

**Prepared Statement**  
**of**  
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**Committee on Armed Services**  
**“Defense Reform: Empowering Success in Acquisition”**  
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## **Introduction**

Chairman McKeon, Ranking Member Smith and distinguished members of the Committee, I appreciate the opportunity to appear before you to discuss the Department of Defense's (DoD) acquisition workforce. As the Acting Assistant Secretary of Defense for Readiness and Force Management, I report directly to the Under Secretary for Personnel and Readiness (USD(P&R)) and serve as her principal advisor on all matters relating to civilian and military personnel policies, readiness of the force, and Total Force planning and requirements.

As was the case with most of the Department's workforce, during the post-Cold War drawdown, the acquisition workforce (both military and civilian) was substantially reduced. After 9/11, there was a significant increase in procurement and contracting associated with support to the requirements generated by Operations Enduring Freedom and Iraqi Freedom. At the peak of operations, culminating in the 2003-2007 timeframe, we found that the acquisition workforce simply did not have the capacity to address the ever increasing, and more complex workload. After a series of highly publicized contracting scandals and a number of unfavorable internal and external audits of Department of Defense (DoD) wartime contracting (issued by the DoD Inspector General, Government Accountability Office, Commission on Wartime Contracting, etc.), Congress reacted by passing the Weapons System and Acquisition Reform Act, enacted the Defense Acquisition Workforce Development Fund, and legislated hiring authorities for acquisition professionals.

Beginning with the 2009 submission of the Department's Fiscal Year 2010 Budget, DoD embarked on a comprehensive initiative to recapitalize its acquisition

workforce, providing for an increase of 20,000 civilian employees. The number included growth in the form of 10,000 civilian employees to meet the additive requirements generated by the war effort and requirements associated with recommendations of various bodies. It also included the addition of 10,000 civilian positions to perform acquisition program work that had been or was currently being performed by contractors. The Military acquisition workforce also increased during this period from 14,658 in Fiscal Year 2009 to 16,234 in the second quarter of Fiscal Year 2014. The Department was highly successful in executing many aspects of this recapitalization program; those successes have been detailed on numerous occasions by the Office of the Under Secretary of Defense for Acquisition Technology and Logistics (USD (AT&L)).

However, recent fiscal challenges and budgetary pressures, coupled with the drawdown of forces in Iraq and Afghanistan, have had an effect on the overall civilian workforce of the Department. Constraints on the size of the civilian workforce, together with pay freezes and Congressional direction to reduce civilian employees commensurate with military end-strength reductions, inevitably have had some impact on the acquisition workforce also. More recently, the sequester-related personnel actions undertaken by the Department: hiring freezes, release of term and temporary employees, and furloughs, undoubtedly had an adverse impact on the acquisition workforce, as they did on the whole of the Department's dedicated civilian workforce.

In order to maximize the Department's operational capability during budget constraints, its flexibility to meet changing mission objectives and requirements, and respond appropriately to human capital challenges, it is imperative that our personnel policies provide the overarching guidance that enables leadership and management to

manage their workforce effectively within the bounds of law, regulation, and policy. Historically, the quality of our personnel has been the hallmark of our professional total force and is the most vital and valuable resource of the Department. From the airman on the flight line turning a wrench, to the dental technician, to the acquisition program manager, our people are the strength of our Department and the strength of our Nation. With such a diverse workforce supporting incredibly dynamic missions across all of the Services, it is critical that the Department's personnel policies remain broad-based and clear, yet also consistent and fair. We must adhere to all federal laws, regulations, and policies, while leveraging the special and exceptional human resources authorities that Congress has authorized us to employ, in recognition of the unique nature of both our mission and our entire workforce.

### **Civilian Workforce**

Our civilian employees are vital to the Department's ability to serve the Nation. Our appropriated fund civilian workforce of more than 730,000 civilian employees provides the critical support to ensure our soldiers, sailors, airmen, and marines are ready to deploy world-wide. Our committed civilian workforce serves as a critical enabler in the performance of essential functions—including acquisition—and our civilians are a key component of our national security strategy.

Across the Department, we have a common responsibility to foster and engender successful recruitment, retention, and development strategies to achieve and retain the highest quality civilian workforce. The role of the Office of the Under Secretary for Personnel and Readiness (OUSD (P&R)) is to provide the warfighter and support staffs

with the personnel authorities, processes, and tools they need to enable them to carry out their missions. Given that, we recognize the importance and imperative of the acquisition mission, and regularly partner with the acquisition functional community to identify and implement the right workforce planning and development strategies, and to secure the authorities and flexibilities essential for recruiting, retaining, and incentivizing the highest quality acquisition professionals.

In addition to the hiring flexibilities available Department-wide, the acquisition community has an Expedited Hiring Authority for certain acquisition positions. This authority allows the Secretary of Defense to designate categories of acquisition career fields, in which a shortage of candidates exists or for which there is a critical need, and to streamline the hiring process for positions in those fields, subject to public notice and the principles of veteran's preference. The Department may also use recruitment, relocation, and retention incentives, as needed, to attract, manage, and retain the civilian workforce. The OUSD(P&R) stands ready to work with the acquisition community to identify the additional authorities and necessary policy modifications needed to enhance existing human resources flexibilities with a view to employing the most effective strategies to meet the mission needs of the acquisition workforce.

The Acquisition Demonstration (AcqDemo) Project, which currently covers more than 16,000 employees throughout the Department, features other simplified hiring, examining, and appointment flexibilities that provide participating organizations greater control over the hiring process. Under the AcqDemo Project, pay-banding, a simplified classification system, and a Contribution-based Compensation and Appraisal system also

offer greater capability and flexibility, as necessary to select, retain, develop, recognize, and reward employees for successful contributions to the acquisition mission.

DoD Components have expressed a strong interest in expanding the demonstration project to better meet the workforce challenges they are facing. The OUSD (P&R) is strongly committed to the AcqDemo Project, and supports its expansion. To that end, we recently submitted to the Office of Personnel Management a Federal Register Notice that if approved, will establish the process parameters for interested DoD civilian acquisition organizations to request approval to participate in AcqDemo. The Department greatly appreciates Congress's support in making such flexibilities available in support of the acquisition workforce. Of particular note, we thank Congress for the extension of the AcqDemo Project through September 30, 2017, as provided by the Ike Skelton National Defense Authorization Act for Fiscal Year 2011. The USD (P&R) will continue to work closely with the USD (AT&L) and all DoD Components to ensure the Department is effectively positioned to appropriately expand the AcqDemo Project to a greater number of organizations and covered employees.

The Department also recognizes that learning is a key enabler for developing and retaining talent. Despite extraordinary budget pressures, the Department continues to conduct three enterprise-wide leader development programs, to include the Defense Civilian Emerging Leader Program (DCELP), which was developed to meet the requirements established in section 1112 of the National Defense Authorization Act for Fiscal Year 2010, and provides entry- and mid-level personnel with the leadership skills they need to progress to the next level of professional responsibility. Acquisition is one of three functional communities represented in DCELP, and we have graduated over 140

civilian emerging leaders from the acquisition community to date, with an additional 70 expected to graduate from the program this year. The Department is focused on developing civilian leaders who will lead effectively in increasingly complex environments, and is committed to preparing civilians for advanced leadership opportunities and positions in the acquisition functional community.

### **Military Workforce**

Today's acquisition workforce also includes more than 16,000 military members, representing each of the Services. These professionals work hand-in-hand with their civilian counterparts and bring military operational experience and expertise to the workforce. Military acquisition officers serve in all facets of the acquisition workforce, from contracting to program management.

As we move forward to address the challenges faced by the Military Departments in managing a highly professionalized military Acquisition Corps, OUSD(P&R) will rededicate itself to meeting the needs of the acquisition community in this regard. To this end, we will provide sound and responsive policies for the recruitment, life-cycle management, and compensation of the military workforce, writ large, to include the acquisition professionals.

Most military acquisition officers enter the acquisition workforce with several years of experience in their respective Service. The Army, Navy, and Marine Corps do not designate or assign officers into the acquisition field until they attain at least the grade of Captain (Lieutenant in the Navy). This ensures that these officers have time and experience in positions that afford them extensive grounding in the doctrine and

operations of their respective Service. In contrast, however, the Air Force assesses officers into six related career fields that feed the military acquisition workforce.

The life-cycle management of the military acquisition workforce is a complex and dynamic endeavor for the Military Services. Provisions of law, regulation, and policy require that the promotion rates of acquisition officers be monitored and reported. Specifically, title 10, United States Code section 1731 provides that the Secretary of Defense shall ensure that the qualifications of commissioned officers selected for the acquisition workforce are such that those officers are expected, as a group, to be promoted at a rate not less than the rate for all line (or equivalent) officers of the same armed force (both in the zone and below the zone), in the same grade. Additionally, Department of Defense Instruction 1320.04 (Military Officer Actions Requiring Presidential, Secretary of Defense, Under Secretary of Defense for Personnel and Readiness Approval, or Senate Confirmation) requires Acquisition Corps promotion selection statistics to be provided to the USD (AT&L) prior to submission of the Military Departments' promotion selection boards to OUSD (P&R). Promotion board results are closely monitored to ensure equity for all considered and to identify areas of concern. This allows the Services to adjust their personnel policies or review aspects of their mission dynamics and career field management that may have unintended impacts on the competitiveness of specific career fields. With regard to Acquisition Corps promotion rates, over the past year, acquisition officers have been promoted at equal or higher rates than the average for their grade.

Also critical to the retention of a professional and experienced military acquisition workforce is the active management of separations during the periods when reductions in

the size of the force are required. The Department is most appreciative of Congress's support in providing force management legislation that authorizes the Services to reduce their overall strength, while maintaining a healthy mix of skills necessary to meet mission requirements. Included among these authorities is the ability to selectively target for separation or retirement, officers in over-manned career fields while protecting officers in high demand or low density skills. The Services use these tools judiciously to maintain readiness. If the Services determine that acquisition officers should be exempted from selective early retirement or involuntary separation processes, they have the authority necessary to do so.

Although current military compensation compares favorably with the private sector, the Military Departments do have at their disposal an array of monetary incentives they can use to address specific military force manning challenges when the need arises. These special and incentive pays and bonuses represent a cost effective and efficient set of tools that can be selectively and precisely targeted to meet recruiting and retention goals for specific military career fields, as well as to influence military members to accept hard-to-fill jobs or tours of duty at less desirable locations. The Air Force provides an illustrative example of how these tools can be used in relation to the military acquisition career field. From fiscal year 2009 through fiscal year 2011 they successfully offered a targeted Critical Skills Retention Bonus (CSRB) to their qualified active duty contracting officers. Employing the bonus led to increased retention at the mid-grades. The Air Force has again received approval to utilize a CRSB for qualified contracting officers should they find it necessary to do so.

## **Education and Training**

According to its annual report, in Fiscal Year 2013, the Defense Acquisition University (DAU), operated under the auspices of the USD(AT&L), graduated 53,784 students in classroom courses and 146,196 in on-line courses. In addition, the annual report advises that DAU expanded its online continuous learning module offerings, with more than 600,000 class module completions. With the support of the OUSD(P&R), the DAU has taken advantage of distributed learning technologies to modernize and improve its content by implementing increasingly interactive and engaging online courseware. Classes use a variety of techniques, such as game- and scenario-based learning technologies, with periodic learning assessments throughout. These courses are more engaging for the learner and are accessible anytime, anywhere.

OUSD(P&R) establishes the policy authorizing Service members and civilian personnel to gain industry experience through training-with-industry (TWI) programs. These programs partner military and civilian personnel with leading private sector companies to provide hands on, career broadening training opportunities. The assignments must meet professional development requirements and can be either Service specific or interagency. TWI programs include Education with Industry; Secretary of Defense Corporate Fellowships; Navy Supply Systems Command Training with Industry; and the U.S. Chamber of Commerce, Federal Express, and General Electric Aviation programs.

The Dwight D. Eisenhower School Industry Fellows Program, open to both military and civilian personnel is designed to enhance the leadership skills of designated Industry Fellows, enabling them to work effectively with government customers, and to

promote successful partnerships that will benefit both the government and industry over time. The Eisenhower School provides professional military education through postgraduate, executive-level courses of study and associated research focusing on the “resources” component of national power, with special emphasis on Senior Acquisition and Supply Chain Management and the integration of those disciplines into our national security strategy in periods of both peace and conflict. Beginning in academic year 2006-2007, 57 Eisenhower School seats have been reserved annually for the Senior Acquisition Course, including 24 military seats (8 per Military Department) and 33 civilian authorizations, distributed across all DoD Components. They account for 20 percent of all students attending the Senior Acquisition Course in FY13. Additionally, the Eisenhower School serves as the “course provider” for the Senior Acquisition Course directed by the Defense Acquisition Workforce Improvement Act (DAWIA), in this capacity, acting as a consortium college of the DAU. Both the USD(AT&L) and DAU provide oversight of the Senior Acquisition Course to ensure its relevance to acquisition personnel and its quality as the highest level acquisition course in the Department of Defense.

In addition, the Army Acquisition Corps offers TWI opportunities to highly motivated and skilled officers in the grades of Captain through and including Lieutenant Colonel; applicant backgrounds are matched up the skills required and desired by the companies participating in the program. Ten TWI slots per fiscal year are reserved solely for Army Acquisition officers. In most cases, the unique training received in TWI is generally not available through either the military school system or civilian university system.

## **Conclusion**

Mr. Chairman, in conclusion, I want to thank you and the members of this Committee for your advocacy on behalf of the men and women of the Department of Defense. We understand that our requirements-driven operating environment, coupled with fiscal uncertainty and ever-changing mission objectives, presents significant challenges to our leaders and managers.

OUSD(P&R) is committed to assisting our leaders and managers in meeting these challenges by ensuring that DoD's acquisition workforce is comprised of the most highly qualified and best trained military and civilian personnel. We will continue to endeavor to work in full collaboration with USD(AT&L) and the acquisition community as a whole to meet this worthy objective.