

**Advance Questions for Alan Estevez, Nominee to be Principal Deputy Under Secretary of  
Defense for Acquisition, Technology, and Logistics**

**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?**

I do not see the need for modifications to any of the Goldwater-Nichols Act provisions at this time. The Goldwater-Nichols Act has cultivated jointness within the Department of Defense and has outlined appropriate responsibility to senior leaders within the acquisition and logistics community.

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

N/A

**Duties**

**Section 133a of title 10, United States Code, describes the role of the Deputy Under Secretary of Defense for Acquisition and Technology (DUSD(AT)).**

**3. Assuming you are confirmed, what duties do you expect that the Under Secretary of Defense for Acquisition, Technology, and Logistics will prescribe for you?**

If confirmed, I expect the USD(AT&L) will assign me duties supporting the roles and missions assigned to him by the Secretary of Defense.

**4. What background and experience do you possess that you believe qualifies you to perform these duties?**

I have over 30 years of experience working in defense establishments. For the last 6 years, I have operated at the most senior levels within the Office of the USD(AT&L), the last two as the Assistant Secretary of Defense for Logistics and Materiel Readiness (ASD(L&MR)). Prior to that, I was the Principal Deputy to that position for 5 years. For

the last year, with the Principal Deputy AT&L position vacant, I have assisted the USD(AT&L) in managing the full gamut of AT&L issues and responsibilities to include not only acquisition, technology, and logistics matters, but also industrial base issues, installation and military construction issues, and operational energy issues. I have a proven track record as a skilled manager who is able to execute programs to completion and manage change. I have managed complex programs across the defense enterprise, and have worked issues at senior levels across the federal government, with Congress, and with industry. I have led the defense logistics enterprise and directed support to our forces in the field as we surged and subsequently drew down in two wars. Simultaneously, I led efforts to lower the costs of logistics. I have played a key role in driving our rapid acquisition support in both Iraq and Afghanistan and ensured the delivery and sustainment of critical capabilities, such as the Mine Resistant Ambush Protected (MRAP) vehicles. I have provided direct oversight to the Defense Logistics Agency (DLA), a \$50 billion dollar combat support agency, as it has supported our deployed forces, our organic industrial depots, and the American people in disaster relief operations, to include Super Storm Sandy. I have led the DOD efforts to ensure life cycle costs are considered early in major acquisition programs. In short, I have proven my skills in overcoming bureaucratic hurdles to provide needed capabilities to our warfighters at best value for our taxpayers.

**5. Do you believe that there are any additional steps that you need to take to enhance your expertise to perform these duties?**

I believe that my expertise qualifies me to perform the duties of the Principal Deputy Under Secretary for Acquisition, Technology, and Logistics (PDUSD(AT&L)), and that no further steps are needed

**6. Do you believe that any significant changes should be made in the structure and decision-making procedures of the Department of Defense with respect to acquisition matters?**

No. I believe that the structure and decision-making procedures of the DOD with respect to acquisition matters are sound and efficient, and I do not advise making any changes

**Qualifications**

**If confirmed, you will be responsible for assisting the Under Secretary in the management of 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 over 30 years of experience operating in the defense establishment, including 10 years as a Senior Executive. Over the last 6 years, I have worked at the most senior levels within the Office of the Secretary of Defense. For the last 4 years, I have been responsible for leading the defense logistics enterprise, providing superb support to our warfighters engaged in combat operations while simultaneously lowering the cost of logistics operations. I have assisted the past three USD(AT&L)s in executing key programs, including enhancing our acquisition life cycle management capabilities and oversight, strengthening our nuclear parts management and oversight, executing operational energy support to provide battlefield flexibility, and driving the rapid acquisition process to provide and sustain capabilities, such as Mine Resistant Ambush Protected (MRAP) vehicles to support our deployed forces. I have played a key role in driving efficiencies in our budget, and in properly managing the Department's budget execution, to include supporting our efforts to achieve auditability. I am a proven leader who has demonstrated the skills to manage complex programs and lead change when necessary.

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

I have been a senior leader in the Office of the USD(AT&L) for the last 6 years, and I have been an advisor on the Defense Acquisition Board during that time. I have had input to every major defense weapon system acquisition program over that time period. I have been the leader in our efforts to strengthen the Department's policies to ensure sustainability and life cycle costs are considered in defense programs, and I am responsible for the ensuring life cycle sustainment projections are discussed as part of the acquisition process. I initiated the requirement to make the development of a Life Cycle Sustainment Plan part of a Program Manager's responsibilities, and I worked with Congress to designate a Product Support Manager as key program management leader. I have also been a key leader in the Department's rapid acquisition efforts in support of our warfighters. I played a key role in the acquisition, fielding, and sustainment of the Mine Resistant Ambush Protected (MRAP) Family of Vehicle program, and led efforts to ensure that the vehicles could be sustained in the field. I also helped to drive the requirements for the rapid acquisition and fielding of the lighter MRAP All-Terrain Vehicle (MATV) and the MRAP wrecker. I have a proven track record of strong, common sense management and the ability manage and oversee change. These skills will be necessary to manage an acquisition system in an era of declining resources.

**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, technology, and logistics.

**10. The Deputy Secretary of Defense**

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

**11. The Under Secretary of Defense for Acquisition, Technology, and Logistics**

If confirmed, I will serve as the principal advisor to USD(AT&L). In this role, I will support USD(AT&L) in his priorities and duties and provide counsel, when needed.

**12. The other Under Secretaries of Defense**

If confirmed, I will work with USD(AT&L) to coordinate actions with the other Under Secretaries to best serve the priorities of the Secretary of Defense.

**13. The Deputy Chief Management Officer of the Department of Defense**

If confirmed, I will assist USD(AT&L) in support of the Deputy Chief Management Officer in the improvement of business operations of the Department of Defense.

**14. The DOD General Counsel**

If confirmed, I will support USD(AT&L) in working with the General Counsel to ensure AT&L actions are legally and ethically within regulations and appropriate statutes.

**15. The Director of Operational Test and Evaluation**

If confirmed, I will support USD(AT&L) in his work with the Director of Operational Test and Evaluation to ensure appropriate oversight for major defense acquisition programs to assure that acquisitions systems are effective and suitable for combat.

**16. The Director of Cost Assessment and Program Evaluation**

If confirmed, I will work with USD(AT&L) and the Director of Cost Assessment and Program Evaluation (CAPE) to support CAPE's efforts in providing the Department with independent cost analysis and resource assessments for defense acquisition programs.

**17. The Assistant Secretary of Defense for Acquisition**

If confirmed, I will assist the USD(AT&L) and the Assistant Secretary of Defense for Acquisition in providing oversight of Defense acquisition systems and programs while taking into consideration life cycle management costs.

**18. The Assistant Secretary of Defense for Research and Engineering**

If confirmed, I will work with USD(AT&L) and the Assistant Secretary of Defense for Research and Engineering to ensure the Department of Defense develops and incorporates latest technology and innovative capabilities while aiming to reduce cost and risk.

**19. The Assistant Secretary of Defense for Logistics and Materiel Readiness**

I currently serve as the Assistant Secretary of Defense for Logistics and Materiel Readiness (ASD(L&MR)). If confirmed, I will work with the incoming ASD(L&MR) and USD(AT&L) to provide oversight to DOD logistics programs operations.

**20. The Assistant Secretary of Defense for Operational Energy Plans & Programs**

If confirmed, I will support USD(AT&L) in his work with the Assistant Secretary of Defense for Operational Energy Plans and Programs to ensure support to the warfighter on the battlefield through energy planning and innovation while mitigating risks and costs.

**21. The Assistant Secretary of Defense for Nuclear and Chemical and Biological Defense Programs**

If confirmed, I will assist USD(AT&L) in his work with the Assistant Secretary of Defense for Nuclear and Chemical and Biological Defense Programs to protect the U.S. from nuclear, chemical, and biological threats.

**22. The Assistant Secretary of Defense for Special Operations and Low Intensity Conflict**

If confirmed, I will assist USD(AT&L) and the Assistant Secretary of Defense for Special Operations and Low Intensity Conflict in their work to provide rapid capabilities to support special operations, counter-narcotics, and stability operations.

**23. The Deputy Under Secretary of Defense for Installations and Environment**

If confirmed, I will work with the USD(AT&L) and the Deputy Under Secretary of Defense for Installations and Environment to provide installation services that are cost-effective to support the warfighter.

#### **24. The Deputy Assistant Secretary of Defense for Developmental Testing**

If confirmed, I will work with USD(AT&L) and the Deputy Assistant Secretary of Defense for Developmental Testing to ensure that independent developmental testing assessments are used in informing acquisition decisions.

#### **25. The Deputy Assistant Secretary of Defense for System Engineering**

If confirmed, I will assist USD(AT&L) in his work with the Deputy Assistant Secretary of Defense for Systems Engineering to ensure effective systems engineering throughout the life cycle of Major Defense Acquisitions Programs, and to identify early and address systems engineering gaps and deficiencies.

#### **26. The Director of Program Assessment and Root Cause Analysis**

If confirmed, I will support USD(AT&L) in directing the Director of Program Assessment and Root Cause Analysis to ensure comprehensive performance assessments are conducted on all Major Defense Acquisition Programs and that cost and performance issues are identified and resolved as early in the acquisition Milestone timeline as possible.

#### **27. The Acquisition Executives in the Military Departments**

If confirmed, I will work with USD(AT&L) and the Service Acquisition Executives to ensure effective oversight and transparency of acquisition programs. Additionally, I will support USD(AT&L) and Service Acquisition Executives to share best practices and incorporate these strategies throughout acquisition programs in the Department and other service branches.

#### **28. The Vice Chairman of the Joint Chiefs of Staff**

If confirmed, I will work with USD(AT&L) in his support of the Vice Chairman of the Joint Chiefs of Staff as an advisor to the Joint Requirements Oversight Council and a member of the Defense Acquisition Board. USD(AT&L) and I will support the Vice Chairman by ensuring that the requirements for acquisitions programs meet the services' missions and are cost-effective

### **Major Challenges and Problems**

#### **29. In your view, what are the major challenges that will confront the USD(AT&L)?**

The principle challenges I may face as the PDUSD(AT&L) will be providing needed capabilities to defend the country and maintain the best military in the world, as outlined

in our Defense Strategy, in a time of declining resources. In the near term, the nation is still at war, we face the challenge of sustaining and drawing down our forces in Afghanistan, an operation which will be significantly more difficult than our drawdown in Iraq. We also must be able to sustain our readiness across the globe and avoid the pitfalls of a hollow force. We must manage our acquisition programs and our spending to ensure we get the best capability needed at the right cost for the American taxpayer. As military spending declines, we must ensure that our industrial base remains strong and vibrant, and capable of producing the needed innovations to build future military capability. While ensuring we develop the capabilities for our future challenges, we must also incorporate and not forget our hard learned lessons from our 12 years at war, including our ability to rapidly meet warfighter needs and to manage contractors on the battlefield. Finally, we must ensure we have a workforce, both military and civilian, that is trained and motivated to address these challenges. These challenges are exacerbated by the current budget uncertainty and the specter of sequestration.

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

If confirmed, I will support the USD(AT&L) to address these challenges.

We will continue to provide our warfighters the capabilities they need today to be successful on the battlefield in Afghanistan, while also providing the policies and supporting the processes needed to successfully drawdown.

We will continue to strengthen our management of the acquisition system under our Better Buying Power initiative. We will work to control and reduce costs and provide affordable programs to meet our warfighters needs. We will continue to work with industry to provide appropriate incentives – and appropriate revenue -- to drive higher productivity and stability, and we will work to identify, and protect, as necessary, our most fragile industry skills and capabilities. We will continue to drive changes in our doctrine and policy to incorporate our lessons related to rapid acquisition and contingency contract management. We will work to strengthen our workforce through training and development, and by rewarding good performance while holding people accountable for poor performance.

**Acquisition Organization**

**31. Do you believe that the office of the USD(AT&L) is appropriately structured and staffed to execute its management and oversight responsibilities?**

Yes, I believe the office of the USD(AT&L) is appropriately structured to execute its management and oversight of responsibilities and will ensure that it remains so in the future. I believe we will make some adjustments as we restructure the Deputy Under Secretary positions as required by law.

**32. Do you see the need for any changes in the relationship between the USD(ATL) and senior acquisition officials in the military departments?**

No

**33. Do you see the need for any additional processes or mechanisms to ensure coordination between the budget, acquisition, and requirements systems of the Department of Defense and ensure that appropriate trade-offs are made between cost, schedule, and performance requirements early in the acquisition process?**

I do not currently see the need for any additional processes or mechanisms to ensure coordination between the budget, acquisition, and requirements systems of the Department. The Joint Requirements Oversight Council and the Defense Acquisition Board have helped to ensure this coordination. If confirmed, I will continue to support USD(AT&L)'s priority of using affordability caps to ensure appropriate trade-offs between cost, schedule, and performance requirements are made early in the acquisition process.

**34. What do you believe should be the appropriate role of the service chiefs in the requirements, acquisition, and resource-allocation process?**

The Service Chiefs should and do play an integral part of the requirements, acquisition, and resource-allocation process. The Service Chiefs requirements and resource decisions inform the professional acquisition workforce's acquisition decisions and are essential to ensuring that these acquisitions programs are successful from production to fielding and disposal. The Service Chiefs' leadership in the budget and requirements process ensures that the acquisition programs meet the needs of the Services, and are budgeted with the life cycle of the program in mind. I believe it is essential that our acquisition workforce work with the Service Chiefs to continue to make well-informed decisions.

**35. What do you see as the potential advantages and disadvantages to giving the service chiefs authority and responsibility for the management and execution of acquisition programs?**

It is essential that our acquisitions workforce work in tandem with the Service Chiefs. We must recognize the fact that the Service Chiefs are often not acquisition professionals. Their thoughts and guidance are critical in the acquisitions process. However, the management and execution of programs should be done by acquisition professionals who have the necessary training, professional experience, and qualifications.



**36. What do you believe should be the appropriate role of the combatant commanders in the requirements, acquisition, and resource-allocation processes?**

Combatant Commanders must identify requirements and capability needs, and they must play a key role in the resource-allocation processes. If confirmed, I will reinforce USD(AT&L)'s goal of working with the Combatant Commanders in support of their acquisition needs to support wartime operations and evolving threats. The advice and input of the Combatant Commanders is needed to make sure that acquisitions programs meet their needs in strategic operations.

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

I do not believe any improvements are needed in the lines of authority and accountability for the procurement of major weapons systems. The current process flowing from the Defense Acquisition Executive to the Secretaries of Military Departments to the Service Acquisition Executives and Program Executive Officers to Program Managers is successful so long as trained, competent leaders hold those positions. While I see no need for a current change to this structure, if confirmed, I will work with the USD(AT&L) to review the process to see if changes are needed in the future.

**38. 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?**

Empowering program managers to effectively and efficiently execute major defense acquisition programs is a priority for USD(AT&L) and, if confirmed, I will support USD(AT&L) in this goal. Section 853 of the National Defense Authorization Act (NDAA) for Fiscal Year (FY) 2007 and its subsequent modifications in section 814 of the NDAA for FY 2009 required the Department to enhance the role of Program Managers in developing and implementing acquisition programs. The Department has developed a strategy to better educate and train program managers to ensure leadership and program management accountability. This strategy includes formal acquisition training, program reviews, and Milestone Decision Authority forums led by program managers. Program managers should be fully knowledgeable of their programmatic, contractual, and financial details of their programs, and should be able to measure performance against plans and adjust accordingly. Better Buying Power 2.0, laid out by USD(AT&L), re-emphasizes the responsibilities of program managers. If confirmed, I will support USD(AT&L) to continue to empower program managers while holding them accountable.

## **Major Weapon System Acquisition**

**39. 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?**

There is great uncertainty about future budgets at the present time. While I expect the costs of current contingency operations to decrease in the coming years, the specter of sequestration drive significant additional uncertainty. Without sequestration, the current investment portfolio is affordable. However, if the overall budget decreases more dramatically, it is unlikely the Department could afford the current portfolio of major systems and still maintain balanced risk in other parts of the budget.

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

If confirmed, I would work with USD(AT&L) and others to ensure that the Department adheres to a sustainable and affordable investment strategy.

**Roughly 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.**

**41. 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 work with USD(AT&L), as part of our Better Buying Power efforts, to make affordability and cost control a dominant part of our acquisition culture. I will integrate affordability and cost-consciousness into our decision processes, and enforce affordability caps for both production and sustainment. I will work to appropriately incentivize our industrial base partners through our contracts to promote cost control. I will also work to ensure the Department's requirements, acquisition, and budgeting processes ensure investment decisions are informed by sound affordability constraints. For those programs that do experience unacceptable cost growth, I would work closely with USD(AT&L) and others within the Department to examine all available options, including restructure or termination. Lastly, if confirmed, I would focus on ensuring future programs are started with a sound affordability and technical grounding to reduce the likelihood of future growth in costs.

**42. 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 the basic requirements of the Nunn-McCurdy provision are sensible in that they require a thorough review of the root causes of the issues, as well as a careful examination of the management of the program, costs and options going forward, and a reassessment of the criticality of the particular program to meeting validated requirements and national security needs. I also believe the Department should continue to undertake similar kinds of reviews well before required to do so by Nunn-McCurdy, and use available authorities to make appropriate adjustments.

**43. Do you believe that the office of the Under Secretary of Defense for Acquisition, Technology, and Logistics, as currently structured, has the organization and resources necessary to effectively oversee the management of these major defense acquisition programs? If not, how would you address this problem?**

Yes.

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

No. As I previously stated, I believe the basic tenets of the Nunn-McCurdy provisions are logical. Consistent with other efforts to streamline reviews in the Acquisition process, if confirmed, I would work with USD(AT&L) to tailor the reviews to meet the requirements of individual circumstances.

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

If confirmed, I would be guided by the principles outlined in the Nunn-McCurdy statute.

### **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.**

**46. What is the current status of the Department’s efforts to implement the requirements of section 832?**

The provisions of section 832 pertain to authorities vested in both the USD(AT&L) and the Cost Assessment and Program Evaluation Office (CAPE). The two organizations

have collaborated on implementing policy that addresses the requirements outlined in section 832 through a major revision of Department of Defense Instruction (DoDI) 5000.02, *Operation of the Defense Acquisition System*, which includes incorporating requirements from sections 805, 815, and 837 of the National Defense Authorization Act. Additionally, the CAPE and AT&L have restructured the Defense Acquisition Guidebook to further emphasize operations and sustainment (O&S) cost management among the acquisition workforce.

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

AT&L will publish section 832 implementation guidance in the DoDI 5000.02, *Operation of the Defense Acquisition System*, in CY 2013. In addition, we will supplement the section 832 guidance with an operating and support cost management guidebook to complement the Cost Assessment and Program Evaluation Office Operations and Sustainment (O&S) cost estimating guidebook. This management guidebook will further emphasize the importance of considering O&S cost during system design trades early in a program's life, and assist programs in developing Life Cycle Sustainment Plans that include measures to control O&S cost. We are updating our guidance on Independent Logistics Assessments to ensure results are unbiased, and that programs use the assessments to improve reliability, availability, maintainability and reduce cost. Further, AT&L will monitor program efforts to manage and control O&S costs during Defense Acquisition Executive Summary reviews. I expect the Department to issue this amplifying guidance later this year.

**48. 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 AT&L Better Buying Power initiative established an affordability cap requirement for both acquisition costs and Operations and Sustainment (O&S) costs. In so doing, we treat the O&S affordability cap in the same manner as we do a Key Performance Parameter—it will not be traded away against other system requirements. Accordingly, we are seeing positive results in Service-implemented configuration steering boards that facilitate active management of requirements between the acquisition and warfighter communities. With the proper requirements defined, AT&L evaluates a program's capability to meet availability and reliability requirements through milestone reviews and developmental and operational testing. The end result is an improved ability to optimize readiness and costs over a programs lifecycle.

The Product Support Manager (PSM) is a critical facilitator of collaboration between the acquisition and requirements communities. Since the National Defense Authorization Act for Fiscal Year 2010, section 805 established the requirement for PSMs, the Services have designated PSMs for Acquisition Category (ACAT) I and II programs. We also

established the PSM as a key leadership position and revised the Life Cycle Logistics training curriculum at Defense Acquisition University to better equip PSMs for success. USD(AT&L) also provided detailed guidance in September 2011 for Program Managers and PSMs on development of the Life Cycle Sustainment Plans (LCSP). The LCSP is the program's primary tool for product support planning and is required for all acquisition milestones. The LCSP must provide the program's plan to satisfy the Joint Capabilities Integration and Development System mandated sustainment requirements, including the O&S cost key system attribute.

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

We must execute and enforce key steps in the Better Buying Power initiative – sustainability, affordability, and cost constraints. We must use 'should cost' management to drive costs down, including for sustainment contracts. We must ensure proper alignment of incentives between the government and its contractors. We are integrating policy, guidance, workforce training, and improved oversight of programs to reduce and control Operations and Sustainment (O&S) costs. This integrated approach provides better sustainment planning for those programs in the developmental phases of the acquisition process, a necessary first step to achieve quantifiable savings for programs in the operating and support phases of the life cycle. Our success will be the reduction of actual O&S costs realized in coming years.

**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.**

**50. 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?**

Yes. The Department has put emphasis on building the systems engineering and developmental testing capabilities required for acquisition. The numbers of system engineers and developmental testing personnel has increased. There is a potential challenge with workforce demographics as senior workforce personnel near retirement and a number of relatively junior people gain more experience and proficiency. If confirmed, I will strive to identify ways to address this problem.

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

In response to section 102, the Department established the Office of the Deputy Assistant Secretary of Defense for Systems Engineering, and has staffed this office with highly qualified professionals. There has also been additional guidance and oversight provided to the systems engineering capabilities in the military services. If confirmed, I will continue to support the Deputy Assistant Secretary of Defense for Systems Engineering in his oversight of this area.

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

I will work with the Service Acquisition Executives to implement systems engineering policy and guidance to strengthen implementation of section 102. We need to continue to address the competency, capacity, and authority of the systems engineering workforce as critical components of the acquisition system

**Open Architecture Programs**

**Certain programs within the Department of Defense have made considerable investments over the past several years in an effort to transition development of combat systems to an open business model, commonly referred to as Open Architecture (OA). OA systems are characterized by modular design, public access to design specifications, software reuse, common interface standards, and seamless interoperability between system hardware and software applications. By exercising the government's rights to the software developed with government funds, rejecting proprietary and closed solutions, the government may be able to bring to bear the critical elements of competition and innovation to achieve improved system performance and affordability of major systems both during the initial acquisition and during the sustainment phase.**

**53. To what extent do you believe that DOD implementation of an open architecture strategy can lead to more efficient and effective development, production and sustainment programs for major weapon system acquisition?**

I believe the Department must strongly promote competition throughout the acquisition lifecycle to obtain the best value for the warfighter at the lowest cost to the taxpayer. To support a competitive environment, the Department has been aggressively pursuing open systems architecture (OSA) as a means of opening our acquisition efforts to greater competition, as well as more effectively managing intellectual property to rapidly bring greater innovation, from a wider array of sources, to the hands of our warfighter.

I support the Department focus on open systems architectures and believe we must do a better job of creating options with approaches like this to promote competition throughout the product lifecycle. Promoting OSA business and technical best practices is

one aspect of Better Buying Power 2.0, and the Department is developing tools and guidance to ensure that OSA practices are effectively applied.

**54. Are you aware of any legislative or regulatory impediments to more broadly applying such a strategy?**

I am not aware of any legislative or regulatory impediments that inhibit implementing the DOD OSA strategy. The Department is working on implementing the legislative authority given us in the last NDAA for rights to data associated with segregation and reintegration information. I believe this is a positive change that will be especially helpful in crafting competitive open business models.

**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.**

**55. 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, I would support USD(AT&L) in his role as chair of the Defense Acquisition Board (DAB) and Milestone Decision Authority (MDA) for Major Defense Acquisition Programs in fulfilling this requirement.

**56. What steps if any will you take to ensure that the Assistant Secretary of Defense for Research and Engineering and the Deputy Assistant Secretary of Defense for Developmental Test and Evaluation are adequately staffed and resourced to support decisions makers in complying with the requirements of section 2366b?**

If confirmed, I will continuously monitor the staffing levels for the Assistant Secretary of Defense for Research and Engineering and the Deputy Assistant Secretary of Defense for Developmental Test and Evaluation to ensure they can comply with their requirements, to include those tasks to certify critical technologies for major defense acquisition programs as written in title 10, U.S. Code, section 2366b. To date, I am not aware that these offices have been unable to meet their statutory requirements, but I will be vigilant to ensure they will be able to continue meeting this requirement.

**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.**

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

While some degree of concurrency may be appropriate, I believe that when the proper balance is exceeded the result can increase costs and lead to schedule delays. Any decision to concurrently enter into production while still in the design phase must take into account the risk in the development phase, the urgency of the need, and the impact on cost and schedule as a result of concurrent development. If confirmed, I will strive to ensure a careful balance is established between the risk of concurrency and the urgency for the need for programs that use it.

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

If confirmed, I intend to ensure that concurrency in any planned major weapon system is thoroughly assessed from a risk and benefit perspective before recommending the program for initiation, and then re-evaluate the risks and benefits for each major program decision. I expect cost and schedule estimates to clearly identify the impact of any level of concurrent development and production. I will also ensure that the risks are carefully tracked over the life of the development effort.

**Joint Strike Fighter**

**Secretary Kendall has been quoted as saying that it was “acquisition malpractice” to place the Joint Strike Fighter into production years before the first flight test.**

**59. Do you share this view?**

Yes, I share Under Secretary Kendall’s view. Specifically, the decision to begin production of the F-35 prior to flight test was a departure from accepted and proven principles. As Under Secretary Kendall has clarified, it is important to note that this judgment does not extend to the F-35 program as a whole or any specific person. The Department remains committed to the F-35 program and the program, if appropriately managed, the program will provide the Department to acquire a critical capability at an acceptable cost.

**60. What steps if any do you believe that we can take now to address any problems or deficiencies that may have developed as a result of excessive concurrency on the Joint Strike Fighter program?**

I believe that the Department has already taken a number of steps that will minimize the risks of concurrency. The decision to maintain production at a fixed rate in Fiscal Years 2013 and 2014 will allow time to validate and stabilize the design through the flight test program. A ramp up in production is not planned until the need for further design



changes are reduced. The Low Rate Initial Production Lot 5 contract has been structured to ensure the appropriate amount of cost risk is shared between the contractor and the Government. If confirmed, I will ensure that future production decisions are based on adequate understanding of the concurrency, costs, and design stability.

**61. What additional steps if any do you believe we should take to avoid similar problems in future acquisition programs?**

I believe we need to pursue acquisition strategies based on the sound principles of program management and system engineering. If confirmed, I will ensure that the acquisition and engineering professional leadership in the Department reviews major programs early and regularly to preclude planning that is overly optimistic in assumptions. I believe that a program based on sound acquisition and engineering strategies will have the best chance to succeed and execute within planned cost and schedule.

**Fixed Price-Type Contracts**

**Section 811 of the National Defense Authorization Act for Fiscal Year 2013 requires the use of fixed-price contracts for the production of major weapon systems, with limited exceptions. Similarly, section 818 of the National Defense Authorization Act for Fiscal Year 2007 establishes a preference for the use of fixed-price contracts for the development of major weapon systems.**

**62. What is your understanding of the advantages and disadvantages of using fixed-price contracts for the development and procurement of major weapon systems?**

The decision to use a fixed price or cost plus contract for development and/or procurement of a major weapons system should be based on an understanding of the requirement, the technical risk, supplier experience and strength, and the market for the product. Fixed price contracts limit the Government's exposure to financial risk, but introduce other risks.

Development fixed price contracts make sense where we have firm requirements with technical trades complete, where design is established and required technologies are mature (low risk), where potential bidders have actual experience with the type of product desired and where they have the capacity to absorb some level of financial loss if problems arise. In this instance it is appropriate to place the financial burden on industry. The disadvantage is if the development effort experiences problems, there can be serious financial impact for the contractor. Further, because of the fixed price nature of the arrangement, it is much more difficult for the Government to provide technical guidance without having to renegotiate the contract.

For procurement I'm much more comfortable with fixed price contracts provided there has been sufficient development and testing to have firm requirements, a proven design, established manufacturing processes and qualified suppliers. Use of incentive contracts in early production especially makes sense.

**63. Under what circumstances, if any, do you believe it is appropriate for the Department to use a cost-type contract for the development or production of a major weapon system?**

Since most major weapon system development programs deal with maturing designs and significant integration problems, the factors I listed in the above question are not present and a fixed price development contract imposes too much risk on industry. A cost plus contract, on the other hand, reduces the financial risk and helps facilitate a more open working relationship with industry to achieve the desired outcome for the warfighter.

**64. Do you see the need for any changes in the law governing the use of fixed-price contracts for the development and production of major weapon systems?**

No. The Federal Acquisition Regulation and the DOD Federal Acquisition Regulation Supplement already provide adequate flexibilities.

### **Technology Transition**

**The Department continues to struggle with the transition of new technologies into existing programs of record and major weapons systems and platforms. Further, the Department also has struggled with moving technologies from DOD programs or other sources rapidly into the hands of operational users.**

**65. What impediments to technology transition do you see within the Department?**

Over the past 2 years, as part of Deputy Secretary of Defense's Warfighter Senior Integration group, I have seen improvements in transitioning technology to the hands of the operator. However, there are still impediments, such the lead time and rigidity of the budget process, the formality and inflexibility associated with Programs of Record, the difficulties in altering military requirements, and the hurdles small businesses and non-defense companies have in doing business with the Government.

**66. What steps if any will you take, if confirmed, to enhance the effectiveness of technology transition efforts?**

There are already a number of activities under way in the Department to enhance the effectiveness of technology transition. The rapid acquisition programs that the

Department has initiated to support ongoing operations have been very successful at acquiring new technologies and fielding them quickly.

The Department needs to institutionalize the rapid acquisition process so that future urgent needs can also be met effectively, and efforts are underway for expanding the rapid acquisition of Joint Urgent Operational Needs (JUONs) from primarily off the shelf technology to those that require some limited development time and may not be directly associated with ongoing operations.

Under the Better Buying Power initiatives, the Department has taken steps to improve the use of open systems and open architectures as a means of permitting new technologies to be inserted into existing programs. These are just examples of the types of steps the Department needs to take to improve technology transition.

If confirmed, I will work with the USD(AT&L) and Assistant Secretary of Defense for Research and Engineering to drive additional opportunities to enhance technology transition.

**67. What role do you believe Technology Readiness Levels and Manufacturing Readiness Levels should play in the Department's efforts to enhance effective technology transition and reduce cost and risk in acquisition programs?**

Technology and Manufacturing Readiness Levels (TRLs and MRLs) are aids to understand how the maturity of technologies or the lack of maturity can affect an acquisition programs risk. I believe they are valuable knowledge-based benchmarks against which to assess program risk, but I also believe that TRLs and MRLs alone are not conclusive about whether or not a program should proceed to development and production. Each decision requires an understanding of the actual risk associated with a technology, and the steps that could be taken to mitigate that risk. If confirmed, I will continue to use TRLs and MRLs, but I will also seek to improve how we handle risk assessments early in programs.

**Section 1073 of the National Defense Authorization Act for Fiscal Year 2011 established a competitive, merit-based rapid innovation fund to accelerate the fielding of technologies developed pursuant to SBIR projects, technologies developed by the defense laboratories, and other innovative technologies.**

**68. What is your view of the rapid innovation fund established by section 1073?**

This program emphasizes rapid, responsive acquisition with preference to small, innovative businesses solving defense problems using a fully merit-based, competitive proposal process. In September 2011, the Department issued the initial solicitations for Rapid Innovation Fund (RIF) proposals, receiving over 3,500 responses, which lead to awards of 177 contracts by the end of September 2012. Given that the performance period for the majority of these contracts spans 18-24 months, my view is that it is too

early to determine the RIF's overall impact. Our implementation processes were successful in obtaining proposals, primarily from small businesses. However, contract awards should not be the sole criteria for success. I believe it will take more time to objectively assess the effectiveness of RIF in achieving its goals.

**69. In your view, has the Department been successful in ensuring that awards under this program are made on a merit basis and benefit the Department?**

Yes, the Department successfully established a merit-based Rapid Innovation Fund (RIF) program. The Department employed Broad Agency Announcements in 2011 and 2012 for a competitive, two-step source selection process. This facilitated submission of white papers, with a "go/no go" evaluation, followed by request for full proposals to the highest rated "go" proposals. All vendors received a notification. With regard to program benefit, it will be at least 12-24 months before the Department can effectively evaluate the outcome and benefits of RIF. However, owing to the in-depth involvement by acquisition program staff in evaluation of RIF proposals, I expect substantial benefits to be demonstrated.

**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.**

**70. 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, early communication between these three communities is essential at all levels

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

If confirmed, I would reinforce existing efforts in the area of early communication between the communities. I will work with the component acquisition executives to stress the importance of their participation in similar early discussions for all acquisitions in their organizations. I will also stress the need to forge closer collaboration and understanding between those articulating military needs and those charged with fulfilling those needs. After early consideration of cost and capability trade-offs, I will strive to sustain stable programs through mechanisms such as Configuration Control Boards, and other forums where requirement, acquisition, and financial communities can interact usefully to achieve affordable and realistic

outcomes. I will also foster training that inculcates these approaches into the culture of our workforce.

**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.**

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

Yes, but I recognize this is not a panacea, and how these approaches are applied to a particular situation requires careful deliberation. The strategy can be effective when faced with technology that is rapidly changing or we are faced with an evolving threat. It can also allow the fielding of a capability to the force that is "good enough" in the short-term, while continuing to advance a new technology to upgrade the system to provide the Warfighter with a technical advantage long-term.

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

Applied appropriately, in the right circumstances, these approaches should not add additional risk. Technical risk can be minimized with a design that allows for incremental addition of capability, but this must be inherent in the program plans from the outset so that upgrades to the final configuration are as seamless as possible, or rolled into the product as changes in the production sequence. These approaches require careful consideration of technical rights, open or commercial standards, and interface requirements. If requirements are not clearly defined early in the effort, schedules are not realistic and resources are not provided in the required amount and with the proper phasing, the acquisition will take longer, cost more, and deliver less, regardless of the program's execution method.

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

I believe that the Department's approach to incremental acquisition and spiral development has had varied results. As with any approach, there are examples of both effective and ineffective employment of this type of acquisition process in the Department's history. It has been more challenging than expected in certain cases to "pre-plan" future spirals of capability. Employed carefully, in the right circumstances, these approaches can be successful and if confirmed, I would work to achieve that.

## **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. Section 814 of the National Defense Authorization Act for Fiscal Year 2009 requires the use of Configuration Steering Boards to exercise control over any changes to requirements that would increase program costs.

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

Yes. Activities such as Configuration Steering Boards provide a leadership forum to review proposed changes to programs in terms of requirements, technology, or system configuration with the intent to preclude adverse program impacts on cost or schedule. If confirmed, I will continue to emphasize the positive aspects of Configuration Steering Boards and other similar forums.

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

If confirmed, I will work with senior leaders in DOD to strive to maintain funding and requirement stability to the maximum extent possible. The acquisition, requirements, and resource communities must work together to ensure programs have realistic requirements and funding profiles at inception, and must continue to work effectively together as programs execute throughout the lifecycle.

## **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.”

**77. 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?**

Though each situation is different, I believe that multiyear contracts can provide substantial cost savings and should be considered as an option to best serve the Warfighter and taxpayer. Key considerations would be the total savings that could be achieved and the firmness of the procurement plan. While 10 percent or more is the goal, it should not be an absolute standard; a lesser percent on a large procurement still yields significant dollar savings for the Department. If the Department is confident that the procurement is needed during the time period, then every opportunity for potential savings and increasing buying power will be critical in balancing the Department's budget as budgets decline.

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

I would have to review the merits of the particular situation since these are complex circumstances without simple answers, and there may be times it may be appropriate. In general, I would look for the total savings potential and stability in the planned procurement.

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

I believe multiyear procurements are beneficial if they provide significant savings to the taxpayer, and there is a firm commitment to the planned procurement to provide stability to the industrial base. The circumstances and risks of each case need to be weighed carefully on the individual merits, but the magnitude of the savings and the expected stability of the program are among primary considerations.

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

I would expect such a circumstance to be very unusual, but in the rare situation when it occurs, it could be an outcome of a decision to not to fund a program due to unanticipated budget cuts forcing the Department to reprioritize, an inability of the contractor to perform so another supplier must be arranged for, or an unanticipated threat that makes the program unneeded. If confirmed, I would continue to support the federal laws and defense contracting regulations concerning multiyear procurement.

**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.**

**81. 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?**

Competition is the Department's most effective tool to reduce prices, and DOD should use direct competitive acquisition strategies whenever possible. Competition allows the Department to leverage innovation, science and technology, design, and drive efficiency through a program's lifecycle, providing a stronger return on investment. The Department should attempt to use this paradigm as much as possible in its programs and contracting strategies. Using the Better Buying Power initiatives, we have stressed the need for a competitive environment to the greatest extent possible in all our programs, realizing the classical head to head competition situation is not always viable. If confirmed, I will work with USD(AT&L) to continue to stress creating a competitive environment as one of the most effective ways the Department has of controlling cost.

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

Yes, creating competition at both the prime and sub-contract level is among one of the most powerful tools available to the Department to drive productivity and control cost. To ensure that competition is emphasized during each phase of the acquisition process, the Department has issued policy requiring our Program Managers to present a competition strategy at each program milestone. If confirmed, I will work with USD(AT&L) and Component Acquisition Executives to ensure this policy is effectively executed.

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

The consolidation of the defense industrial base has left us with a limited number of prime contractors. Further consolidation at the prime contractor level is probably not in the best interest of the taxpayer or the Department. If confirmed, I will review any proposed business deal objectively on its merits and provide my input to the USD(AT&L). I expect to see increased activity in mergers and acquisitions in the lower tiers of the industrial base, and even consolidations to further streamline capabilities and respond in a market-driven manner to the reduced budgets anticipated over the coming decade. The USD(AT&L) and I will examine these transactions carefully on a case-by-case basis to preserve competition and facilitate the most efficient and effective industrial base possible.



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

The Department's policy is to allow market forces to shape the market except in those cases that eliminate competition and are not ultimately in the best interest of the Department and taxpayer. The Department discourages mergers and acquisitions among defense materiel suppliers that are anti-competitive or injurious to national security. The Department is not, however, an antitrust regulator and the ability for the other regulatory agencies to intervene must meet statutory criteria. In cases of concern, I would ensure the Department provides information and support needed to the antitrust regulators for their merger reviews. I would also seek to encourage new entrants or exploration of alternatives in cases where consolidation has resulted in a loss of competition.

**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.**

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

Yes. 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. They should be used primarily as a means of reducing future risk in the Engineering and Manufacturing Development (EMD) and production phase. There are cases however when the cost in time and money associated with competitive prototypes outweighs the potential benefits

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

Competitive prototyping is risk reduction; however, this comes with a tradeoff of cost and schedule. Like all other risk reduction techniques, competitive prototyping has to be considered on a case-by-case basis and it has to reduce the risk of entering Engineering and Manufacturing Development (EMD). The level of risk depends on the maturity of candidate technologies, and more importantly, the risk associated with integrating those technologies into a viable product. When planned or proposed technology has implementation risk, particularly in an integrated product, and has not been demonstrated adequately, competitive prototyping during the technology development phase can be a key element of a comprehensive technical risk management process. Overall, competitive prototyping can provide benefits beyond risk reduction to include sustaining competition further into the design process, reducing total program cost, and lead to better products for our Warfighters.

**87. 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 technologies and demonstrated designs with little integration risk, the additional costs and schedule of competitive prototyping may not offset the potential reduction of risk and overall system lifecycle costs. Prototypes requiring very high investments with the prospect of very limited production runs are also not likely to be cost effective. For example, competitive prototyping of ships and satellites is frequently cost-prohibitive, both in a Technology Demonstration phase and in Engineering and Manufacturing Development phase. When a low risk approach is taken such as using a modified non-developmental item the benefits of competitive prototyping may not justify the cost.

**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.

**88. 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?**

I believe the Department has abided by the tenets and effectively implemented the requirements of WSARA in each of its “new start” programs begun since WSARA’s enactment. The certifications required by WSARA provide a means to enforce each program’s implementation. Each of the new start programs cited above received careful attention to develop well understood and technically achievable requirements with a sharp focus on affordability. I strongly believe that the keys to successful program execution are sound and realistic planning at program initiation, which are fundamental principles embodied in WSARA.

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

I believe WSARA provides adequate guidance and authority without the need for changes at this time. If confirmed, I will support USD(AT&L) and ensure the “new start” programs implement WSARA and Better Buying Power initiatives to maximize the program’s probability of successfully delivering affordable, technically sound capability to the warfighter and the taxpayer. Fundamentally, the Better Buying Power initiatives that Deputy Secretary Carter and Under Secretary Kendall started are based on the premise that the Department can learn from experience and continuously improve. If

confirmed, I will work to identify and implement continuous improvements to the acquisition system.

### **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.**

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

I will work closely with USD(AT&L) on a daily basis as we continue to pursue the efficiency, productivity, and affordability initiatives started in 2010 under Better Buying Power (BBP). The BBP initiatives are not static, they are under continuous review and are being modified, added to, and matured as the Department learns more from its experience with the initiatives. If confirmed, I will follow-through on implementation of the initiatives and carefully consider additional steps consistent with the principles and objectives of the initiatives.

**91. What steps do you believe the Department should take to strengthen and improve the implementation of the Better Buying Power initiative?**

The Department is fully dedicated to the successful implementation of Better Buying Power (BBP). Under Secretary Kendall recently introduced BBP 2.0 as part of the Department's commitment to continuous process improvement in the defense acquisition system. Many of the initiatives encompassed in BBP 2.0 are continuations from earlier BBP initiatives begun in 2010, because their implementation is long-term and ongoing. If confirmed, I will work closely with USD(AT&L), the Component Acquisition Executives, and others in the Department to monitor and drive the implementation of these initiatives, as well as identify additional ways to improve implementation. I will ensure we update appropriate policies and regulations, issue additional guidance, update training, and institute data collection mechanisms to objectively assess outcomes.

### **Urgent and Emerging Needs**

**Section 804 of the National Defense Authorization Act for Fiscal Year 2011 required the Department to establish procedures to ensure that rapid acquisition processes are not misused for the acquisition of systems and capabilities that are not urgent and would be more appropriately acquired in accordance with normal acquisition procedures.**

**92. Do you agree that rapid acquisition procedures are not generally suited to the acquisition of complex systems that require substantial development effort, are**

**based on technologies that are unproven, and are too risky to be acquired under fixed price contracts?**

I agree that rapid acquisition procedures are not generally intended for programs of the complexity normal for a standard developmental acquisition program. The Department reserves rapid acquisition procedures for urgent requirements where a capability must be delivered as soon as possible, but generally within 24 months. These programs, by their nature, are not sustained development programs. They generally have limited cost risk as compared to traditional major development efforts, and if a non-developmental solution exists, it makes sense to acquire that solution in order to meet warfighter needs as soon as possible. However, for many Joint Urgent Operational Needs (JUONs) and Joint Emergent Operational Needs (JEONs), some modification, integration, or development of existing products is required to satisfy the requirement. Not all of these programs are suitable for fixed price contracts because they often utilize small, non-traditional suppliers who are not capable of absorbing the cost risks.

These issues are considered when the requirement is initially validated, and the acquisition community continues to review them as the program progresses to ensure that we meet warfighter requirements in as timely way wherever possible. There may also be exceptional cases where a technological leap by an adversary may call for taking unusual risks not normally typified under rapid acquisition procedures. If confirmed, I will review the Department's use of rapid acquisition procedures to ensure that they are being properly applied.

**The Department of Defense recently established a new category of requirement, known as Joint Emergent Operational Needs (JEON). Like JUONs, JEONs may be acquired through rapid fielding processes. Unlike JUONs, however, JEONs are not limited to capabilities that can be fielded within 2 years, do not require extensive development, are based on proven technologies, and can be appropriately acquired through fixed price contracts. The committee report on the National Defense Authorization Act for Fiscal Year 2013 directs the Department to develop additional protections to ensure that the JEON process is not abused.**

**93. Would you agree that it would be inappropriate to use the JEON process to initiate significant acquisition programs without conducting cost-schedule-performance trade-offs, developing reasonable cost, schedule, and performance expectations, providing strong systems engineering, and ensuring the use of appropriately mature technologies?**

In general, I agree that a JEON is not intended as a mechanism to initiate a Major Defense Acquisition Program. There may be exceptions in which a rapid development initiated as a JEON (or even a Joint Urgent Operational Need (JUON)) could lead to significant acquisition programs. For example, route clearance vehicles acquired in response to a JUON provided the first V-shaped hulled vehicles to Iraq and Afghanistan.

Their success in theater led to the initiation of additional JUONs that resulted in a significant acquisition program - the Mine Resistant Ambush Protected class of vehicle.

I understand that it is important to evaluate cost, schedule and performance trade-offs for JEON solutions because doing so is critical to responding to these requirements in a way that is consistent with their urgency. Systems engineering, cost and performance tradeoffs, and addressing technical maturity for JEONs, within the time available, is critical to ensuring we deliver sufficient capability when it is needed. The Department tailors its acquisition processes to ensure we address these important considerations while meeting the warfighter's immediate need. If confirmed, I will review the Department's handling of JEONs to ensure the appropriate procedures are in place and are being followed.

**94. If confirmed, will you ensure that the Department develops additional guidance for JEONs, in accordance with the direction of the committee report on the National Defense Authorization Act for Fiscal Year 2013?**

Yes.

**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 for fiscal years 2012 and 2013. Section 955 of the National Defense Authorization Act for Fiscal Year 2013 requires a 5 percent reduction in spending for contract services over the next five years.**

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

Yes, that is why I strongly support USD(AT&L) and Department leadership in continuing to make this a priority as indicated in USD(AT&L)'s November 13, 2012, memorandum entitled, "Better Buying Power (BBP) 2.0: Continuing the Pursuit for Greater Efficiency and Productivity in Defense Spending." Through the initiatives that began under the original BBP in 2010, BBP 2.0 will focus on initiatives to improve our stewardship over service contracts, while ensuring the Department only acquires what it truly needs as economically as possible.

**96. Do you believe that the current balance between government employees (military and civilian) and contractor employees is in the best interests of the Department of Defense?**

I believe the Department must routinely assess its Total Force mix to ensure an appropriate alignment of workload to military, civilian, and contract support. This alignment is driven by many variables, it takes time to rebalance, and is likely to change based on mission, operating environment, workload, and costs. I think we must ensure that we have a properly sized and highly capable government workforce that guards against an erosion of critical, organic skills and an overreliance on contracted services, particularly in such areas as acquisition program management, information technology, and financial management. However, the Department must also recognize the contributions and value of the private sector as a vital source of expertise, innovation, and support to the Department's Total Force. If confirmed, I will continue to support the Administration's and Department's focus on ensuring our utilization of contracted support is appropriate given the nature of the mission, risks, and work required.

**97. 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 and section 955?**

USD(AT&L) is continuing to make the acquisition of services a priority as part of his broader Better Buying Power (BBP) initiatives. Through the initiatives that began under the original BBP in 2010, there will be a focus on initiatives to improve our stewardship over service contracts. If confirmed, I will support every effort to continue the Department's effort to comply with the requirements of sections 808 and 955. The Deputy Secretary of Defense has issued guidance to the Department on how to comply with the limitation on funds for contracted services imposed by section 808. Subsequently, a class deviation to the Defense Federal Acquisition Regulation Supplement (DFARS) implementing that guidance has been issued on July 31, 2012.

**98. Would you recommend the use of fixed price contracts as the preferred contracting method for services? If not, why not?**

I would recommend that for service requirements that can be expressed in performance-based terms, with a defined output, the Department use fixed-priced contracts as the preferred method. However, contract type must be tailored to each particular requirement in order to influence desired results with the contracted service provided. For example, where contracted support is level of effort in nature, with no defined output, a cost plus fixed fee arrangement may likely be an appropriate approach. If confirmed I will support efforts to continue to address the determination of appropriate contract type as a key element of consideration in the review and approval process of acquisition strategies for service requirements.

**99. Under what circumstances do you believe that fixed price contracts should or should not be used for the purchases of services?**

I would recommend fixed price contracts be used for work that can be expressed in performance-based terms that has a defined output.

**Section 812 of the National Defense Authorization Act for 2007 required the Department of Defense to develop a management structure for the procurement of contract services. Sections 807 and 808 of the National Defense Authorization Act for Fiscal Year 2008 (subsequently codified in section 2330a of title 10, United States Code) require the Department of Defense to develop inventories and conduct management reviews of contracts for services.**

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

Yes I do, but recognize there is room for further improvement in the Department's stewardship. If confirmed, I would strongly support USD(AT&L) and Department leadership in continuing to make this a priority in the Better Buying Power (BBP) initiatives, which focus on initiatives to improve our stewardship over service contracts.

**101. 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?**

Yes, though they can continue to be improved and expanded upon. The Military Departments, Defense Logistics Agency and the Missile Defense Agency, which have the largest portion share of the Department's expenditures on the acquisition of services, have identified a Senior Service Manager who is responsible for overseeing all acquisition of services. These Senior Service Managers are responsible for identifying and implementing more effective methods to procure required services and meeting on a regular basis to share lessons learned and best practices. Each of these Senior Service Managers has developed its own organizational structure and mechanisms to provide the appropriate oversight, management structure and review process for the acquisition of services. In addition, all acquisitions for services which exceed \$1 billion are reviewed and approved by the Director, Defense Procurement and Acquisition Policy and his staff to ensure that the strategy incorporates tenets the Department has established as requirements for the effective acquisition of services.

**102. 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 believe that the Peer Review process that the Department has employed on the acquisition of services implemented for service contracts, and other major acquisitions, has been extremely beneficial. For acquisitions of services valued at \$1 billion or more, a Peer Review team, comprised primarily of senior leaders and attorneys from outside the military department or defense agency whose procurement is the subject of the review, meet with acquisition teams to critically assess whether the acquisition process for services was well understood by both government and industry individuals. Similarly, military departments and defense agencies have developed and are executing plans to

accomplish Peer Reviews within their respective organizations for acquisitions valued at less than \$1 billion. The Peer Review process helps the Department to influence consistency of approach, ensure the quality of contracting, and drive cross-sharing of ideas such as best practices and lessons learned.

- 103. If confirmed, will you fully comply with the requirement of section 2330a, to develop an inventory of services performed by contractors comparable to the inventories of services performed by federal employees that are already prepared pursuant to the Federal Acquisition Inventory Reform (FAIR) Act?**

Yes.

**Section 863 of the National Defense Authorization Act for Fiscal Year 2011 requires the Department of Defense to establish a process for identifying, assessing, reviewing, and validating requirements for the acquisition of contract services.**

- 104. What is the status of the Department's efforts to implement the requirements of section 863?**

On March 4, 2012, the Deputy Secretary of Defense sent a memorandum to the Secretaries of the Military Departments and the Directors of the Defense Agencies directing they submit their respective processes and initial implementation plans to fulfill the requirements of section 863. The components have now submitted their plans through the Director of Defense Procurement and Acquisition Policy.

- 105. What steps remain to be taken, and what schedule has the Department established for taking these steps?**

The Better Buying Power initiatives recently announced by USD(AT&L) includes as a new initiative to expand the use of requirements review boards and tripwires. This initiative recognizes that a more robust process is required to identify, assess, review and validate requirements for contracted services. Implementation details are expected in the coming weeks. If confirmed, I will support vigorous implementation.

- 106. What additional steps if any would you take, if confirmed, to improve the Department's management of its contracts for services?**

Consistent with statutory requirements for management oversight and control processes and the requirements in the original Better Buying Power memorandum of September 14, 2010, the components have put in place a framework to manage the acquisition of services. The components have each established a senior manager for services acquisitions. If confirmed, I would continue to support the Director of Defense Procurement and Acquisition Policy in developing, for the Under Secretary's approval, a new Department of Defense Instruction (DoDI) to govern the acquisition of services to



replace and expand upon existing guidance in DoDI 5000.02, Enclosure 9. Further, I would support rigorous oversight of these policies, once put in place.

### **Contractor Performance of Critical Governmental Functions**

**Over the last decade, the Department has become progressively more reliant upon contractors to perform functions that were once performed exclusively by government employees. As a result, contractors now play an integral role in areas as diverse as the management and oversight of weapons programs, the development of personnel policies, and the collection and analysis of intelligence. In many cases, contractor employees work in the same offices, serve on the same projects and task forces, and perform many of the same functions as DOD employees. Section 1706 of title 10, United States Code, as added by section 824 of the National Defense Authorization Act for Fiscal Year 2013, requires that key positions on major defense acquisition programs be filled by full time government employees.**

**107. In your view, has DOD become too reliant on contractors to support the basic functions of the Department?**

I recognize that the private sector is, and will continue to be, a vital source of expertise, innovation, and support. DOD, which relies on an all-volunteer military force, cannot operate without the support of contractors. We must also maintain a properly sized, and highly capable, government workforce that guards against an erosion of critical, organic skills and an overreliance on contracted services. If confirmed, I will continue to support the Administration's and Department's focus on ensuring our utilization of contracted support is appropriate given the nature of the mission, risks, and work required.

**108. Do you believe that the current extensive use of personal services contracts is in the best interest of the Department of Defense?**

Generally, I do believe that personal service contracts, established in accordance with the applicable statutes, are in the best interest of the Department. I recognize that certain requirements, such as limited use of medical care providers, may be appropriately fulfilled using personal service contracts. However, I also recognize that service contracts that have been categorized as non-personal contracts may inappropriately evolve into personal service arrangements in practice. If confirmed, I will work to address this risk and enforce the limits on use of personal service contracts.

**109. What is your view of the appropriate applicability of personal conflict of interest standards and other ethics requirements to contractor employees who perform functions similar to those performed by government employees?**

When it is appropriate for contractors to perform work that is similar to work performed by government employees, my view is that those contractor employees should be held to

similar ethical and conflict of interest standards as the Government employees they support. In particular, they should not be allowed to misuse the information which may be available to them as a result of their performance under a DOD contract.

### **Wartime Contracting**

**The number of U.S. contractor employees in Afghanistan now substantially exceeds the number of U.S. military deployed in that country.**

**110. Do you believe that the Department of Defense has become too dependent on contractor support for military operations?**

At this time, I do not believe the Department is too dependent on contractors in support of military operations. The Total Force is comprised of U.S. military forces, DOD civilians, and our DOD contractor partners. We live in a constrained resource environment and future operations will continue to use this Total Force. Military force structure is fixed by law, and we concentrate military manpower on combat capabilities and selected tasks that are inherently governmental. In addition, deployable DOD civilians also handle inherently governmental tasks. Military planners typically assign the remaining tasks to other elements of the total force, many of which are appropriate for contractor support. Contractors are force multipliers, performing non-inherently governmental functions, and allowing limited military resources to focus on what they are trained to do. Going forward, our management of contractors in support of military operations requires constant attention and review to continue to identify management improvements.

**111. What risks do you see in the Department's reliance on such contractor support? What steps do you believe the Department should take to mitigate such risk?**

The risks associated with a heavy reliance on contractor support include possible loss of selected services for future contingencies in changed operational environments, the migration of inherently governmental functions to contractors, the erosion of the Department's critical core knowledge and capability, and the risk of losing contingency contract management expertise and structure that has been established over the last several years. I will ensure we conduct risk assessments associated with reliance on contract support in a variety of contingency operations to ensure the risks are addressed and mitigated. The Department must properly incorporate enduring policies, training, and doctrine to alleviate these risks. If confirmed, I will support the additional steps to integrate contractor support estimates into existing planning processes and procedures, and in force planning scenario development and joint force assessments.

**112. Do you believe the Department is appropriately organized and staffed to effectively manage contractors on the battlefield?**

Yes, though each situation will be different, and this was not always the case. We are constantly improving our processes and procedures based on feedback from Commanders in the field, Congressional support, and suggestions from our service providers. The Department is aggressively operational contract support constructs to better manage contractors on the battlefield. This approach incorporates Requirement Definitions, as prescribed by Congress; Risk Management; and Operational Contingency Management practices that include consideration of contingency contractors and operational support capabilities in mission planning and execution.

**Section 848 of the National Defense Authorization Act for Fiscal Year 2011, section 820 of the National Defense Authorization Act for Fiscal Year 2012, and section 845 of the National Defense Authorization Act for Fiscal Year 2013 establish planning requirements for contractor logistics support.**

**113. What is the status of the Department's efforts to implement the requirements of sections 848, 820, and 845?**

As required by section 820, contractors have been recognized as part of the Total Force, in addition to military and DOD civilians, in the appropriate strategic documents including the Quadrennial Defense Review and relevant policy and planning documents. Additionally, section 820 risk assessments on the use of contractors are being conducted, and contractors are being integrated into force mix evaluations and operational planning, including the biennial risk assessments by the Chairman of Joint Chiefs of Staff. Over the past 6 years the Department has made far reaching improvements in the management and oversight of contractors to include contractor officer representative training, instruction in our senior service colleges, and in the General Officer/Flag Officer Capstone training. Strategically, the Operational Contracting Support Functional Capabilities Integration Board (FCIB) governance structure oversees continuing efforts to meet requirements outlined in section 845, as well as, requirements in previous legislation, the findings of the Commission on Wartime Contracting, and the Gansler Commission.

**114. What additional steps do you believe the Department needs to take to improve its planning processes for the use of contractors in contingency operations?**

As required by law, we continue to refine contractor support requirements definition, the contingency program management organization, and related processes to ensure all needs are captured to avoid unnecessary duplication of capabilities, and to ensure we are synchronized with our agency partners. The recent transition in Iraq and the pending transition in Afghanistan have provided us numerous lessons learned in these areas.

With regards to operational contracting support, the Joint Staff is finalizing their important update to Joint Publication 4-10, *Operational Contract Support*. Planners at each of the combatant commands have developed annexes for contracted support in key OPLANS and CONPLANS, and we are continuing to improve the plans for integrated contracted support at the service component level. If confirmed, I will continue to monitor their initiatives closely.

**Sections 841 and 842 of the National Defense Authorization Act for Fiscal Year 2012 gives the Department new tools to ensure that it does not enter contracts with any person or entity who is actively supporting hostile forces in Afghanistan.**

**115. What is the status of the Department's efforts to implement the requirements of sections 841 and 842?**

The Department implemented sections 841 and 842 in the Defense Federal Acquisition Regulation Supplement (DFARS) via the Class Deviation #2012-O0005 on January 26, 2012. The deviation adds two new clauses to the DFARS--252.225-7993, Prohibition on Contracting with the Enemy in the United States Central Command Theater of Operations; and 252.225-7994, Additional Access to Contractor and Subcontractor Records in the United States Central Command Theater of Operations.

This class deviation allows the Heads of Contracting Activity (HCA) to exercise the authorities provided in the deviation, upon receipt of the enemy notification letter from the USCENTCOM Commander, to restrict, terminate, or void contracts with persons or entities that support an insurgency or otherwise actively oppose U.S. or coalition forces in Afghanistan. This deviation also grants contracting officers an additional access to any contractor's records, including subcontractors, regardless of contract value, to ensure Department's contracts are not subject to extortion or corruption. The USCENTCOM Commander has issued four section 841 notifications to date, resulting in the termination of three subcontracts.

**116. What additional steps do you believe the Department needs to take to avoid contracting with the enemy in Afghanistan?**

I believe sections 841 and 842 provide the Department sufficient statutory authorities to avoid contracting with the enemy in Afghanistan.

**117. Does the Department need additional tools for this purpose?**

I believe the tools provided through sections 841 and 842 are sufficient to enable us to succeed in this area.

## **Private Security Contractors**

- 118. Do you believe the Department of Defense and other federal agencies should reduce their reliance on contractors to perform security functions that may reasonably be expected to require the use of deadly force in highly hazardous public areas in an area of combat operations?**

I believe the use of private security contractors must be carefully considered against the risk of becoming involved in combat operations. I also believe it may be appropriate to use private security contractors for specific security functions in contingency operations when they are limited by specific rules of engagement. However, the Department of Defense must provide proper guidance and supervision when using private security contractors and must ensure they do not engage in combat operations.

- 119. What steps if any would you take, if confirmed, to ensure that any private security contractors who may continue to operate in an area of combat operations act in a responsible manner, consistent with U.S. defense and foreign policy objectives?**

If confirmed, I will ensure the Department of Defense has policies that effectively guide the operations of private security contractors when they are used, and that we provide proper oversight. We must also ensure all contractors, to include private security contractors, are legally accountable for their actions, and that private security contractors that operate in an area of combat and contingency operations act responsibly.

**Section 846 of the National Defense Authorization Act for Fiscal Year 2013 requires the Department of Defense to undertake risk assessments and risk mitigation whenever it relies on contractors to perform critical functions in support of overseas contingency operations.**

- 120. What steps will you take, if confirmed, to ensure that the Department fully implements the requirements of section 846?**

I believe that contract support is an essential part of the total force and will remain so in the future. In many cases contractors are absolutely vital. If confirmed, I will ensure that the Department of Defense policy and operational guidance addresses this requirement, and that proper risk assessments are conducted.

## **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.**

**121. Would you recommend any changes to USSOCOM's current acquisition authorities?**

I would not recommend any changes at this time. If confirmed, I will support continued dialogue between USSOCOM and USD(AT&L) to improve acquisition efficiency and effectiveness.

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

I believe the Department should always seek the broadest benefit and application of its development and acquisition activities. The best way for the Department to take advantage of potential synergies and identify best practices is through close coordination between USSOCOM's activities and the broader Department acquisition system. This coordination would also help to eliminate duplication and control costs.

**123. 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 continue to support the "SOCOM Acquisition Summit" that meets in person every 6 months to coordinate, collaborate, and integrate SOCOM's activities with the rest of the Department. This initiative, instituted by Deputy Secretary Carter and Under Secretary Kendall, has proven very beneficial to both SOCOM and the Department. I see the summit as important to ensure SOCOM's acquisition needs are understood and integrated with other Department efforts.

**Pass-through Contracts**

Section 852 of the John Warner National Defense Authorization Act for Fiscal Year 2007 requires the Department of Defense to promulgate regulations prohibiting excessive "pass-through" charges on DOD contracts. Section 802 of the National Defense Authorization Act for Fiscal Year 2013 adds the requirement for contracting officers to consider the availability of alternative contract vehicles before entering into pass-through contracts in the first place.

**124. In your view, how extensive is the use of pass-through contracts in the Department of Defense and how important is it for the Department to reduce the use of such contracts?**

To the extent that pass-through costs exist, I believe it is important to reduce these costs because of the complexity of the weapon systems being procured by the Department. Prime contractors generally need to subcontract a portion of the effort in order to provide

the most effective overall response to the requirement. However, I do not believe that there are necessarily extensive pass through costs associated with these subcontracting efforts. In response to the requirements of section 852 of the NDAA for FY 2007, the Federal Acquisition Regulations (FAR) were modified to require prime contractors to identify their intention to subcontract more than 70 percent of the total cost of work to be performed, and to provide a description of the added value being provided by the prime as related to the work to be performed by the proposed subcontractors.

**125. What changes, if any, would you recommend to the requirements of section 852 and section 802 regarding pass-through contracts?**

Per statute, the Secretary of Defense, Secretary of State (State), and the Administrator of United States Agency for International Development (USAID) have 180 days from enactment to implement section 802 of the National Defense Authorization Act for FY 2013 to issue guidance and implement regulations. A Federal Acquisition Regulation case, 2013-012, was established for this purpose. Until this guidance is developed via the regulatory rule making process, it is difficult to comment on changes required by either section.

**126. What additional steps, if any, do you believe the Department should take to address the problem of excessive pass-through charges?**

At this time, I believe we should wait for the Departments of Defense, State, and USAID to develop the guidance and regulations required by section 802 to determine if any additional steps need to be taken.

**Interagency Contracting**

**127. What is your assessment of the risks and benefits associated with DOD's continued extensive use of inter-agency contracts?**

When used properly, interagency contracts can reduce procurement lead time, reduce administrative costs, and support strategic sourcing objectives. I believe DOD, in collaboration with numerous non-DOD agencies, the Office of Federal Procurement Policy, and Congress, have implemented processes and procedures that minimize the potential for inappropriate usage. I note on February 14, 2013, the U.S. Government Accountability Office removed the Management of Interagency Contracting from their "2013 High Risk List." I believe this action reflects these efforts and acknowledges that the risk of inappropriate usage under interagency contracts has been significantly reduced.

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

No. I have not seen any information that current policies, statute or regulations are not adequate. DOD policy encourages the use of an interagency solution when it's the best procurement approach and is a good business decision for the Department. Recent changes to the Federal Acquisition Regulations have bolstered the documentation requirements when conducting an interagency acquisition.

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

Yes, I believe contractors should review any order they receive to ensure the supplies or services ordered by the Government are within the scope of the contract that the requirement is being placed under. However, the contracting officer has primary responsibility for ensuring the work is within the scope of the particular contract. If a contractor has any concern that the work ordered is not appropriate under the contract then they should contact the agency contracting officer who placed the order and request clarification.

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

No, on the contrary, Congress has provided authority for numerous agencies to provide acquisition support to others. These potential solutions provide DOD requirements, organizations, and contracting officers additional flexibility and opportunity, not previously available, to best meet warfighter and mission needs. The use of interagency solutions enhances the Department's efforts to run as efficiently and effectively as possible and is consistent with our Better Buying Power initiatives.

**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.**

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



Yes, some business systems require acquisition approaches different from those normally used by the Department to acquire weapons systems. Business systems acquisition approaches should be tailored to the product being acquired. Information technology developed by the software industry for the commercial sector is aligned to best practices for personnel management, finance and accounting, contract management, and the supply chain. In order to be adopted for use by DOD, emphasis needs to be placed on re-engineering Department business processes to align with best practices. 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), which emphasizes well defined increments of capability that are developed, tested, and often fielded in increments structured around 1-2 year software builds. In addition, this approach will also be incorporated in the revised DOD Instruction 5000.02. If confirmed, I will assess this further and continue to promote practices that support better acquisition decisions of business systems.

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

The Department has issued guidance requiring the use of the Business Capability Lifecycle (BCL) for the acquisition process for business systems, which is an important step for improving the acquisition process for business systems. Over the past year this approach has been mandated for all new start business systems that are above the statutory Major Automated Information System (MAIS) threshold. In addition, this approach will also be incorporated in the revised DOD Instruction 5000.02. If confirmed, I will continue to support USD(AT&L) in his efforts to improve performance in this area and will continue to monitor the effectiveness of this approach to acquiring business systems to determine if further changes are needed.

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

The Department continues to make progress implementing several of the key approaches outlined in section 804, specifically in the areas of Acquisition, Requirements, Testing and Certification and Human Capital. We have implemented a framework for implementing a more flexible and streamlined process for the acquisition of business information systems to include the Business Capabilities Lifecycle. The Department's testing community has been working in collaboration with USD(AT&L) to incorporate an integrated testing, evaluation, and certification approach to reduce redundancies and improve the efficiency and effectiveness of testing on the Department's information systems. The Joint Staff continues to work efforts to include more streamlined requirements management and approval process for acquisition of information systems. A comprehensive review of Information Technology (IT) acquisition competencies is also currently being conducted by the Department's Chief Information Officer. This review will update the IT acquisition competencies to better define DOD critical skill

sets. If confirmed, I will continue to assess these actions to ensure continued progress in these areas.

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

If confirmed, I will continue to 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 steps needed to improve the acquisition of Information Technology (IT) based capabilities. Program Managers responsible for procuring (IT) have traditionally been charged with acquiring the infrastructure they need to support their assigned procurement. This is an essential area for the Department to achieve consistently better outcomes given the continuing rapid evolution of technology.

**Section 806 of the National Defense Authorization Act for Fiscal Year 2011 gives the Department of Defense new tools to address supply chain risk in the acquisition of information technology.**

**135. What is the status of the Department's efforts to implement the requirements of section 806?**

The authorities provided by section 806 have the potential to significantly reduce risks associated with those who may have intentions to damage our systems and capabilities through the supply chain. We are working to exercise these authorities effectively. The Department has submitted a draft DFARS rule (2012-D050) in order to make use of the section 806 authority to the Defense Acquisition Regulation (DAR) Council. We anticipate the DFARS rule will next go to OMB with a request for an interim rule. In the meantime, we have been conducting table top exercises with the Services and Agencies to understand what implementation would look like, and documenting supporting tools and guidance.

**136. What additional steps do you believe the Department needs to take to address supply chain risk?**

We must continue to incrementally refine and extend implementation of our Trusted Systems and Networks and Program Protection Planning strategies. The Department has developed a foundation for addressing supply chain risk in acquisition, and codified this in DoDI 5000.02 program protection planning practice, as well as the DoDI 5200.44 Trusted Systems and Networks policy, co-signed in Nov 2012 by USD(AT&L) and CIO. The Department will continue to implement these policies. No additional authorities are needed at this time to address supply chain risk management.

**Section 818 of the National Defense Authorization Act for Fiscal Year 2012 establishes new requirements for DOD and its contractors to detect and avoid the use of counterfeit electronic parts.**

**137. What steps has the Department taken to implement the requirements of section 818?**

In March 2012, AT&L published overarching Counterfeit Prevention Guidance employing a risk-based approach to the detection, prevention, reporting, and disposal of counterfeit parts in accordance with NDAA for FY 2012 section 818. Additionally, we have drafted a department-wide Counterfeit Prevention Policy based on the legislation and the March 2012 overarching guidance memorandum.

The Department has developed training and education programs which are available to DOD personnel and other Federal employees. The Department is also currently conducting a study into hardware (HW) and software (SW) assurance testing which will result in a State-of-the-Art-Report (SOAR) on HW/SW testing tools/techniques by the end of 2013.

**138. What steps remain to be taken, and what schedule has the Department established for taking these steps?**

We are nearing completion on a department-wide Counterfeit Prevention Policy based on the NDAA for FY 2012 section 818 legislation and the AT&L March 2012 overarching guidance memorandum with an estimated issue date in 2nd Quarter FY 2013. We have also drafted three proposed rules currently making their way through the review and approval process: (1) DFARS case (2012-D055) "Detection and Avoidance of Counterfeit Electronic Parts", (2) a drafted FAR case (2013-002) "Expanded Reporting of Non-conforming Items", and (3) a proposed FAR case (2012-032), "Higher level Contract Quality Requirements." We expect publication of the three proposed rules for public comment in Calendar Year 2013. Meanwhile, we are modernizing the GIDEP system to improve functionality, data throughput, customer support functions, and the ability to accommodate international requirements.

**139. What additional steps do you believe the Department needs to take to address the problem of counterfeit electronic parts?**

We will need to continue to collaborate with industry, law enforcement, federal agencies, and OMB to develop strategies and acceptable global awareness standards to minimize the introduction of counterfeit parts in the DOD supply chain. The Department also needs to explore expanding the use of technology in combating this threat through detection and prevention of their items entering our supply chain. We continue to evaluate different identification technologies and quality control techniques, including enhancements in our test and inspection regime to better assure parts authenticity and provide early identification of non-conforming materiel. We will continue to participate in industry-sponsored working groups, such as those hosted by the Aerospace Industry Association, the trade association for many of our prime suppliers, and the Society of

Automotive Engineers, as we strive for “improved” commercially acceptable global sourcing standards.

**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.**

**140. 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?**

Information systems technologies exist throughout virtually every system the Department operates and produces. While information technology systems are currently tested as part of the acquisition process, the Department should explore the effectiveness of more efficient and tailored test strategies for each of these types of systems. For example, consideration should be given to earlier interoperability and cyber security testing to support the software development process. The Department should also seek to improve capabilities and approaches that promote a more continuous test approach that integrates developmental test, operational test, as well as certification and accreditation activities. If confirmed, I will work to improve our ability to test information technology systems.

**Cyberspace-related Procurement Policy**

**DOD’s new strategic guidance highlights the increasing importance of cyber operations with respect to both defensive and offensive capabilities. As a result, this is one of the few areas in which the Department is proposing to increase its investments.**

**141. What acquisition challenges do you foresee that are unique to the procurement of cyber-related capabilities?**

I foresee many dynamic challenges in this area. The Department recently instituted a new process for cyber acquisition to recognize and address these issues, and more effectively acquire capabilities for offensive and defensive cyberspace operations.

To keep pace with the threat and changing technologies, cyber related products must often go through the acquisition lifecycle of development, testing, and fielding on very short timelines. The challenge to acquiring cyber capabilities at the pace needed will be managing the risk while streamlining the acquisition process; accommodating the rapid pace of information technology changes; and maintaining a rapid pace while prudently evaluating operational performance prior to fielding. This requires timely collaboration across a very broad spectrum of stakeholders, including industry partners, to ensure appropriate results are achieved. If confirmed, I will work closely with USD(AT&L) to implement and refine the approaches to address these challenges.

**142. What steps if any will you take, if confirmed, to address these unique challenges?**

Section 933 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 directed the Department to provide a strategy for the rapid acquisition of tools, applications, and other capabilities for cyber warfare. In response, the Department created a Cyber Investment Management Board (CIMB) and prescribed processes to meet urgent acquisition needs for cyber capabilities.

If confirmed, I will work with the USD(AT&L) to help actively oversee the Department's cyber acquisition investments in cooperation with appropriate personnel across the Department. I will also work with other federal agencies and with industry to address the challenge of acquiring cyber offense and defense capabilities, especially in the Defense Industrial Base as highlighted in the recent Executive Order on Critical Infrastructure and Presidential Policy Directive (PPD) 21 - Critical Infrastructure Security and Resilience.

**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 was restructured and extended by section 803 of the National Defense Authorization Act for Fiscal Year 2013.**

**143. 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 has enabled DOD to strengthen the workforce in many critical functions and is needed for continuous improvement of workforce skills and qualifications. The quality of the workforce and their efforts are vital to acquisition outcomes that support the warfighter while managing of taxpayer resources.

**144. 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 support USD(AT&L) as he works with senior acquisition leaders and the leadership of the Military Departments to wisely use the fund to implement strategic guidance and priorities, which include providing the right balance across various acquisition professional career fields, and improving the professionalism and qualifications of the workforce.

**The Defense Industrial Base**

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

I believe the Department relies on a broad technical and industrial base that is far more global, commercial, and financially complex than ever before. For the past decade the defense industrial base has enjoyed a period of increasing budgets that is now at an end. In addition, financial uncertainty has caused firms to delay investment decisions and seek other markets. While I think our industrial base is currently strong, I am concerned about the impact that further defense budget cuts would have on the ability of the base to provide the broad range of products and services that the Department and our nation need. If confirmed, the continuing health of the industrial base will be a high priority for me.

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

I believe that the expansion and consolidation of industries and companies at all tiers is the hallmark of a robust free market economy as it responds to the market forces. I expect, and encourage the free market to act when faced with changing demand signals. However, I also believe the government must be watchful for consolidations that eliminate competition or cause market distortions. The Department's leadership, including Deputy Secretary Carter and Under Secretary Kendall, have indicated that further consolidation at the top tier would not be viewed favorably, though it is reasonable to expect continued mergers and acquisition in the lower tiers in response to anticipated reduced budgets. I believe that each individual case of consolidation, acquisition, or merger dealing with our defense firms must be examined carefully for what is best for the Warfighter and the taxpayer, particularly with regard to its impact on competition.

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

Foreign investment in our industrial base has generally benefitted the U.S, including DOD, by providing needed capital and increasing access to leading-edge technologies. However, I believe foreign investment, particularly in the defense sector, can expose critical national defense-related technologies to risks, including the possible loss of intellectual property that gives our Warfighters the technological edge they rely upon. The Congress has put provisions in place to address critical national security concerns of this nature, including the Committee on Foreign Interests in the United States (CFIUS) led by the Department of the Treasury. If confirmed, I will continue DOD's commitment to its oversight function and to ensuring that national security concerns are addressed in transactions that involve foreign investments in the U.S.

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

If confirmed, I would ensure the sources of manufacturing and services that DOD relies on are capable of meeting our Warfighters' requirements. I will ensure the Department proactively monitors the industrial base to identify risks that need to be addressed on a case by case basis. When necessary and as resources permit, the Department should be prepared to act to ensure that certain key industrial capabilities are sustained, although we must recognize this will not be possible in every case.

I believe the Department must simultaneously be receptive to industry's concerns and address their issues as effectively as possible, consistent with the Department's priorities and the resources available. I will also continue to make myself assessable to industry, as I always have, working closely and communicating to ensure that, as DOD makes changes necessary to adapt to a new set of strategic and budgetary challenges, it does not inadvertently jeopardize critical elements of the industrial base.

**149. 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?**

In 2012 the Department tested the S2T2 analytical process with the Army M-1 Abrams program. It was a labor-intensive collaboration between OSD and the Army to identify the most critical and fragile capabilities in the industrial base, and develop a cost effective option for preserving the ability to support the current generation and next generation of ground vehicles. I note that this is a process, rather than a single analysis, and the Department has plans, which I would support if confirmed, to expand this process to more broadly support the other services and perform an assessment of multiple sectors and programs.

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

The test case for S2T2 analysis is the M-1 Abrams program. The primary goal of the assessment was to preserve the tank industrial base by developing an affordable acquisition profile that would maintain needed industrial capabilities. Potential Foreign Military Sales were factored in as a way to make-up for at least some lost work. Bridge buys or other forms of investment were also factored in for critical and fragile 2nd– 4th tier suppliers to determine the FY 2014 funding profile required to address risks in 2015. Where practical, targeted investments using existing authorities and other programs are being considered to improve and preserve critical manufacturing capabilities.

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

I believe that the Department should only use Title III authorities when it meets the two determinations consistent with section 303 of that law that: taking such action is essential to the national defense; and without such action, U.S. industry cannot reasonably be expected to provide the capability for the needed industrial resource, material, or critical technology item in a timely manner. These decisions must be informed by a thorough industrial base analysis, consultations with the Defense Production Act Committee (DPAC), as well as the advice of other agencies in determining industrial base priorities for DPA Title III investments.

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

As I stated in my previous response, I do not foresee a time in the near future where further consolidation of this part of the base would be in the best interest of the warfighter or the taxpayer. I believe that we should preserve as much competition as possible and avoid market distortions not in the best long-term interests of the government.

**Science and Technology**

**153. What, in your view, is the role and value of science and technology programs in meeting the Department's transformation goals and in confronting irregular, catastrophic, traditional and disruptive threats?**

Science and Technology (S&T) programs of the Department have always been critical to meeting new and emerging threats, and I anticipate this will continue. S&T helps the Department meet transformation goals; and continues to address emerging threats such as anti-access/area denial challenges. With a focused, high quality, aggressive science and technology program that is responsive to the full range of capabilities required by our Armed Forces, we will be able to preserve the future and maintain technological superiority over our adversaries.

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

If confirmed, I will work with the USD(AT&L), the ASD(R&E) and the department's leadership to provide direction for funding targets for long-range research, balanced against other priorities. The Department and the administration have placed a strong emphasis on sustaining S&T spending. Secretary Panetta and the USD(AT&L) have repeatedly indicated that technological superiority underpins the Department's recently released Military Strategy Guidance; I share that view. If confirmed I will continue that emphasis and, subject to the Secretary's approval, use available mechanisms for establishing funding targets.



**155. What specific metrics would you use, if confirmed, to assess whether the Department is making adequate investments in its basic research programs?**

Establishing viable metrics to assess investments in basic research has proved to be difficult, in part because the time scale from basic research funding to output and fielded system can be long. If confirmed, I will work with USD(AT&L) and the ASD(R&E) to assess investments made by the military services and agencies in basic research and ensure effective management of this portfolio. Specific metrics should include publications, patents, and technology transitions to our acquisition programs. However, these are incomplete, and if confirmed, we will continue to seek basic research metrics.

**156. Do you feel that there is sufficient coordination between and among the science and technology programs of the military services and defense agencies?**

I believe that the Department is improving in this area, with additional room for improvement. The Department has recently reintroduced the process whereby all S&T portfolios with significant multi-agency investment must deliver an integrated roadmap for review by the Department's S&T Executives. As a pilot, the Department has established seven Priority Steering Councils, consisting of scientists and engineers from the services and agencies, whose job it is to develop cross-cutting roadmaps for the Department's recently designated S&T Priorities. The councils are complemented by Communities of Interest (COIs) populated by scientist and engineers from the services and agencies for the purpose of integrating the Department's S&T program in specific technology areas. COIs are permanent in nature. There are also short-term Technology Focus Teams (TFTs) that perform in-depth analysis of specific technology issues and report their findings to the S&T EXCOM. If confirmed, I will work with the USD(AT&L) and the ASD(R&E) to continue improvements in coordination among these areas.

**157. Are you satisfied that the Department has a well articulated and actionable science and technology strategic plan?**

There is a well-coordinated technology strategic investment strategy, but I believe there is room for improvement in strategies that cover specific topical areas. The Department has well-articulated and actionable strategic plans for basic research, and for Science, Technology, Engineering, and Mathematics (STEM) education. I believe it would be valuable to document an overarching Departmental Science and Technology strategic plan. If confirmed, I will work with the USD(AT&L) and the Assistant Secretary of Defense for Research and Engineering to develop such a plan.

**158. Do you see a need for changes in areas such as hiring authority, personnel systems, financial disclosure and ethics requirements, to ensure that the Department can recruit and retain the highest quality scientific and technical workforce possible?**

I have not seen specific evidence of problems attributable to these areas. I believe, as does USD(AT&L), that the Department needs to continue to strengthen its workforce in the science and engineering fields. If confirmed, I will work with the USD(AT&L), the ASD(R&E), and other Department leadership to assess this situation and determine whether any corrective action is needed.

**The Assistant Secretary of Defense for Research and Engineering (ASD(R&E)) has been designated as the Chief Technology Officer of the Department of Defense.**

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

As outlined in the Department of Defense Directive 5134.3, I believe the appropriate role of the Chief Technology Officer (CTO) is to provide technical leadership, guidance, and oversight for the Department's Research and Engineering activities, to include the early identification of critical technology opportunities that could lead to affordable new capabilities. Finally, the CTO should evaluate the adequacy of the Department's overall Research & Engineering investment and program content.

**160. What authority should the ASD(R&E) have over the Defense Advanced Research Projects Agency (DARPA)?**

DARPA is a Defense Agency under the direction, authority and control of the USD(AT&L) through the ASD(R&E). The DARPA director directly reports to the ASD(R&E), and consequently DARPA should operate in accordance with high-level direction from ASD(R&E). I would not recommend any changes in these roles or authorities.

**161. What authority should the ASD(R&E) have over other Service and Agency science and technology efforts?**

I believe the existing authorities outlined in DoD Directive 5134.3 are appropriate. The ASD(R&E) is to recommend approval, modification, or disapproval of programs and projects of the Military Departments and Defense Agencies to eliminate unpromising or unnecessarily duplicative programs, and is also designated to recommend the initiation or support of promising projects or programs for the science and technology program. Finally, the ASD(R&E) is responsible for recommending budget adjustments to the USD(AT&L) and the Secretary of Defense.

**162. Do you see the need for any changes in organizational structure, workforce, or availability of resources to improve the effectiveness of the Office of the Assistant Secretary of Defense for Research and Engineering?**

No. If confirmed, I will continuously monitor the alignment and balance of all acquisition, technology, and logistics offices to improve their effectiveness and ability to meet the mission

### **Defense Laboratories**

**163. What is your view on the quality and relevance of the DOD laboratories as compared to the DOE national laboratories, federal laboratories, academic laboratories and other peer institutions?**

My view is that the DOD laboratories are in general staffed with dedicated competent scientists and engineers performing important missions for the Department. A key issue going forward is how to operate these Laboratories as an enterprise to meet the needs of the Department even more effectively. The ASD(R&E) is working with the Office of Science and Technology Policy, the Services and other Departmental stakeholders on an analysis to address federal laboratory capacity. If confirmed, I will support the USD(AT&L) in his assessments of this area.

**164. What metrics will you use, if confirmed, to evaluate the effectiveness, competitiveness, and scientific vitality of the DOD laboratories?**

If confirmed, I will primarily rely in on an evaluation based on success in developing and transitioning new technologies to warfighters, the quality of their technical workforce, and the results of external reviews of their effectiveness and innovation. I would also be open to new approaches for objectively assessing the performance of the laboratories.

**165. What steps if any will you take, if confirmed, to increase the mission effectiveness and productivity of the DOD laboratories?**

The USD(AT&L) has initiated the process to assess the productivity of DOD's acquisition institutions, including laboratories. If confirmed, I will support that process with the ASD(R&E) to review options and opportunities to increase the mission effectiveness of DOD laboratories.

**166. In your view, have the DOD laboratories struck an appropriate balance between investments in near-term technology programs that are tied to current battlefield needs and investments in longer term, higher risk, and revolutionary capability development?**

Yes. The realities of a nation at war have forced our laboratories to develop near term programs. However, the labs have maintained long-term efforts as well. As the Department draws down from current combat operations, I would expect a modest shift back to medium and long-term efforts. The Services currently align approximately one-third of their basic science budgets to in-house programs. A recent review of the labs'

basic science program was conducted by the Defense Science Board (DSB) and their report concluded that the in-house basic research program was technically strong and healthy. In general, I think the Department has a reasonable balance; however, if confirmed, with the USD(AT&L), I will continue to assess this balance to determine if adjustments are needed.

**167. Do you believe that this balance is likely to change with the completion of our withdrawal from Iraq and our ongoing drawdown in Afghanistan?**

I expect the balance between near-term and longer-term research will not change dramatically as a result of these events, but will move slightly away from near-term efforts. In addition, the portfolio of research topics will likely shift to support the Department's recently released strategic guidance, particularly toward any emerging threats, such as anti-access/area denial. If confirmed, I will continue to assess the balance with the ASD(R&E).

**Section 219 of the National Defense Authorization Act for Fiscal Year 2009 authorizes the directors of a defense laboratory to use up to three percent of the total funds available to the laboratory to fund innovative research, technology transition activities, and workforce development.**

**168. What is your understanding of the extent to which the Department has implemented section 219?**

I understand each of the Services has implemented section 219 programs in a unique fashion that aligns with their unique Service business models. Though the statute gives authority to lab directors to utilize up to 3 percent of all available funds for this program, the actual amount to date has been in the 1-2 percent range. The Department submits a section 219 status report annually to Congress to detail the related investment, the latest of which was delivered on June 4, 2012.

**169. Do you believe that the funding flexibility provided by section 219 has been appropriately utilized by the Department?**

Yes. Each Lab director has balanced section 219 investments with other programs and procurements, and used the flexibility of section 219 to support their business model. If confirmed, I will continue to monitor the use of this flexibility by lab directors.

**170. Do you believe that it would be feasible or appropriate for the Department to use the authority of section 219 to adjust the balance between investments in near-term technology programs and longer-term, higher-payoff investments?**

I believe these adjustments are already being done under section 219, so I recommend no changes at this time.

## **DARPA**

- 171. In your view, has DARPA struck an appropriate balance between investments in near-term technology programs that are tied to current battlefield needs and investments in longer term, higher risk, and revolutionary capability development?**

Yes. DARPA's mission of creating and preventing technological surprise does require a focus on high-impact opportunities for the future. At the same time, DARPA has contributed to near-term needs, and in the process learned valuable lessons that inform its longer term efforts.

- 172. What are the major issues related to DARPA investments, management and workforce, and research outcomes that you will seek to address?**

DARPA continues to be a key center for DOD innovation. If confirmed, I will continue to help it remain a preeminent source of creative and technically superior capabilities.

- 173. Do you feel that DARPA is adequately transitioning its programs to the Services and Defense Agencies? If not, how will you address that challenge?**

This is always a challenge for high-impact efforts that challenge the status quo. DARPA continues to build strong relationships with the Services to ease the way for transition. If confirmed, I will place a high priority on technology transition.

- 174. Do you believe that there has been an appropriate level of interaction between DARPA and its intelligence community analog, IARPA, given the overlap in many research areas?**

I have not looked into how DARPA interacts with IARPA, but if confirmed, I will look into this interaction and take action if appropriate.

## **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.**

- 175. 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 believe the Director of Operational Test and Evaluation must be an independent entity to ensure the Department's weapon systems are realistically and adequately tested in their

intended operational environment. If confirmed, I will work with the DOT&E on testing and evaluation issues as a partner in the acquisition process, and continue to welcome his insights on program performance and other issues. DOT&E's independence is of value in the acquisition process.

**176. 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?**

I believe the role of the DASD(DT&E) is beneficial to the Department's acquisition process, and if confirmed I will rely on the DASD(DT&E) for advice on the demonstrated maturity of designs to enter initial production and on the adequacy of planned test programs.

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

I have no evidence that this is a major area of concern. The test strategy for an acquisition program is based on a variety of factors, and each program requires a different mix of government and contractor testing. However, to ensure the Department's systems are adequately tested, I believe there needs to be government leadership of DT&E.

**178. 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?**

Yes. I also believe the Department can improve its performance in this area by defining test requirements earlier in a program and putting more emphasis on early developmental test and evaluation activities to reduce the likelihood of late discovery of design or production issues. If confirmed, I will continue to work with the DASD(DT&E) and DOT&E to ensure the Department conducts effective and efficient developmental and operational testing.

**Depot Issues**

**A decade of overseas contingency operations has increased maintenance requirements and expenditures. These requirements and expenditures are expected to remain high for several years after the conclusion of operations in Afghanistan before they begin to decrease.**

**179. What do you believe the Department has learned from this experience, and how will these lessons learned affect, if at all, the future of DOD maintenance and logistics?**

Since overcoming initial issues early Afghanistan and Iraq, the Department has provided superb logistics support to our deployed forces. There are a number of lessons learned, some of which have already been incorporated into our policies, processes, and doctrine. Others are still being documented. We created and have institutionalized Combatant Command Deployment and Distribution Operations Centers to facilitate the deployment of forces and delivery of sustainment supplies. The Department has increased maintenance capability to support equipment left in theater and optimally structured RESET of equipment retrograded with unit redeployments. This tailoring has enabled both maximum readiness of materiel in theater to support warfighting operations, but also of that CONUS to support force generation and training. An example of this optimization can be clearly seen in the operations of the Army Field Support Brigades, as well as in the tailored RESET work packages that address not only the high OPTEMPO and harsh theater environments, but also the restoration and protection of useful life of our equipment. We have also been able to efficiently and effectively augment unit maintenance with contractor maintenance support. Finally, we have incorporated Operation Contract Support to manage contractors in our policy and doctrine.

- 180. For how many years after the end of combat operations do you believe the Department will need to continue to pay for increased maintenance to reset and reconstitute the force?**

Our estimates indicate it will take 2-3 years to complete reset and reconstitution post-combat operations in Afghanistan. This time depends on the velocity of our retrograde process, the availability of funding, and the capabilities that will be needed in the force structure to meet the Defense Strategy within the budget constraints.

- 181. What factors do you believe should govern the Department's strategy to manage workload as maintenance requirements begin to decrease?**

We must maintain a ready and controlled source of government owned and operated depot maintenance capability by leveraging the principals of Core and 50/50 statutes. We must also sustain the critical capabilities of the private sector. To do this, we must leverage the partnership between the public and private sectors, and wisely improve our efficiency of maintenance operations in both the public and private sectors to continually reduce cost and increase our buying power. This holistic approach will ensure strong national capabilities.

### **Logistics and Readiness**

- 182. If confirmed, what steps if any would you take to ensure that life cycle maintenance requirements and sustainment support are considered in the acquisition process for new DOD systems?**

The Department has made great strides in this area over the past 2 years. We have heightened the focus on sustainment by elevating the importance of sustainment planning in milestone reviews to a comparable level of oversight within acquisition and engineering plans. Since issuing guidance on requisite content for sound sustainment plans, we have completed and approved the Life Cycle Sustainment Plans (LCSPs) for nine Major Defense Acquisition Programs. If confirmed, I will support the Department's efforts, working closely with the Service acquisition and materiel stakeholders, to develop solid maintenance requirements and effective LCSPs that meet system readiness objective and deliver affordable product support.

**The National Defense Authorization Act for Fiscal Year 2009 requires the Department of Defense to conduct life-cycle cost analysis for new capabilities including the fully burdened cost of fuel during the analysis and evaluation of alternatives in the acquisition program design trades.**

**183. Do you believe that the fully burdened cost of fuel is an appropriate factor for the Department to consider in the evaluation of acquisition alternatives?**

Yes. The Fully Burdened Cost of Energy is a useful component of the total life cycle cost estimating process, which helps the Department understand the full, long-term expenses the Department is signing up to when it commits to a new system. Being scenario based, the Fully Burdened Cost of Energy provides an operational cost perspective which helps decision-makers differentiate between the fuel and logistics demands of competing system concepts.

### **Afghanistan Distribution Challenges**

**Last year, an agreement was reached with the Pakistani government to reopen the ground lines of communication (GLOC), allowing military supply convoys to resume logistical support to U.S. forces inside Afghanistan. However, since the GLOC were closed for several months, the DOD incurred much higher logistical costs having to rely entirely upon the Northern Distribution Network (NDN) and aerial resupply.**

**184. Are you satisfied with the current rate of logistical resupply flow through the GLOC?**

Since the Pakistan Ground Line of Communication (PAKGLOC) re-opened, there have been challenges working through transit authority procedures required to increase the flow of cargo movements. Currently, the Department is conducting multiple proofs of principle (PoPs) to test these new procedures. Initial results are promising. We anticipate new cargo movements in the Spring 2013 with larger volumes of retrograde cargo moving through Pakistan in the summer timeframe.



**185. Does the Department have appropriate plans in place to provide for the retrograde of equipment from Afghanistan as we prepare for the withdrawal of our forces?**

The Department relies on multiple transportation routes for its retrograde operations, including a combination of ground, air, sea, and rail. We have a resilient transportation system that provides more than one way to support the theater. Additionally, the Department has plans for the disposition of U.S. equipment and supplies to enable retrograde movements. All military equipment needed for future military force needs, except equipment that may still be needed by U.S. Forces in Afghanistan, will be returned to the United States, repaired, and distributed back to the force. Equipment that will not be needed to meet future military needs, which is mostly non-military base operating equipment, will be donated to the Afghan government, transferred to other coalition or regional partners, or destroyed in Afghanistan, depending on the nature of the equipment and legislated authorities.

**186. To what extent is the DOD anticipating throughput challenges in Pakistan that would limit the DOD's ability to remove equipment from Afghanistan?**

The Department is currently conducting multiple proofs of principle (PoPs) to test the new procedures for movements through Pakistan. Initial results are good, and we expect these tests to be successful. We anticipate new cargo movements in Spring 2013 with larger volumes of retrograde through Pakistan in the Summer timeframe. This will enable two-way flow to support both resupply and retrograde operations. The Department's transportation plans for retrograde operations include the use of multiple routes under varying assumptions, including scenarios with and without the use of the PAKGLOC.

**187. To what extent has the DOD developed alternatives to the Pakistan GLOC to be able to remove equipment from Afghanistan?**

The Department has developed multiple transportation routes to augment the ability to retrograde from Afghanistan. One is the use of the Northern Distribution Network (NDN), which is a series of routes through Europe, Russia, and Central Asia. Another transportation option is to use a combination of airlift and sealift (multi-modal) movement out of Afghanistan. These alternatives can and will be used for retrograde operations. However, sole reliance on these methods is not ideal for significant volumes of retrograde due to cost, limited airfield capability in Afghanistan, and the time it will take.

**188. What challenges remain in developing these alternatives?**

These transportation alternatives are in place today. We anticipate more extensive use of all transportation routes as we complete the proofs of principle and work with host nations on customs and transit procedures. Afghanistan poses additional challenges

based on its location, making retrograde operations inherently more difficult than Iraq. The movement of personnel is not an issue.

**In a 2011 report to Congress, the Government Accountability Office (GAO) found that although U.S. Transportation Command has established some processes for oversight, it does not have full oversight of the distribution of supplies and equipment to the warfighter in Afghanistan. The GAO highlighted several issues to include: a lack of adequate radio-frequency identification information to track all cargo movements; no common operating picture for distribution data and integrated transportation systems; complex customs clearance processes in Afghanistan and Pakistan that delay shipments; limited information on incidents of pilferage and damage of cargo; and ineffective tracking and management of cargo containers.**

**189. To what extent, if any, has the DOD improved its visibility over equipment and supplies in Afghanistan?**

Our warfighters and other managers have visibility of equipment and materiel from a number of sources, and lack of visibility has not been identified as a significant problem by our warfighters. With that said, Department policy requires all DOD cargo transiting Afghanistan to use Radio Frequency Identification tags. This technology enables the visibility of cargo during transit and storage. Enhanced in-transit visibility through the use of satellite-enabled technology is also available for high priority movements. Additionally, we require contracted carriers to provide automated updates to DOD systems at key points throughout the movement process. Furthermore, in January 2013, USCENTCOM published a directive to DOD shippers with instructions for improving cargo security and the tracking and reporting of shipments transiting Pakistan.

**190. To what extent has the DOD developed a common operating picture to improve its processes for tracking equipment and supplies in Afghanistan?**

USCENTCOM has developed and implemented an automated Logistics Common Operating Picture, which includes information on the amount of supplies on-hand and personnel and cargo movements supporting USCENTCOM.

### **Nonstandard Equipment**

**The DOD has acquired millions of dollars in tactical nonstandard equipment (NSE) to address evolving threats in Afghanistan (and previously in Iraq).**

**191. If confirmed, what would be your plan of action to deal with the NSE accumulated by the Services over the last several years?**

Our forces have greatly benefited from the access to rapid acquisition of newly emerging technologies and capabilities for Iraq and Afghanistan. If confirmed, I will work with the

Services as they consider future force structure and requirements, and for items that are to be retained, that the Services have effective plans to sustain this mission-essential NSE.

**192. What is your assessment of the amount of NSE that has been transferred by the Services into programs of record to date?**

I do not have data on which NSE has transferred to become programs of record. The Services continue to carefully evaluate their force equipment requirements. Some examples of technologies we are keeping and putting into our formations are the Counter Rocket Artillery Mortars (CRAM) system that was so effective against the indirect fire threat in OIF and OEF, as well as selected Mine Resistant Ambush Protection (MRAP) vehicles. If confirmed, I will monitor Service actions to transition NSE to programs of record.

**193. To what extent, if any, has the DOD identified and planned for future maintenance and sustainment costs for any NSE that will have to be funded in future budgets?**

For enduring capabilities, it is important that we budget for sustainment. My understanding is that the Services have begun the process of determining their maintenance and sustainment costs for NSE identified as necessary to meet future force enduring requirements. If confirmed I will support and provide oversight to the Services actions to monitor and sustain NSE selected for enduring requirements.

### **Corrosion Prevention and Control**

**The GAO estimates that corrosion damage to equipment and weapons systems costs the DOD approximately \$22 billion per year. The Office of Corrosion Prevention and Control has been in existence for almost two years now, and a corrosion prevention and control plan (CPCP) is now required for all category one acquisitions.**

**194. Do you believe that a CPCP should be considered during the analysis of alternatives process or the RFP process?**

I consider corrosion an important factor in system life cycle cost and performance which should be considered during the analysis of alternatives (AoA). I support the existing direction to the Military Departments to objectively evaluate corrosion as part of program design and development activities, and to weigh the trade-offs through an open and transparent AoA. Similarly, the RFP process should also clearly articulate to industry specifically what our needs are for addressing corrosion prevention and control. Without clearly articulated requirements in the proposal process, we risk additional costs in acquisition or sustainment.

**195. What is your assessment of existing alternatives for hexavalent chromium?**

I am not currently familiar with the use of or alternatives to hexavalent chromium. If confirmed, I will assess the alternatives for this material.

**Operational Energy**

**The National Defense Authorization Act for Fiscal Year 2009 created the position of the Assistant Secretary of Defense for Operational Energy Plans and Programs**

**196. If confirmed, how would you work with office of the Assistant Secretary of Defense for Operational Energy Plans and Programs to advance the objectives of that office?**

If confirmed, I will work with ASD(OEPP) to ensure defense energy investments increase military capabilities, provide mission success, and lower total costs. I also will assist ASD(OEPP) and USD(AT&L) in implementing any necessary changes in the defense acquisition system to support these objectives.

**197. What role do you expect to play, if confirmed, in developing strategies to reduce the logistical footprint of deployed units operating in hostile environments?**

The safety and effectiveness of our forces will always be my highest priority. If confirmed, I will work with USD(AT&L), the ASD(L&MR), the Joint Staff, and the Military Services to ensure we optimize our sustainment, maintenance, and materiel reliability to reduce the logistical footprint of deployed forces. I will support policies that promote technologies and strategies to reduce the logistics footprint, and continue to emphasize logistics implications as a key factor in the decision processes for new weapon systems.

**198. What role do you expect to play, if confirmed, in developing and pursuing alternative energy sources for the Department of Defense?**

If confirmed, I expect to exercise oversight of the Department's efforts to develop and pursue energy innovations that advance military missions and capabilities, or innovations that lower our base operating costs.

**199. What is your assessment of the DOD's current ability to track fuel consumption after point of sale at forward-deployed locations?**

The Department's ability to track fuel consumption after point of sale at forward-deployed locations has improved and continues to improve. The Department is collecting quarterly estimates of operational energy consumption with increasing granularity, and

improving its ability to better manage energy in the deployed environment. While there are still challenges in tracking fuel consumption by contingency base camps and ground vehicles, I am confident the Department will continue to increase its ability to measure – and, thus manage – consumption of operational energy at forward-deployed locations.

**Many of the energy efficiency initiatives that are currently being developed are designed for use in high heat desert terrains.**

**200. To what extent, if any, is the DOD planning and developing energy saving equipment and technologies to support the warfighter in other environments that may have differing climates?**

The Departments energy priorities are derived from current and projected operational needs, so that our forces can operate effectively in every region of the world, in every environment, and against every threat. If confirmed, I will ensure that the energy-saving equipment and technology we are fielding is flexible and adaptable across a range of contingencies, and is designed to improve our war fighting capability by lightening the load for our expeditionary forces, reducing the vulnerability of logistics support lines, and optimizing the performance of our systems and operating bases.

**Last July, the Assistant Secretary of Defense for Operational Energy Plans and Programs published a policy that any alternative drop-in replacement fuel procured for DOD-wide use and distribution within the Class III (Bulk) supply chain must compete with petroleum products and any awards will be based on the ability to meet requirements at the best value to the government, including cost.**

**201. What is your view of this policy?**

I support this policy. It is prudent for the Department to engage in tests and demonstrations that confirm defense equipment can operate on a range of fuels; however, as the Department allocates its limited resources to ensure it delivers necessary warfighting capability, it should only buy large volumes of these fuels when they are cost-competitive with petroleum products.

**202. What is your assessment of Section 526 of the Energy Independence and Security Act of 2007? What impact, if any, has this provision had on the operations and activities of the Department of Defense?**

Section 526 has not restricted the Department from purchasing whatever fuel it has needed to support military operations. It is my understanding that section 526 applies only to contracts that are for the express purpose of buying alternative or synthetic fuel. As long as mission capability is not restricted, it is helpful to have this guidance that new fuels should not be any more polluting than fuels produced from conventional petroleum sources.

**203. If confirmed, what priorities would you establish for Defense investments in energy technologies?**

If confirmed, my priority will be to focus on energy technologies, as well as tactics, techniques, and procedures, that improve the capabilities and effectiveness of our military forces, reduce our costs, or help meet the needs of our installations. This means energy innovations and policies that improve the performance of our systems, expeditionary outposts and even portable equipment carried by our personnel.

**Environmental Security**

**If confirmed, you will be responsible for assisting the Under Secretary in the oversight of environmental security issues for the Department of Defense.**

**204. What do you see as the most significant challenges facing the Department in the area of environmental security?**

The greatest challenge will be maintaining and improving the Department's level of environmental performance given the extremely challenging budget environment – to include the threat of sequestration to impose across the board cuts despite legal requirements; the execution difficulties posed by continuing resolutions; and the overall tightening of the budget. If confirmed, I will continue to look for ways to meet these challenges to protect human health and the environment across our enterprise.

**205. Assuming you are confirmed, what plans if any do you have for addressing these challenges?**

If confirmed, I will continue the aggressive oversight of environmental programs, with the goal of minimizing management costs and making our organizational structure and performance contracts as efficient and effective as possible. I will also continue to emphasize strategic R&D investments in technologies to lower the costs associated with environmental cleanup and compliance.

**While the military departments have made considerable progress addressing environmental contamination at military installations, there remains a substantial amount of work to be done, including the remediation of discarded munitions and Unexploded Ordnance (UXO), at current and former DOD sites. The military departments have managed to maintain reasonably level funding for these cleanup programs over the past several years; however, many of these clean-ups will take years to complete and, in the current budget environment, the restoration accounts will come under pressure.**

**206. What steps, if any, do you believe are needed to ensure that the DOD remediation programs receive adequate funding and make meaningful progress, particularly in the detection and clearance of discarded munitions and UXO?**

I believe that continuing the Department's existing remediation programs is important, and, if confirmed, I will work to balance resources so as not to extend cleanup timelines and jeopardize our ability to meet cleanup goals. I also support continued R&D investments in programs that can reduce the cost and timelines for cleanup. The Department is validating new technology for detection and clearance of unexploded ordnance that may dramatically accelerate cleanup of these sites and will lower the overall liability of the Department.

**207. How might the Strategic Environmental Research and Development Program (SERDP) help with the overall progress of the Defense Environmental Restoration program, particularly in view of the current fiscal environment?**

SERDP and its companion program, the Environmental Security Technology Certification Program (ESTCP), have and should continue to reduce the cost and improve the efficacy of the Department's cleanups under the Defense Environmental Restoration Program.

Technologies that can significantly reduce the costs of Unexploded Ordnance (UXO) cleanup that were developed by SERDP are now being demonstrated under ESTCP at actual UXO contaminated sites across the country. We expect the new cleanup technologies to become the standard approach at UXO contaminated sites within a few years, reducing the costs significantly. SERDP and ESTCP have already saved DOD billions of dollars by developing and transitioning technologies for contaminated ground water and sediment sites.

SERDP and ESTCP are now turning toward more challenging and complex sites that constitute the remaining liability under the Defense Environmental Restoration Program. If confirmed I will continue to support these programs and work to ensure that they are adequately funded and effectively executed.

### **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.**

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

Yes

**209. 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 Principal Deputy USD(ATL)?**

Yes

**210. 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

**211. 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