

Advance Questions for Mr. Kenneth J. Krieg

Defense Reforms

Almost twenty years have passed since the enactment of the Goldwater-Nichols Department of Defense Reorganization Act of 1986 and legislation establishing the Undersecretary of Defense for Acquisition.

1. Do you support full implementation of these defense reforms?

Answer: Yes, the reforms resulting from the implementation of the Goldwater-Nichols Act have become entrenched in our daily business and will continue to be cornerstones. The effectiveness of joint operations has been clearly demonstrated in OIF and OEF, and I strongly support continued and increased efforts to improve the jointness of our military forces.

2. What is your view of the extent to which these defense reforms have been implemented?

Answer: I believe that the implementation of Goldwater Nichols (over the past nineteen years) has been successful and consistent with Congressional intent.

3. What do you consider to be the most important aspects of these defense reforms?

Answer: From an acquisition perspective, the changes resulting from implementation of the Goldwater-Nichols Act in 1986—particularly the placement of the acquisition function under the control of civilian leadership within the military departments—have been important factors in enabling the acquisition community to more efficiently and effectively deliver the capabilities that the joint warfighters need to meet the challenges of the 21st century.

The goals of the Congress in enacting these defense reforms, as reflected in section 3 of the Goldwater-Nichols Department of Defense Reorganization Act, can be summarized as strengthening civilian control over the military; improving military advice; placing clear responsibility on the combatant commanders for the accomplishment of their missions; ensuring the authority of the combatant commanders is commensurate with their responsibility; increasing attention to the formulation of strategy and to contingency planning; providing for more efficient use of defense resources;

enhancing the effectiveness of military operations; and improving the management and administration of the Department of Defense.

4. Do you agree with these goals?

Answer: Yes.

5. Do you believe that legislative proposals to amend Goldwater-Nichols may be appropriate? If so, what areas do you think it might be appropriate to address in these proposals?

Answer: It is important to continue to look at how well our current processes and structures meet the demands of our dynamic environment. There are several initiatives and studies addressing these kinds of issues; however the results are not yet final. If confirmed, I look forward to working with the Committee on these issues.

Duties

Section 133 of Title 10, United States Code, describes the duties of the Under Secretary of Defense for Acquisition, Technology, and Logistics (USD(ATL)).

6. If you are confirmed, what duties do you expect that Secretary Rumsfeld will prescribe for you?

Answer: If confirmed, as Under Secretary of Defense for Acquisition, Technology, and Logistics, I will perform the statutory functions of establishing policies on all acquisition matters including supervising the Military Department's acquisition systems and processes. I will serve as the Defense Acquisition Executive with associated responsibilities of supervising the performance of the Department of Defense Acquisition System; serve as the Defense Logistics Executive; serve as the Department of Defense Procurement Executive; serve as the National Armaments Director and Secretary of Defense representative to the semi-annual NATO Five Power conference and Conference of National Armaments Directors; and chair the Nuclear Weapons Council. I will oversee developmental testing and evaluation and the Joint Test and Evaluation Program with the DOT&E, and manage the Foreign Comparative Test Program. I will serve as the Principal Staff Assistant for the Defense Advanced Research Projects Agency, the Defense Contract Management Agency, the Defense Logistics Agency, the Defense Threat Reduction Agency, and the Missile Defense Agency.

Additionally, I will develop international memoranda of agreement and memoranda of understanding relating to acquisition matters; and supervise the Defense Science Board.

7. Do you recommend any changes to the provisions of section 133 of Title 10, United States Code, with respect to the duties of the USD(ATL)?

Answer: No.

8. If confirmed, what duties and responsibilities would you plan to assign to the Deputy Under Secretary of Defense for Acquisition and Technology and the Deputy Under Secretary of Defense for Logistics?

Answer: If confirmed, I would assign the Deputy Under Secretary of Defense for Acquisition and Technology DUSD(A&T) as my principal advisor on acquisition and technology matters and as the principal acquisition official within senior management of the DoD. He/she would advise and assist me across the full range of my responsibilities in providing staff advice and assistance to the Secretary and Deputy Secretary of Defense. In this capacity, the DUSD(A&T) would monitor and review the DoD Acquisition System and oversee the development, implementation, and management of the Defense Procurement program.

If confirmed, I would assign the Deputy Under Secretary of Defense for Logistics and Materiel Readiness (DUSD (L&MR)) as my principal advisor on logistics and materiel readiness matters, and as the principal logistics official within the senior management of the DoD. He/she would advise and assist me across the full range of my responsibilities in providing staff advice and assistance to the Secretary and Deputy Secretary of Defense. In this capacity, the DUSD (L&MR) would monitor and review all logistics, maintenance, materiel readiness, strategic mobility, and sustainment support programs.

Major Challenges and Problems

9. In your view, what are the major challenges that will confront the USD(ATL)?

Answer:

There are many challenges facing the Department that fall under the purview of the USD(AT&L). Perhaps the most important of these is to provide the warfighter the capabilities necessary to achieve victory in the Global War on

Terrorism. Additionally, I consider the following some of the more pressing challenges I would face, if confirmed:

- Ensuring the acquisition process is transparent, objective, timely, and accountable.
- Developing successful, integrated supply chains to meet the warfighters needs.
- Building the strategic human capital of the defense acquisition workforce.
- Setting a vision and supporting program for the research and development priorities to meet the needs of the coming generation.
- Working to establish joint requirements that balance among performance, schedule and cost.
- Successfully managing the infrastructure transitions of BRAC and Global Basing.
- Working through the industrial base challenges of our day.

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

Answer: In several of these areas good work is already underway; building on those efforts to ensure successful implementation will be key. The Quadrennial Defense Review report will include recommendations to improve the Department's management, organization, and decision-making.

In other areas, if confirmed, I will have to develop a leadership agenda, which will require consultation within the Department, with Congress, and with Industry.

Major Weapon System Acquisition

11. Describe the approach taken by the Department to reducing cycle time for major acquisition programs. Do you believe the Department's approach has been successful?

Answer: DoD has made considerable progress in implementing policy that should reduce cycle time and allow us to field capability rapidly and efficiently. These new policies are streamlined and flexible, and based on an evolutionary or phased acquisition approach. That approach emphasizes maturing technology before committing to major investment decisions, but also allows fielding some capability earlier. As a result, we are able to reduce program technical risk substantially.

12. What specific steps has the Department of Defense taken to adopt incremental or phased acquisition approaches, such as spiral development?

Answer: In May 2003 Deputy Secretary of Defense Paul Wolfowitz issued new policies that identify evolutionary acquisition as the preferred strategy for satisfying operational needs, and spiral development is the preferred process for executing such strategies. Their objective is to put capability into the hands of the warfighter as quickly as possible, while pursuing an acquisition strategy that will permit growth in capabilities over time.

13. How will the requirements process, budget process, and testing regime change to accommodate spiral development?

Answer: The new policies governing the Joint Capabilities Integration and Development System (the JCIDS process, formerly known as the “requirements” process), the Acquisition System, and the Test and Evaluation process were tailored to facilitate evolutionary acquisition.

14. How should the Department ensure that incremental or phased acquisition programs have appropriate baselines against which to measure performance?

Answer: The policies provide that each program or increment shall have an Acquisition Program Baseline establishing program goals—thresholds and objectives—for the minimum number of cost, schedule, and performance parameters that describe the program over its life cycle.

Over the last several years, the Government Accountability Office (GAO) has prepared a series of reports for this Committee comparing DoD’s approach to the acquisition of major systems with the approach taken by best performers in the private sector. GAO’s principal conclusion has been that private sector programs are more successful, in large part because they consistently require a high level of maturity for new technologies before such technologies are incorporated into product development programs. The Department has responded to these findings by adopting technological maturity goals in its acquisition policies.

15. How important is it, in your view, for the Department to mature its technologies with research and development funds before these technologies are incorporated into product development programs?

Answer: The continued advancement of technologies is essential to maintain the operational superiority of our weapon systems. It is very important that the proper match between technology maturity and weapon system requirements exists.

16. What steps would you take, if confirmed, to ensure that the key components and technologies to be incorporated into major acquisition programs meet the Department's technological maturity goals?

Answer: The framework for accomplishing this is present in the DoD acquisition processes—the challenge lies in the program construct and in the decision-making that must occur at critical milestone points. The DoD Science and Technology community develops technology readiness assessments for major programs. The challenge is to ensure that these technology readiness assessments are properly considered and that immature technologies are not pushed forward with major systems. If confirmed, I will work to ensure that these issues are debated and understood.

Weapons Systems Affordability

The investment budget for weapon systems has grown substantially over the past few years to approximately \$150 billion per year. An increasing share of this investment is being allocated to a few very large systems such as the Joint Strike Fighter, Future Combat Systems, and Missile Defense Agency.

17. Do you believe that the current investment budget for major systems is affordable given historic cost growth in major systems, costs of current operations, Army modularization, and asset recapitalization?

Answer: Yes, assuming current topline estimates and continuing programmed costs in other areas. As you know, the Department has been funding most major investment programs at more realistic estimates than in the past. This is a practice I intend to continue, if confirmed.

18. If confirmed, how do you plan to address this issue and guard against the potential impact of weapon systems cost growth?

Answer: The Department must ensure that only those technologies and capabilities that are technologically mature are included in new platforms. If confirmed, I also intend to work to ensure that program requirements are well understood at program initiation, and stabilized as much as possible over the long term to guard against "requirement creep."

Lead Systems Integrator

On the Future Combat Systems program and several other major defense acquisition programs, the Department has hired a lead system integrator to set requirements, evaluate proposals, and determine which systems will be incorporated into future weapon systems.

19. What are your views on the lead system integrator approach to managing the acquisition of major weapon systems?

Answer: I do not have a specific view today. If confirmed, I will develop a view on this question. Certainly complex systems are a challenge, but the government must remain responsible for overall performance requirements and oversight of program execution.

20. 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?

Answer: The rules regarding the performance of inherently governmental functions do not vary. The Government retains responsibility for the execution of the program, makes all requirements, budgeting and policy decisions, and does source selections at the prime level.

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

Answer: Again, I do not know the details of this question today, but the Department has contract terms, backed up by law and regulation, that govern what a prime contractor can do with information gained in the performance of a contract. Likewise, the subcontract arrangement established between the prime and subcontractor contains provisions that protect the subcontractor's information from misuse. If confirmed, I will develop a view on this question.

22. If confirmed, what steps would you take to ensure that lead system integrators do not unnecessarily limit competition in a manner that would disadvantage the government or potential competitors in the private sector?

Answer: This is a concern that arises in many programs as the defense industrial base comes more concentrated. It is not an issue particular to contracts using LSI. The Department is dealing with the issue by expanding the use of authorities, inserting a "Consent to Subcontract" clause, consenting to subcontracts the prime intends to award, and getting significant insight into the subcontractor source selection process.

Multi-year Procurements

Providing a stable funding profile for defense programs is absolutely essential to effective program management and performance, for both DoD and the defense industry. One already tested means of increasing program funding stability is the use of multi year contracts.

23. What are your views on multi-year procurements? Under what circumstances do you believe they should be used?

Answer: In general, I favor multi-year procurements that 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. A key factor in the successful use of multi-year procurement is the intelligent selection of the programs. The following criteria should be used for deciding whether a program should be considered for multi-year application: substantial savings when compared to the annual contracting methods; validity and stability of the mission need; stability of the funding; stability of the configuration; tolerable associated technical risks; degree of confidence in estimates of both contract costs and anticipated savings; and promotion of national security.

24. Under what circumstances, if any, should DoD break a multi-year procurement contract?

Answer: Given careful screening of programs prior to awarding the multi-year contract, there should be limited circumstances that would result in the breaking (*i.e.*, cancellation) of a multi-year contract. However, changes in the view of the criteria above can happen in a rapidly changing world. Those changes will have to be considered.

25. How would you treat proposals to renegotiate multi-year procurements?

Answer: If confirmed, I would treat proposals to renegotiate multi-year procurements very cautiously to ensure that the changing circumstances dictate the need for change.

Leasing

Over the last several years, there has been much debate concerning the leasing of capital equipment to be used by the military services. Advocates of leasing capital equipment have argued that leases can enable the Department to obtain new equipment without significant up-front funding. Opponents of such leases have argued that this approach shifts today's budget problems to future generations, limiting the flexibility of future leaders to address emerging national security issues.

26. What are your views on leasing of capital equipment, and under what circumstances, if any, do you believe such leasing is a viable mechanism for providing capabilities to the Department?

Answer: Leasing of capital equipment could be a potential option when the equipment is truly commercially available outside of DoD and can meet the requirements established by the Office of Management and Budget. If confirmed, I would address any leasing proposals in objective fashion.

27. What do you believe were the major problems with the tanker lease proposal?

Answer: My views on the tanker lease proposal as Director of PA&E are now a matter of public record. The proposal has been critiqued by a series of independent reviewers – including the Congressional Budget Office, the Congressional Research Service, the National Defense University, the Government Accountability Office, and the Department of Defense Inspector General.

28. What lessons do you believe the Department of Defense should learn from the failed effort to lease tanker aircraft?

Answer: Perhaps the most compelling lesson learned from the tanker lease process is that the acquisition of major defense systems is the people's process. The undertaking of such a momentous program must be fully transparent and consider the concerns of all the relevant stakeholders. If confirmed, I would continue to work to ensure that the lessons learned are incorporated into the training, education, and business processes of the Department.

Software Development

Problems with computer software have caused significant delays and cost overruns in a number of major defense programs. Section 804 of the National Defense Authorization Act for Fiscal Year 2003 required DoD to establish a program to improve software acquisition processes.

29. What is the status of DoD's efforts to improve software development in major weapon systems?

Answer: I do not have direct experience in this area. However, I would be pleased to work with the Congress on this issue, if confirmed.

30. What additional steps would you take, if confirmed, to address delays and cost overruns associated with problems in the development of software for major weapon systems?

Answer: I understand the importance and challenge in this area and, if confirmed, would develop a better understanding of the Department's current effort and my own view of appropriate next steps.

Analysis of Alternatives

When a required capability is defined, one method to ensure that capability is provided in the most cost-effective manner is through the conduct of an Analysis of Alternatives. This analysis not only helps to present alternatives, but also assists in the determination of key performance parameters and the threshold and objective values of these parameters.

31. Under what circumstances, if any, do you believe it is appropriate for the Department to proceed with the acquisition of a major system without first conducting an Analysis of Alternatives?

Answer: The Department's Acquisition Policy requires the completion of an Analysis of Alternatives prior to the initiation of any major system acquisition. This is a sound business practice.

32. If confirmed, what would be your position on conducting Analyses of Alternatives for the programs for which you would be the Milestone Decision Authority?

Answer: If confirmed, my duties as Under Secretary for Acquisition, Technology and Logistics and the Defense Acquisition Executive would include management of the Department's formal acquisition process. The Analysis of Alternatives is a requirement under that process, and I would support it.

Rapid Acquisition

Section 811 of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005 gave the Secretary of Defense new authority to waive certain statutes and regulations where necessary to acquire equipment that is urgently needed to avoid combat fatalities.

33. What plans do you have, if confirmed, to use the rapid acquisition authority provided by section 811?

Answer: If confirmed, I would use the authority only if and when it becomes necessary to acquire equipment that is urgently needed to avoid combat fatalities.

34. Do you believe that the Department has the authority and flexibility it needs to rapidly acquire products needed to avoid combat fatalities? If not, what additional authority or flexibility do you believe is needed?

Answer: I do not have direct experience in this area. However, I would be pleased to work with the Congress on this issue, if confirmed.

35. When the Department acquires equipment under section 811 or other authority without first undertaking full operational testing and evaluation, what steps do you believe the Department should take to ensure the long-term effectiveness and sustainability of the equipment?

Answer: The QDR business practices team will look to determine how to ensure that the sound aspects of the current acquisition approach – operational testing, ensuring the long-term effectiveness and sustainability of the equipment, etc. – are incorporated into follow-on efforts to better ensure that equipment obtained under the provision of rapid acquisition works and is supported.

Services Contracting

Over the past decade, there has been a dramatic increase in the volume of services purchased by the Department of Defense. At the request of the Committee, the GAO has compared DoD's practices for the management of services contracts to the practices of best performers in the private sector. GAO concluded that leading companies have achieved significant savings by insisting upon greater visibility and management over their services contracts and by conducting so-called "spend" analyses to find more efficient ways to manage their service contractors. Section 801 of the National Defense Authorization Act for Fiscal Year 2002 required DoD to move in this direction. While DoD has initiated efforts to establish a management structure and leverage its purchasing power, such efforts remain in various stages of implementation.

36. What is the status of these efforts and do you believe the Department is providing appropriate stewardship over services contracts?

Answer: As Director of PA&E, I have not been involved in these efforts. I understand that a number of efforts are underway, but have not reviewed them personally. If confirmed, I look forward to working on this area.

37. Do you believe that the Department should conduct a comprehensive analysis of its spending on contract services, as recommended by GAO?

Answer: As Director of PA&E, I have not been involved in these efforts. I understand that a number of efforts are underway, but have not reviewed them personally. If confirmed, I look forward to working on this area.

38. What steps would you take, if confirmed, to improve the Department's management of its contracts for services?

Answer: If confirmed, I would develop an approach to managing this set of issues.

The Office of Federal Procurement Policy and the Department of Defense have long agreed that federal agencies could achieve significant savings and improved performance by moving to "performance-based services contracting" or "PBSC". Most recently, the Army Environmental Program informed the committee that it has achieved average savings of 27% over a period of several years as a result of moving to fixed-price, performance-based contracts for environmental remediation. Section 802 of the National Defense Authorization Act for Fiscal Year 2002, as amended,

establishes performance goals for increasing the use of PBSC in DoD service contracts.

39. What is the status of the Department's efforts to increase the use of PBSC in its service contracts?

Answer: I do not have direct experience in this area. However, I would be pleased to work with the Congress on this issue, if confirmed.

40. What additional steps do you believe the Department needs to take to increase the use of PBSC and meet the goals established in section 802?

Answer: As Director of PA&E, I have not been involved in these efforts. I understand that a number of efforts are underway, but have not reviewed them personally. If confirmed, I look forward to working on this area.

Interagency Contracting

GAO recently placed interagency contracting – the use by one agency of contracts awarded by other agencies – on its list of high-risk programs and operations. While inter-agency contracts provide a much-needed simplified method for procuring commonly used goods and services, GAO has found that the dramatic growth of inter-agency contracts, the failure to clearly allocate responsibility between agencies, and the incentives created by fee-for services arrangements, have combined to expose the Department of Defense and other federal agencies to the risk of significant abuse and management. The DoD Inspector General and the GSA Inspector General have identified a long series of problems with inter-agency contracts, including lack of acquisition planning, inadequate competition, excessive use of time and materials contracts, improper use of expired funds, inappropriate expenditures, and failure to monitor contractor performance. We understand that DoD, in conjunction with the General Services Administration and the Office of Management and Budget, is taking a number of actions to improve training and guidance on the use of this contract approach.

41. If confirmed, what steps would you take to monitor and evaluate the effectiveness of the actions currently underway or planned regarding DoD's use of other agencies' contracts?

Answer: If confirmed, I would continue the efforts underway, such as the January 1, 2005 policy on the "Proper Use of Non-DoD Contracts." Adequate

data must be obtained so that DoD and the assisting agencies know which DoD activities are utilizing non-DoD contracts to meet their needs and to specifically identify what the assisting agencies are acquiring on our behalf. I would also continue the coordination between OSD and the Assisting Agencies (*i.e.*, GSA, Interior, Treasury, and NASA) to ensure that (1) acquisitions are compliant with all procurement regulations (2) assisting agencies are properly motivated to provide support to DoD (3) training is available to all members of the acquisition workforce (DoD and Assisting Agencies) and (4) accurate acquisition data is captured for future analysis.

42. Do you believe additional authority or measures are needed to hold DoD or other agency personnel accountable for their use of inter-agency contracts?

Answer: Given what I know today, I believe the authority and regulations are sufficient in terms of accountability.

43. Do you believe contractors have any responsibility for assuring that the work requested by personnel is within the scope of their contract?

Answer: The primary responsibility for ensuring work is within the scope of a contract rests with the contracting officer, but contractors have some responsibility in the process. If a contractor receives an order but has concerns about whether the service or item of supply ordered is within scope of the contract, the contractor should bring its concerns to the contracting officer. This should prompt the contracting officer to confirm the validity of the order.

44. Do you believe that DoD's continued heavy reliance on outside agencies to do award and manage contracts on its behalf is a sign that the Department has failed to adequately staff its own acquisition system?

Answer: I do not have direct experience in this area. However, I would be pleased to work with the Congress on this issue, if confirmed.

“Buy America”

“Buy America” issues have been the source of considerable controversy in recent years. As a result, there have been a number of legislative efforts to place restrictions on the purchase of defense products from foreign sources.

45. What benefits do you believe the Department obtains from international participation in the defense industrial base?

Answer: International sales, purchases, and licensed production promote international defense cooperation and contribute to operational interoperability and promote cost savings. These arrangements rationalize the defense equipment supplier base to achieve the greatest efficiency in equipping our collective forces.

46. Under what conditions, if any, would you support the imposition of domestic source restrictions for a particular product?

Answer: In certain instances involving national security and the preservation of a key defense technology or production capability, domestic source restrictions may be necessary.

The Defense Industrial Base

47. What is your view of the current state of the U.S. defense industrial base?

Answer: Overall, U.S. defense systems lead the world, and the U.S. industry that develops and builds them continues to be the most technologically innovative, capable, and responsive in the world. Nevertheless, there are and will always be challenges the Department must address. If confirmed, I would work within the Department and with Congress to address them.

48. Do you support further consolidation of the U.S. defense industry?

Answer: There should be no blanket policy of encouraging or discouraging further consolidation or divestiture. Each proposed transaction must be evaluated on a case-by-case basis in the context of the individual market, the changing dynamics of that market, and the need to preserve competition.

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

Answer: In general, I favor foreign investment in the United States, whether for defense industries or non-defense industries, so long as the investment does not pose a threat to national security.

50. What steps, if any, do you believe the Department of Defense should take to ensure the continued health of the U.S. defense industrial base?

Answer: The Department should continue to take actions and make decisions that strengthen that portion of the industrial base that supports defense. The

Department also should continue to focus its acquisition strategies, both for development and production, in a manner that encourages true competition that drives innovation, specifically drawing non-traditional suppliers into the defense enterprise.

Role of the Undersecretary of Defense (AT&L)

Concerns have been expressed that over time the purview of the office of the Undersecretary of Defense for AT&L has been diminished. The Department has established a separate set of regulations for the acquisition of space systems. The Missile Defense Agency has the primary role for missile defense systems and has established its own acquisition approach for these systems. Air Force acquisition scandals and the use of Other Transaction Authority on the Future Combat Systems program have raised questions as to the effectiveness of oversight provided by the USD(AT&L).

51. Do you believe that the USD(AT&L) has the authority necessary to provide effective oversight over major acquisition programs of the military departments and defense agencies?

Answer: At this point, I believe USD(AT&L) has the necessary authority for oversight of major defense acquisition programs.

52. Do you believe that the USD(AT&L) should have additional authority to reverse acquisition decisions of the military departments, where the USD(AT&L) believes it is necessary to do so in the public interest?

Answer: At this point, I believe USD(AT&L) has sufficient authority.

53. In your view, should the Service Acquisition Executives report directly to the USD(AT&L)?

Answer: The current arrangement facilitates a strong tie between the SAEs and their other Service leadership, including those developing capability needs. However, if confirmed, I would review this issue as well as the reporting authorities for the technology developers and the logistics and sustainment communities.

54. What role, if any, should the USD (AT&L) perform in the oversight and acquisition of joint programs, the acquisition of space systems, and missile defense systems?

Answer: I am aware of the current arrangement for space systems and for missile defense systems. If confirmed, I would review these relationships.

Other Transactions and Commercial Item Procurement Strategy

In recent years, the military departments have attempted to acquire several major defense systems – such as the Air Force KC-767 tankers, the C-130J aircraft, and the Future Combat System – through novel techniques and approaches such as Other Transaction Agreements (OTAs) and commercial item designations. OTAs and commercial item contracts exclude a number of statutory requirements – such as the Truth in Negotiations Act and the Cost Accounting Standards – that were intended for the protection of the taxpayer in the acquisition of major weapon systems.

55. What is your view on the use OTAs or commercial item contracts to acquire major weapon systems? Under what circumstances, if any, do you believe that such acquisitions would be appropriate?

Answer: Section 845 Prototype OTA's provide a valuable acquisition tool under very limited circumstances. It is important to limit use of the OTA authority to remain within the parameters of the original intent.

56. If you believe that it may be appropriate to use OTAs or commercial item contracts to acquire major weapon systems, what steps should be taken to protect the public interest when using these techniques?

Answer: This is an area I would need to examine in more detail if confirmed.

Procurement Fraud, Integrity, and Contractor Responsibility Issues

The recent Air Force acquisition scandal has raised concerns about the adequacy of mechanisms to uphold procurement integrity and prevent contract fraud.

57. What is your view of the adequacy of the tools and authorities available to DoD to ensure that its contractors are responsible and have a satisfactory record of integrity and business ethics?

Answer: I believe we have adequate tools and authorities to ensure the responsibility and ethical behavior of DoD contractors. We must constantly

reinforce the conviction that such behavior is critically important and must be led from the top.

58. Are current “revolving door” statutes effective?

Answer: I believe the revolving door statutes are sufficient.

59. What tools, other than law enforcement measures, could be used to help prevent procurement fraud and ethical misconduct?

Answer: Some of the tools available include ensuring that decisions are made at lower, more appropriate levels; no employee remains without supervision for extended periods of time; no employee makes a large proportion of source selection and other decisions; and employees, especially senior ones, are evaluated on the ethics they display in their dealings with industry, within the Department, and with their subordinates.

60. Are there sufficient enforcement mechanisms in place to ensure compliance with laws and regulations?

Answer: Mechanisms exist, but culture must also be changed. Training, emphasizing ethics in all our dealings, empowering employees to speak out in the face of apparent unethical behavior are key steps to ensure compliance with laws and regulations.

Acquisition Workforce

Over the last decade, DoD has reduced the size of its acquisition workforce by almost half, without undertaking any systematic planning or analysis to ensure that it would have the specific skills and competencies needed to meet DoD’s current and future needs. Additionally, more than half of DoD’s current workforce will be eligible for early or regular retirement in the next 5 years. While DoD has started the process of planning its long-term workforce needs, GAO reports that the Department does not yet have a comprehensive strategic workforce plan needed to guide its efforts.

61. What are the critical skills, capabilities, and tools that you believe DoD’s workforce needs for the future? If confirmed, what steps would you take to ensure that the workforce would, in fact, possess them?

Answer: The Department must aggressively plan for a motivated and agile acquisition workforce whose capability is built on the foundations of integrity,

effective policy execution, mission focus, and business excellence. If confirmed, I would aggressively lead and promote department-wide strategies and programs to ensure that we have the right acquisition, technology, and logistics workforce skills, capabilities and tools to support statutory, policy and warfighter requirements.

62. Do you agree that the Department needs a comprehensive human capital plan, including a gap analysis and specific recruiting, retention and training goals, to guide the development of its acquisition workforce?

Answer: The Under Secretary for Defense, Personnel and Readiness, is leading department-wide efforts to ensure comprehensive human capital planning and programs are in place at the department and component level. If confirmed as the Under Secretary of Defense, Acquisition, Technology, and Logistics, I would support those efforts, and in particular, ensure that targeted human capital planning and programs for the AT&L workforce across the components are effective and aligned with AT&L strategy and guidance.

63. Do you believe that DoD's workforce is large enough to perform the tasks assigned to it? Do you support Congressionally-mandated cuts to the acquisition workforce, and do you think further cuts are necessary?

Answer: This issue deserves further examination. If confirmed, I look forward to working with the committee to understand the demand for acquisition personnel and to appropriately size the workforce.

64. Has the Department had difficulty in attracting and retaining new staff to come into the acquisition workforce? If so, what steps do you think are necessary to attract talented new hires?

Answer: The Department has succeeded in attracting and retaining new acquisition workforce staff within the current economic environment and hiring constraints. However, there is a continued need for improved flexibilities and improved targeting of certain areas (e.g., engineering) to meet acquisition workforce recruiting and retention needs. The Department's ability to attract and retain staff with the right skill sets will be newly tested with the eventual onset of the retirement of a significant percentage of the workforce.

65. What are your views regarding assertions that the acquisition workforce is losing its technical and management expertise and is

beginning to rely too much on support contractors, FFRDCs, and, in some cases, prime contractors for this expertise?

Answer: The general degradation of technical expertise is not limited to the government's workforce. We are seeing problems, especially in systems engineering, across the board government, industry, and in the number of students in systems engineering curricula. If confirmed, I would work on a range of issues to attract, develop, and retain technical expertise in this field.

66. What is the appropriate tenure for program managers and program executive officers to ensure continuity in major programs?

Answer: The assignment period for program managers and program executive officers must facilitate both continuity and individual accountability. Assignments must be of such duration as to allow the individual insight into and experience with the program in order to make long range decisions that ensure success. If confirmed, I would monitor implementation of these tenure requirements to ensure continuity in major acquisition programs.

Logistics and Support

The Department is increasingly relying on civilian contractors in combat areas for maintenance and support functions.

67. How do you view this trend? Do you believe that the Department has drawn a clear and appropriate line between functions that should be performed by DoD personnel and functions that may be performed by contractors in a combat area?

Answer: The Department is committed to providing the best possible support for our warfighters, and industry continues to provide exceptional performance based support to our weapon systems. However, the Department must maintain a clear and appropriate line between functions that should be performed by DoD personnel and functions that may be performed by contractors in a combat area.

68. What is the status of DoD's effort to develop new guidance for contractors on the battlefield? Do you believe that this guidance, when published, will adequately address the issues raised in sections 1205 and 1206 of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005?

Answer: The Department is in the final stages of developing this guidance. If confirmed, I would monitor its implementation to ensure it adequately addresses the issues raised by Congress.

Transforming supply chain management will require not only process improvements but major investments in technology and equipment, ranging from the use of passive RFID tags to improved asset visibility to procuring more trucks to improve theater distribution.

69. What steps do you believe are necessary to improve the management of DoD's supply chain?

Answer: A great deal of good work is underway in this area. Effective supply chains begin with a collective understanding of the customer – the warfighter, in this case.

Several steps are necessary for success to continue to improve the management of the DoD supply chain such as asset identification and tracking, use of Radio Frequency Identification technology, conditioned based maintenance, performance based support from our industry providers, lean maintenance in all of the Depots, and integrating the Supply and Distribution folks to focus fully on factory to fighter.

Role in the Base Realignment and Closure Process

If confirmed, you would play a role in the Department's preparation of the Secretary's recommended list of base realignments and closures, as chairman of the Infrastructure Steering Group to which the Joint Cross Service Groups Report, and as a member of the Infrastructure Executive Council that also reviews the proposals from the military departments.

70. If confirmed, what steps would you take to prepare yourself for these responsibilities?

Answer: If confirmed, I would review the deliberative record and discuss these actions in great detail with their proponents and with the deliberative bodies that reviewed them. As the statutory deadline for submission of the Secretary's recommendations is less than 30 days away, I expect that my efforts will focus on ensuring the Commission has the information it needs to fulfill the responsibilities assigned to it by the Congress. I would also prepare for the implementation of the Commission's recommendations.

71. What is your current involvement, if any, in the Department's BRAC process?

Answer: I have not been involved in any part of the development, analysis, or approval of recommendations the Secretary may provide to the Commission and Congress by the statutory deadline of May 16, 2005.

Science and Technology

72. What, in your view, is the role and value of science and technology programs in meeting the Department's transformation goals and in confronting asymmetric threats?

Answer: S&T is a cornerstone to both the Department's transformation goals and in countering asymmetric threats. The past investment of the DoD in science and technology provided the dominant capabilities of our conventional forces. Stealth, precision guided munitions, night vision devices and the global positioning system all emerged from DoD laboratories and the S&T program. It is critical to continue to develop new capabilities that will enable continued dominance of our forces. If confirmed, I believe one of my key challenges will be to set a vision and support a program for the research and development priorities of the coming generation.

73. If confirmed, what direction would you provide regarding funding targets and priorities for the Department's long term research efforts?

Answer: A strong S&T program remains central to maintaining our dominant operational capability status. Determining the level of investment is not a precise science, but a strategic corporate decision. I think it is critical to state the level of S&T investment needs to be sufficient to allow the Department to continue to develop, mature, and affordably field new dominant operational capabilities for US and allied forces while maintaining program stability. If confirmed, I would place a high priority on achieving adequate funding levels aimed at the right priorities.

The Director of Defense Research and Engineering has been designated as the Chief Technology Officer of the Department of Defense.

74. In your view, what is the appropriate role of the Chief Technology Officer of the Department of Defense?

Answer: The Department views the roles of CTO and DDR&E as synonymous. The DDR&E is the principal staff advisor to the Under Secretary of Defense for Acquisition, Technology, and Logistics and the Secretary and Deputy Secretary of Defense on research and engineering matters.

Technology Transition

The Department's efforts to quickly transition technologies to the warfighter have yielded important results in the last few years. Challenges remain to institutionalizing the transition of new technologies into existing programs of record and major weapons systems and platforms. The Department's fiscal year 2006 budget request proposes increases across a spectrum of technology transition programs.

75. What challenges do you see to technology transition within the Department?

Answer: The Department will need to make wise decisions on research and development to ensure we maintain technology superiority over potential adversaries. Our acquisition processes must be flexible to respond to evolving warfighting requirements and joint solutions that do not align easily with Service needs.

76. If confirmed, what steps would you take to enhance the effectiveness of technology transition efforts?

Answer: Rapid transition of technology from development to acquisition does not happen without deliberate effort and adequate funding. The research and development process must provide incentives to reward rapid delivery of tangible products to the acquisition process. If confirmed, I would work to ensure our processes have the proper incentives to speed technology transition.

Test and Evaluation

77. 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?

Answer: A strong, independent Director of Operational Test and Evaluation is critical to ensuring the Department's acquisition programs are realistically and

adequately tested in their intended operational environment. If confirmed, I expect to seek the advice of the DOT&E on testing and evaluation issues.

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

Answer: I do not have direct experience in this area. However, I would be pleased to work with the Congress on this issue, if confirmed.

79. What is the impact of rapid fielding requirements on the standard testing process?

Answer: I do not have direct experience in this area. However, I would be pleased to work with the Congress on this issue, if confirmed.

The National Defense Authorization Act for Fiscal Year 2003 included several provisions to improve the management of DoD test and evaluation facilities.

80. What has been done to implement these provisions?

Answer: This is not an area in which I have had much personal involvement. If confirmed, I expect to be actively engaged in the strategic management of the Department's test and evaluation facilities.

81. Do you believe that the Department should take any additional steps to improve the management of its test and evaluation facilities?

Answer: I do not have direct experience in this area. However, I would be pleased to work with the Congress on this issue, if confirmed.

As systems grow more sophisticated, networked, and software-intensive, DoD's ability to test and evaluate these systems becomes more difficult. Some systems-of-systems cannot be tested as a whole until they are already bought and fielded.

82. Are you concerned with DoD's ability to test such new weapons?

Answer: The Department's "Testing in a Joint Environment Roadmap" defines the changes that will position T&E capabilities to fully support adequate T&E of new warfighting capabilities. If confirmed, I would oversee implementation of this Roadmap, which outlines an approach to link

geographically distributed test facilities, laboratories and ranges to create more realistic test environments.

Ballistic Missile Defense

The fielding of initial elements of the Ground-Based Midcourse Defense system has begun as part of the ballistic missile defense test bed and for use in an emergency. In accordance with section 234 of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005, the system has not yet been subject to the operational test and evaluation process applicable to other major weapon systems.

83. What role do you believe independent operational test and evaluation should play in ensuring that the Ground-Based Midcourse Defense system will work in an operationally effective manner?

Answer: DoD is committed to conducting operationally realistic testing of our missile defense program. Our test program has become more robust and realistic over time. I expect that this trend will continue. I also understand that in November 2004 the Director of OT&E (DOT&E) approved the Missile Defense Agency's (MDA's) Integrated Master Test Program and that he will continue to work closely with MDA to ensure an increasingly operationally realistic test program.

84. What steps do you believe should be taken to ensure that Ground-Based Interceptors will work in an operationally effective manner?

Answer: The ground-based interceptors are designed to be operationally effective and the testing to date has demonstrated the basic hit to kill functionality. The recent test failures indicated a need for more component qualification testing and a more robust approach to quality control. Steps have been taken by the Director of the Missile Defense Agency to address these shortfalls. DoD expects a return to a robust flight program will occur this year to demonstrate the interceptor's effectiveness with operationally realistic tests agreed upon by the DOT&E.

The Ballistic Missile Defense System is being developed and fielded by the Missile Defense Agency using Research, Development, Test and Engineering funds.

85. At what point do you believe that elements of the system should transition to the military departments and procurement funds?

Answer: I have not addressed this issue specifically in my current positions. However, in general, my sense is that systems should transition to the military departments and utilize procurement funds when the design is stable, tested and ready for production. Until that time, systems should remain in RDT&E where greater flexibility is available to make necessary and appropriate changes to the design. If confirmed, I would address these issues over time.

86. Do you believe that the Department should be developing specific plans for this transition now?

Answer: Each of the individual missile defense program elements is in a different stage of its development; consequently, some are much more mature than others. I support close collaboration between the Missile Defense Agency and the Military Departments so the Department can understand the costs, logistics and other implications of transitioning missile defense capabilities to better prepare for transition.

Nuclear Weapons Council

If confirmed as Under Secretary of Defense for Acquisition, Technology and Logistics, you will chair the Nuclear Weapons Council (NWC).

87. In your view, what are or should be the highest priorities of the NWC?

Answer: The NWC should help develop capabilities appropriate for 21st Century threats; support a range of activities such as studies on potential weapon concepts; and revitalize the nuclear weapon R&D and production infrastructure.

88. What improvements, if any, do you believe should be made to the operations of the NWC?

Answer: I would not suggest any immediate changes to the operations of the NWC. If confirmed, I look forward to working with the members of the Council to identify improvements, if any.

Chemical Weapons Convention

There are significant problems with the management and implementation of the DoD chemical weapons demilitarization program.

Congress has become increasingly concerned that the Department does not appear to be on track to eliminate its chemical weapons in accordance with the Chemical Weapons Convention timelines.

89. What steps is the Department taking to ensure that the U.S. remains in compliance with its Treaty obligations for chemical weapons destruction?

Answer: My understanding is that if the Chemical Demilitarization Program continues on its current path, the United States will not meet the Convention's extended 100% destruction deadline of April 29, 2012. Accordingly, the Department has requested that alternative approaches be developed to evaluate whether the deadline can be met using a different approach.

90. Do you agree that the United States should make every effort to meet its treaty commitments, including its obligations under the Chemical Weapons Convention?

Answer: Yes.

91. Can you assure the Committee that you will focus your personal attention on this matter?

Answer: Yes. If confirmed, I would ensure appropriate efforts are applied to comply with our international treaty obligations in a safe, secure, timely, and cost effective manner.

Small Business Issues

For the last two decades, the Department of Defense has been subject to statutory goals for contracting with small businesses and minority small businesses.

92. Do you believe that these goals serve a valid and useful purpose in the Department of Defense contracting system?

Answer: Yes, the overall small business goals serve a worthwhile purpose by focusing top DoD leadership attention on small business matters and serving as a stimulus for continuous improvement to the DoD Small Business Program.

DoD has a number of programs to improve small business participation in defense contracts. These include, among others, the so-called

“rule of two” which provides that if two or more small businesses are capable of performing a contract, competition will be limited to small business, the Section 8(a) program, and the DoD mentor-protége program.

93. In your judgment, how could the overall DoD small business program be improved to ensure that it is providing the right results for the Department in meeting its acquisition needs?

Answer: I do not have a preconceived view. If confirmed, I would work to understand what steps should be taken.

Over the last several years, representatives of the small business community have been increasingly critical of the Department of Defense for “bundling” contracts together into larger contracts, which, in their view, tend to preclude small businesses from competing.

94. What is your view of contract “bundling”?

Answer: I do not have direct experience in this area. However, I would be pleased to work with the Congress on this issue, if confirmed.

95. Do you believe that there is a value to having small businesses contract directly with the federal government, rather than being relegated to the role of subcontractors?

Answer: I believe there is great value in small businesses providing the opportunity to contract directly with the Federal government.

The Small Business Innovative Research (SBIR) program accounts for approximately \$1 billion in defense research grants annually.

96. In your view, are modifications needed to the Department’s SBIR program to ensure that the program is meeting Department of Defense research goals?

Answer: I do not have direct experience in this area. However, I would be pleased to work with the Congress on this issue, if confirmed.

97. If confirmed, what emphasis would you place on participation by the acquisition community in setting research priorities for SBIR?

Answer: I do not have a preconceived vision and, if confirmed, would look into this issue.

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.

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

Answer: Yes

99. Do you agree, when asked, to give your personal views, even if those views differ from the Administration in power?

Answer: I will always be prepared to offer my best professional judgment.

100. 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 Under Secretary of Defense for Acquisition, Technology, and Logistics?

Answer: Yes

101. 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?

Answer: Yes