

Advance Questions for Mr. James I. Finley
Nominee for Deputy Under Secretary of Defense for Acquisition and Technology

1. Defense Reforms

The Goldwater-Nichols Department of Defense Reorganization Act of 1986 and the Special Operations reforms have strengthened the warfighting readiness of our Armed Forces. They have enhanced civilian control and clearly delineated the operational chain of command and the responsibilities and authorities of the combatant commanders, and the role of the Chairman of the Joint Chiefs of Staff. They have also clarified the responsibility of the Military Departments to recruit, organize, train, equip, and maintain forces for assignment to the combatant commanders.

- a. Do you see the need for modifications of any Goldwater-Nichols Act provisions?**

Answer: I believe the Goldwater-Nichols Act is one of the most significant pieces of legislation passed by the Congress regarding DoD operations and organization and I'm presently unaware of any need to modify its provisions. However, with the passage of time and an ever changing landscape of threats, I believe it is prudent for the DoD to continuously review and innovatively improve our acquisition and technology management systems, including recommending legislation to improve organization, command and control and equipping our military with a decisive advantage.

- b. If so, what areas do you believe might be appropriate to address in these modifications?**

Answer: I am not prepared now to recommend any modifications. If confirmed, I will review this closely.

2. Duties

Section 133a of title 10, United States Code, describes the role of the Deputy Under Secretary of Defense for Acquisition and Technology (DUSD(AT)).

- a. Assuming you are confirmed, what duties do you expect that Secretary Krieg will prescribe for you?**

Answer: Mr. Krieg and I have not discussed any additional responsibilities other than those defined in Section 133a of Title 10. In that respect, if confirmed, my responsibilities would be the principal advisor to Mr. Krieg and Secretary Rumsfeld for matters relating to acquisition and the integration and protection of technology. In addition I would assist Mr. Krieg in the performance of his duties relating to Acquisition and Technology. The DUSD A&T responsibilities, functions and authorities are further defined in DoD Directive 5134.13 dated October 5, 2005.

b. What background and experience do you possess that you believe qualifies you to perform these duties?

Answer: I have extensive background and experience in the aerospace industry with over 30 years of multi-national business leadership and executive management experience in programs that span air, land, sea and space for the DoD including joint programs. I also have background and experience with the FAA Automatic Surface Detection Radar systems and the NASA Space Shuttle Program. I bring systems and subsystems management experience that includes mission analysis, design, development and deployment of weapon delivery, flight control, navigation, communications, information management, C4ISR, battlespace management and chem/bio defense systems. My background and experience also includes marketing, finance, program management, engineering and manufacturing.

I also have a broad experience base of technology management including international technology transfer, outsourcing, product development, multi-plant operations management, lean manufacturing implementation, demand flow technology programs, six sigma/black belt systems, information technology systems, purchasing, logistics, facilities, security, product support and total quality management. I have participated in many acquisitions and divestitures providing business analysis including strategic fit, organizational alignment, marketing assessments, project evaluations and manufacturing audits.

My education includes a Masters of Business Administration (MBA) and Bachelors of Science in Electrical Engineering (BSEE).

c. Do you believe that there are any additional steps that you need to take to enhance your expertise to perform these duties

Answer: No.

d. Do you believe that any significant changes should be made in the structure and decision-making procedures of the Department of Defense with respect to acquisition matters?

Answer: I am aware that several other recent and ongoing reviews address questions such as this. If confirmed, I intend to study the recommendations, keep an open mind, assess historical changes, and work within the DoD and with Congress in an open and transparent manner. My leadership experience indicates that continuous improvement causes effective and efficient change for structure and decision making procedures.

3. Relationships

In carrying out your duties, what would be your relationship with:

a. The Secretary of Defense

Answer: In working with Mr. Krieg I would support Secretary Rumsfeld's priorities in acquisition and technology.

b. The Deputy Secretary of Defense

Answer: If confirmed I would work with Mr. Krieg to support Deputy Secretary England and DoD priorities in matters within the purview of acquisition and technology.

b. The Under Secretary of Defense for Acquisition, Technology, and Logistics

Answer: Mr. Krieg would be my boss and I would support him to the best of my ability.

d. The other Under Secretaries of Defense

Answer: There are many actions that require coordination among the offices of the Under Secretaries of Defense. If confirmed, I would support Mr. Krieg in working with the other Under Secretaries of Defense to best serve the priorities of the Department of Defense.

e. The Assistant Secretaries of Defense

Answer: If confirmed I would work with Mr. Krieg to cooperate with the Assistant Secretaries of Defense to best equip the Services and serve Department of Defense priorities.

f. The DOD General Counsel

Answer: If confirmed I would work with the General Counsel's office to ensure that our actions are within the bounds of law and regulations.

g. The Acquisition Executives in the Military Departments

Answer: There are many issues of mutual concern where communication and coordination are essential for effective and efficient management. If confirmed, I will make communication and coordination a top priority in daily management.

h. The Vice Chairman of the Joint Chiefs of Staff

Answer: If confirmed I would support Admiral Giambastiani both as the Vice Chairman and in his role as co-chair to the Defense Acquisition Board (DAB).

4. Major Challenges and Problems

- a. **In your view, what are the major challenges that will confront the DUSD(AT)?**

Answer: I believe the major challenges and problems include regaining the confidence of our DoD and Congressional leadership the acquisition system and reshaping the business enterprise associated with the acquisition and technology community.

- b. **Assuming you are confirmed, what plans do you have for addressing these challenges?**

Answer: I am aware that several recent and ongoing reviews propose ways to address these challenges. If confirmed, I intend to study the recommendations, keep an open mind, assess historical changes, and work within the DoD and with the Congress in an open and transparent manner.

- c. **What do you consider to be the most serious problems in the management of acquisition functions in the Department of Defense?**

Answer: I believe the top three issues are 1) Oversight, 2) Acquisition Strategy and 3) Requirements. I believe resolving those issues will serve to put us on the right path to achieve credibility and efficiency in the acquisition community.

- d. **What management action and timetables would you establish to address these problems?**

Answer: If confirmed, I plan to develop actions that will support achievement of Mr. Krieg's goals. As for timelines, I need to become better acquainted with all the issues before committing to a timetable.

5. Major Weapon System Acquisition

The Government Accountability Office (GAO) has reported that private sector acquisition programs are more successful than DOD acquisition programs, in large part because they consistently require a high level of maturity for new technologies before such technologies are incorporated into product development programs. Section 801 of the National Defense Authorization Act for Fiscal Year 2006 requires the Milestone Decision Authority for a major defense acquisition program to certify to the technological maturity of key technologies before approving an acquisition program.

- a. **In your view, would DOD's major acquisition programs be more successful if the Department were to follow the commercial model and mature its**

technologies with research and development funds before these technologies are incorporated into product development programs?

Answer: I believe a commercial model has already been implemented to a certain extent and is useful. It offers leverage and lessons learned to improve major weapons systems acquisition. We need to continuously learn from all available sectors to maintain technical and operational superiority. DoD must be at the technological forefront. Research and development funds should be used to incubate and mature products to a level where risk is considered manageable.

b. What steps would you take, if confirmed, to implement section 801 and ensure that the key components and technologies to be incorporated into major acquisition programs meet the Department's technological maturity goals?

Answer: If confirmed, I will work to implement Section 801 to ensure incorporation of the key components and technologies into major acquisition programs is consistent with maturity goals. I will also consult with the Service Acquisition Executives and others as appropriate to ensure that the necessary actions and certifications are in place.

DOD weapon systems have generally taken significantly longer and cost more money than promised when they are first developed. GAO has reported that it is not unusual for estimates of time and money to be off by 20 to 50 percent. Section 802 of the National Defense Authorization Act for Fiscal Year 2006 attempts to instill more discipline into the acquisition process by tightening the Nunn-McCurdy provisions in section 2433 of title 10, United States Code.

c. What is your view of the changes made by section 802?

Answer: If confirmed, I will review Section 802 with particular emphasis on the changes made in an effort to reduce cost and schedule overruns.

d. What additional steps do you believe the Department can and should take to avoid costly overruns on major defense acquisition programs?

Answer: I believe that enforcing discipline can help minimize requirements "creep" and capabilities "growth" such that cost and schedule increases to major defense programs can be avoided. I also believe that funding stabilization and maintaining baseline funding levels is important to sustaining program performance. An early identification of program critical technologies would enable earlier risk mitigation to allow lead time to accelerate technology maturation and avoid cost and schedule risk.

6. Impact of the Budget and Requirements Processes

A recent report by the Center for Strategic and International Studies (CSIS) concludes that “many of the ills attributed to the defense acquisition system are really caused by [the requirements and resource allocation] processes. Instability in the definition of requirements, often referred to as ‘requirements creep,’ creates a moving target for acquirers as they struggle to make trade-offs among performance, cost, and schedule. Similarly, much, if not most, of the instability in acquisition programs is caused by lack of discipline in the resource allocation process – that is, funding more acquisition programs than the procurement budgets can support and the chronic tendency . . . to take procurement dollars to meet operations and maintenance (O&M) bills.”

a. Do you agree with this assessment?

Answer: I agree that more discipline and integration among all the key decision processes of the DoD would increase stability with outcomes matching expectations.

b. What steps do you believe the Department should take to address this problem?

Answer: If confirmed, I believe the steps we should take are to understand the drivers and root cause of the problems in the requirements and resource allocation processes.

The Defense Acquisition Performance Assessment (DAPA) recently recommended that the Department address instability in funding for major defense acquisition programs by creating a new “Acquisition Stabilization Account” and establishing a Management Reserve in this account by holding termination liability as a pool at the Service level.

c. What is your view of these recommendations?

Answer: I have read the DAPA Executive Summary but have not seen the Report. If confirmed, I will read the complete report with particular emphasis on the recommended “Acquisition Stabilization Account.” I believe it is important to understand the recommendation in the context of the full report.

The DAPA report also recommends that the Under Secretary of Defense for Acquisition, Technology, and Logistics adjust program estimates for major defense acquisition programs to reflect “high confidence” – defined as an 80 percent chance of a program completing development at or below the estimated cost.

d. What is your view of this recommendation?

Answer: I have read the DAPA Executive Summary but have not seen the Report. If confirmed, I will read the complete report with particular emphasis on the adjustment of

program estimates for “high confidence” recommendation. I believe it is important to fully understand the recommendation in the context of the full report.

- e. **If confirmed, what steps, if any, would you take to implement this recommendation?**

Answer: If confirmed, I will first read the full report to understand the recommendation. Any implementation will be done within the DoD and with the Congress in an open and transparent manner.

7. Acquisition Cycle Time

The Department of Defense has attempted to reduce cycle time for major acquisition programs through the use of spiral development and incremental acquisition strategies.

- a. **To what extent have these strategies been implemented throughout the Department?**

Answer: I do not know the extent to which cycle time reduction has been attempted using spiral development and incremental acquisition strategies throughout the DoD.

- b. **How successful do you believe these strategies have been?**

Answer: My experience reflects that there is significant value in cycle time reduction utilizing spiral development and incremental acquisition strategies.

- c. **What additional steps do you believe the Department can and should take to reduce cycle time?**

Answer: My perspective is that there are a lot of success stories in the Department on cycle time reduction. Taking those lessons learned, finding a methodology to institutionalize their respective processes and utilizing lean sigma practices are examples of steps that may help to facilitate an environment of continuous learning resulting in cycle time reduction.

The DAPA report recommends a new approach to acquisition, described as “time certain development,” under which “useful military capability” would be delivered to operational forces within approximately six years of the Milestone A decision, even if all performance requirements could not be met in that time frame.

- d. **What is your view of this recommendation?**

Answer: I have read the DAPA Executive Summary but have not seen the Report. If confirmed, I will read the complete report with particular emphasis on the “time certain

development” and “useful military capability” recommendation. I believe it is important to understand the recommendation in the context of the full report .

8. Commercial Item Strategies

Section 803 of the National Defense Authorization Act for Fiscal Year 2006 requires a determination by the Secretary of Defense and notification to Congress before a major weapon system may be treated as a commercial item. Similarly, section 823 requires a determination by the Under Secretary of Defense for Acquisition, Technology, and Logistics, and notification to Congress before the Department may use “other transaction authority” for a prototype project in excess of \$100 million.

- a. Under what circumstances, if any, would it be appropriate, in your view, to treat a major weapon system as a commercial item?**

Answer: If confirmed, I will read Section 803 and Section 823 to fully understand the respective statutory language. I believe there may be certain major defense systems, such as communications satellites or cargo aircraft, that are offered in the commercial market, either off-the-shelf or with minor modifications, that fit the definition of commercial items and could be treated as such.

- b. Under what circumstances, if any, would it be appropriate, in your view, to use “other transaction authority” for a prototype project in excess of \$100 million?**

Answer: If confirmed, I will read Section 823 with regard to “other transaction authority” to fully understand the respective statutory language.

9. Acquisition Organization

The DAPA report recommends a number of organizational changes in the acquisition structure of the Department, including: (1) reestablishment of systems commands headed by four-star officers in each of the military departments; (2) elevation of the positions of the Service Acquisition Executives and Service Under Secretaries to Executive Level III; (3) designation of the Service Acquisition Executives as five-year, fixed Presidential appointees; (4) creation of a pool of non-career senior executives and political appointees to provide leadership stability in the acquisition process; (5) designation of the Under Secretary of Defense for Acquisition, Technology, and Logistics as a full member of the Joint Requirements Oversight Council; and (6) disestablishment of the Acquisition Integrated Product Teams and replacement with a small staff focused on decision-making to support joint programs.

a. What is your view of these recommendations?

Answer: I have read the DAPA Executive Summary but have not seen the full Report. If confirmed, I will read the complete report with particular emphasis on the organizational changes recommendations. I believe it is important to understand the recommendation in the context of the full report.

The CSIS report recommends that "the service chiefs should have primary responsibility for acquisition execution."

b. What is your view of this recommendation?

Answer: I believe that Goldwater-Nichols has it right in providing for civilian authority in the military Departments and acquisition oversight reporting chain. It's my sense that this has worked well. However, I am willing to consider the recommendations from CSIS and other studies and if confirmed, will seek to understand them fully.

10. Lead System Integrators

In May, 2003, the Department approved the transition of the Army's Future Combat Systems program into System Development and Demonstration. The Army has hired a lead system integrator to set requirements, evaluate proposals, and determine which systems will be incorporated into future weapon systems. Section 805 of the National Defense Authorization Act for Fiscal Year 2006 requires the Department of Defense to report to the Congressional defense committees on concerns arising out of the use of lead system integrators for the acquisition by the Department of Defense of major weapon systems.

a. What are your views on the current role and responsibilities of lead system integrators?

Answer: If confirmed, I will research the role of LSI's for the FCS Program as well as other programs to further refine my perspectives. My experience is that the LSI role has evolved from the system-of-systems role that delivers capabilities for joint and combined forces vs. the traditional prime contractor, platform centric role delivering capabilities for a single service.

b. How would you define the line between those acquisition responsibilities that are inherently governmental and those that may be performed by contractors?

Answer: I believe the line is unchanged. The rules regarding the performance of inherently governmental functions do not vary. The Government retains responsibility for the execution of the program, makes all requirements, budgeting and policy decisions, and does source selections at the prime level.

- c. **If confirmed, what steps would you take to ensure that contracting mechanisms which maintain adequate safeguards are put in place to ensure that lead system integrator access to sensitive and proprietary information is not compromised?**

Answer: If confirmed, I will look to ensure that contracting mechanisms are in place for LSI's as they are for Prime Contractors to maintain adequate safeguards to protect sensitive and proprietary information from compromise.

- d. **What specific steps have—or will—the Department take to monitor the progress of the key technologies for the Future Combat Systems?**

Answer: If confirmed, I will investigate the steps taken and planned for monitoring the progress of key technologies for FCS.

- e. **What policies are in place to ensure that lead system integrators do not misuse sensitive and proprietary information owned by other contractors and do not unnecessarily limit competition in a manner that would disadvantage the government?**

Answer: If confirmed, I will investigate this in detail to ensure polices are in place for the proper use of sensitive and proprietary information as well as for open competition.

- f. **What additional steps, if any, do you believe are needed to address this issue?**

Answer: If confirmed, I will thoroughly review this issue to determine what additional steps are appropriate. In addition, I understand the FY 06 National Defense Authorization Act requires DoD to do a study on LSI's, which should provide additional perspectives on this subject.

11. Award and Incentive Fees

The GAO recently reported that the Department of Defense has failed to link award fees to acquisition outcomes. As a result, GAO says, “DOD has paid out an estimated \$8 billion in award fees to date on the contracts in our study population, regardless of outcomes.” According to GAO, this practice has undermined the effectiveness of fees as a motivational tool, marginalized their use in holding contractors accountable for acquisition outcomes, and wasted taxpayer funds.

- a. **What is your view of the GAO findings?**

Answer: If confirmed, I would read the report and thoroughly investigate the GAO findings.

- b. What steps, if any, do you believe the Department should take to better link the payment of award fees to acquisition outcomes?**

Answer: If confirmed, I would take immediate steps to understand the situation with corrective actions where appropriate.

- c. Do you believe that it would be helpful to hold award fees as a pool at the Service level (rather than budgeting them to specific programs) to ensure that contractors have to compete for award fees rather than expecting them as a matter of entitlement?**

Answer: If confirmed, I will investigate and thoroughly analyze our business practices on this matter.

12. Test and Evaluation

The Department has, on occasion, been criticized for failing to adequately test its major weapon systems before these systems are put into production.

- a. What are your views about the degree of independence needed by the Director of Operational Test and Evaluation in ensuring the success of the Department's acquisition programs?**

Answer: As an independent voice, the Director of Operational Test and Evaluation provides operational test and evaluation results to the Secretary of Defense, other decision makers in the Department, and the Congress before programs proceed beyond Low Rate Initial Production. I believe that the independence of the DOT&E is necessary for the Operational Test and Evaluation of major weapon systems, and serves to ensure that such systems are operationally effective and operationally suitable.

- b. What initiatives in this regard would you take, if confirmed?**

Answer: If confirmed, I would encourage a more integrated approach to T&E, including developmental testing and systems engineering. Developmental and operational testers should be involved as early as possible to ensure an adequate test and evaluation program is defined, addressed, and maintained in both program budget and schedule. This integrated approach will improve the quality of the development phase, and shorten the demonstration phase to meet war-fighter requirements.

The Department has used low rate production lots to buy, and in some cases to field, significant quantities of some systems while continuing development to fix performance problems.

- c. **What steps do you believe the Department should take to ensure that milestone decision authorities do not field systems before system performance has been adequately demonstrated?**

Answer: Where it makes sense, the DoD could take this incremental approach while recognizing the need for future capability improvements. I believe it is possible to have an incremental approach to system development which allows for rapid fielding of mature technology to the war-fighter in fully tested increments. Additional development can continue to pursue increased system functionality and performance.

To prevent the fielding of immature systems, we need to increase discipline to assure systems have passed exit criteria and demonstrated a fundamental core capability before fielding.

The GAO recently reported that the DOD acquisition system incentivizes delayed operational testing “because that will keep ‘bad news’ at bay.” According to GAO, program managers have an incentive to suppress bad news and continually produce optimistic estimates, because doing otherwise could result in a loss of support and funding and further damage their programs.

- d. **What is your view of the GAO finding?**

Answer: I am not familiar with this specific finding. If confirmed, I will fully review this GAO finding to better understand the details and basis of the report. I believe program mergers strive to deliver systems on-time, at cost, and meeting all desired capabilities. I believe that providing sufficient resources, involving testers early, utilizing performance metrics, having proper checks and balances, defining clear exit criteria via the systems engineering process prior to entering Initial Operational Test and Evaluation will help to develop systems that are ready for operational testing.

- e. **What steps, if any, do you believe the Department should take to ensure that testing takes place early in enough in the program cycle to identify and fix problems before it becomes prohibitively time-consuming and expensive to do so?**

Answer: I believe an emphasis on rigorous systems engineering principles and processes will help to identify and correct problems in a timely manner in the program cycle and provide the foundation for a solid program. These plans and strategies should include the identification of realistic planning, technology maturity verification, and early test and evaluation to include Modeling and Simulation, to allow for the discovery of problems early enough to correct them in the program cycle.

Early involvement of developmental and operational test personnel is essential to ensure the program is defined and identified requirements are meaningful and “testable.” It also allows for required resources and test infrastructure to be identified and documented within realistic cost and schedule.

f. What is your view of these recommendations?

Answer: If confirmed, I will review fully the GAO's findings and recommendations.

13. Services Contracting

DOD spends over \$70 billion a year on services. Concerns raised by the GAO and the DOD Inspector General about the Department's management of these contracts led to a requirement in section 801 of the National Defense Authorization Act for Fiscal Year 2002 for DOD to establish a management structure to oversee services contracting. Because the Department was slow to implement this provision, Congress tightened the requirement for a management structure in section 812 of the National Defense Authorization Act for Fiscal Year 2006.

a. What steps will you take, if confirmed, to implement section 812 and ensure that the Department has an effective management structure in place for the acquisition of contract services?

Answer: If confirmed, I will review the policies DoD implemented in April of 2002 in response to section 801 of the National Defense Authorization Act for Fiscal Year 2002, and our progress in implementing section 812 of the National Defense Authorization Act for Fiscal Year 2006.

b. What specific steps, if any, do you believe the Department should take in this regard in calendar years 2006 and 2007?

Answer: I believe the Department plans to issue updated policies, procedures and best practices for the acquisition of contract services by the end of 2006. With that foundation in place before the end of this year, if confirmed, I anticipate working with our Service Acquisition Executives to ensure that appropriate training for the workforce and other details are in place in 2007 to complete phased implementation of the targets in section 812.

At the request of the Committee, the GAO has performed best practices work on how the private sector manages services. GAO's conclusion is that leading companies have greater visibility and management over their services contracts and conduct so called "spend" analyses to find more efficient ways to manage their service contractors. This recommendation was incorporated into sections 801 and 802 of the National Defense Authorization Act for Fiscal Year 2002 and has been reinforced by subsequent legislation.

c. What is the status of the Department's efforts to conduct a "spend" analysis, as recommended by GAO and required by statute?

Answer: If confirmed, I will assess the Department's progress in responding to the GAO recommendations and Sections 801 and 802 of the National Defense Authorization Act of Fiscal Year 2002, and ensure that appropriate "next steps" are taken.

d. What specific improvements in the management of service contracts have been made as a result of the Department's efforts to date?

Answer: If confirmed, I will review specific improvements that DoD has made in this area. I believe that the management of service contracts and contracting for services is receiving extremely high level management attention within the Department. If confirmed, I will ensure that the Department develops a coordinated approach to managing service contracts.

e. What additional steps, if any, do you believe the Department should take to implement the requirement to conduct periodic "spend" analyses for its service contracts?

Answer: If confirmed, I will assess the Department's progress to date in this area and ensure that appropriate "next steps" are taken to attain the goal of efficient, effective management of service contracts.

Section 805 of the National Defense Authorization Act for Fiscal Year 2003 established specific goals for the increased use of performance-based service contracts and competitive awards of task orders under service contracts by the Department of Defense.

f. What is your view of the utility of performance-based services contracting and the competitive award of task orders?

Answer: I am not yet in a position to express a view on this subject. If confirmed, I will assess the utility of these techniques to the Department.

g. What is the status of the Department's efforts to achieve the goals established in section 805?

Answer: If confirmed, I will assess the Department's progress in achieving these goals.

h. What additional steps, if any, do you believe the Department should take to meet the goals established in section 805?

Answer: If confirmed, I will assess the Department's progress in achieving these goals, and ensure that appropriate "next steps" are taken.

14. Time and Materials Contracts

Recent press reports indicate that some contractors may have charged the government one rate under so-called “time and materials” contracts, while paying subcontractors another, substantially lower rate. DOD and other federal agencies have proposed a change to the Federal Acquisition Regulation to address this practice.

- a. What is your view on this issue and the proposed change to the Federal Acquisition Regulation?**

Answer: It is my understanding that the clauses in certain time and materials contracts provide for payment at the single rate or composite rate rather than separate rates for the prime and subcontractors. I believe it is therefore important that the contract clauses clearly delineate the payment terms. If confirmed, I will assess the proposed change to the Federal Acquisition Regulation.

15. Contract Surveillance

The GAO and the DOD Inspector General have reported that the Department of Defense has failed to provide adequate resources to monitor contractors’ performance of service contracts. As a result, the Department has no assurance that contractors have complied with the terms of their contracts and that the Department has received the best value when contracting for services.

- a. What steps, if any, do you believe the Department should take to address this problem?**

Answer: If confirmed, I intend to review the Department’s current guidance on quality assurance oversight and the training currently provided to Contracting Officers’ Representatives.

16. Interagency Contracts

The last decade has seen a proliferation of new types of government-wide contracts and multi-agency contracts. These contracts, which permit officials of one agency to make purchases under contracts entered by other agencies, have provided federal agencies rapid access to high-tech commercial products and related services. In too many cases, however, it appears that neither agency takes responsibility for making sure that procurement rules are followed and good management sense is applied. As a result, the DOD Inspector General, the GSA Inspector General, and the GAO have identified a long series of problems with inter-agency contracts, including lack of acquisition planning, inadequate competition, excessive use of time and materials contracts, improper use of expired funds, inappropriate expenditures, and failure to monitor contractor performance.

- a. **What steps has the Department taken to address the abuse of inter-agency contracts and how effective do you believe these steps have been?**

Answer: I am not familiar with details of the Department's actions in this area. If confirmed, I will assess and take appropriate action on the problems identified by the DOD IG, the GSA IG and the GAO. I also will assess the progress the Department has made to ensure inter-agency contracts are properly used and are compliant with statutory requirements.

- b. **What additional steps, if any, do you believe are needed?**

Answer: If confirmed, I will assess what additional steps are needed.

17. Acquisition Workforce

- a. **What is your assessment of the adequacy of the current defense acquisition workforce?**

Answer: This is an area that I am very interested to learn about. My understanding is that the Under Secretary of Defense for Acquisition, Technology and Logistics, has directed a comprehensive review of the acquisition workforce. I believe this is a very important initiative. If confirmed, I plan to be intimately involved and look forward to coming back and working with you.

- b. **Should the workforce be increased or decreased, and are there specific categories of the workforce such as systems engineers that in your view need to be increased?**

Answer: I am aware that the DoD did experience a workforce drawdown after the Cold War, that included the acquisition workforce. I have not had an opportunity to make specific judgments regarding workforce adjustments. However, I am aware, based on my positions in industry, of the challenges with the scientific and technical workforce. If confirmed, I look forward to working with the Congress to best achieve the right shaping of the acquisition workforce.

- c. **Does DOD's acquisition workforce possess the quality and training needed to adapt to new acquisition reforms, as well as to the increased workload and responsibility for managing privatization efforts?**

Answer: I believe that I will find a very high caliber and dedicated acquisition workforce. Based on recent exposure, it appears that they have world class training and performance support resources. The Under Secretary of Defense for Acquisition, Technology and Logistics, recently established his number one goal as ensuring a **“High-Performing, Agile, and Ethical Workforce.”** If confirmed, I look forward to

supporting him and working with the DoD and Congress on this most important strategic goal.

- d. What are your views regarding assertions that the acquisition workforce is losing its technical and management expertise and is beginning to rely too much on support contractors, FFRDCs, and, in some cases, lead systems integrators and prime contractors for this expertise?**

Answer: I am not familiar with the details of these assertions. I believe the technical and management expertise in our workforce is vital to our national security. If confirmed, I will investigate this area in detail and personally champion initiatives that address our skill gaps and improve our competencies.

18. Buy America

“Buy America” issues have been the source of considerable controversy in recent years.

- a. What benefits does the Department obtain from international participation in the defense industrial base and under what conditions, if any, would you consider it necessary to impose domestic source restrictions for a particular product?**

Answer: I am not familiar with the specific details of the recent issues related to “Buy America.” I consider this an important area. If confirmed, I will investigate and formulate my perspectives. I believe international participation promotes defense cooperation among allies and contributes to operational interoperability, an essential ingredient in today’s coalition warfare. However, we also need to preserve our options for domestic source considerations.

19. The Defense Industrial Base

a. What is your view of the current state of the U.S. defense industry?

Answer: I believe the current state of the US defense industry is healthy, innovative and competitive from the perspective of traditional business metrics. If confirmed, I would work within the DoD and Congress to support our strategic direction with industry.

Over the last decade, numerous mergers and other business consolidations have substantially reduced the number of major defense contractors.

b. Do you believe that consolidation in the defense sector has had an adverse impact on competition for defense contracts? If so, what steps should be taken to mitigate those effects?

Answer: I do not believe that consolidation has had an adverse impact on competition for US defense contractors as much as it has had an adverse impact on the US industry workforce.

I believe the Department has worked and should continue to work closely with the antitrust agencies to evaluate defense-related mergers and mitigate potential competitive impacts and to ensure a healthy, innovative, and competitive defense industry.

c. Do you support further consolidation of the defense industry?

Answer: I neither encourage nor discourage further consolidation. Each proposed transaction must be evaluated on a case-by-case basis. In some cases, consolidation can result in the elimination of excess capacity, reduce costs, strengthen capabilities, and provide better value for DoD and the U.S. taxpayer. At the same time, the Department should not support transactions where consolidation benefits do not outweigh the benefits associated with maintaining effective competition for DoD programs. Competition is healthy.

d. What is your position on foreign investment in the U.S. defense sector?

Answer: In general, I favor foreign investment in the US defense sector so long as the investment does not pose a threat to national security.

20. Leasing Policy

a. Under what circumstances, if any, do you believe that it is appropriate for the Department to use leases to obtain new capital equipment?

Answer: I believe leasing is an appropriate option to consider. The proper analyses need to be conducted and determination made as to the cost effectiveness of leasing

compared to traditional acquisition approaches. I believe both the taxpayer and warfighter can benefit in certain circumstances.

- b. What criteria would you use, if confirmed, in determining whether to support a major lease of capital equipment by the Department of Defense?**

Answer: If confirmed, I will investigate our procedures for leasing capital equipment to assure that the process includes proper analyses and a solid business case.

21. Procurement Ethics

The Air Force tanker lease proposal raised a number of issues related to contractor ethics and the revolving door between industry and the federal government. At an April 14, 2005, hearing of the Subcommittee on AirLand, the U.S. Attorney for the Eastern District of Virginia testified that it has been difficult for him to identify potential ethics violations by former Department officials who go to work for defense contractors, because the Department's records in this area are inadequate. An April 2005 report of the GAO also concluded that monitoring of former Department employees who go to work for defense contractors is limited.

- a. What is your view of the need to provide greater transparency and monitoring of former DOD employees who go to work for the defense industry?**

Answer: I am not familiar with the above findings from the Subcommittee on AirLand nor the GAO report. If confirmed, I will read those reports and formulate my view with respect to providing greater transparency. I support openness and transparency in our everyday life. I believe and support high ethical standards of conduct and behavior and will do all I can to promote these standards in DoD. I understand this is one of the subjects DoD is considering in the ongoing comprehensive ethics review. If confirmed, I will read the reports and look at this issue in that context as well.

- b. What is your view of the adequacy of the tools and authorities available to DOD to ensure that its contractors are responsible and have a satisfactory record of integrity and business ethics?**

Answer: I understand that the current tools and authorities is one of the issues under review. If confirmed, I will review this issue in that context.

22. Shipbuilding Industrial Base

- a. In view of the current low rate of ship construction, how do we ensure a healthy, viable U.S. shipbuilding industrial base, including shipbuilders and second- and third-order supply chains, to meet our national security needs?**

Answer: I do not have direct experience in this area. However, I understand the importance and challenges of the Navy shipbuilding programs. If confirmed, I would work with the Navy and the Congress to improve the health and viability of the U.S. shipbuilding industrial base, and stabilize the shipbuilding programs as much as possible. In addition, I believe the Department should seek less expensive shipbuilding options. I also believe the Department should contract for ships in a manner that provides incentive for better cost performance and investment in labor-saving technology, and enables our shipbuilders to be more competitive in the global shipbuilding marketplace.

23. Shipbuilding Acquisition

- a. **In view of the limited competition for shipbuilding contracts, which often reduces to sole source procurement or allocation following the initial down-select, what incentives would you propose to improve contract performance?**

Answer: I believe full and open competition is the preferred shipbuilding procurement strategy. I also believe it is in the best interest of the government to achieve fixed price type contracts in a competitive pricing environment as quickly as possible in our shipbuilding programs.

If confirmed, I will investigate improvement in contract performance. For shipbuilding programs where competitive environments no longer effectively exist, the Department needs to consider reasonable profit incentives on all contract types and appropriate share lines on cost type contracts to improve contract performance.

For example, the performance incentives could be event-based. The incentives and share lines need to motivate the shipbuilder to perform, and provide some measure of protection to the government if program costs rise too much.

One of the greatest challenges the Navy faces in its shipbuilding program is the lengthy timeline that commences with defining the requirement for a new ship class and effectively ends with deploying the first ship of the class – a timeline that has historically run as long as 15 years. This lengthy timeline tends to increase cost, introduces obsolescence issues, and causes lost opportunities while older ship classes remain “on the line” awaiting arrival of their more capable replacements.

- b. **What insights can you offer on effective methods to reduce this timeline and accordingly reduce cost while increasing capability of the Fleet?**

Answer: I believe the Department should continue to leverage commercial standards and gather the lessons learned and consider ways to provide global shipbuilding with innovation and modernization.

24. Joint Unmanned Combat Air System (J-UCAS)

This Committee established a goal for DOD that by 2010, one-third of U.S. military operational deep strike aircraft would be unmanned, and by 2015, one-third of all U.S. military ground combat vehicles would be unmanned.

- a. What is your assessment of the Department's commitment to the unmanned deep strike mission? What role will you play, if confirmed, in the oversight of this effort?**

Answer: If confirmed, I look forward to reviewing and being an active participant in the Department's commitment to unmanned deep strike mission. It is my understanding that the Department is committed to unmanned systems in a variety of roles.

Over the past year, the Air Force has identified a need for an "interim" or "mid-term" bomber to satisfy deep strike mission requirements in the 2015 to 2018 time frame.

- b. What is your assessment of the Department's ability and commitment to satisfy the deep strike mission in the 2015 to 2018 time frame with an unmanned aircraft system?**

Answer: I have not had the opportunity to review the programs that would provide this capability.

25. Science and Technology

- a. What, in your view, is the role and value of science and technology programs in meeting the Department's transformation goals and in confronting irregular, catastrophic, traditional and disruptive threats?**

Answer: I believe that the DoD S&T program has a long history of developing superior technologies and capabilities to address the current and future security threats. The Department's investment in S&T has historically given our forces the technological superiority to prevail over predicted threats and the agility to adapt quickly to unanticipated threats. I believe this role is still valid in today's strategic environment. As the pace of global technology availability increases, with a commensurate increase in the pace of threat evolution, the role of a well balanced S&T program is more important than ever.

- b. If confirmed, what direction would you provide regarding funding targets and priorities for the Department's long-term research efforts?**

Answer: If confirmed, I will work with Mr. Young as the DDR&E to ensure our S&T investment is balanced. I believe S&T funding is important to our future capabilities, and

I would be concerned if funding levels ever became seriously out of balance with the rest of our Defense program.

26. Technology Strategy

The nation is confronted with a dispersed enemy expert at using relatively simple, inexpensive technology to achieve destructive and disruptive results. Creative prediction and adaptation to continuously changing threats is a focus for this Committee. Past investments in long-term research have resulted in the Department's ability to rapidly pull technologies and solutions from the laboratory to confront emerging threats.

- a. If confirmed, what actions would you take to ensure the Department's continued ability to rapidly respond to unexpected threats?**

Answer: If confirmed, I would support close collaboration between the acquisition, technology and operational communities to identify current needs and to anticipate future operational needs arising from a changing national and world security environment.

- b. How would you direct efforts of the defense research community to develop a responsive research strategy capable of quick reaction but which is also designed to include sustained investments in the development of a set of capabilities based on threat predictions and identification of related technology gaps?**

Answer: If confirmed, I will support Mr. Young in his role as the DDR&E to ensure our DoD S&T Program investment is balanced to meet near-term and long term needs.

27. Technology Transition

The Department's efforts to quickly transition technologies to the warfighter have yielded important results in the last few years. Challenges remain to institutionalizing the transition of new technologies into existing programs of record and major weapons systems and platforms. The Department's fiscal year 2006 budget includes increases across a spectrum of technology transition programs.

- a. What challenges to transition do you see within the Department?**

Answer: One of the principal challenges to transition is the lack of funding flexibility and the extended timelines of our requirements and budget processes. Successful transition requires an appropriately mature technology, a user need, an insertion window in the program of record and budgeted resources for implementation.

- b. If confirmed, what steps would you take to enhance the effectiveness of technology transition efforts?**

Answer: If confirmed, I will work with Mr. Krieg and Mr. Young as the DDR&E to identify impediments or process improvements to ensure the Department can effectively and efficiently transition technology to the warfighter.

- c. What is your assessment of the effectiveness of the rapid reaction and quick reaction special projects funds?**

Answer: I am not familiar with these funds; however, programs that allow flexibility to fund emergent programs to accelerate technology to the warfighter are important tools. If confirmed, I will work with Mr. Young as the DDR&E to enhance our rapid reaction program and other similar programs to meet warfighter needs.

- d. Are there lessons learned through rapid reaction programs that are applicable to the Department's broader acquisition processes?**

Answer: If confirmed, I will work with Mr. Krieg and Mr. Young as the DDR&E to identify lessons learned to ensure our rapid reaction programs continue to be flexible and enhance our acquisition process.

28. Small Business Issues

The Small Business Innovative Research (SBIR) program accounts for approximately \$1 billion in defense research grants annually.

- a. What emphasis will you place on participation by the acquisition community in setting research priorities for the SBIR and in accepting new solutions into existing programs of record?**

Answer: I believe the Small Business Innovation Research Program (SBIR) is an important source of technology for the Department. If confirmed, I will continue to actively involve the acquisition community in identifying its research needs and transition opportunities for all research including SBIR.

29. Congressional Oversight

In order to exercise its legislative and oversight responsibilities, it is important that this Committee and other appropriate committees of the Congress are able to receive testimony, briefings, and other communications of information.

- a. Do you agree, if confirmed for this high position, to appear before this Committee and other appropriate committees of the Congress?**

Answer: Yes.

- b. Do you agree, if confirmed, to appear before this Committee, or designated members of this Committee, and provide information, subject to appropriate and necessary security protection, with respect to your responsibilities as the Deputy Under Secretary of Defense for Acquisition and Technology?**

Answer: Yes.

- c. Do you agree to ensure that testimony, briefings and other communications of information are provided to this Committee and its staff and other appropriate Committees?**

Answer: Yes.