



DOD Reform: Highlights of the Thornberry Reform Effort

For more than a year Members and staff of the House Armed Services Committee have engaged with stakeholders in industry, Congress, and the Department of Defense to begin a long-term effort at reform. Primarily focused on, but not limited to, reform of the acquisition system; Chairman Thornberry is proposing an initial set of measures to be considered for inclusion in the FY16 National Defense Authorization Act.

More than being monetarily wasteful, dysfunction in the acquisition process is sapping America's technological edge and robbing our military of agility in the face of multiplying threats. The acquisition system is slow and cumbersome, delivering vital equipment years late that underperforms and is difficult and costly to maintain.

Chairman Thornberry recognizes the urgent need to address reform and this bill places a mandate to begin the dynamic process of reform on all stakeholders. The legislation is built upon the notion that a *successful* acquisition system is proactive, agile, transparent, and innovative. Examples of how this bill would improve the system:

Proactive: The system should expect acquisition problems to occur; and empower officials, at all levels, to solve problems and reduce risks by addressing issues early and honestly and taking action to resolve them.

To do this:

- Empowers the workforce by removing barriers to best military officers choosing to pursue an acquisition profession and by making permanent funds for hiring and training the acquisition workforce.
- Includes a Provision on Risk Reduction to provide acquisition programs with greater flexibility in the ways programmatic risk can be addressed. A one-size-fits-all approach to managing and reducing risk should not be required.
- Includes a Provision on Contract Type to enable selection of appropriate contract types best suited to the program objectives and the level of program risk.

Agile: The system should be agile. Needed program adjustments should be proposed and decided quickly.

To do this:

- Managers will be freed to focus on program management tasks such as contractor oversight, engineering and risk management instead of unnecessary paperwork.
 - Reformed Acquisition Strategy that consolidates existing reporting requirements, streamlines the acquisition strategy approval process, and defines the key considerations to be addressed in an acquisition strategy that is updated throughout the life of the program.
 - Reduces Legal Certifications DOD has to make at key acquisition decision points. This bill retains the information needed for accountability by requiring a determination by key decision makers, while eliminating a non-productive Departmental legal review in certain cases.

Transparent: Decision makers should be given useful, relevant, credible, and reliable information when making commitments; Government and industry communication should be clear and open; and the Department of Defense should produce auditable financial management statements.

To do this:

- The Chairman will work with all stakeholders and take steps to:
 - Ensure more government-industry communication through market research, exchanges with industry, and in making commercial item determinations.
 - Obtain DOD input on options to enhance the level of detail on contracted services in the Department of Defense's budget requests, and future years defense planning documentation.
 - Increase oversight of corrective actions taken to improve DFAS and Army readiness for financial audit.
 - Improve DCAA performance so as to reduce delays in decision-making, minimize costs resulting from delays, and other harmful consequences for the Government of the United States and defense industry contractors.

Innovative: Barriers should be removed that preclude companies from undertaking defense business or officials from proposing new approaches.

To do this:

- Encourages Shared Savings through use of value engineering (OMB updated guidance issued in 2013) This technique encourages contractors to identify ways to reduce the cost of performance on existing contracts and to share with the government any savings produced. In December 2013, OMB found that value engineering has generated billions of dollars of savings and cost avoidance.
- Makes the permanent the Mentor-protégé Program a valuable tool that helps small businesses, or protégés, partner with large companies, or mentors; to improve linkages between small, nontraditional contractors and larger, mainstream defense contractors.
- Makes the Small Business Innovative Research Program Permanent, which will create a strong foundation to see the program used even more broadly by the military services and defense agencies.

For More Information: <http://armedservices.house.gov/index.cfm/defense-reform>