

NOT FOR PUBLICATION UNTIL RELEASED BY THE
HOUSE ARMED SERVICES SUBCOMMITTEE ON
OVERSIGHT AND INVESTIGATION

STATEMENT OF

MR. JAMES THOMSEN
PRINCIPAL CIVILIAN DEPUTY
FOR THE ASSISTANT SECRETARY OF THE NAVY
(RESEARCH DEVELOPMENT AND ACQUISITION)

BEFORE THE

HOUSE ARMED SERVICES SUBCOMMITTEE ON
OVERSIGHT AND INVESTIGATION

ON

OVERALL STATE OF THE NAVY AND MARINE CORPS ACQUISITION
WORKFORCE AND IMPLEMENTATION OF RELATED PROVISIONS

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Chairman Snyder, distinguished members of the subcommittee, I would like to thank you for this opportunity to discuss the work the Department of the Navy is doing to improve the capacity and capabilities of our acquisition workforce. I am confident that the Department is taking action now and through the Future Years Defense Program (FYDP) that will improve the health and depth of this workforce and improve the Department's ability to effectively execute the acquisition mission.

The Department is committed to increasing the number of our highly skilled acquisition workforce members with additional entry and mid-level professionals, and highly qualified experts, particularly in the areas where we have significant gaps such as systems engineering, contracting, financial management, and cost estimating. We have both shortfalls in total workforce capability and an over-reliance on the contractor workforce for core defense acquisition functions. We must increase our business skills and rebuild our science and engineering depth that has been significantly reduced over the last 10 to 15 years.

In response to the Gansler Commission report on Army Acquisition and Program Management in Expeditionary Operations findings and recommendations, the former Secretary of the Navy Donald Winter directed an independent assessment of Navy and Marine Corps contingency contracting to verify that checks and balances for the Department's contracting and disbursing operations were sufficient. Findings indicated that additional contract oversight was needed. The Secretary issued revised policy for Organic Department of the Navy Procurement System Oversight and Management to minimize vulnerabilities to fraud, waste and abuse. Implementation includes additional professional development for deploying personnel.

With regard to the overall acquisition workforce, the Department is committed to increasing the number of our highly skilled acquisition workforce members with additional entry and mid-level professionals, and highly qualified experts. These increases are needed to reverse the over-reliance on the contractor workforce for core defense acquisition functions and to rebuild our science and engineering depth that has been significantly reduced over the last 10 to 15 years. The Secretary of the Navy earlier this fiscal year issued guidance to the Department's acquisition commands and program managers directing them to leverage the technical workforce in our Warfare Centers and Laboratories as a primary source for technical domain experience and directed a review of outsourcing of technical work to assure an appropriate government workforce to develop and sustain the needed technical capabilities of the Department. Additionally, the Secretary established the Principal Military Deputy position and my position, the Principal Civilian Deputy within the Office of the Assistant Secretary for Research Development and Acquisition. These two senior acquisition leadership positions support an organizational foundation for strategic management of the acquisition workforce and provide long-term stewardship of in-house technical capability. In response to the Secretary's memo, I issued direction to these same acquisition commands to develop strategies to increase organic capabilities by reducing their dependence on outsourced core acquisition functions.

Through recruiting events and public outreach, our acquisition commands have interviewed hundreds of mid-career, highly skilled candidates that resulted in over 300 hiring actions from these events alone. Additionally, the Naval Sea Systems Command specifically has recruited skilled professionals who exited the automobile industry. We

have also been working closely with the military personnel community to target some of our recruiting toward military members separating from military service, in order to draw them into the civilian acquisition community.

To address the long-term programming and budgeting for our workforce, the Department has more closely integrated our planning, programming and budgeting efforts with the acquisition workforce management community. The Department has issued policy, now being formalized in a Secretary of the Navy policy, which assigns the Service Acquisition Executive the responsibility to balance acquisition workload to workforce capacity and address gaps or imbalances in the workforce among military, civilian and contractors. This policy resulted in improved collaboration in acquisition workforce budget decisions among the Department's planning, programming, budgeting and acquisition oversight stakeholders. I chartered a program office staffing assessment, using the Air Force-developed Sustainment/Acquisition Composite Manpower Model (S/ACOM). This assessment, which spanned most of the Department's ACAT I programs, is being used to understand critical gaps, inform program office staff sizing, and guide in-sourcing decisions to affect future years budget submissions. Also, because of increased collaboration, we received clearer workload demand signals from our resource sponsors, enabling our working capital funded organizations to be more aggressive in hiring at our research lab and warfare centers to meet expected demand and reduce outsourcing rates.

The Department appreciates the legislation that Congress has enacted which improves our ability to maintain a healthy acquisition workforce and we are capitalizing on the opportunities they provide. As a result of the National Defense Authorization Act

for Fiscal Year 2008, Section 852, Department of Defense Acquisition Workforce Development Fund, the Department expanded our three-year acquisition intern program to 500 new interns per year with plans to increase this number next year. Also, through the Defense Acquisition Workforce Development Fund, the Department established a two-year journeyman program with planned hiring of at least 150 civilian personnel per year. The Department has already hired over 400 interns and journeymen this year and expects to meet our Section 852 hiring target in May. We are also offering additional recruitment incentives and training to improve workforce health, through Section 852.

The Duncan Hunter National Defense Authorization Act for Fiscal Year 2009 provided significant enablers for increasing the acquisition workforce. Section 219, Mechanisms to Provide Funds for Defense Laboratories for Research and Development, provided access to additional funding to support workforce initiatives at warfare centers and laboratory. We expect to use these funds to attract new scientists and retain the world-class scientists we currently have. In addition, Section 833, Acquisition Workforce Expedited Hiring Authority, enabled streamlined hiring processes in support of the Naval acquisition workforce. Within the first 60 days of implementation, the Department hired 126 new applicants using this authority. Most job offers were made within 72 hours. Compared to our typical 175-day hiring timeline, this is a great new tool to bring in the best talent very quickly. We have had similar success using the same processes for Direct Hire Authority at Personnel Demonstration Laboratories for Certain Candidates authorized by Section 1108.

Under the provisions of Section 834, Career path and other requirements for military personnel in the acquisition field, Congress has directed the Department of

Defense to report on military career paths and other requirements for our military personnel. The Department actively manages our military workforce career path requirements. Over the past two years, we have revised some military community career paths to meet anticipated shortfalls in the pipeline for experienced acquisition professionals in order to fill our most critical acquisition positions, including Program Managers, Program Executive Officers, and contracting officers. The Department's military acquisition leadership is most effective when staffed with a carefully calibrated mix of warfare communities including Marine Corps operational and Navy Unrestricted Line Officers (Aviation, Surface and Submarine communities), Restricted Line Officers (Engineering Duty Officers, Aerospace Engineering Duty Officers, Aerospace Maintenance Duty officers) , and Staff Corps (Supply Corps and Civil Engineering Corps). Due to the demands on operational forces, we have faced challenges providing our officers with needed acquisition experience early in their career pipelines. As a result, the Naval Aviation community proposed a refinement to their acquisition professional career path which will provide Aviators with hands-on acquisition experience years earlier in their careers. Approval is expected in May 2009. Last year, the Surface Warfare Officer community made similar changes to their career path structure, ensuring acquisition experience for these officers earlier in their careers.

The Department's Restricted Line and Supply Corps communities have been effective in ensuring a robust acquisition career path that yields highly experienced and qualified Acquisition Professionals. The Marine Corps established a Military Occupational Specialty for Acquisition Management Professionals. Officers in this specialty are typically assigned to critical acquisition positions that provide acquisition

leadership for ground equipment and/or weapons systems programs. This prepares them for future program management and executive officer assignments. The Department is working with the Office of the Secretary of Defense and the other Services to identify and refine Flag and General Officer requirements. At the end of Fiscal Year 2008, the Department had 40 Flag and General Officers in acquisition billets. Of those 40 Flag and General Officers, five were contracting officers. In addition, the Department has 15 Senior Executive Service members who are warranted contracting officers and work alongside our Flag and General Officers. Within the Marine Corps there are 114 officers in the Acquisition specialty, including two General Officers (Commander of Marine Corps Systems Command and Joint Strike Fighter PEO). Contracting is a separate specialty that contains 30 officers and 120 enlisted billets aligned to the operational forces to support the Marine Corps' contingency operations. Marine Corps Officers earn the contracting specialty as secondary specialty with a primary specialty in a related field, such as logistics, supply or financial management, and become contracting officers after completing acquisition training. The majority of the contracting officers within the Marine Corps are highly experienced civilians throughout the supporting establishment and at Marine Corps Systems Command. The Department is confident that the current allocation of Flag and General Officers is appropriate and effective to accomplish the Department's acquisition functions.

The Department of the Navy is committed to working with the Congress to improve the overall health of our acquisition workforce through in-sourcing efforts, hiring, and other capabilities improvements. We have instituted policy and process changes in both the military and civilian communities as well as our outsourcing

practices that will grow the acquisition workforce and produce the desired improvements to accomplish the Department's acquisition mission.