

Advance Questions for Mr. Sean J. Stackley
Nominee for Assistant Secretary of the Navy for
Research, Development, and Acquisition

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 the chain of command by clearly delineating the combatant commanders' responsibilities and authorities and the role of the Joint Chiefs of Staff. These reforms have also vastly improved cooperation between the services and the combatant commanders in the strategic planning process, in the development of requirements, in joint training and education, and in the execution of military operations.

Do you see the need for modifications of any Goldwater-Nichols Act provisions based on your experience in the Department of Defense? If so, what areas do you believe might be appropriate to address in these modifications?

Answer: I do not have recommended modifications to the Goldwater-Nichols Act. Civilian and military roles defined by Goldwater-Nichols have been modified by Congress since first enactment of this cornerstone legislation commensurate as opportunities to improve the Department's effectiveness have become apparent. I consider it to be incumbent upon the Service Acquisition Executive to routinely review the need for changes to the Act and, if confirmed, I would conduct such review and bring forward to the Department changes that merit consideration by the Congress.

Duties

What is your understanding of the duties and functions of the Assistant Secretary of the Navy for Research, Development, and Acquisition (ASN (RDA))?

Answer: It is my understanding that, as currently designated by the Secretary of the Navy, the Assistant Secretary of the Navy for Research, Development, and Acquisition (ASN(RDA)) serves as the Service Acquisition Executive for the Department of the Navy with the authority, responsibility, and accountability for all acquisition functions and programs within the Department of the Navy. As such, the ASN(RDA) is responsible for managing the Department of the Navy's acquisition workforce management structure and processes consistent with governing statute, Department of Defense policies, and Navy regulations; making recommendations regarding milestone decisions for Acquisition Category ID programs; and serving as the decision authority for Acquisition Category IC and II programs.

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

Answer: A strong technical background and an extensive Navy career have provided me with the opportunity to serve in a series of assignments in ship operations, design and construction,

maintenance, logistics, system integration, acquisition policy, and Major Program management. Specifically, operational experience gained while deployed in a Navy destroyer; and subsequent assignments as project naval architect for a first of class frigate, shipyard production manager for a first of class destroyer, and director for maintenance and modernization for Atlantic Fleet cruisers and destroyers provided invaluable experience in the operation, design, construction, and life cycle support of complex warships. Later assignments in the Aegis Shipbuilding Program Office and the Office of the ASN(RDA) provided in-depth experience in procurement, financial management, policy formulation, and the business end of major defense programs. Subsequently, as the LPD 17 Program Manager, I had the opportunity to lead an organization of research centers, warfare centers, Systems Commands, industry, and the test & evaluation community while completing the Lead Ship's design, software development, weapon system integration, production, test, and Delivery. More recently, in the performance of my duties on the staff of the Senate Armed Services Committee, I have gained critical insight to the role of the Congress and the perspective of the Committee while working closely with the Navy and Marine Corps on the full spectrum of acquisition matters that confront the ASN(RDA).

Do you believe that there are actions you need to take to enhance your ability to perform the duties of the ASN (RDA)?

Answer: I believe that I am technically and professionally prepared to perform the duties of the ASN (RDA). If confirmed, I expect to have a close working relationship with the Secretary of the Navy and the Under Secretary of Defense (Acquisition, Technology, and Logistics), and I expect to coordinate on acquisition matters with the Secretariat and the Chief of Naval Operations organizations. Ultimately, performance of the duties of the ASN (RDA) is measured by the performance of the acquisition workforce. There are a number of actions, initiated by the Department and with the support of Congress, intended to strengthen this workforce and the processes governing the management of major procurements. I believe that one of my priorities, if confirmed, will be to further the implementation of these initiatives.

Assuming you are confirmed, what duties and functions do you expect that the Secretary of Defense and the Secretary of the Navy would prescribe for you?

Answer: If confirmed, I expect the Secretary of Defense and the Secretary of the Navy to assign me duties and functions commensurate with the ASN (RDA) position, and any others they may deem appropriate.

Relationships

In carrying out your duties, how will you work with the following:

A. The Secretary of the Navy/Under Secretary of the Navy

By current instruction, the Secretary of the Navy has designated the ASN (RDA) as the Department of the Navy Service Acquisition Executive with responsibility for establishing acquisition policy and procedures, and for managing research, development and acquisition within the Department of the Navy. If confirmed, I will report directly to the Secretary and

Under Secretary of the Navy in the execution of the duties related to this function. Further, I will perform other duties as assigned by the Secretary.

B. The Chief of Naval Operations/Commandant of the Marine Corps

The Chief of Naval Operations (CNO) and Commandant of the Marine Corps are the principal advisors to the Secretary of the Navy in the allocation of resources to meet program requirements. If confirmed, I will work closely with the CNO and the Commandant in the planning and execution of acquisition programs to most effectively meet the warfighters' requirements with available resources.

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

If confirmed, I would represent the Department of the Navy to the Under Secretary of Defense on all matters relating to Navy acquisition policy and programs. In addition, as the Navy Acquisition Executive, I would provide recommendations on all Navy Acquisition Category ID programs to the Under Secretary of Defense.

D. The Assistant Secretaries of the Army and Air Force for Acquisition

If confirmed, I plan to establish close working relationships with my counterparts in the Army and the Air Force to ensure coordination on key acquisition issues.

E. The General Counsel of the Navy

If confirmed, I expect to seek advice and counsel from the Navy's Chief Legal Officer on all relevant matters.

F. The Director for Defense Research and Engineering

If confirmed, I will work with DDR&E in the coordination of Research and Development efforts by the Department of the Navy.

G. The Assistant Secretary of Defense for Networks and Information Integration

If confirmed, I will work with the ASD (NII) as necessary to ensure Navy/Marine Corps system design and development meet interoperability exchange, information assurance, and further network requirements established by the ASD (NII).

H. The Navy Chief Information Officer.

The Department of the Navy Chief Information Officer (DON CIO) reports directly to the Secretary for all matters on Information Management and Information Technology. If confirmed, I will work closely with the DON CIO on acquisition of IM/IT systems, and IM/IT matters as they affect Navy acquisition.

I. The Director of Operational Test and Evaluation.

If confirmed, I will work closely with the Director in the development, approval, and execution of Test and Evaluation Master Plans for Navy acquisition programs, and in the

J. The Chief of Naval Research.

By current instruction, the Chief of Naval Research reports to the ASN (RDA). If confirmed, I would oversee the Chief of Naval Research execution and management of the Department of the Navy RDT&E appropriation.

Major Challenges and Problems

In your view, what are the major challenges that you would confront, if confirmed as ASN (RDA)?

Answer: If confirmed as the ASN (RDA), my overarching challenge will be to oversee and integrate the Department of the Navy's research, development and procurement functions within the available resources in order to provide the Nation's Navy and Marine Corps with unmatched capability for the performance of their full range of missions. I believe some of the more specific challenges I would confront include –

- Meeting the urgent needs of the sailors and Marines in prosecuting the Global War on Terrorism;
- Ensuring the depth and breadth of skills and experience in the Navy's acquisition workforce matches the requirements for managing the Navy's acquisition programs;
- Improving performance in controlling cost and requirements in order to deliver programs within budget and schedule;
- Sustaining a robust science and technology program to ensure our technological advantage over future threats;
- Addressing industrial base challenges in an environment of sustained low rate production.

Assuming you are confirmed, what plans do you have for addressing these challenges?

Answer: If confirmed, I expect to draw on my previous experiences as well as the advice and counsel of the Navy's acquisition team, the Chief of Naval Operations, and the Commandant in order to address these challenges. I intend to work closely with the Under Secretary of Defense (Acquisition, Technology, and Logistics), industry, and the Congress to develop and execute plans and initiatives that will advance our efforts on these challenges.

What do you consider to be the most serious problems in the performance of the functions of the ASN (RDA)?

Answer: At this time, I am unaware of any serious problems in the performance of the functions of the ASN (RDA).

If confirmed, what management actions and time lines would you establish to address these problems?

Answer: If confirmed, I will address problems as they arise, establishing a plan of action and timeline appropriate to the nature, priority, and urgency of each problem.

Priorities

What broad priorities would you establish, if confirmed, in terms of issues which must be addressed by the ASN (RDA)?

Answer: If confirmed, I will work within the framework of objectives established by the Secretary of the Navy for the Department. I believe some of the more specific priorities I would need to address include –

- Meeting the urgent needs of the Sailors and Marines prosecuting the Global War on Terrorism;
- Developing, implementing, and executing acquisition plans to affordably modernize and procure the ships, aircraft, and related systems required to meet the demands of the National Military Strategy;
- Building and sustaining a highly capable acquisition workforce to manage acquisition of Navy/Marine Corps programs.

Acquisition Issues

Major defense acquisition programs (MDAPs) in the Navy and the other military services continue to be subject to funding and requirements instability.

Do you believe that instability in funding and requirements drives up program costs and leads to delays in the fielding of major weapon systems?

Answer: Yes. Studies by the Department, by third parties, and by oversight organizations, such as the Government Accounting Office, have consistently identified instability in funding and requirements as one of the root causes for cost growth and schedule delay on major programs.

What steps, if any, do you believe the Navy should take to address funding and requirements instability?

Answer: I believe that there is close coupling between the degree of stability in funding and requirements, the quality of cost estimates for major weapons systems, and the performance by the government and industry as they relate to program cost and schedule. As such, I believe that a first step in addressing funding and requirements instability is to ensure the reasonableness of the system requirements and to improve the quality of related cost and schedule estimates to ensure that decision makers are well informed of their full commitment of resources at the front end of major weapon systems programs. A commensurate step would include ensuring adherence to the Department's standards for achieving the appropriate level of technology readiness prior to proceeding to the next acquisition phase to minimize the degree of uncertainty that would surround the cost estimate at each program milestone. If the Department properly funds the program, it is then incumbent upon the acquisition team to exercise discipline in tracing system design and specifications to performance requirements, and to employ the appropriate acquisition strategy to deliver the capability within the resources allocated. Throughout this process, it is essential that the acquisition organization working closely with the

resources and requirements organization adheres to Navy acquisition policy governing contract changes. If adequate resources are not programmed, I believe it is incumbent upon the Acquisition Executive to ensure the Department is fully aware of the effect of such funding instability on program execution, including cost impacts to other programs and impact to the industrial base. For mature programs that meet appropriate criteria, multiyear contracting has historically proven effective in maintaining funding and requirements stability.

The Government Accountability Office has reported that the use of insufficiently mature technologies has resulted in significant cost and schedule growth in the MDAPs of the Navy and the other military departments. Section 2366a of title 10, U.S. Code, requires the Milestone Decision Authority for an MDAP to certify that critical technologies have reached an appropriate level of maturity before Milestone B approval.

Do you believe that the use of insufficiently mature technologies drives up program costs and leads to delays in the fielding of major weapon systems?

Answer: Yes.

What steps will you take, if confirmed, to make sure that the Navy complies with the requirements of section 2366a?

Answer: If confirmed, I will review Navy acquisition policy and practice to ensure compliance with the requirements of section 2366a, assess the implementation of this policy in the course of reviewing major programs, and ensure adherence through continued program review and oversight. Consistent with milestone decision authority designated for the ASN (RDA), I will ensure compliance with the section 2366a certification requirements prior to Milestone B approval and provide notification to the congressional defense committees. If it is necessary to proceed with Milestone B approval prior to completing the 2366a requirements in order to meet national security objectives, I will submit in writing to the congressional defense committees a waiver to section 2366a requirements, my determination that the Department would be unable to meet critical national security objectives without the waiver, and the reasons for this determination.

The Government Accountability Office has reported that the use of unrealistically optimistic cost and schedule estimates by the Navy and the other military departments is a major contributor to cost growth and program failure.

Do you believe that the use of unrealistically optimistic cost and schedule estimates leads to program disruptions that drive up program costs and delay the fielding of major weapon systems?

Answer: Yes.

What steps do you believe the Navy should take to ensure that cost and schedule estimates are fair and independent, and provide a sound basis for Navy programs?

Answer: I believe that the quality of cost and schedule estimates relies to a great extent on the cost models employed by the various estimating groups; access to data required to validate these models; the policies governing the treatment of risk, contract type, escalation, margin, and change management; and the estimating group's degree of independence, experience, and skill at managing these and other factors in the formulation of cost and schedule estimates. I believe that steps to ensure that cost and schedule estimates are fair and independent include ensuring that the cost estimating groups responsible for these efforts are adequately staffed with a workforce skilled and experienced for the task, that their accountability is distinct from the program office, and that the governing policies described above reflect the degree of risk that the Department is willing to include in budgeting for the program. In formulating estimates for major programs, it is prudent to seek multiple independent estimates, compare the estimates, understand the differences, and ensure that the risk highlighted by this approach is either included in the program budget or mitigated through the program's contract strategy and risk management plan.

The Under Secretary of Defense for Acquisition, Technology and Logistics has issued a memorandum directing the military departments to institute new "Configuration Steering Boards" to review and approve new requirements that could add significantly to the costs of major systems.

Do you support this requirement?

Answer: Yes.

What steps will you take, if confirmed, to ensure that the Navy complies with this new requirement?

Answer: If confirmed, I will ensure that this requirement is addressed by appropriate instructions governing Navy acquisition policy and procedures. I will ensure that these instructions have been properly promulgated, review results of the Configuration Steering Boards, and ensure adherence to this requirement in the course of overseeing management of major programs.

The Under Secretary of Defense for Acquisition, Technology and Logistics has also issued a memorandum directing that the largest DOD acquisition programs undergo competitive prototyping to ensure technological maturity, reduce technical risk, validate designs, cost estimates, evaluate manufacturing processes, and refine requirements.

Do you support this requirement?

Answer: Yes. As noted, as major weapon systems trend towards increased complexity, competitive prototyping provides an effective means for controlling and reducing technical risk in major defense programs. Additionally, sustaining competition to later stages of development for these weapon systems should provide for increased innovation and affordability in meeting design requirements.

What steps will you take, if confirmed, to ensure that the Navy complies with this new requirement?

Answer: If confirmed, I will ensure that the requirement addressed in this USD (AT&L) memorandum is captured by ASN (RDA) instructions governing Navy acquisition policy and procedures, I will ensure that these instructions have been properly promulgated, and I will assess the implementation of the requirement in the course of conducting reviews of major programs.

Numerous acquisition reviews over the last decade have identified shortcomings and gaps in the acquisition workforce of the Department of Defense. Section 852 of the National Defense Authorization Act for Fiscal Year 2008 establishes an Acquisition Workforce Development Fund to provide the resources needed to begin rebuilding the Department's corps of acquisition professionals.

Do you believe that a properly sized workforce of appropriately trained acquisition professionals is essential if the Navy is going to get good value for the expenditure of public resources?

Answer: Yes.

What steps do you expect to take, if confirmed, to ensure that the Navy makes appropriate use of the funds made available pursuant to section 852?

Answer: As noted, the drawdown of the acquisition workforce has occurred over a protracted period. Similarly, a sustained campaign will be necessary in order to attract, train and retain the skilled professionals required by the Department to properly perform its mission, provide appropriate oversight of contractor performance, and provide the best value for the taxpayer's dollars. If confirmed, I will review current metrics and results of the Department's most recent billet review in order to assess existing gaps in critical skills for the acquisition workforce. I will review guidance promulgated by the Under Secretary of Defense (Acquisition, Technology, and Logistics) for the administration of the Fund, and consult with senior Navy civilian and military leadership to assess the implementation of this guidance and the current state of planning for use of these funds within the Department.

Another concern raised about MDAPs is that a number of factors, including promotion and rotation policies are causing the military services to retain program managers for too short a time.

Do you agree that shortened tours as program managers can lead to difficulties in Acquisition programs?

Answer: Yes.

If you agree, what steps would you propose to take to provide for stability in program management?

Answer: If confirmed, I would review current policy and practice for assigning program managers to major programs with senior Navy military and civilian leaders, including such considerations as career flow points, tenure agreements, and succession planning for program managers. To the extent that existing policy warrants improvement to support both the function of program management and the career of the program manager, I will work within the Department to make these changes; and otherwise I will work to ensure that the Department adheres to established policy.

Contract Management

By some estimates, the Department of Defense now spends more money every year for the acquisition of services than it does for the acquisition of products, including major weapon systems. Yet, the Department places far less emphasis on staffing, training, and managing the acquisition of services than it does on the acquisition of products.

What steps, if any, do you believe the Navy should take to improve the staffing, training and management of its acquisition of services?

Answer: I understand that the Department of the Navy has implemented a number of initiatives to improve the management of its acquisition of services and, if confirmed, I intend to review these initiatives. However, I believe that this issue must be addressed within the context and framework of previously noted concerns regarding the drawdown of the acquisition workforce.

Do you agree that the Navy should develop processes and systems to provide managers with access to information needed to conduct comprehensive spending analyses of services contracts on an ongoing basis?

Answer: Yes.

The last decade has seen a proliferation of new types of government-wide contracts and multi-agency contracts. The Department of Defense is by far the largest ordering agency under these contracts, accounting for 85 percent of the dollars awarded under one of the largest programs. The DOD Inspector General and others have identified a long series of problems with interagency 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.

What steps, if any, do you believe the Navy should take to ensure that its use of interagency contracts complies with applicable DOD requirements and is in the best interests of the Department?

Answer: I understand that the Department of the Navy has promulgated procedures to ensure that the use of interagency contracts is in the best interests of the Department. If confirmed, I will work to ensure that the Department complies with these procedures and applicable Department of Defense requirements.

Multiyear procurement contracts

Section 811 of the National Defense Authorization Act for Fiscal Year 2008 amended section 2306b of title 10, United States Code to ensure that the Department of Defense enters multiyear contracts only in cases where stable design and stable requirements reduce risk, and only in cases where substantial savings are expected. The revised provision requires that data be provided to Congress in a timely manner to enable the congressional defense committees to make informed decisions on such contracts.

What types of programs do you believe are appropriate for the use of multi-year contracts?

Answer: Multiyear contracts potentially provide substantial savings through improved production processes, optimized employment of workforce and facilities, and procurement of material at economic order quantities. I believe that programs that are characterized by stable requirements, mature design, and realistic cost estimates, and that are intended to be procured at an economic rate under a fixed price type contract should be considered for multiyear procurement.

If confirmed, will you ensure that the Navy and the Marine Corps fully comply with the requirements of section 2306b of title 10, United States Code, as amended by section 811 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181) with respect to programs that are forwarded for authorization under a multiyear procurement contract?

Answer: Yes.

What is your understanding of the requirement that a multi-year contract result in “substantial savings” compared to the cost of carrying out a program through annual contracts?

Answer: My understanding of the requirement that a multiyear contract result in “substantial savings” is, as defined by section 2306b, that the use of a multiyear contract will result in savings that exceed 10 percent of the total costs of carrying out the program through annual contracts. Exception to this criterion would be considered if the Department presents an exceptionally strong case that the proposal meets the other requirements of section 2306b.

What is your understanding of the new requirements regarding the timing of any Department of Defense request for legislative authorization of a multiyear procurement contract for a particular program?

Answer: My understanding of the new requirements regarding the timing of any Department of Defense request for authorization of a multiyear procurement contract is that the Secretary of Defense is to certify in writing by no later than March 1 of the year in which the Secretary

requests the authority, that he has determined that each of the requirements of section 2306b(a) will be met by the multiyear procurement.

Acquisition Management

Section 908 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181) requires that the service acquisition executive of each of the military departments shall have a 3-star principal military deputy. The Senate report states that the purpose of this provision is to strengthen the performance of the service acquisition executive; improve the oversight provided military officers serving in acquisition commands; and strengthen the acquisition career field in the military. The provision requires that each principal military deputy be appointed from among officers who have significant experience in the areas of acquisition and program management, including a requirement that a nominee for this position have at least ten years of direct acquisition experience.

If confirmed, will you ensure that officers assigned to the principal military deputy position meet the full qualifications of a critical acquisition position?

Answer: If confirmed, I will ensure that officers assigned to the principal military deputy position are the best qualified for the position with regard to the requirements for this critical acquisition position.

What steps will you take, if confirmed, to improve accountability in acquisition management and will you hold those acquisition officers accountable for failing to follow acquisition laws and regulations?

Answer: If confirmed, the steps I would consider for increasing accountability would include an assessment of qualifications required for critical acquisition billets, an assessment of succession planning to ensure qualified acquisition professionals are being developed for program management positions, and a review of policy and practice to ensure program managers are being expected to commit to tenure agreements that align to the program's needs for continuity and stability. I would review current practice regarding 'turnover' letters, and consider the value of using these opportunities for the incoming program manager to identify the current status of the program and to identify the program objectives for his tenure. Further, I would work with the program managers to identify the tools, resources and support they require in order to successfully manage their programs and would consider it to be my responsibility to ensure that these needs are met. If an acquisition official were to violate law or regulations, I would thoroughly review the facts and findings and work with counsel to determine appropriate actions in holding the individual accountable.

What steps will you take, if confirmed, to improve oversight in the requirements determination, resource allocation or acquisition management processes?

Answer: If confirmed, I will work to ensure that the Chief of Naval Operations and the Commandant of the Marine Corps are well advised on cost, schedule and risk associated with developing and fielding new capabilities, and that related programs are properly funded through

the Program, Planning, Budgeting and Execution system. I will review existing Navy acquisition policy and practice governing changes to system requirements to ensure appropriate discipline in the management of contract changes. I understand that the Secretary of the Navy has implemented a series of initiatives, primarily a Gate Review process, to improve oversight and coordination in requirements determination and resource allocation leading to acquisition of major programs. If confirmed, I will take the necessary steps to ensure the effectiveness of these processes.

What is your view of the appropriate use of fixed-price contracts in major defense acquisition programs? If confirmed, will you ensure that the Department of the Navy fully implements the requirements of section 818 of the John Warner National Defense Authorization Act for Fiscal Year 2007?

Answer: My view is that fixed-price contracts are appropriate for major defense acquisition programs when the system being procured can be described in sufficient detail to ensure complete understanding of the requirements and the inherent risks of performance by both the government and the contractor. If confirmed, I will review the current status of the Department of the Navy's implementation of the requirements of section 818 of the John Warner National Defense Authorization Act for Fiscal Year 2007 and, as necessary, take appropriate steps to fulfill the requirements.

The General Accountability Office has reported that since the mid-1990s, the acquisition costs for major weapons programs has increased almost 120 percent and that current programs are experiencing, on average, nearly a 2-year delay in delivering initial capabilities to the warfighter.

What steps will you take, if confirmed, to reduce or eliminate cost overruns and delays for major weapon programs, such as what the department experienced in the Littoral Combat Ship and the Expeditionary Fighting Vehicle?

Answer: Common causes for cost overruns and delays of major programs include invalid cost estimates, requirements instability, funding instability, excess technical risk, ineffective contract strategies, disruption caused by contract change, and inadequate government oversight. If confirmed, I will review related acquisition policy, processes, standards and practices to ensure their effectiveness at addressing these issues; I will review major programs to assess their risk for overrun or delay; and I will review the current health of the acquisition workforce, including the staffing of critical billets for the management of these major programs. To the extent that deficiencies, weaknesses, or opportunities for improvement are identified during these reviews, I'll work within the Department to identify and implement appropriate corrective action.

Recently the General Accountability Office released a report entitled, "Defense Contracting, Post-Government Employment of Former DOD Officials Needs Greater Transparency." The GAO found that a large number of former DOD officials may have worked on defense contracts related to their former agencies, and some may have worked on the same contracts or which they had oversight responsibilities or decision-making authorities while at DOD.

If confirmed, what steps would you take to ensure that acquisition officials in the Department of the Navy do not violate statutes and regulations regarding conflicts of interest and post-government employment?

Answer: I am aware that the Department conducts training and counseling regarding post-government employment for acquisition officials. If confirmed, I would consult with the Office of General Counsel regarding the Department's further responsibilities for ensuring compliance by former DoD officials in post-government employment, and determine any necessary further steps.

The poor performance of many major defense acquisition programs has been attributed to the failure of the military departments to make tough decisions as to which programs should be pursued, and more importantly, not pursued, to ensure that requirements are reasonable achievable and programs are executable, and to hold senior officials accountable when responsibilities are not fulfilled.

Would you agree that the existing acquisition culture in the Department of Defense leads the military services, including the Department of the Navy, to over-promise on capability and underestimate costs in order to buy new programs and capture funding?

Answer: Yes. Basing program decisions on unrealistic cost and schedule estimates is routinely cited as a root cause for poor cost and schedule performance in the procurement of major defense programs.

If confirmed, what steps would you take to change that culture?

Answer: If confirmed, I will review related acquisition policy, processes, standards and practices to ensure their effectiveness at addressing these issues; I will review major programs to assess their risk for overrun or delay; and I will evaluate current tools and practices for ensuring the reasonableness of system requirements and place priority on ensuring the quality of related cost and schedule estimates. A commensurate step would include ensuring adherence to the Department's standards for achieving the level of technology appropriate to each major milestone. To the extent that deficiencies, weaknesses, or opportunities for improvement are identified during these reviews, I'll work within the Department to identify and implement appropriate corrective action. Further, I understand that the Secretary of the Navy has implemented a series of initiatives, primarily a Gate Review process, to improve oversight and coordination in requirements determination and resource allocation leading to acquisition of major programs. If confirmed, I will take the necessary steps to ensure the effectiveness of these processes.

Navy Science and Technology

What are the current major strengths and weaknesses of the Navy science and technology enterprise in supporting Navy and defense missions?

Answer: The Navy science and technology enterprise has underpinned the technological superiority of the U.S. Navy. The extensive network of laboratories and institutions comprising this enterprise provide a broad base of expertise and world class facilities that succeed in bringing innovation and leading edge technologies to the design of today's U.S. Navy ships, aircraft and weapon systems.

What metrics would you use to judge the value of Navy science and technology investments and the level of resource investment in them?

Answer: Metrics for judging the value of science and technology investments must be careful in defining 'return on investment.' By its nature, the development of leading edge technologies requires a higher tolerance for risk and failure. However, there should be a measure of correlation between the future naval capabilities envisioned for 'the Navy after next,' the projects comprising the science and technology portfolio, the dollars invested, and relative measures of risk, payback, priority, and potential value to the warfighter. If confirmed, I would consult with the Chief of Naval Research regarding the enterprise's current metrics to determine if further measures are warranted.

What methodology will you use to assess the appropriateness of the current balance between short- and long-term research to meet current and future Navy and Marine Corps needs?

Answer: If confirmed, I will review the current and historical balance between short and long term Navy and Marine Corps research with the Chief of Naval Research and other key stakeholders in the science and technology enterprise in the context of near and long term requirements to determine whether the current balance and trends best support the warfighter.

What role do Navy science and technology investments play in reducing technical risk for major acquisition programs?

Answer: Ultimately, these investments are fundamental to the acquisition team's ability to provide the advance technologies that are critical to sustaining naval superiority. Further, as weapon systems tend toward increasing complexity, it is increasingly important that major programs seek to retire technical risk by leveraging science and technology efforts in the early acquisition phases.

How should Navy science and technology investments be planned, programmed and coordinated with respect to major acquisition efforts to help reduce risk and keep programs on budget and on schedule?

Answer: A well developed acquisition plan will include a technology roadmap that identifies the risk factors, key development efforts, technology readiness levels appropriate to each phase of acquisition, and estimated costs in order to support the program's budget and schedule. The program plan needs to establish well documented exit criteria at decision points to ensure risk is managed in each of these phases, and the management structure must bridge the science and

technology, acquisition, and requirements organizations to manage progress and ensure close coordination throughout the process.

Navy Laboratories and Technical Centers

In general, what are the greatest current strengths and weaknesses of the Navy's laboratories and technical centers?

Answer: The technical expertise and facilities comprising the network of Navy laboratories and technical centers are a strategic, national asset. These centers have been at the core of every major innovation in naval systems and are well suited for the unique demands of naval operations. I believe that the challenges associated with sustaining these capabilities and expertise are inherently significant, made more so when confronting issues with resource constraints, competition from outside industry, and aging workforce issues.

How would you compare the quality of the Navy's labs and technical centers with respect to other defense laboratories and national laboratories?

Answer: If confirmed, I would consult with the Chief of Naval Research to determine how the Navy laboratories and technical centers could benefit from benchmarking these other defense and national laboratories.

What initiatives would you consider to improve the ability of Navy laboratories and technical centers to support Navy and defense missions?

Answer: If confirmed, I will review with the Chief of Naval Research and key stakeholders the current state of Navy laboratories and technical centers, as well as ongoing and planned initiatives prior to considering further initiatives.

Navy Test and Evaluation Capabilities

What are the greatest strengths and weaknesses in the Navy's Test and Evaluation to ensure adequate development and operational testing of systems?

Answer: The Navy's Test and Evaluation program has been extremely effective at ensuring major weapon systems are operationally effective and suitable when fielded. One of the more significant challenges to the T&E program is the completion of development of advanced threat-representative weapon targets for live fire testing.

Do you feel that the Navy's test infrastructure, including facilities and personnel, are adequate to support current and future Navy needs?

Answer: Yes. As noted, target development efforts remain a challenge, but I believe that the Navy has employed acceptable methods to continue testing while development proceeds.

Technology Transition

The Department's efforts to quickly transition technologies to the warfighter have yielded important results in the last few years. Challenges remain in institutionalizing the transition of new technologies into existing programs of record and major weapons systems and platforms.

What challenges to transition do you see within the Department of the Navy?

Answer: There is a natural tension that exists between the desire to field the most advanced technologies available for the warfighter and the need to effectively manage risk to ensure that programs meet performance requirements within budget and schedule. The USD (AT&L) and the Navy have established policies for balancing these competing factors through such approaches as competitive prototyping, such policies as the establishment of configuration steering boards and establishment of technology readiness level criteria for milestone decisions, and such processes as Gate Reviews for major programs.

If confirmed, how would you ensure that technologies rapidly transition from the laboratory into the hands of the warfighter? What steps would you take to enhance the effectiveness of technology transition efforts?

Answer: If confirmed, I will work within the framework described above for standard acquisition programs. Regarding rapid acquisition programs, or similar efforts to meet urgent needs of the warfighter, I will assess the effectiveness of current efforts with the program managers, systems commands, and warfare centers to determine what further support or guidance they need to improve on these transition efforts.

Technical Workforce

What is your current assessment of the quality and sustainability of the DOD S&T workforce and the management of the Navy's laboratory and technical center infrastructure?

Answer: I believe that the Department of Defense has historically been successful at attracting an extremely skilled science and technology workforce. However, the drawdown of the Department and acquisition workforce has impacted the Department's ability to sustain this depth and breadth of skills. This is compounded by increasing demand for these skills in private industry.

If confirmed, what plans would you pursue to ensure an adequate supply of Navy and Marine Corps experts in critical disciplines in the Department's research and development commands? What role will you in play in ensuring that the Navy laboratories and technical centers have the proper personnel tools necessary to recruit and retain a world class technical workforce?

Answer: If confirmed, I will consult with the Chief of Naval Research and the leadership of the Navy warfare centers to gain a better assessment of the current state of critical skills in the Department's R&D commands and, in concert with review of the acquisition workforce, determine what further plans are appropriate to sustain these critical skills.

Navy Information Technology Programs

What steps do you feel the Navy needs to take to ensure the success of the Next Generation Enterprise Networks program?

Answer: I believe that the first and most important step is to ensure the Department has effectively determined a reasonable set of requirements for NGEN, and has balanced these requirements with the resources available for the program. The Department needs to identify the risks, obstacles, and costs it will incur when transitioning from NMCI to NGEN, and it will need to work closely with industry as it defines its requirements to ensure the solicitation process is fair and timely and that performance requirements are well understood.

How will you work to ensure a seamless transition between the NMCI and NGEN programs so that Navy missions are not adversely affected during the transition process?

Answer: If confirmed, I will review the current strategy for transition between NMCI and NGEN and ensure appropriate priority is placed on a seamless transition, including contract schedules and incentives, phasing and communication of the rollout plan, and an accompanying risk mitigation plan.

How will you work to ensure that Navy IT investments, in both tactical and businesses systems, are coordinated and interoperable with joint efforts and Department-wide enterprise initiatives?

Answer: The Department of the Navy and the Office of the Secretary of Defense have parallel organizations responsible for these concerns. If confirmed, I will work with these organizations to ensure that acquisition of these systems meet their requirements for interoperability.

National Shipbuilding Research Program - Advanced Shipbuilding Enterprise

The Advanced Shipbuilding Enterprise of the National Shipbuilding Research Program (NSRP-ASE) is a collaborative effort between the Navy and shipbuilding industry to improve processes with the objective of reducing the costs to build ships. Modest funding from both partners is projected to more than pay for itself. With the current criticism of increasing costs for Navy ships, it does not seem prudent for the Navy to cease supporting this program, but funding for the program was not requested in the fiscal year 2009 budget request.

If confirmed, what steps would you propose in working with the shipyards to reduce the costs of Navy shipbuilding?

Answer: If confirmed, I will work to ensure shipbuilding requirements are well defined, reasonable and stable; that contracts are appropriately structured to incentivize cost performance; and that appropriate measures are in place to ensure discipline in managing contract changes. I will work within the Department to maintain stable funding for shipbuilding programs and look for opportunities to stabilize shipyard workload, including use of multiyear contracts when conditions are met for substantial savings. Beyond shipbuilder costs, I will work with Integrated Warfare Systems to improve understanding of the cost drivers in naval weapons systems development, integration and testing in order to identify opportunities to improve on costs in these areas. I will seek to leverage competition where possible, and employ fixed type contracts where appropriate.

Do you believe that a collaborative, co-funded effort such as the NSRP-ASE between the Navy and the industrial base is of intrinsic value in lowering the spiraling costs of Navy ships?

Shipbuilding

The Committee has repeatedly heard testimony from the Navy and industry leadership that stability in the shipbuilding program is essential if costs are to be controlled. Although there has been some progress on this front lately, the Navy has changed the acquisition profiles and strategies for shipbuilding programs numerous times in recent years.

Do you agree that stability of acquisition profiles and strategies are essential to shipbuilding cost control?

Answer: Yes

If confirmed, how would you attempt to ensure this stability?

Answer: If confirmed, I will work to ensure that the shipbuilding program is built upon realistic cost estimates and reasonable, efficient procurement profiles; that platform requirements are well understood and the development of key technologies is on a path to support these requirements; that competition plans and contract types, terms, and conditions appropriately incentivize performance within budget; that appropriate policy is in place to ensure discipline in the management of contract changes; and that multi-year contracts are employed when conditions are met to achieve substantial savings. Further, I will advocate this stability throughout the Planning, Programming, Budget, and Execution process to ensure that the Department, in evaluating changes to the shipbuilding program, is well informed of related impacts to cost, schedules, and the industrial base.

Alternative Funding for Shipbuilding

On numerous occasions, Navy leaders have testified that identifying an acceptable alternative to the full funding policy for shipbuilding is necessary to avoid increases in the Shipbuilding and Conversion, Navy account brought about by the purchase of large ships.

Methods such as split funding and incremental funding have been used on certain ships. Another method that has been discussed is advance appropriations.

In your opinion, what is the best way to fund Navy ships?

Answer: I believe that the current full-funding policy for Navy ships, with noted exceptions for funding of large ships, has proven sufficiently effective in meeting Navy acquisition objectives.

If confirmed, what alternative methods, if any, for shipbuilding funding, that would still allow Congressional oversight, would you recommend?

Answer: I have no recommendations at this time for alternative funding methods for shipbuilding.

What is your view of the long-term impact of split funding or incremental funding on the availability of funds for Navy shipbuilding accounts?

Answer: In my view, when properly planned, programmed and executed, I believe that incremental funding for high cost ships, such as aircraft carriers and large-deck amphibious ships, serves to improve stability in the shipbuilding account by reducing associated spikes to the shipbuilding budget.

Littoral Combat Ship

The Committee has great concerns about cost problems in the shipbuilding arena, most notably with the Littoral Combat Ship, or LCS program. Last year, the Navy canceled the contract for the second ship at both of the two LCS contractors.

Changing requirements, poor cost estimates, inexperienced program managers, and poor supervision of the contractors' performance were among the causes of the overrun. For many years, numerous studies have recommended against changing requirements after signing a contract because that will inevitably lead to cost and schedule problems. The Committee does not understand why the Department of the Navy has not taken this lesson to heart.

What, in your opinion, are the reasons for poor cost and schedule performance of the LCS program?

Answer: In my opinion, the Navy incurred significant cost and schedule risk in the LCS program by placing priority on accelerating the design and construction of the first of class Littoral Combat Ships, and by placing inadequate emphasis on cost realism and cost control in the award and execution of the design and construction contracts. As a result, immature cost estimates were locked into the budget before the Navy had developed the ship specifications, contracts were awarded before the contractors had incorporated newly developed Naval Vessel Rules into their respective designs, and program execution compromised on cost performance in the effort to meet the first ships' critical path schedules. These factors led to significant disruption at the front end of this new ship program, caused significant impact to production

planning and construction of the first of class ships, and ultimately drove poor cost and schedule performance.

Are there other reasons for cost and schedule performance issues on Navy shipbuilding contracts?

Answer: Cost and schedule performance issues on Navy shipbuilding contracts often refer to performance on first of class ships. Many, varied factors contribute to these issues, and while each lead ship confronts a unique set of issues, I believe common factors include –

- Challenges associated with properly estimating cost for completing design, development of related technologies, software development, system integration, and construction of complex first of class warships.
- Technological challenges inherent to a first of class ship generally result in employment of cost-plus contracts which place cost risk on the government.
- Competitively awarded first of class ships are very aggressively priced.
- The increasing complexity of Navy warships and the limited ability to retire risk through prototyping results in cost growth and schedule delay through “discovery” in the course of completing lead ship design, first of class production planning, development and integration of ship systems, construction, and testing of the lead ship.
- The long duration required to complete detail design, construction, and test for a first of class ship – typically 5 to 7 years – inherently increases cost risk.
- Government-responsible changes emerge through the course of the lead ship as specification deficiencies are identified and as new requirements are incorporated into the design;
- Low rate production for shipbuilding has resulted in sub-optimal utilization of shipbuilding facilities, and changes to the shipbuilding program cause significant impacts to overhead costs.

If confirmed, what actions would you take to ensure that the Navy avoids making these same mistakes on current and future shipbuilding contracts?

Answer: If confirmed, I will ensure policy and practice on shipbuilding contracts emphasize cost realism and cost control in way of program estimates, contract award criteria, and contract type, incentives, terms and conditions. I will review execution of current shipbuilding programs to ensure that program budgets support current estimates; that programs are executing effective risk management plans to retire technical risk and contain cost; and that contracts appropriately incentivize cost performance. I will review the acquisition organization to ensure that shipbuilding programs are properly staffed, and I will review acquisition policy to ensure implementation of USD (AT&L) policy regarding Configuration Steering Boards and related discipline in the management of contract changes.

Tactical Aviation Programs

As Navy and the Marine Corps F/A-18 and Marine Corps AV-8B aircraft continue to age, the Navy is now predicting that there may be a shortfall of 125 strike fighter aircraft in the

next decade, which only increases the concern about the schedule for the Joint Strike Fighter (JSF).

What are your views regarding the current risk to the JSF program schedule during its System Development and Demonstration phase?

Answer: The technical risks inherent to any new aviation program during its SDD phase are compounded on the JSF program by the complexity of the system and the multi-service/multi-nation requirements the JSF variants must meet. Appropriate to the investment in this capability, I believe the program has received the highest priority within the Department of Defense to ensure effective management of this risk and, if confirmed, I will review the program in detail to gain a current assessment by the Navy program office.

If there were to be new schedule difficulties with the JSF program, what course of action would you recommend to maintain sufficient strike assets within our Carrier Strike Groups?

Answer: If there are new schedule difficulties with the JSF program, the alternatives for maintaining sufficient strike assets would potentially include continuing efforts to extend the service life for current strike/fighter aircraft, extending procurement of F/A-18 aircraft, or otherwise evaluating operating cycles for inventory aircraft to determine potential interim measures to mitigate the shortfall to strike requirements. If confirmed, I would work with the Chief of Naval Operations and Commandant of the Marine Corps and the Naval Air Systems Command to evaluate these and other potential alternatives and make recommendations based on the balance of requirements, risk, and resources.

Mine Resistant Ambush Protected (MRAP) Vehicles

Secretary Gates has said "There is no failsafe measure that can prevent all loss of life and limb on this or any other battlefield. That is the brutal reality of war. But vehicles like MRAP, combined with the right tactics, techniques, and procedures, provide the best protection available against these attacks."

In your view, what steps must the Department take to stay ahead of the involving insurgent threat in Iraq and Afghanistan?

Answer: In my view, the Department needs to ensure that it is responsive to Urgent Needs Statements and pro-active in translating threat assessments to requirements, and the acquisition organization needs to be innovative and in close coordination with the user in the development of technologies to defeat the threat - and equally innovative and agile in mobilizing the defense industrial base to produce these new capabilities to the rate needed to meet rapid fielding requirements.

Army and Marine Corps Capabilities And Acquisition Programs

Although the Army and Marine Corps have different missions and capabilities, their equipment, should have some degree of commonality. Throughout Operations Iraqi Freedom and Enduring Freedom, the Army and Marine Corps have worked together on acquiring equipment for Army and Marine Corps forces. However, for equipment such as helicopters and heavy wheeled vehicles, the Army and the Marine Corps have pursued divergent acquisition paths.

What are your views regarding the joint development and acquisition of Army and Marine Corps equipment?

Answer: In general, Joint development of equipment reduces acquisition costs and provides for significant benefits associated with commonality throughout the system's life cycle. To the extent that there is alignment between respective requirements, then Army and Marine Corps equipment should be jointly developed.

What role should the ASN (RDA) and the Secretary of the Navy play in synchronizing Army and Marine Corps requirements and synchronizing service programs?

Answer: In my view, the Department of the Navy should evaluate opportunities to jointly develop new systems in conjunction with reviewing material solutions for warfighting requirements. I envision that the ASN (RDA) would coordinate with the Army Service Acquisition Executive to evaluate the technical suitability for joint development of a system to fulfill the Service requirements. For those programs designated for joint development, the program management, milestone decision authority, and roles of the respective Service Acquisition Executives should be outlined by memorandum of understanding.

Joint Programs

In the last few years, the Navy and the Air Force have both withdrawn from joint weapons programs. The Air Force withdrew from the Joint Standoff Weapon system, and the Navy withdrew from the Joint Air-to-Surface Standoff Missile system.

In your opinion, what are the key reasons that joint programs are initiated, but one or more of the partners withdraws?

Answer: I cannot comment on the specific programs cited, but in my opinion the requirements, budgeting, and acquisition processes pose inherent challenges to the successful fielding of a new capability, and this is more true when adding the dimension of jointness.

If confirmed, how would you recommend changing the system so that the Navy and Marine Corps would participate in only those programs in which it would follow through?

Answer: If confirmed, I will review current Department acquisition policy and practice regarding participation in joint programs and consult with key stakeholders in the requirements,

budgeting, and acquisition processes to determine the history, lessons learned, and potential changes to policy that need to be implemented to improve results in joint programs.

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.

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

Answer: Yes.

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 Assistant Secretary of the Navy for Research, Development, and Acquisition?

Answer: Yes.

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.