

RECORD VERSION

STATEMENT BY

**LIEUTENANT GENERAL N ROSS THOMPSON III
PRINCIPAL MILITARY DEPUTY TO THE ASSISTANT SECRETARY OF THE ARMY
FOR ACQUISITION, LOGISTICS AND TECHNOLOGY AND
DIRECTOR, ACQUISITION CAREER MANAGEMENT**

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Introduction

Chairman Snyder, Congressman Wittman, and distinguished members of the Oversight and Investigations Subcommittee: Thank you for this opportunity to discuss the overall state of the U.S. Army's acquisition workforce. The Army is creating and sustaining a healthy acquisition workforce focused on getting products to the Soldier faster, making good products even better, minimizing life cycle costs, and enhancing the synergy and effectiveness of the Army Acquisition, Logistics and Technology communities, while ensuring proper fiscal stewardship of taxpayer dollars. Our push towards a more integrated, holistic approach to product development and sustainment is driving changes in acquisition training and education to better prepare our workforce for the many challenges they will face in the 21st Century. I am pleased to report to you that our progress has been steady and significant.

There are roughly 38,500 civilians in the Army's acquisition workforce, and we are working toward a growth strategy commensurate with the Secretary of Defense guidance over the Future Years Defense Program. However, from 2003 to 2005, as a result of the downsizing of the acquisition workforce in the 1990s, there were not enough acquisition professionals to handle all of the Army's acquisition programs and contracting missions. Since 2001, the number of contract actions and contracted dollars have both increased substantially. In 2007, 25 percent of every Federal contract dollar was put on contract by the U.S. Army.

In the military acquisition workforce, there are fewer than 1,600 members, but these numbers also are projected to grow over the next few years. Our projections include a new Army Acquisition Non-Commissioned Officers (NCOs) Corps. We recognize that the Army, like the U.S. Air Force, needs well-qualified NCOs, especially for expeditionary contracting.

The increasing importance of our acquisition workforce was mentioned on April 6, 2009, by Secretary of Defense Robert M. Gates at a press briefing on the FY10 budget. Secretary Gates announced key decisions with three principal objectives: “First, to reaffirm our commitment to take care of the all-volunteer force, which, in my view, represents America’s greatest strategic asset. Second, we must re-balance this department’s programs in order to institutionalize and finance our capabilities to fight the wars we are in today and the scenarios we are most likely to face in the years ahead, while at the same time providing a hedge against other risks and contingencies. Third, in order to do this, we must reform how and what we buy; meaning a fundamental overhaul of our approach to procurement, acquisition, and contracting.”

Secretary Gates further stated plans to increase the size of the defense acquisition workforce, converting contractors and hiring additional government acquisition professionals. He announced plans to reduce the number of service support contractors “from our current 39 percent of the workforce to the pre-2001 level of 26 percent and replace them with full-time government employees.” The Army has been aggressively moving in this direction and is proud to support this important insourcing initiative.

As we work to build a stronger and more vibrant acquisition community, we are assisted in our efforts by recommendations contained in the report, *Urgent Reform Required: Army Expeditionary Contracting* dated October 31, 2007, by Dr. Jacques Gansler and Members of the Commission on Army Acquisition and Program Management in Expeditionary Operations. We are guided by the report's overarching recommendation – *implement the Commission's recommendations rapidly and measure success* – and four supporting recommendations for the success of future expeditionary operations:

- (1) Increase the stature, quantity, and career development of military and civilian contracting personnel, particularly for expeditionary operations;
- (2) Restructure organization and restore responsibility to facilitate contracting and contract management;
- (3) Provide training and tools for overall contracting activities in expeditionary operations; and
- (4) Obtain legislative, regulatory, and policy assistance to enable contracting effectiveness in expeditionary operations.

The Gansler Commission's supporting recommendations listed above included 40 actions to correct the discrepancies identified – 22 of these are Army-specific while the remaining 18 are within the purview of the Office of the Secretary of Defense (OSD), or are legislative actions being addressed jointly among the Services with OSD as the lead agent. The Army has completed action to implement all 22 of the Army-specific recommendations, with one – to increase the military and civilian contracting workforce – an ongoing initiative that requires additional time to hire and train new personnel. Our

plan for FY09 is to increase our military contracting workforce by 131 members and our civilian workforce by 347 members. The increase in workforce size will be phased over the next three years to ensure we have the organizational capacity to develop and train the increased workforce needed to execute the contracting mission.

U.S. Army Actions

In support of the **first recommendation – “increase the stature, quantity, and career development of military and civilian contracting personnel, particularly for expeditionary operations,”** – Section 503(a) of the National Defense Authorization Act (NDAA) for Fiscal Year 2009 (FY09) authorized five additional General Officer billets in the Active Component with the requirement that they have significant contracting experience. As of September 2008, the Army selected one additional acquisition General Officer (GO) and will select more this year until the five billets are filled. The GO selected is a Brigadier General who is the Commander of the recently established Expeditionary Contracting Command. The Army had already established the two-star U.S. Army Contracting Command as part of AMC and the one-star Mission & Installation Contracting Command – which are two billets presently filled by experienced members of the Senior Executive Service until new GOs are selected. The two remaining billets are the Military Deputy for Contracting in the U.S. Army Corps of Engineers (USACE) and an acquisition (contracting) GO in OASA(ALT) in the Office of the Deputy Assistant Secretary for Procurement (DASA(P)). We are seeking appropriate candidates for these positions until such time as General Officer’s are available to fill the positions.

The Commission recommended increasing the number of military (by 400) and civilian (by 1,000) personnel in the Army contracting workforce. The Army has been working to ensure contracting or contracting-related needs are identified and codified through the Army's concept plan process, which serves to document organizational force structure. An analysis of the 19 concept plans submitted to date, further refined contracting workforce requirements beyond the military and civilian personnel numbers recommended by the Gansler Commission to 617 military and 1,635 civilians.

In June 2007, the Director, Force Management/Army (G3/5/7), approved the Force Design Update for Contingency Contracting Force Structure across all Army components. This included 317 enlisted (AC) authorizations to support Career Management Field 51 – Acquisition and Military Occupational Specialty 51C - ALT Contracting NCO; 54 U.S. Army Reserve enlisted authorizations and 110 National Guard authorizations and a Special Operations contracting force structure. To date, the U.S. Army Acquisition Support Center, 51C Proponent has met its recruiting goals for FY09 and continues to support, train, and promote the professional and career development of our NCOs.

In other actions, the Army is establishing an earlier accession point for military contracting officers and NCOs to enable them to begin their acquisition careers up to two to three years earlier, providing for increased availability of Army contracting personnel and more time to develop and apply their expertise. We have also issued career guidance to restrict military contracting professionals from serving in theater until they have a minimum of one year of contracting experience within the United States.

In addition, as required by law, the Army's Acquisition Support Center is preparing a report that will address Sections 813 and 834 of the FY09 NDAA for submission no later than June 2009, with updates annually, to the Office of the Under Secretary of Defense for Acquisition, Technology and Logistics. The report will focus on established career paths and other requirements for military acquisition professionals in the Army Acquisition Corps to ensure that the highest caliber officers and NCOs enter, develop, and remain in the right positions in the acquisition workforce. Further, this report will address the command opportunities for acquisition and contracting officers (to include GO opportunities) and the development of qualified contingency contracting personnel. In this report, we will focus on the five Acquisition Career Fields in which Army officers and NCOs currently receive training, experience, and acquisition certification: Program Management; Contracting; Systems, Planning, Research, Development and Engineering-Systems Engineering; Information Technology; and Test & Evaluation. As mission and career development needs dictate, officers are assigned to the five career fields at the Field Grade ranks, and NCOs belong to the 51C (Contracting) Acquisition Career Field.

The Army is implementing Section 852 of the FY08 NDAA which directed establishment of the Department of Defense (DoD) Acquisition Workforce Development Fund and mandates that the military departments and DoD agencies make quarterly monetary transfers to this fund to enhance new career development initiatives as well as supplement those already in place. We appreciate the authority and the flexibility of Section 852 as it allows us to increase the size and capability of the Acquisition workforce and further enable corrective action measures identified by the Gansler

Commission. With Section 852 funds, the Army is able to recruit, train, educate, and further the career development and progression for the acquisition workforce. Current Army Acquisition Corps demographic data indicates that over the next five years, a significant share of our workforce will be eligible to retire. We are using Section 852 funds to hire more interns, journeyman level, and Highly Qualified Expert personnel to compensate for these projected losses. Among these new hires will be much needed systems engineers and contracting personnel. Section 852 funding has enabled the Army to hire 345 new acquisition interns starting in FY09. We anticipate hiring an additional 625 interns in FY10; 850 interns in FY11; 745 interns in FY12; and 610 interns in FY13. Our primary focus in FY09 and FY10 is on the Army contracting career field to support implementation of the Gansler Commission's recommendations.

Additional Army initiatives using Section 852 funding assist us in attracting and recruiting new acquisition personnel. This includes offering Student Loan Repayment opportunities and Special Duty Assignment Pay for NCOs. Section 852 efforts are also underway to provide Army contracting professionals with opportunities to attend programs that address the commercial business environment and advanced issues in source selection decisions.

The Army is making substantial progress in implementing the Expedited Hiring Authority for acquisition positions in accordance with Section 833 of the FY09 NDAA. DoD guidance was issued on December 23, 2008.

Last February, the Assistant Secretary of the Army for Manpower and Reserve Affairs delegated to the Commanders of the Army Commands, the Commanders of the Army Service Component Commands, and the Commanders of the Direct Reporting

Units and the Assistant Secretary of the Army, the authority to appoint highly qualified individuals to shortage category positions in acquisition career fields identified in the DoD guidance. The authority may be delegated, in writing, to a level no lower than activity commander or activity head. Several Army commands have already issued internal delegations, and others are in the process of delegating this authority.

In addition to the requisite delegation of authority, in February the U.S. Army G-1 issued instructions for reporting the use of the Expedited Hiring Authority for acquisition positions. That was followed in March by the issuance of Army Supplemental Implementation Guidance with examples of Highly Qualified Contract Specialist criteria. The Army will provide DoD a report on utilization of this tool in July.

Stakeholders in the acquisition process agree that decisive action must be taken to further develop and rebuild the acquisition workforce to improve both capacity and capability. This, for the Army, directly impacts our contracting workforce first and foremost, along with other functional career fields. Shaping the right size and mix of the workforce is challenging. To help us, the Army and other Services participated on a Defense Acquisition Workforce Joint Assessment Team (JAT) which included a senior-level steering group and a working-level group. The JAT explored rebuilding DoD's acquisition workforce with a goal of increasing the organic acquisition workforce and rebuilding capacity and capability by addressing workforce gaps. There is a list of deliverables that Services will provide over the next few months regarding component workforce size, total force mix, and future funding levels. The Army's future growth in the acquisition workforce over the next five years will be commensurate with the goals established by the Secretary and will include a steady annual growth in all of the

Acquisition Career Fields with the largest increases likely in the career fields of: Information Technology; Program Management; Contracting; Systems Planning, Research, Development and Engineering; Business, Cost Estimating and Financial Management; Life Cycle Logistics; and Facilities Engineering. This growth anticipates that approximately 50 percent of these new Army personnel will be as the result of conversion from contractor support status to Department of the Army employee status.

In support of **recommendation two – “restructure organization and restore responsibility to facilitate contracting and contract management,”** – the Army responded quickly to restructure its contracting organizations by moving the Army Contracting Agency (ACA) under AMC. By merging and transforming the contracting resources of ACA and AMC, the two-star U.S. Army Contracting Command was established in March 2008. This restructuring places approximately half the contracting structure and about 70 percent of the Army’s contracting personnel under AMC.

The Army has made great progress in supporting **recommendation three – “provide training and tools for overall contracting activities in expeditionary operations.”** We are addressing this recommendation in two broad areas: first, train as we fight; and second, develop and field contract tools needed for expeditionary forces. In the first area, we are adapting our training exercises to stress rapid acquisition, logistics, and contracting in expeditionary operations and are beginning to include contracting operations and planning requirements in some military exercises. Sixteen different officer and non-commissioned officer professional military education courses have been added or modified to include information on Operational Contract Support to increase the awareness of contracting and contractor management by our

operational Army. To improve knowledge gaps in training venues, the U.S. Army Training and Doctrine Command has an approved concept plan to add acquisition personnel to their Combat Training Centers. This new, collective training capability is designed to stimulate commanders and their staffs to solve expeditionary tactical problems, apply emerging doctrine to these tactical situations, and to promote a better appreciation of the challenge of integrating contractor support into military operations. Additionally, the Army's Acquisition Support Center is sponsoring a scenario based Contracting Laboratory for both officers and NCOs in the acquisition workforce to develop an understanding of the current contracting tool used by the Army. This course is in addition to the current Basic Acquisition and Intermediate Contracting courses.

In support of **recommendation four – “obtain legislative, regulatory, and policy assistance to enable contracting effectiveness in expeditionary operations,”** – OSD, with Army assistance, led the effort. Several aspects of this recommendation have been addressed earlier in this statement and include the increase of five general officers in acquisition and overall increases in the contracting workforce.

The Army worked closely with OSD to analyze the Gansler Commission's recommendations for potential legislative changes. We also worked with various agencies to address specific issues within the recommendations such as ways to incentivize contracting personnel in expeditionary operations. The Army will continue to assess opportunities for legislative, regulatory, and policy assistance.

In-Sourcing

Let me briefly address a topic of interest to this Committee and the U.S. Army – in-sourcing. In-sourcing implements Congressional direction to give “special consideration” to Federal government employee performance of contracted functions based on the reviews and contractor inventory process required by Congress for identifying inherently governmental functions, those closely associated with inherently governmental functions, and unauthorized personal services. The Army is using a comprehensive approach to comply with Congressional direction to give special consideration to civilian performance of contracted services. In-sourcing cannot be effectively implemented within a single stovepipe. It is not simply a contracting matter but also involves the civilian manpower authorization, hiring process, and budget. It requires identifying funding sources to hire civilians, along with the use of over-hires until an authorization is documented.

We find that a practical in-sourcing schedule must be established in order to assure continuity of service. This schedule may be affected by the timing of Base Realignment and Closure moves, the effect of Headquarters headcount limits, and the ability and capacity of our civilian infrastructure to hire. Most importantly, successful in-sourcing requires strategic planning that looks at activities or functions holistically for the total workforce – military, civilian, and contractor – within the framework of manpower requirements determination. It requires a contractor inventory and a process for reviewing the contracted activities in that inventory, as recently directed by Congress in the FY08 NDAA, and then projecting those contract requirements in our manning documents.

It also requires culture change. For example, the Army has devised a checklist approach along with General Officer/Senior Executive Service certification and approval to ensure that each requirement is analyzed before a contract is initiated or renewed. This checklist approach ensures that the statutory in-sourcing requirements and the long-standing Federal Acquisition Regulation definitions are applied in order to ensure proper sourcing.

Conclusion

Our most important asset is our people. The Army is focused on developing agile and adaptive acquisition officers, noncommissioned officers, and civilian leaders who possess a diverse and well-rounded background, can effectively and efficiently support all phases of acquisition, and are prepared to lead any complex, multifunctional acquisition command, agency, organization, or team.

Our emphasis for the acquisition workforce is recruiting people who are able to do high-tech missions. All of the acquisition career fields require highly trained people, not just scientists and engineers, but also business and financial experts to put together contract instruments. My strategic objective is to make the Army a very tough customer. I want the Army's acquisition workforce negotiating the best deal for the U.S. Army because that allows us to put the best capabilities in the hands of our Soldiers. Increased investment in our people coupled with sufficient, predictable investment in our programs will continue to give our Soldiers the equipment, services, and support they need for success on the battlefield.

Thank you for this opportunity to discuss the overall state of the U.S. Army's acquisition workforce.