

The Honorable Heather Wilson
Acquisition Enterprise and Associated Reforms
Senate Armed Services Committee

December 7, 2017

Thank you to the Committee for holding this hearing. I appreciate your advocacy to improve the defense acquisition system and the additional authorities Congress has provided to the Air Force. These new authorities help us accelerate the Air Force acquisition process in order to support a more lethal force. The Air Force is taking advantage of the new authorities, but there is much more work to be done.

Paramount is the need for budget stability. The most important action the Congress could take would be to lift the sequester in its current form. As this committee knows all too well, sequester did more to damage the Air Force than anything our adversaries have done in the past ten years. Continuing Resolutions and the defense budget caps in current law jeopardize our ability to successfully execute the National Defense Strategy. We trust the Congress under the structure of our Constitution to decide spending levels and appropriate.

The Air Force develops, acquires and sustains everything from satellites and aircraft, to information technology and spare parts. While, in the past 16 years the United States has controlled the pace of conflict, in the future, speed will matter and we may not have control over timing. The Air Force must deliver capability from the lab bench to the warfighter faster than ever, to prevail against rapidly innovating adversaries. Congress has recognized that this requires changes to the ways we develop and acquire systems. In accordance with the intent of this committee, we are assuming more authorities from the Department of Defense and delegating more authority to empowered program managers. We are using new techniques to innovate including rapid prototyping and experimentation. All of these initiatives require a skilled, highly competent acquisition workforce prepared to use the authorities you have given to us.

Delegation of Authority to Lower Levels

The FY16 National Defense Authorization Act directed that after October 1, 2016, the Milestone Decision Authority for programs reaching Milestone A, our first major milestone for an acquisition program, reside with the Service's Senior Acquisition Executive, unless otherwise designated by the Secretary of Defense.

The acquisition rules divide acquisition into three categories. Acquisition Category I (ACAT I) are the largest programs. ACAT II and ACAT III are smaller.

The Air Force currently manages 470 acquisition programs valued at 158 billion dollars (FY16-23) that are in varying stages of research, development and production. Of those, the Air Force has milestone decision authority over 39 of 51 Acquisition Category I (ACAT I) Major Defense Acquisition Programs and Major Automated Information System programs amounting to over 113 billion dollars. This is up from 19 of 49 programs before the FY16 Defense Authorization Act.

Some of the newly delegated programs are the B-52 Radar Modernization, Protected Tactical Enterprise Service, and the Advanced Pilot Trainer. In addition, this past July the Under Secretary of Defense for Acquisition, Technology and Logistics (USD(AT&L)) returned Milestone Decision Authority to the Air Force for some space programs, to include Space Based Infrared System Follow-on, Protected Satellite Communications Services-Aggregated, Mid-Term Polar Satellite Communications, and Military Global Positioning System User Equipment Increment 2. As of 30 November, USD(AT&L) further delegated Defense Enterprise Accounting and Management System Increment 1, Family of Advanced Beyond Line of Sight Terminal, Global Positioning System III, Integrated Strategic Planning and Analysis Network Increments 4 and 5, KC-46, Military GPS User Equipment Increment 1, Three-Dimensional Expeditionary Long-Range Radar. This allows us to reach key decision points and field capabilities to the warfighter faster because there are fewer levels of review involved in each decision. We will continue to work with USD(AT&L) for additional delegations of Milestone Decision Authority to the Air Force for other programs which we are well-suited to execute.

While the Office of the Secretary of Defense has delegated significant programs to the Air Force, the Air Force has taken steps to delegate decision authority for ACAT II programs from the Service Acquisition Executive to lower levels, either the Program Executive Officer (PEO) in order to shorten the acquisition timeline to field needed capabilities. PEOs have also delegated ACAT III programs to O-6 level Program Directors where appropriate. See Table 1.

FY16-23	Number of programs	Delegated to Lower Level	Total Funding (in then-year)	Average Funding per program
ACAT I	51	39 (AF)	\$113B	\$2.2B
ACAT II	43	43 (PEO)	\$19B	\$437M
ACAT III	376	274 (Program Directors)	\$27B	\$70 M

Table 1. Summary of Milestone Decision Authority Delegation

Prototyping and Rapid Fielding

The FY16 National Defense Authorization Act also authorized rapid prototyping and rapid fielding. Under this authority we are experimenting with innovative and affordable systems before a lengthy requirements process or detailed specifications are developed. An example of this is the Light Attack Experiment successfully conducted this past summer. From a simple letter of invitation from the Chief of Staff, to the day we had four aircraft on the ramp to flight test was less than 5 months. The results of the testing of the aircraft will be delivered to the Chief of Staff and I before the end of December – less than 10 months from the time we decided to do the experiment.

Prototyping is a valuable tool for evaluation of design and performance to help speed transition from the research phase to production. As an example, under this umbrella we are accelerating research and development efforts in hypersonics to meet emerging threats in contested environments. We are also leveraging innovations in advanced manufacturing including 3-D printing.

Developing People

Our need for skilled and innovative acquisition professionals to execute these numerous initiatives has never been greater. We greatly appreciate Congress' continued support of the Defense Acquisition Workforce Development Fund and expedited hiring authorities to attract, recruit, hire, develop, and retain a high-quality workforce. While there is important work to be accomplished on speeding the acquisition process and cost effectively delivering capability, our continued focus on talented acquisition professionals will be the biggest enabler to improving Air Force acquisition overall.

The acquisition enterprise is currently optimized for industrial-age procurement of large weapons systems with extensive requirement development, military specifications and resultant long acquisition timelines. We must shift to align with modern industry practices in order to get cost-effective capabilities from the lab to the warfighter faster. We are changing the culture in the Air Force to focus on innovation, speed and risk acceptance while meeting cost, schedule and performance metrics. But we still have much to do.

Innovation is part of the heritage of the United States Air Force and we must continue to drive innovation to secure our future. We are leveraging our partnerships with industry and academia to apply commercial best practices, talent, and technology. The Air Force is adopting new approaches to ease bureaucracy and rapidly deliver technology to warfighters on time and on budget.

One of our more successful techniques has been to use rapid capability offices to accelerate prototyping for rapid fielding. The rapid capability office operates under a charter with senior level oversight and is compliant with all acquisition rules, but is empowered to take full advantage of the opportunities for rapid acquisition with a smaller team of highly competent people. A rapid procurement process has been developed to extend this streamlined decision-making approach to other parts of the Air Force acquisition enterprise.

There are areas where the Air Force is still struggling to be exceptionally good buyers. Software is one. We need to improve the development and deployment of software-intensive national security and business information technology systems. As we move toward industry practices and standards, the line between development, procurement, and sustainment for software are blurred. Development cycles of 3-5 years or longer do not align with the pace of technological advancement. They contribute to failures in software-intensive programs and cause cost and schedule overruns. We have initiated pathfinder efforts and are working to improve the speed of software development. Likewise, we are continuing efforts with Open Mission Systems architecture, and initiatives with Defense Digital Services, Air Force Digital Services, and Defense Innovation Unit Experimental, in addition to our organic development capabilities, to improve software agility, development, and performance.

This shift toward rapid development, experimentation and prototyping also requires an understanding that not everything we try will work. We need to create an oversight culture within the Department and with the Congress that supports experimentation because it allows failure. Risk-averse cultures inhibit rapid development and innovation. Programs need the ability to experiment first in order to quickly identify and develop capabilities that meet warfighter requirements, and provide program off-ramps to quickly adapt to technology breakthroughs. Failing fast and productive failure that leads to finding a better path toward the future is a virtue.

The Congressional authorities provided to date are producing results. The Services have more authority and accountability in the execution of major programs. There are several areas we continue to explore that could lead to further improvements to the acquisition process:

1. Current law requires us to establish program cost and fielding targets that are approved by the Secretary of Defense or the Deputy Secretary of Defense. We are working with our counterparts within the Office of the Secretary of Defense to determine where such authority would be best located. These targets are already included in annual reports and baselines. (FY17 NDAA, Section 807)
2. Explore funding flexibility to align with more modern software practices.
3. We should weigh the value of requiring contractors to select one bid protest forum and live with the results, and not be permitted to file bid protests at the Court of Federal Claims after losing at the Government Accountability Office. It is vital to prevent lost time, effort, and delays of needed warfighter capabilities.
4. We are exploring ways to streamline our internal processes to eliminate duplication of effort wherever possible. We will also be looking at statutory requirements which may be imposing duplication of effort and look forward to working with the Committee to institute process improvements.

Working with Congress, we can improve our ability to outpace the threat, and deliver capabilities to our Airmen to protect our vital national interests. Once again, thank you for your continued support.