

STATEMENT BY
MR. SHAY D. ASSAD
ACTING DEPUTY UNDER SECRETARY OF DEFENSE
(ACQUISITION & TECHNOLOGY)

BEFORE THE
SUBCOMMITTEE ON OVERSIGHT & INVESTIGATIONS
COMMITTEE ON ARMED SERVICES
UNITED STATES HOUSE OF REPRESENTATIVES

DEPARTMENT OF DEFENSE
DEFENSE PROCUREMENT AND ACQUISITION POLICY

THE STATE OF THE DEPARTMENT OF DEFENSE'S
ACQUISITION WORKFORCE AND
THE DEPARTMENT'S IMPLEMENTATION
OF RECENT LEGISLATION

APRIL 28, 2009

Chairman Snyder and Members of the Subcommittee:

My name is Shay Assad and I am serving as the Acting Deputy Under Secretary of Defense for Acquisition and Technology, in the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (AT&L). I am also the Director of Defense Procurement and Acquisition Policy. I want to thank you for the opportunity to appear before you and to participate in today's discussion. At your request, I will address the Department's recent and significant action to improve the state of the Department of Defense acquisition workforce that support of the President's objectives and recent legislation.

STATE OF THE DEFENSE ACQUISITION WORKFORCE

Downsizing of acquisition organizations in the 1990's was followed by a dramatic increase in workload since 2001. These factors have strained the current organic acquisition workforce and increased risk of successfully achieving desired acquisition outcomes. In 2001, the Defense Department spent \$138 billion on contracts, and in 2008 spending reached \$396 billion -- \$202 billion of it was for services. During this period, the size of the organic Defense acquisition workforce (civilian and military) remained relatively flat while dollars spent on contracting actions over \$25,000 more than doubled. Additionally, there was also a significant increase in use of contractor support personnel.

SECRETARY OF DEFENSE'S INTENT TO GROW

THE DEFENSE ACQUISITION WORKFORCE

On April 6, 2009, the Secretary of Defense announced his intention to significantly improve the capability and capacity of the Defense acquisition workforce by increasing the size of the workforce 20,000 through fiscal year 2015. This will restore the organic acquisition workforce to its 1998 levels of approximately 147,000 and address long standing shortfalls in the Defense acquisition workforce. It is the first significant growth since the military build-up in the 1980's and the downsizing that occurred during the 1990's. The Secretary's initiative is the overarching human capital strategy to revitalize the acquisition workforce.

The Department's growth strategy directly supports the President's March 4, 2009 memorandum's objective to ensure the acquisition workforce has the capacity and ability to develop, manage, and oversee acquisitions appropriately. The Defense acquisition workforce is critical for improving acquisition outcomes for the nation's \$1.6 trillion investment in major systems. The objective is straightforward: to ensure DoD has the right acquisition capability and capacity to produce best value for the American taxpayer and for the soldiers, sailors, airmen and marines who depend on the weapons, products and services we buy.

This strategy increases the size of the acquisition workforce by 15% - 20,000 through fiscal year 2015. As an integral part of this strategy, the Department will convert approximately 11,000 contractor support positions to full-time government employees. This will create a better balance between our government workforce and contractor support personnel and ensure that critical and inherently governmental functions are performed by government employees. Section 324 of the FY2008 National Defense Authorization Act provides the legislative foundation for these conversions.

This strategy will increase and improve the Department's oversight capabilities, thereby ensuring we get what we pay for; ferret out waste, and assist in combating contract fraud. We will increase our contracting and contract oversight workforce, to include the Defense Contract Management Agency and the Defense Contract Audit Agency. We will build up our contract pricing and program-estimating capability to ensure our program estimates are more accurate so we get a better deal for the taxpayers. We will increase our organic acquisition and program management capability, such as program managers, systems engineers, and other acquisition professionals. This will also include critical professionals such as our competition advocates and small business specialists.

THE DEFENSE ACQUISITION WORKFORCE DEVELOPMENT FUND

The Defense Acquisition Workforce Development Fund provided by Congress through the FY2008 National Defense Authorization Act (NDAA), is a key workforce enabler. Since enactment, significant resources have been targeted for improving the Defense acquisition workforce. Improvement initiatives are being deployed and are categorized in three major workforce categories: 1) recruiting and hiring, 2) training and development, and 3) retention and recognition. The following provides a brief description:

RECRUITING AND HIRING. Hiring has started. DoD is investing in hiring interns, journeymen, and highly qualified experts and will leverage and expand existing hiring programs to meet our goals. As we prepare the future workplace environment and deploy strategies to improve acquisition outcomes, we must recruit and hire the brightest and best talent. This requires DoD to create a workplace environment where current and new employees view the department as the best place to work—an integral part of DoD’s employee value proposition. Recruiting initiatives include partnering with federal initiatives, such as the Federal Acquisition Intern Coalition, while also optimizing best practices that exist within the Department, such as the Warner Robins Air Force Base and Wright-Patterson Air Force Base contracting hiring programs which leverage

local, state and community partnerships to create strong area-centric hiring pipelines. In addition the Department is developing best practices relative to job fairs, college campus outreach, Historically Black Colleges and University advertising and partnerships, etc. Because the Baby Boomer generation represents 73 percent of the Department's acquisition workforce, intern programs are a key part of our strategy to balance and develop an experienced future workforce. Journeymen will also be hired who add "real time" capability to the workforce. Additionally, Highly Qualified Experts (HQEs) and retired annuitants will be hired where special capabilities are required. Concurrently with these growth initiatives, the Department will also reduce contractor support to create a better balanced multi-sector workforce.

RETENTION AND RECOGNITION. Although present economic conditions are contributing to better retention, it is essential to start now to implement a targeted, long term employee retention and talent management strategy to retain acquisition employees with expert knowledge in critical and shortage skill areas. These employees include, but are not limited to: individuals filling key leadership positions such as program managers; engineers; senior contracting officers; life cycle logisticians; cost estimators; contract pricers; etc.; especially those in major acquisition programs; and other personnel possessing special expertise that is hard to find or retain.

TRAINING AND DEVELOPMENT. Certification training requirements, our top priority, have exceeded DAU's training capacity, which must expand to meet

forecasted growth. Increased training demand is based on the departure of the Baby Boomers; replenishment hiring for other workplace turnover; and expanded requirements resulting from planned growth of the workforce. Equally important is the capacity to meet future training demand resulting from increased hiring of interns, journeymen and HQE's resulting from the Defense Acquisition Workforce Development Fund. We will expand and improve training programs in critical risk areas such as successful program execution, source selection, risk management, pricing, and contracting. We will also expand resident training, expand simulations, and continue to leverage e-learning technologies to improve our ability to deliver learning assets at the employee's learning point of need. There are also new and evolving training initiatives to improve workforce quality and capability, such as expanded expeditionary training; Contracting Officer Representative (COR) training; requirements training for non-acquisition personnel who develop contract requirements; cohort training for intact Major Defense Acquisition Program teams; international cooperation training; expanded program management training; and other high impact, emerging acquisition needs. Investments will also facilitate the delivery of the right blend of live, virtual and immersive simulation training to create a more effective learning environment for the workforce. We will continue to leverage DoD resources for benefit of the federal-wide acquisition workforce.

COMPONENT TRAINING INITIATIVES. Training initiatives are also being deployed by the Components to address leadership and other Component-specific

skill/competency requirements, such as the Army Contracting Lab and Army Acquisition Basic Course and the Navy Acquisition Boot Camp, Navy Acquisition Hot Topics Course and various executive leadership training. Air Force initiatives include expansion of attendance at its Air Force Institute of Technology Mission Ready Contracting Officer Course, the Intermediate Project Management course, Acquisition Leadership Challenge Program course, and the Air Force Fundamentals of Acquisition Management course.

COMPETENCY ASSESSMENTS

The Department has deployed an enterprise-wide competency assessment of the acquisition workforce to identify gaps and improve both training and human capital planning. As of today, over 21,000 members of the 126,000 member Defense acquisition workforce have completed competency assessments, 18,000 of which are in the contracting career field. As part of a disciplined process, we actively engaged contracting leaders throughout the Department to validate competencies, champion the assessment process, and then use assessment results for organizational planning. I tasked contracting leaders to review these results in light of workload and future needs and to develop a position on workforce growth requirements. Their conclusions support their planning needs and are an underpinning of DoD's significant growth strategy. The contracting competency assessment was completed in September 2008 with a participation rate of over

87% DoD-wide. Community engagement for this assessment was exemplary and this effort has provided a solid baseline for understanding current inventory of skills. In addition, we are continuing efforts to update competencies and complete assessments across the other acquisition functional communities. The remaining functional community-wide assessments (11) will be completed during FY2009 and FY2010.

LEGISLATIVE REQUIREMENTS

Legislative requirements related to the acquisition workforce over the past four years fall into five broad categories: 1) human capital planning; 2) size, mix and composition; 3) qualified workforce; 4) recruiting and retention; and 5) ethics. In general, we have made significant progress in all five of these broad categories. However, we recognize that there are some specific requirements that we must continue to improve. With the Secretary's leadership and intent to grow the acquisition workforce, the Department has the right momentum, focus, and guidance to meet the intent of the legislative provisions and accelerate the Department's journey to revitalize the acquisition workforce. Recent legislative provisions provided the Department with both resources and tools to support and enhance the ability of the Department to reset and restore the acquisition workforce. These provisions established requirements that include human capital and succession planning; identifying and addressing workforce gaps; ensuring we

have adequate numbers of qualified personnel, including flag officers, in critical acquisition functions; creating training for requirements personnel; providing headquarters cap relief; and ensuring that we attract and develop military personnel for the acquisition mission. The FY2009 NDAA provided expedited hiring authority which the Department has deployed. Initial use has resulted in job offers for over 100 new hires. Section 834 requires that DoD establish policies and guidance to ensure proper development, assignment, and employment of military members in acquisition. We have a team working with the Components to ensure a clear path and development process, with emphasis on career patterns that provide opportunities for members in the acquisition career areas to ensure flag opportunities. Results and status of these human capital requirements will be captured in the annual human capital update and will be provided in June 2009.

SUMMARY

Again, thank you for the opportunity to address current initiatives for the Defense acquisition workforce. The Secretary has established an overarching human capital strategy to mitigate the impact of past downsizing, increased workload, the aging workforce, and to create a better balanced multi-sector workforce. This is an unprecedented acquisition workforce growth initiative. The Secretary and the Department's senior leaders are strongly committed to this strategy to grow and improve the acquisition workforce. Essential to improving acquisition outcomes is a robust, highly skilled, ethical and professional workforce. There is strong agreement that DoD must act now to recruit, hire, develop, retain, and sustain the acquisition workforce. I believe this strategy is on target and addresses Congressional concerns. I look forward to working with you and keeping you apprised of our progress. Thank you for your support.