidation efforts?

I believe mergers and acquisitions are a normal response to budget changes, and should not reflexively oppose this market reaction. If confirmed, I will scrutinize proposals that come forward to ensure that the government's interests are protected. Adjustments that lead to greater efficiency or innovation are encouraged. I promote

industry's efforts to develop strong well-financed business that avoid over-leveraging and poor balance sheets with the intention of ensuring industry emerges stronger following structural changes. I believe the Defense Department will use its position as a buyer, its subsidy of research and its ability to forecast needs to boost investment, competition and innovation to the maximum extent while still allowing market forces to propel the sector forward.

Manufacturing Issues

Section 812 of the National Defense Authorization Act for Fiscal Year 2011 requires DOD to issue comprehensive guidance to improve its management of manufacturing risk in major defense acquisition programs.

150. What steps has the Department taken to implement the requirements of section 812? What steps remain to be taken?

In July 2011, the Deputy Assistant Secretary of Defense for Systems Engineering (DASD(SE)) updated the Defense Acquisition Guidebook (DAG) with new guidance on how manufacturing readiness should be assessed throughout all phases of the acquisition process and at specific systems engineering technical reviews. This new guidance, added to DAG Chapter 4 (Systems Engineering), was developed based on industry best practices and DoD knowledge maintained by DAU. We will continue to refine these best practices to stay abreast of rapidly changing technologies and industrial-base capabilities.

151. What additional steps would you take, if confirmed, to address continuing shortcomings in manufacturing research and capabilities in the development and acquisition of defense systems?

As the budget environment changes, it is expected that companies will adapt through both organic efficiencies and inorganic growth and realignment. Successful companies are constantly trying to anticipate market shifts and position themselves to be more competitive and to achieve greater growth and profitability. In general, this is a healthy process. If confirmed, I will support use of the new S2T2 repository of industrial base data and which will serve as a jumping off point for future assessments by all Defense components. I will focus research initiatives to address shortcomings early in the process. I will support the efforts for the Assistant Secretary of Defense for Research and Engineering (ASD(R&E)) and the Deputy Assistant Secretary of Defense for Manufacturing and Industrial Base Policy (DASD(M&IBP)) to accelerate their achievement of the steps in recently issued strategic guidance; specifically, *Sustaining US Global Leadership: Priorities for 21st Century Defense* and *Defense Budget Priorities and Choices*.

152. Do you believe that additional incentives are needed to enhance industry's incorporation and utilization of advanced manufacturing processes developed under the manufacturing technology program?

The Department's competitive acquisition and procurement processes incentivize offerors to employ advanced manufacturing processes in response to the DoD's solicitations. Additionally, the Department remains ready to "intervene when absolutely necessary to sustain industrial and technological capabilities," which includes investment in advanced manufacturing.

The Manufacturing Technology (ManTech) program is a partner in the National Strategic Plan for Advanced Manufacturing, delivered February 2012 by the Administration, which states, "Advanced manufacturing is a matter of fundamental importance to the economic strength and security of the United States." This strategy incorporates intensive engagement among stakeholders at the national, state, and regional levels, including the DoD ManTech program, to promote U.S. competitiveness through innovation in manufacturing.

153. What is your view of the utility of the Industrial Base Innovation Fund for advancing manufacturing technology and processes?

The Industrial Base Innovation Fund (IBIF) has been a valuable resource for addressing short term, operational needs and issues such as surge and diminishing manufacturing sources.

154. Do you believe that the Department of Defense is making an appropriate level of investment in improvement of manufacturing technologies?

The Administration and Department have consistently made advanced manufacturing a priority, as exemplified by the President's recently announced National Network for Manufacturing Innovation (NNMI), a \$1 billion investment in new manufacturing institutes throughout the U.S. The Department, in collaboration with other agencies, is initiating the first of these institutes in 2012. NNMI, along with funding in the FY13 budget submission for manufacturing technology programs, demonstrates the Department's deep commitment to advanced manufacturing processes and practices. I believe the Manufacturing Technology (ManTech) Program, Title III of the Defense Production Act, and the DARPA Manufacturing Initiative remain focused on driving down costs, improving delivery times, and enhancing the health and resiliency of the defense industrial base, with direct benefits to our acquisition programs. For instance, ManTech investments in the F-35 of just \$14.5 million are now projected to reduce costs by \$1.1 billion over the life of the aircraft. However, these investments certainly need to be reinforced throughout the acquisition community. Through the Department's Better Buying Power (BBP) initiatives and consistent with Section 812, program executives are now considering manufacturing and production issues early in source selection, leading to increased productivity throughout acquisition process. If

confirmed, I will continue to adhere to BBP initiatives and hone their focus on superior manufacturing and acquisition outcomes.

Test and Evaluation

The Department has, on occasion, been criticized for failing to adequately test its major weapon systems before these systems are put into production.

155. What are your views about the degree of independence needed by the Director of Operational Test and Evaluation in ensuring the success of the Department's acquisition programs?

I fully support the independence of the Director of Operational Test and Evaluation as an important aspect of ensuring the Department's acquisition programs are realistically and adequately tested in their intended operational environment. If confirmed, I will seek the advice of the DOT&E.

156. What are your views about the role of the Director of Developmental Test and Evaluation in ensuring the success of the Department's acquisition programs?

The role of the DASD (DT&E) is to be the principal advisor to the Secretary of Defense and The Under Secretary of Defense for Acquisition, Technology and Logistics on all matters relating to developmental test and evaluation within the Department. In this role, the DASD (DT&E) is to help improve acquisition outcomes through early and continuous engagement with Program Offices to reduce the discovery of problems in operational testing. The DASD (DT&E) develops policy and guidance, and provides support to Program Offices and the DoD T&E community, assists with test planning and data analysis, reviews and approves DT&E plans within the TEMP for MDAPS, and identifies and shares best practices. Additionally, I believe it is important for the DASD(DT&E) to provide an independent Assessment of Operational Test Readiness (AOTR) on all major defense acquisition programs to advise milestone decision authorities and the Component Acquisition Executives early of any risks prior to entering initial operational test and evaluation.

157. Are you concerned with the level of test and evaluation conducted by the contractors who are developing the systems to be tested?

I believe that there needs to be Government led DT&E supported by appropriate contractor testing. The establishment of the DASD (DT&E), the Chief Developmental Tester, and the Lead DT&E Organization will help the Department provide government leadership and oversight to improve acquisition outcomes.

- 158. What is the impact of rapid fielding requirements on the standard testing process? If confirmed, how will you work to ensure that all equipment and technology that is deployed to warfighters is subject to appropriate operational testing?**

If confirmed, I will do all I can to ensure that equipment and technology is subject to appropriate operational testing. The Department is currently developing new policy for the Defense Rapid Acquisition System (DRAS) which will require the milestone decision authority (MDA) to collaborate with the supporting operational testing agency (OTA) to approve the performance assessment approach for urgent needs. For DRAS programs that are MDAPs or otherwise under oversight of the Director of Operational Test and Evaluation (OT&E), the Director must approve operational and live-fire test plans. Performance, safety, suitability, and survivability are to be assessed. A second assessment will be done six months post fielding. With these two assessments in place, the user will have a strong voice in determining whether to accept and deploy the capability.

- 159. Do you believe that the operational and developmental testing organizations in DOD and the military services are adequate to ensure an appropriate level of testing, and testing oversight, on major defense acquisition programs?**

I believe there are adequate resources to ensure an appropriate level of testing and testing oversight on major defense acquisition programs. I also believe we need to shift more emphasis to early developmental testing to reduce the likelihood of late discovery of design or production issues. If confirmed, I will work with the DOT&E and DASD(DT&E) to ensure the conduct of rigorous developmental and operational testing to improve acquisition outcomes.

Section 102 of the Weapon Systems Acquisition Reform Act established a new Director of Developmental Testing to help address this problem. Section 835 of the National Defense Authorization Act for Fiscal Year 2012 built on this provision by establishing new organizational and management requirements for developmental testing on major defense acquisition programs.

- 160. What steps has the Department taken to date to implement these two provisions?**

The Acting Under Secretary approved DOD Instruction (DODI 5134.17) which assigns responsibilities and functions and prescribes relationships and authorities for the DASD (DT&E). The guidelines for implementing the requirements of section 835 of the National Defense Authorization Action for Fiscal Year 2012 are being developed and the Acting Under Secretary is in the process of including those requirements in a future update to the Defense Acquisition System Instruction (DODI 5000.02).

- 161. What steps remain to be taken?**

If confirmed, I will work with the Military Department and Defense Acquisition University to implement these provisions and associated training requirements.

162. What additional steps will you take, if confirmed, to ensure adequate developmental testing on major weapon systems?

If confirmed, I will emphasize the importance of having early and continuous engagement those responsible for DT&E. I will work collaboratively with the Component Acquisition Executives through the Secretaries for the Military Departments, and through the Program Offices to develop adequate test programs, assist with test planning and data analysis, and identify and share best practices to help improve acquisition outcomes.

Some have argued that testing takes too long and costs too much. Others contest this view pointing out that testing and evaluation is an essential tool to assist in the development of weapon systems and ensure that they perform as intended. The Armed Services Committee has expressed concern that problems with weapons systems have been discovered during operational testing and evaluation that should have been discovered during developmental testing and corrected during subsequent development.

163. Do you believe that major defense acquisition programs are helped or hurt by cutting tests budgets and reducing the time available for developmental testing?

Cutting test budgets and reducing DT can hurt programs; and more importantly, can place burden on our operational forces. Testing is an essential function that supports acquisition of enhanced military capabilities. Reductions in test budgets have the potential adverse impact that we do not discover critical design or production issues early in the lifecycle when it is least costly to take corrective actions. Robust developmental test and evaluation brings a mission focus early in the acquisition life cycle to understanding how the capability will be used, identifying and correcting problems, and thereby decreasing costs, enhancing performance, and retaining schedule for programs. Cutting test budgets and reducing test activities as a means to accelerate programs will likely have the opposite effect.

164. What steps if any will you take, if confirmed, to ensure that the program management community and the testing and evaluation community work collaboratively and effectively in a way that maximizes the likelihood that developmental testing and evaluation will detect and identify problems timely in software and hardware to provide opportunities to correct them before production and before operational testing and evaluation begins?

If confirmed, my goal is the early discovery of deficiencies in programs through DT&E and to increase the probability of programs being found to be effective and suitable in Initial Operational Test and Evaluation (IOT&E). I will focus my efforts on ensuring that the program management community and the testing and evaluation

community work collaboratively and effectively, and that DT&E has a clear voice within the acquisition process by providing independent risk based assessments of DT&E planning, resourcing, and execution.

Congressional Oversight

In order to exercise its legislative and oversight responsibilities, it is important that this Committee and other appropriate committees of the Congress are able to receive testimony, briefings, and other communications of information.

165. Do you agree, if confirmed for this high position, to appear before this Committee and other appropriate committees of the Congress?

Yes

166. Do you agree, if confirmed, to appear before this Committee, or designated members of this Committee, and provide information, subject to appropriate and necessary security protection, with respect to your responsibilities as the ASD(A)?

Yes

167. Do you agree to ensure that testimony, briefings and other communications of information are provided to this Committee and its staff and other appropriate Committees?

Yes

168. Do you agree to provide documents, including copies of electronic forms of communication, in a timely manner when requested by a duly constituted Committee, or to consult with the Committee regarding the basis for any good faith delay or denial in providing such documents?

Yes