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BEFORE THE
COMMITTEE ON ARMED SERVICES
ACQUISITION REFORM PANEL
UNITED STATES HOUSE OF REPRESENTATIVES

DEPARTMENT OF DEFENSE
DEFENSE PROCUREMENT AND ACQUISITION POLICY

SHAPING A WORKFORCE FOR TODAY'S ACQUISITION ENVIRONMENT THAT
CAN MEET DOD'S NEEDS

JULY 21, 2009

Chairman Andrews and Members of the Panel:

My name is Shay Assad and I am serving as the Acting Deputy Under Secretary of Defense for Acquisition and Technology, in the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (AT&L). I also serve as the Director of Defense Procurement and Acquisition Policy where I am responsible for all acquisition and contracting policy and serve as the senior functional leader for the DOD contracting workforce. Thank you for the opportunity to appear before you and to participate in today's discussion on the acquisition workforce.

A major element of DOD's acquisition reform efforts is revitalizing the defense acquisition workforce. Significant emphasis by leadership to include the President, the Congress, and the Secretary of Defense have laid the foundation for the first significant growth in the acquisition workforce since the military build-up in the 1980's and the downsizing that occurred during the 1990's. The Defense acquisition workforce is critical for improving acquisition outcomes for the nation's \$1.6 trillion investment in major systems. This workforce is also critical for supporting our expeditionary and emergency acquisition missions. As you are aware, there has been a mismatch between the demands placed on the acquisition workforce and the personnel and skills available within that workforce to meet those demands." In 2001, the Defense Department spent \$138 billion on contracts, and in 2008 spending reached \$396 billion -- \$202 billion of it was for services. During this period, the size of the organic Defense acquisition workforce (civilian and military) remained relatively flat while dollars spent on

contracting actions over \$25,000 more than doubled. Additionally, there was also a significant increase in use of contractor support personnel.

On April 6, 2009, the Secretary of Defense announced his intention to significantly improve the capability and capacity of the Defense acquisition workforce by increasing the size of the workforce by 20,000 through fiscal year 2015. This will restore the organic acquisition workforce to its 1998 levels of approximately 147,000 and address long standing shortfalls in the Defense acquisition workforce. The Secretary's initiative is the cornerstone human capital strategy for revitalizing the defense acquisition workforce.

This DOD growth strategy directly supports the President's March 4, 2009 memorandum's objective to ensure the acquisition workforce has the capacity and ability to develop, manage, and oversee acquisitions appropriately. The objective is straightforward: to ensure DoD has the right acquisition capability and capacity to produce best value for the American taxpayer and for the soldiers, sailors, airmen and marines who depend on the weapons, products and services we buy.

The strategy increases the size of the acquisition workforce by 15% -- 20,000 through fiscal year 2015. As an integral part of this strategy, the Department will convert approximately 10,000 contractor support positions to full-time government employee positions. This will create a better balance between our government workforce and contractor support personnel and ensure that critical and inherently governmental functions are performed by government employees.

The Department's strategy will increase and improve the Department's oversight capabilities, thereby ensuring we get what we pay for; ferret out waste, and assist in combating contract fraud. Increases to our contracting and contract oversight workforce are underway, to include the Defense Contract Management Agency and the Defense Contract Audit Agency. We will also increase our organic acquisition management capability by increasing and developing the number of program managers, systems engineers, and other acquisition professionals. This will include critical professionals such as our competition advocates and small business specialists. The Components have done extensive bottoms up planning and have started deployment of growth hiring and other workforce initiatives which support the Secretary's strategy.

A key part of the Department's strategy to improve the Defense acquisition workforce is to build up our contract pricing capability. In order to ensure we get a better deal for the taxpayers and the soldiers, sailors, airmen and Marines who depend on the weapons, products and services we buy, we will add approximately 800 contract cost/price analysts to the workforce through FY 2015. To align our policy and pricing organizations with the Secretary's strategic vision, the Office of Defense Procurement and Acquisition Policy (DPAP) is working with the Department's Senior Procurement Executives and the Defense Acquisition University ensure the contract pricing workforce is properly sized, equipped, and trained. Our objective is to ensure that the contract pricing workforce has the right capability and capacity to ensure we are paying fair and reasonable prices for the weapons, products, and services we buy. As part of that effort we recently sponsored a two and one half-day Contract Pricing Conference that was

attended by over 300 Government pricing and contracting professionals from 84 separate military commands, DOD organizational units, and nine Federal (non-DOD) agencies.

An important element of workforce success is employee satisfaction and motivation. Through the Defense Acquisition Workforce Development Fund, we have numerous initiatives under way that will improve the employee value proposition for our acquisition professionals and the attractiveness of an acquisition career. These initiatives include deliberately improving the technical and leadership capability of our military and civilians. We will also improve our employee recognition programs by expanding awards for top performing exceptional individuals. These initiatives directly support the recognition objective established in the FY2009 Acquisition Reform Act.

My understanding is there are a number of areas that you have asked that I address.

The Hiring Process

The first area of concern is the hiring process. In my view, the most important aspect of the hiring process is that we are transitioning from a workforce maintenance hiring process to a workforce growth hiring process. In that regard, we are supporting the Office of Personnel Management and the Department on initiatives to ensure an effective yet streamlined hiring process that enhances our ability to attract high quality candidates. With the help of Congress, through tools such as defense acquisition expedited hiring authority, we are beginning to see improvements. To support the Secretary's acquisition workforce growth initiative, which will increase the organic size by 20,000 government

professionals by 2015, the Department is working hard to ensure DOD components have the policy, guidance and tools to deploy this significant hiring effort. Linking the support efforts of all key stakeholders across key functional areas to include human resources, manpower, comptroller, and acquisition personnel is critical. We recently held hiring and in-sourcing forums to support successful implementation of the Secretary's acquisition workforce growth initiative. Manpower, human resources, and acquisition workforce management personnel discussed implementation guidance and impediments, as well as opportunities to migrate best practices. The Navy followed up and hosted a best-practice sharing forum on how the Navy is leveraging hiring tools to ramp up hiring.

Hiring authorities, resources and processes are in-place. We are fine-tuning planning to ensure meaningful and enduring effectiveness of the Secretary's initiative. The Administration recommended statutory changes as part of the fiscal year 2010 legislative cycle, based on DOD lessons learned, to effect adjustments to the expedited hiring authority and defense acquisition workforce development fund statutes. We appreciate your support of these proposals as the Congress finalizes the FY2010 DOD Authorization Act.

Another area of concern involves the benefits of the competitive hiring process. Our objective is to hire the best qualified personnel, upholding and supporting the merit principles, and meeting government-wide statutory and policy objectives. We believe the competitive process helps ensure that we are considering the best qualified to support the acquisition mission.

Hiring Flexibilities

We have been asked if the hiring flexibilities that we have are adequate. Expedited hiring authority and the headquarters ceiling relief for the acquisition workforce, both provided by Congress, add to our flexibility and available tools. Recommended statutory adjustments to the defense acquisition workforce development fund and expedited hiring authority statutes would fine tune and improve our ability to more effectively use these tools. We have requested the ability to hire current DOD personnel to positions funded by the workforce fund. This would expand the pool of qualified candidates. We have also requested a change to the expedited hiring authority statute to enable using "critical need" as a basis for using the expedited hiring authority. Currently the statute cites the other primary basis, "shortage," for using the authority. Under current hiring conditions, we believe our hiring requirement is more appropriately a function of "critical need." The Administration has also asked for a statutory adjustment that would clarify that the expedited hiring authority can be used for hiring entry level personnel, in addition to journeymen and experts. Again, I would like to thank Congress for their support in providing workforce tools.

Intergovernmental Personnel Act (IPA)

With regard to the use of assignments under the Intergovernmental Personnel Act (IPA), as you know, this is a streamlined way to share expertise and perspectives among the various sectors of government, industry and academia. Although currently used on a

limited basis, it is an important part of our workforce toolkit. I know that we have taken advantage of the IPA hiring process as I have two IPAs working on my staff.

Systems Engineering

One of our key areas of targeted workforce emphasis revolves around hiring plans for systems engineering. As reflected in recent testimony by senior DOD acquisition leaders from the Services, all believe that ensuring a strong systems engineering capability is a high priority as we reshape and grow the acquisition workforce. All three services as well as OSD are planning to grow their engineering workforces. Our initial estimates are that the planned growth will be in the range of 2,800 engineering professionals. We plan to submit the details by component in a report to Congress scheduled for delivery in September 2009.

Program Management Tenure

With regard to program manager tenure, Department policy requires that component acquisition executives ensure a written tenure agreement is prepared when an acquisition program manager is assigned to certain major acquisition programs. The Department views tenure as a key element of program stability. The purpose of the written agreement is to ensure program managers have sufficient tenure to achieve the outcomes we expect of them and to provide additional goal-oriented mechanisms that improve systemic and personal accountability. Our latest available survey data indicates the actual average tenure of program managers across all Military Departments was 23.8 months with an expected tenure of 42 months. We will continue to monitor tenure and emphasize as an important element of overall program stability.

Acquisition Logistics Professionals

We have had concern expressed regarding DOD's planned increase in the acquisition logistics workforce as part of the Secretary's overall growth initiative. As background, this career field has grown from approximately 11,000 reported acquisition logistics incumbents in 2001 to 13,932 as of the end of the second quarter of fiscal year 2009. This is one of the few functions that has actually increased in reported positions since 2001. Part of this increase is not actual growth but related to newly coding existing positions. Regarding the Secretary's growth initiative, several DOD components plan to increase the size of their logistics professional workforce. Our initial plan includes growth of approximately 1,700 logistics professionals. We are finalizing plans for acquisition workforce growth by functional category and more details will be available in a planned September 2009 report to Congress.

A concern has been express regarding the professional certification of logisticians in the acquisition community. I would like to provide you our latest information. First, it is important to understand that only about 5% of DOD logisticians directly support acquisition and are members of the acquisition workforce. For this group, our data indicates that 70 percent of the 14,952 acquisition life cycle logistics personnel hold a logistics acquisition certification and 45% meet or exceed their position certification requirements.

Competency Modeling

An area that is of particular interest to me is our defense acquisition competency initiative. The objective of the DOD acquisition workforce competency initiative is to develop a better understanding of the operational skill sets and to take action to mitigate capability gaps of the acquisition workforce. By October 2010, DOD will have completed its objective to establish competency models and conduct assessments for almost all acquisition disciplines that are part of the defense acquisition workforce. These functional disciplines represent over 125,000 acquisition professionals working as budget officers, comptrollers, contracting officers, engineers, information technology specialists, logisticians, program managers, etc. The contracting community was the first acquisition community to plan for a comprehensive competency assessment. The contracting community is well positioned to provide developmental support on a command-by-command basis for personal and professional growth by using the benchmarks supported by over 87 percent of the 1102 contracting specialists in the contracting community. Engagement of senior leaders in the contracting community was key to achieving these high participation rates.

The Department's strategy is to improve capacity and capability which increases its size back to 1998 levels. The initiative involves increasing the organic workforce by 20,000 from approximately 127,000 to 147,000 by 2015. The growth strategy also includes rebalancing the workforce mix to increase the organic government workforce while

reducing reliance on contractors to accomplish the acquisition mission, especially with respect to critical governmental functions. The functions of approximately 10,000 contractor positions that support the acquisition mission will be in-sourced and performed by government personnel in the near future, starting with 2,500 in fiscal year 2010.

SUMMARY

Thank you for the opportunity to share on the DOD acquisition reform efforts on the Defense acquisition workforce. I look forward to working with the Panel and keeping you apprised of our progress on the Secretary's acquisition workforce growth initiative.