

**CLEARING THE PATH:
REFORMING PROCUREMENT
TO ACCELERATE DEFENSE INNOVATION**

HEARING

BEFORE THE
SUBCOMMITTEE ON MILITARY
AND FOREIGN AFFAIRS
OF THE

COMMITTEE ON OVERSIGHT
AND GOVERNMENT REFORM
U.S. HOUSE OF REPRESENTATIVES
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- * Report, GAO, “DoD Financial Management, Accelerated Timelines Needed to Address Long-standing Issues, Fraud Risk; submitted by Rep. Crane.
- * Report, Responsible Statecraft, “Pentagon will likely fail audits through 2025”; submitted by Rep. Crane.
- * Article, *Quincy Institute for Responsible Statecraft*, “March of the Four-Stars, The Role of Retired Generals and Admirals”; submitted by Rep. Crane.

The document listed above is available at: docs.house.gov.

ADDITIONAL DOCUMENTS

- * Questions for the Record: to Ms. Boatner; submitted by Rep. Turner.
- * Questions for the Record: to Ms. Oakley; submitted by Rep. Turner.
- * Questions for the Record: to Ms. Oakley; submitted by Rep. Crane.
- * Questions for the Record: to Mr. Snelgrove; submitted by Rep. Turner.

These documents were submitted after the hearing, and may be available upon request.

CLEARING THE PATH: REFORMING PROCUREMENT TO ACCELERATE DEFENSE INNOVATION

Wednesday, June 11, 2025

U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM
SUBCOMMITTEE ON MILITARY AND FOREIGN AFFAIRS
Washington, D.C.

The Subcommittee met, pursuant to notice, at 10:05 a.m., in room HVC-210, U.S. Capitol Visitor Center, Hon. William Timmons [Chairman of the Subcommittee] presiding.

Present: Representatives Timmons, Comer, Turner, Biggs, Crane, McGuire, Subramanyam, Lynch, Mfume, and Garcia.

Mr. TIMMONS. This hearing of the Subcommittee on Military and Foreign Affairs will come to order. I want to welcome everyone.

Without objection, the Chair may declare a recess at any time.

I recognize myself for the purpose of making an opening statement.

Good morning, and welcome to the Subcommittee on Military and Foreign Affairs. I want to thank you to all our Members for being here today to examine the future of our defense procurement system. It is not lost on me the irony of starting a hearing 5 minutes late when I am trying to get the DoD to do things more efficiently.

Today's hearing will focus on a critical challenge, the outdated, cumbersome process by which the Department of Defense acquires new technology, and how that process slows down the pace of innovation.

The stakes could not be higher.

If we want to outpace strategic competitors, we must modernize the way we identify, test, acquire, and scale cutting-edge defense technologies.

South Carolina plays a vital role in our national defense industrial base. In my own district, Lockheed Martin builds the F-16 Fighting Falcon in Greenville, a cornerstone of American airpower. Across the state, defense companies manufacture everything from aircraft to submarine components.

But we must do more to ensure the next generation of innovators are inspired. We should be just as excited to see startups take root and thrive in our defense ecosystem.

Unfortunately, for too many of those innovators, the path to partnership with the Federal Government is blocked by a procurement process that is opaque, rigid, and often punishing. The risk of entering the defense market, both in time and cost, deters even the most promising companies. And for those who try, many never make it past what many in the industry have called the “valley of death,” where transformative technologies die on the vine between prototype and production, often because of bureaucratic red tape.

To be fair, there have been efforts to fix this, from alternate contracting authorities to pilot programs. But most reforms have been short-term, ad hoc, or have traded speed for oversight.

What we need are lasting, transparent, and commercially available viable solutions that enable agility without sacrificing accountability.

Our witnesses today bring a wealth of experience, from frontline military service to deep knowledge of defense contracting. They understand both the promise of innovation and the bureaucratic inertia that holds it back.

As we will hear, innovation thrives in environments that reward speed, flexibility, and calculated risk-taking, the very qualities the current defense procurement system too often discourages.

A culture of risk aversion has led to seven consecutive failed audits and spiraling cost overruns in even our most critical programs.

But this is not a hopeless story. Reform is possible. Through modernization of our procurement system, we can remove barriers to innovation and foster collaboration between government and industry.

I look forward to today’s discussion and to exploring actionable steps to move our procurement system into the future, not only to keep pace, but to be leaders on the world stage.

Thank you again to each of our witnesses for participating today, and I look forward to your testimony.

I now recognize Ranking Member Subramanyam for the purpose of making an opening statement.

Mr. SUBRAMANYAM. Thank you, Mr. Chairman, and thank you for holding this hearing. I am proud to represent Virginia, especially northern Virginia. It is home to some of the most innovative companies that do really important work with the Department of Defense to support our national security, protect our country, keep our men and women safe who are in uniform.

You know, our district, in particular, builds the chips that power many of the military vehicles and the circuit boards they sit on, the military components crucial to allowing the soldiers to communicate and fight and defend our Nation, and we build state-of-the-art technology products that prepare us for the future threats and the future of warfare. We are getting prepared for it because of the work being done by our contractors in Virginia.

I am especially proud of all the small businesses, as well, that work with the DoD to try to bring innovation, because a lot of times innovation comes from small businesses who are trying to do things differently than the bigger businesses and the major players. But we need both. We need everything.

And these technologies are so important to our national security, and they actually have a lot of applications in the civilian world,

as well. And a lot of industries have developed because of investments that DoD made. The internet is a good example of that, for instance.

I have spoken with many of these companies and actually visited them. One of the things that I keep hearing is about wanting to see if we can sort of fix the procurement process and make it better. It is nowhere close to perfect right now. You know, there are a lot of things that a lot of these companies have to face when it comes to DoD procurement, whether it is workforce challenges, budget uncertainty, and the long and inflexible acquisition processes. These are especially true for the smaller businesses that do not have the budget to be able to anticipate what is going to happen in the future. They are going month to month, and do not have the revenue already in place, in many cases. So, we want them to continue to work with the DoD and all of our agencies and be able to innovate.

We have Ms. Oakley here today, and the GAO report that was released today talks about some of this, and about how it can take over a decade to deliver essential capabilities to the field.

Any time I speak with folks in industry, they are also concerned about the uncertainty that Congress creates, as well. These continuing resolutions, for instance, are hurting innovation. And the private sector and our contractors have to make investment decisions based on what is going to yield the best results, and this uncertainty makes it difficult. Many hang onto cash reserves to cover for a shutdown or a CR so they do not have to lay anyone off, but in many other cases they have to lay off a lot of really good people, and then it is hard to get them back.

One of the things I want to talk about today is how we can make things more certain for our contractors, so that they can be responsive to the DoD and be able to deliver products on time, efficiently, and under budget.

Finally, I want to talk about the workforce at the DoD. One of the things that will help with procurement is having experienced, knowledgeable procurement officers. I am concerned about some of the cuts that have been made at DoD, and cuts made especially to technologists and technology experts, those who are actually leaving or being forced out. So, if we really want to have cutting-edge technologies at the DoD, we need to have good technologists and good procurement officers who know which technologies we should be acquiring.

I will give you one example. The Office of the Director of Operational Tests and Evaluation, or DOT&E, this office was created by Congress in 1983 to be an independent advisor to the DoD on weapons testing, and many contractors in my district work with them on this. It provides critical checks on the acquisition process and makes our weapon systems effective, reliable, and safe.

But last month, the Administration significantly cut the staff there, including halting all of its work with contractors, and this has led to a ripple effect of cuts to other organizations that support this work. And we now risk moving inadequately tested technology to the field which will only add further delays and cost increases.

I want to thank the Chairman and all of our witnesses for being here today, and I was glad to see that our colleagues on the Armed

Services Committee, as well, want to make this a bipartisan priority in the NDAA this year. So, I hope we can learn from this hearing today and take some of these findings to the Armed Services Committee and to others in Congress and find some real solutions.

Thank you again, and I yield back.

Mr. TIMMONS. Thank you for that. I am pleased to welcome our witnesses here today.

We have Ms. Boatner, who is the Vice President of National Security Policy at the Aerospace Industrial Association. She has nearly 15 years of experience in shaping DoD acquisition and procurement policy in the Pentagon.

We have Mr. Snelgrove, a Senior Fellow with the National Defense Industries Association. He has held senior positions in the U.S. Air Force, the Department of Defense, and on Capitol Hill, bringing a wide range of experience to today's discussion.

Ms. Oakley is Director in the Government Accountability Office's Contracting and National Security Acquisitions team. She oversees GAO's portfolio of work regarding DoD acquisition policy and oversight.

And finally, Mr. Schwartz is a Defense Fellow at the Coalition for Government Procurement, and is no stranger to testifying before the House Oversight and Government Reform Committee. We welcome you back, Mr. Schwartz.

Pursuant to Committee Rule 9(g), the witnesses will please stand and raise their right hand.

Do you solemnly swear or affirm that the testimony you are about to give is the truth, the whole truth, and nothing but the truth, so help you God?

[Chorus of ayes.]

Mr. TIMMONS. Thank you. Let the record reflect that the witnesses have all answered in the affirmative.

We appreciate you being here today and look forward to your testimony. Let me remind the witnesses that we have read your written statement and it will appear in full in the hearing record. Please limit your oral statement to 5 minutes.

As a reminder, please press the button on the microphone in front of you so that it is on and the Members can hear you. When you begin to speak, the light in front of you will turn green. After 4 minutes, the light will turn yellow. When the red light comes on, your 5 minutes have expired and we would ask that you please wrap up.

I now recognize Ms. Boatner for her opening statement.

**STATEMENT OF MARGARET BOATNER
VICE PRESIDENT, NATIONAL SECURITY POLICY
AEROSPACE INDUSTRIES ASSOCIATION**

Ms. BOATNER. Chairman Timmons, Ranking Member Subramanyam, Members of the Subcommittee, on behalf of the Aerospace Industries Association thank you for the opportunity to testify today on how we can reform acquisition and procurement processes to accelerate defense innovation.

AIA represents hundreds of companies across the aerospace and defense sector. These companies and others operating across the

broadier defense industrial base are important partners to the Department of Defense in its mission to develop and deliver innovative technologies to the warfighter.

To operate effectively, the defense industry relies upon several conditions, including clear and stable demand signals from both Congress and the executive branch, sufficient Federal investment, and an acquisition system that promotes speed, flexibility, and innovation.

Unfortunately, these conditions do not exist today. Flat defense budgets, the annual reliance on short-term continuing resolutions, and abrupt programmatic changes have created instability and an uncertain business environment that makes it difficult for the defense industrial base to develop innovative new technologies, maintain production lines, or support a skilled workforce. Couple that uncertainty with a defense acquisition system born in the cold war and fundamentally designed to eliminate risk, and the result is a rigid and lengthy system which does not enable the flexibility or speed required by today's evolving threat landscape.

As evidence of this, the average amount of time for a major acquisition program to deliver capability is now 11 years. Given the rapid pace at which technologies and threats evolve today, that is too long.

These protracted timelines can be directly attributed to the maze of burdensome statutes, regulations, and policies, both the DoD and defense industrial base must comply with. For example, the Federal Acquisition Regulation, which governs the Federal procurement process, spans more than 2,000 pages. When combined with the DoD's supplementary regulation, known as the DFARS, it totals more than 5,000 pages. And this does not include thousands of additional pages of requirements contained within various defense policies, guides, and manuals.

Taken together, these challenges have had a corrosive effect on the health of the industrial base and our national security. In some cases, these obstacles have driven companies to stop participating in the defense ecosystem altogether. From 2011 to 2020, approximately 40 percent of small businesses decided to leave the DoD market.

For those companies who stayed, the defense marketplace has only become more difficult to operate in. Demand signals discourage long-term investments and novel technologies. Extended and unpredictable contract award timelines make it challenging to attract and retain skilled workforces. And the multitude of laws and regulations significantly increase the cost and complexity of doing business with the government.

While the process and the regulations in place today were undoubtedly well intended and put in place to mitigate specific risks, the cumulative effect is an acquisition system that stifles innovation, drives up cost, and struggles to deliver critical capabilities to our warfighter.

We recognize that as we sit here today, conditions are ripe to tackle reforms that will fundamentally alter the statutory and regulatory framework that the defense industrial base must operate in. This is a unique opportunity, and we applaud efforts ongoing across the legislative and executive branches to tackle these long-

standing challenges. We stand ready to partner with you in these efforts, and we ask that you keep several things in mind as you contemplate such reforms.

First, we recommend an all-of-the-above approach to reforming the acquisition system. This approach recognizes the contributions of the whole industrial base, which is a complex network of established primes, new entrants, mid-and sub-tier suppliers, small businesses, and commercial providers of all sizes are required to meet the warfighter's needs. These efforts should include finding ways to empower new entrants in the market, streamlining access for small and mid-sized businesses, and addressing the obstacles faced by established vendors in executing programs.

Second, Congress and the DoD should focus on rightsizing the regulatory regime. This will require a focused and comprehensive review to harmonize and streamline the layers of compliance requirements that have been added over many years, while still ensuring proper oversight mechanisms remain in place. Government and industry collaboration will be crucial in identifying those most onerous compliance requirements. AIA conducted a deliberate review of these regulations, and I would be happy to discuss these areas in more detail, should you like.

Last, any efforts to reform the acquisition process and reduce burdensome regulatory requirements will be done in vain if Federal investment in national defense does not keep pace with the threats we face. We encourage a return to on-time, predictable, and sufficient defense funding. A consistent and stable demand signal is an essential pillar in strengthening the defense industrial base.

Taken together, these changes will broaden the defense industrial base, enable DoD to better access industry innovation, and accelerate processes to more rapidly deliver to the warfighter.

We look forward to working with Congress and the DoD as reforms are identified and implemented. On behalf of AIA, thank you for the opportunity to testify, and I look forward to your questions.

Mr. TIMMONS. Thank you for that. I now recognize Mr. Snelgrove for his opening statement.

**STATEMENT OF ERIC SNELGROVE
SENIOR FELLOW
NATIONAL DEFENSE INDUSTRIAL ASSOCIATION**

Mr. SNELGROVE. Chairman Timmons, Ranking Member Subramanyam, and Members of the Committee, good morning and thank you for the opportunity to testify today on military procurement and defense innovation, and specifically the critical role that small businesses and defense technology startups play in securing our Nation's future.

As a military officer and veteran of the wars in Iraq and Afghanistan, a former congressional staffer on the House Armed Services Committee, and now a small business owner working in national security, I have seen firsthand how innovation thrives in America, but too often fails to reach the warfighter. The challenge is not a lack of ideas or ambition. It is a system that is encumbered by red tape and resists change.

Bottom line, we are operating at two speeds—one fast, adaptive, and entrepreneurial, and the other constrained by outdated processes and paralyzing uncertainty.

Despite growth in venture capital and new entrants into the defense marketplace, small businesses still account for a disproportionately small share of defense contracts. Promising technologies remain locked in pilot programs or mired in procurement cycles that outlast the companies themselves. For early stage defense technology companies, the financial realities are stark. The average time between venture funding rounds is just 12 months, placing immense pressure on founders to quickly demonstrate product-market fit, validate their technology, and secure meaningful government contracts. Yet, the DoD procurement cycle operates on a much longer timeline. As a result, many promising startups either pivot away from national security or fail outright, not because of technological shortcomings but because the system is simply too slow to keep pace with private sector tempo.

Fortunately, America's national security base is resilient and determined. We are at a pinnacle moment, one where years of frustration have matured into a focused, bipartisan conversation about reform. Legislative interventions like the FORGED Act and the recently introduced SPEED Act reflect this shift, offering pragmatic solutions to unlock acquisition speed and empower portfolio-based decision-making.

Building upon this progress, I offer four recommendations.

No. 1, we must reform acquisition pathways and adopt a commercial first system to capitalize off private sector R&D. Defense innovation does not emerge from rigidly executing outdated requirements. It thrives when companies take risks, anticipating emerging threats, and build capabilities the Pentagon did not yet know it needed. If we want to outpace our adversaries, we must empower those who are building the future, not just fulfilling the past. The recent executive order from the White House on Modernizing Defense Acquisition and Spurring Innovation is an important step toward adopting a commercial-first acquisition framework.

No. 2, we must invest in manufacturing and industrial resilience, including workforce development, additive manufacturing, and targeted use of Defense Production Act authorities, which are set to lapse at the end of September. Programs like the DoD Office of Strategic Capital loan program are critical for bridging the funding gap that often prevents innovative technologies from scaling beyond prototype into full-rate production. The expansion of OSC's lending authorities and the House-passed reconciliation bill is an important step to making this program more accessible to defense technology startups.

No. 3, we must confront the national security talent crisis with the seriousness it demands, recognizing that every breakthrough defense technology begins with an American mind, often shaped by a U.S. university and supported by federally funded research and development. Now is not the time to cut basic research funding. Doing so would undermine the very foundation upon which the future technologies and future companies are built. We cannot afford to sacrifice our long-term national security for short-term budget optics.

No. 4, we must cut through the red tape that is holding back America's innovation base. This means harnessing the power of AI to streamline bloated contracting processes and back office functions. We must also modernize outdated export controls that prevent U.S. companies from equipping our allies with trusted technology, remove legacy barriers that delay access to classified facilities through innovative policy reforms, and ensure that government laboratories are focused on supporting private sector innovation, not competing with it.

This Committee plays a vital role in ensuring accountability and progress. It is your oversight that ensures innovation mandates are implemented and that we do not allow bureaucracy to choke off opportunity.

America's edge in innovation is not guaranteed. It must be earned and renewed with deliberate policy, sustained funding, and a defense ecosystem that values speed, risk-taking, and new voices. If we want to field the most advanced capabilities before our adversaries do, we must create a system that rewards these behaviors.

Thank you, and I look forward to your questions.

Mr. TIMMONS. Thank you for that. I now recognize Ms. Oakley for her opening statement.

**STATEMENT OF SHELBY OAKLEY, DIRECTOR
CONTRACTING AND NATIONAL SECURITY ACQUISITIONS
GOVERNMENT ACCOUNTABILITY OFFICE**

Ms. OAKLEY. Chairman Timmons, Ranking Member Subramanyam, and Members of the Subcommittee, I appreciate the opportunity to be here today to speak about DoD's path forward for reforming acquisition and accelerating innovation.

The Department of Defense is at a critical crossroads when it comes to procurement and innovation. The pace of technological change, from biotech and microelectronics to AI and machine learning, is accelerating. Unfortunately, our adversaries are moving faster than we are to turn these advances into military advantage.

To its credit, DoD recognizes that the current acquisition system is not keeping up, as does the Congress. There have been reforms, things like new pathways, new offices like the Defense Innovation Unit, more flexible contracting options like OTAs, and even recent executive orders calling for the overhaul of acquisition and procurement at DoD. But despite these efforts, the system remains too slow, too rigid, and too costly.

This morning we released our 23d Annual Assessment of Weapons Programs. DoD plans to spend at least \$2.4 trillion on its weapons portfolio, yet it now takes nearly 12 years, on average, to delivery capability to the warfighter. That is a year and a half longer than just last year.

Why is this happening? A big part of the problem is that DoD is still operating with an outdated, linear acquisition model. This model locks in cost, schedule, and performance requirements before the program even begins real design and testing. As a result, programs take a long time and are often delivering on outdated needs with outdated technology.

In contrast, the world's most successful companies use iterative development to build and improve complex products. They refine

high-level requirements based on real-time feedback. They leverage modern digital tools to design, test, and manufacture faster, and they deliver value early, and then they keep evolving their products over time to keep adding value.

DoD's adaptive acquisition framework was meant to bring more flexibility and speed to the process. But while it has helped some programs get off the ground more quickly, we are not seeing them finish any faster.

Take the middle tier pathway. It is designed for programs that can deliver capabilities within 2 to 5 years. Yet, many programs are taking that long to just prototype, and then at least 5 more years to provide any real capability. Bottom line, programs are not using the framework to achieve the efficiencies the Department intended for it to. As a result, the warfighter is still left waiting more than a decade for capability.

We have found that many programs are not using iterative development, and that is a missed opportunity. Getting the benefits of iterative development requires planning for it from the start, setting up programs to test, learn, and adjust early and often, based on feedback. It also means adopting modern digital tools and building an innovation pipeline that continually feeds new technologies into development.

But innovation cannot happen without strategy. DoD's science and technology planning still lacks clarity. It does not define the right mix of incremental versus disruptive innovation or assess whether they are achieving the mix. Leading companies do this as a matter of course. It is how they ensure they are prepared for both the near term and the long haul.

Over the years, GAO has made clear, actionable recommendations based upon our body of work examining the practices of leading innovative companies. In line with these practices, we have urged DoD to update its policies to support iterative development, define and track innovation investments, and create a more agile S&T management framework. But progress has been limited.

And we are not the only ones calling for big change. The current Administration and previous administrations, several commissions, Congresses, and countless think tanks all have put forward ideas for overhauling the acquisition and budgeting systems. There is near universal agreement that the status quo is not working.

But DoD cannot keep applying workaround to a broken system. The threat environment is evolving too quickly for that. What is needed is full-scale shift toward an acquisition model built for speed, flexibility, and innovation. GAO's work, alongside our many open recommendations, offers a roadmap for getting there. We believe that adopting proven commercial practices can provide the strategic foundation for DoD that it needs to meet the moment.

Chairman Timmons, Ranking Member Subramanyam, and Members of the Subcommittee, this concludes my opening statement. I am happy to take any questions you have.

Mr. TIMMONS. Thank you for that. I now recognize Mr. Schwartz for his opening statement.

**STATEMENT OF MOSHE SCHWARTZ
DEFENSE FELLOW
COALITION FOR GOVERNMENT PROCUREMENT**

Mr. SCHWARTZ. Thank you very much, Chairman, Ranking Member, Members of the Subcommittee. Thank you for inviting me to talk about the defense acquisition system and innovation adoption.

Our defense industrial base is shrinking, but it is not just small businesses. It is all businesses. The battlefield is evolving faster than our acquisition system can keep up with. We are seeing this in real time, today, in the Pacific, and in Ukraine.

The U.S. does not have an innovation problem. The Department of Defense has an acquisition and adoption problem. Ms. Boatner is right—overregulation is choking our system. It is the No. 1 cause, consistently in polls, on why companies either leave the defense industrial base or choose not to work with it in the first place.

We need to streamline a lot of these regulations. Cost accounting systems—those have not been updated in a decades, commercial buying practices, the thresholds we use for acquisition. These all need to be reviewed, and many of those, if not all of the ones that I just mentioned, are within the jurisdiction of this Committee.

Mr. Snelgrove is right, we need small businesses. The Small Business Act was championed by President Eisenhower, who knew, better than most Americans, the importance to the Department of Defense of getting the capabilities of small businesses into DoD. And the theory—and he said this, and you can look at the congressional Record, this is what they talked about for the Small Business Act—we need the capabilities and technology and adaptability of small businesses, and we need a fair, level playing field for everybody. Because what we need at the end of the day is for DoD to have the best capabilities, not what company we buy it from but what they are delivering to the warfighter.

And it is not just small businesses. It is not just medium-sized businesses. We need the entire industrial base. Because at the same time that the defense industrial base is shrinking, the entire economy and the number of companies in the United States is increasing, and we need to tap into that.

Ms. Oakley is right, we cannot have 500-plus-day requirement processes, budget processes that take years, and acquisition systems that take just as long. We need iterative systems, and we need to constantly evolve. It is not once something is deployed, it is deployed. We need to constantly evolve.

But we are just playing around the margins. All these things are very important. But we are just playing around the margins. We are not going to move the needle unless we do two things: deal with the defense acquisition workforce and modernize DoD's IT systems.

Acquisition, at its heart, is not about regulations. You cannot legislate good acquisition. It is a human endeavor. And the outcomes that we see in acquisition depends on the judgment, the decisions, and the thoughts of the people that run that system. And we need the right people in the right place.

And let me emphasize, not just the right people in the right place. I recall when I was in Afghanistan as an advisor to CJ5 at

the time for logistics, I was talking to his advisor on acquisition. And we were talking about how much money is being spent in Afghanistan on contracts. And I said, "Well, that is not what the Federal procurement data says." The Federal procurement data system tracks all data in the Federal Government. And he said, "Well, I never heard of it." And I was stunned he never heard of it. I said, "You are the acquisition advisor." He said, "Yes, for about a week and a half. When I landed in Afghanistan, I was a helo pilot, and now they made me an acquisition advisor." That might be the right person, but in the wrong place. It is like playing a football game and having the best coaches and the best game plan, but your quarterback lining up to be wide receiver. That is problem No. 1.

Problem No. 2 is very often our acquisition workforce does not control the technical baseline. They do not know about the systems. I remember talking to a program manager who was doing a logistics IT system for the Army. And I said to him, "Oh, is this your first time being a program manager?" He said, "Yes, it is my first time being a program manager." I said, "Are you a logistics guy?" He said, "No. I am an explosives guy." "So, but you know IT." He said, "I will shortly," and picked up the book, *SAP for Dummies* and showed it to me. I mean, here was a great explosives guy, but that is the problem. They did not control the technical baseline. And then what do we do? We have him be a program manager for 3 to 4 years, and then we rotate him somewhere else. So, everything that he learned, he moves to another job that he cannot apply anymore.

And then IT. All of this depends on IT. Auditability depends on IT. Logistics depends on IT. Readiness depends on IT. And I will give one vignette.

There was an article this year about how the Army, when they need spare parts, 90 percent of the spare parts they need are parts that DLA has. So, they would send in their IT system the request to DLA. And the Army IT system did not talk to the DLA IT system, so the parts never got there. That is not a regulation problem. That is not an access problem. That is a fundamental IT problem. We have planes, ships, weapon systems, just sitting there, not operable, because of our IT systems. Until we address these issues, yes, overregulation, yes, iterative, yes, small business. Those are all critical. But until we address these other issues, we are not going to substantially move the needle.

Thank you.

Mr. TIMMONS. Thank you. I now recognize myself for 5 minutes of questions.

Let us start with the big picture. We hear the defense industry call the procedures of going through the Department of Defense acquisition process the "valley of death." Mr. Snelgrove, can you briefly define for the Subcommittee what the "valley of death" looks like in DoD acquisition, and, if you can, quantify its scale in terms of dollars lost?

Mr. SNELGROVE. Thank you for the question, sir. Yes, the "valley of death," specifically for small businesses and defense technology startups, is once we provide these small businesses with, in many cases, it is a Small Business Innovation Research contract, so typically less than \$1 million, to assess the feasibility of their tech-

nology for DoD use cases. The DoD has the largest SBIR program in government, and they have created essentially a front door for small businesses to engage with the DoD.

Unfortunately, we have not created the mechanisms for small businesses to graduate from that program routinely and then scale their technology across the Department of Defense. And as a result of that, they are losing access to over \$100 billion in potential procurement in each and every annual appropriations bill.

Mr. TIMMONS. Thank you for that. Ms. Boatner, can you give us an example of how long a non-major defense acquisition program takes? More specifically, how much time does a commercial-grade prototype spend on contract negotiations versus research, development, and testing?

Ms. BOATNER. Absolutely. Right. So, we talked about major development programs taking about 11 years. When we are talking about a non-major system and you are focused on commercial, that should be able to be done in a matter of months. I think what you see, in reality, though, is that that can take upwards of years. Congress and the Department has given streamlined authorities to procure commercially, and what I would tell you is that within the Department of Defense, I think in response to a risk aversion, a creeping back of those requirements that Congress intentionally tried to remove.

So, while it should only take a shorter amount of time, particularly when you are talking about a smaller system that could be done in months, it is taking years.

Mr. TIMMONS. Relatedly, have you seen instances where the scope of the DoD's needs change over time, and that ends up exceeding the procurement process? And if so, do you have an example?

Ms. BOATNER. Absolutely. I mean, I think across warfighting portfolios you see that. It is referred to as "requirements creep," and the requirements process, particularly for larger weapon systems, can take anywhere from 1 to 3 years. So, in that 1-to 3-year time period, of course requirements are going to evolve. New technologies are emerging. New threats are emerging. And so, requirements are changing.

The problem, though, is that the requirements process is so prescriptive that, to Ms. Oakley's point, the Department struggles to respond to those changes with any agility.

Mr. TIMMONS. I happen to be meeting with the South Carolina Home Builders Association later today, and they always complain that permitting is costing them up to 35 percent of the cost of the new build. I mean, if you think about it, that is pretty wild, I mean, between delays and just the regulation. It seems that we are kind of getting to something similar cost-wise in the procurement process. And it has gotten so bad that I guess certain people are saying we are just going to turn it upside down and go out and create something and hope it works out.

I recently saw the 60 Minutes exposé on Anduril, and the founder there is just saying, "I am going to build this and then bring it to DoD and tell them why they want it."

Mr. Schwartz, has this happened before, or is this just kind of a novel approach?

Mr. SCHWARTZ. It has happened before, and there are a lot of companies that have these great capabilities. And it goes back to, I think, a great point, is the technology is out there. The innovation is out there. The problem is acquisition and adoption of the Department of Defense.

When you talk about programs that take 11, 12 years, or a requirement process that takes more than a year, one of the big challenges is by the time you finish, it is already obsolete.

So, the more that companies can invest and develop the technologies, the better. But I think what it really drives to, to really get to the heart of your question, is yes, we should be looking at the commercial markets and buy a lot more commercial, and not just buy commercial. Let us use commercial buying processes to buy it. Let us try to limit all those other regulations that we put on—and we do this to ourselves in the Department—that we put on DoD internally, that take so long, and add all of these contract clauses that companies never deal with.

Mr. TIMMONS. Thank you for that. I feel like necessity is the mother of invention, and I do not think the Ukrainians are taking 11 years to develop their next drone that they are using in real time. So, we need to get better at this.

With that I yield back, and now I recognize the Ranking Member, Mr. Subramanyam, for 5 minutes.

Mr. SUBRAMANYAM. Thank you, Mr. Chairman. It is a very good conversation. I guess, Ms. Oakley, your report came out today, and I am very interested in some of the findings here, especially this iterative development approach and trying to reform how we procure things at DoD.

I guess I am going to try to summarize kind of what has been said, which is right now the DoD has a lot of money, but it spends that money in a way that is not very agile. It sometimes buys technologies or products, but the acquisition process takes so long that by the time they receive that product it may be obsolete because of how fast things are changing.

In other cases, as Mr. Snelgrove mentioned, small businesses really do not want to work with the DoD, or have trouble working with the DoD, because the process is so cumbersome, and Ms. Boatner mentioned some of that, as well. So, you are not getting the best and brightest in our country working with the DoD, trying to help them innovate.

There are some exceptions to this that I want to point out, like the Defense Innovation Unit. But it is a workaround, as Ms. Oakley mentioned. It is not necessarily the norm at the DoD.

And then Mr. Schwartz mentioned that a lot of these procurement officers are not experienced in what they do, and that a lot of times they are just sort of, sometimes literally helicoptered in, thinking they are going to be doing something else, and then they end up being the acquisition person. And then they leave and do something else and then a new acquisition person comes in too. And in the meantime, a lot of the IT and tech people, we seem to be losing them.

So, I think that is sort of the summary in my head of what is going on here. I am new here. This is my first term. But this certainly cannot be the first time we have had this conversation. So,

Ms. Oakley, I would just ask, why has not anything changed? This cannot be the first time we have had this conversation, right. Why has change been so slow at the DoD?

Ms. OAKLEY. I think that change has been slow for a number of reasons. I think oftentimes the changes are focused on things around the margins, trying to change a specific process or a specific policy to get at a particular issue. But what our work would advocate for is a wholesale, new approach to acquisition that would address a number of the issues that we are talking about here. Having an iterative development approach opens you up to businesses that you would never be able to work with before because they do not want to work in DoD's long, linear acquisition processes, with all the bureaucratic hurdles that they have to go over. But an iterative development process opens them up to a new world.

I think the other thing that is important to note is, is that the prior long, linear acquisitions that we have had in the past have maybe been OK for the threats that we have faced over the past several decades. That is different now. We are in a new world where technology is evolving very quickly, and the threat is changing, and we are facing peer competitors. That is all a new world, and that requires—

Mr. SUBRAMANYAM. Are those new problems, though?

Ms. OAKLEY. New problems, yes.

Mr. SUBRAMANYAM. In the past 10 years, you would say?

Ms. OAKLEY. Yes, I would say it is new problems and new opportunities, right? The pace of technological change is stunning right now, and being able to seize on those opportunities is something that DoD needs to be able to take very seriously.

Mr. SUBRAMANYAM. How much money—this is for anyone—how much money do you think we could save by fixing DoD procurement? Like ballpark, you would say.

Ms. OAKLEY. I think you could save hundreds of billions of dollars. I mean, just our work on weapon systems alone, where we point out cost and schedule overruns for these programs every year in our annual weapons assessment would really point to the fact that if we got more efficient and effective at providing capabilities to our warfighter, we would save a significant amount of money and avoid a lot of the waste in the system that we have right now.

Mr. SCHWARTZ. And I would say three points about that question. The first one is I would say we can at least save 10 percent, even when you are talking about actual dollars.

But I want to make two other points. We would get things faster. We get them into the field faster. That sometimes is more important than some of the cost savings. And two is, we would get better capabilities at the same time. There are companies, I know companies that will not offer their front, top technologies to the Department of Defense. They will sell them the second-or third-generation technologies but not the first.

So, we are talking about three things. We are talking about cost savings, and it could be significant, we are talking about how fast we get these capabilities into the hands of the people that need it, and it is just not warfighters. It is the logistics systems, like we talk about, so the right things get to the right places, so we can fix things.

Mr. SUBRAMANYAM. So, to summarize, because I am running out of time—

Mr. SCHWARTZ. Sorry.

Mr. SUBRAMANYAM [continuing]. By doing DoD procurement reform we would save hundreds of billions of dollars, at least. I think it is actually more. We would get things faster, and we would get better technology. I think this should be one of Congress' top priorities when it comes to budgeting.

I yield back.

Mr. TIMMONS. Thank you for that. And I think the plan is to have a second round of questions for anyone that is interested.

I now recognize the gentleman from Arizona, Mr. Biggs, for 5 minutes.

Mr. BIGGS. Thank you, Mr. Chairman. I thank the witnesses for coming.

So, everybody but Mr. Schwartz—but I knew you were thinking this too—all of you mentioned Congress' failure to do a budget but to resort to CRs repeatedly, that that is a major problem. It is a major problem, and shame on Congress. In my entire time here, I have only voted for one CR, and I kind of have buyer's remorse even over that one.

The other thing is, DoD has consistently had crappy audits. They have never passed an audit, to be frank. And it is because you have a sclerotic, bureaucratic system, and they told us, "We are too big to be audited. We do not know where it is all going." That is a huge, huge problem.

So, we have been focusing on procurement today, but I will just tell you that the previous administration also implemented something called Project Labor Agreements on Federal contracts. And those agreements kill competition, they inflate prices, they block non-union contractors from fair opportunities.

So, the Trump Administration said we are not going to do that anymore. Federal claims court says, "That is right. You do not have to do that." Then the district court judge in D.C. came in and said, "Well, wait a second. We are going to reinstate that." The result is you sideline some of the best contractors, which we were already talking about in the procurement system, you sideline many contractors. Many entrepreneurs may be interested, but they do not want to get into it because it is so bad.

In my state, because of the PLAs, businesses are forced to abandon bids. They are forced to get into unionization. And this is a state where 97 percent of the workers are non-unionized. I mean, this is just absurd. So, we end up rigging the system.

Mr. Snelgrove, are you aware of PLAs?

Mr. Snelgrove. I am aware but I am not an expert.

Mr. BIGGS. OK. Ms. Oakley, are you aware of PLAs?

Ms. OAKLEY. Same answer.

Mr. BIGGS. Ms. Boatner?

Ms. BOATNER. Same answer.

Mr. BIGGS. OK. Mr. Schwartz, it is down to you, baby.

Mr. SCHWARTZ. I feel obligated not to disagree with anyone on this panel.

[Laughter.]

Mr. BIGGS. Very good. Well, here is the problem. Everything you guys have talked about is stuff that we have talked about before, but we do not ever make the change, because you have bureaucratic stasis. There is no real attempt to move it, because there is no incentive to move it. Until this body says we are going to make a change, then there will be no incentive for the agency, the Department, to make the change.

So, we can talk until we are blue in the face about all the great ideas you all have, but it is us. We have met the enemy; it is Congress. It is us. And until we make the change, it is not going to happen.

So, whether it is on the PLA side or just, you know, the project side, or whether it is the procurement process, these bureaucratic overlays—and by the way, it is not that they will not just not get better. It is that they will get worse, because there is no incentive to change. And what bureaucrats find incentive in doing is protecting a fiefdom, the system that is in place. They are comfortable with the status quo because that is what they know.

Now, what is the status quo in the military? It is to have an acquisitions officer that is there for 6 months to 2 years, and they move them on back to the bomb squad, or whatever it may be. And that is a perpetual problem that we have.

But what changes it, ultimately, is going to have to be tied directly to funding. You know what Congress' response to this is every time? It is, "Yes, they have never passed an audit. Yes, we know there is massive amounts of waste, because studies have routinely said there is massive amounts of waste." But you know what we do? We say, "We are going to give you more money. That is what we are going to do." We are not going to give you any kind of direction on how to fix this, because that would cause Congress to actually think, in a bipartisan way, restructure what is happening in DoD. But we are never going to do it. I am sorry to say this body is probably irredeemable.

And with that I yield back.

Mr. TIMMONS. Thank you for that. I know recognize the gentleman from Massachusetts, Mr. Lynch, for 5 minutes.

Mr. LYNCH. Thank you. First of all, thank you to all the witnesses for your willingness to come forward and help the Committee with its work.

Mr. Schwartz, since January of this year, when the Trump Administration took over, we have had about 121,000 layoffs at DoD. Do we know how many of those employees came out of the Defense Acquisition Department?

Mr. SCHWARTZ. I do not know. Estimates I have heard of ultimate goals was something like 10,000, but that is only what I have heard.

Mr. LYNCH. Yes. The Deferred Resignation Program that was offered to DoD took out 21,000 of our employees who, to be eligible you had to be 50 years old and you had to have 20 years of service. If you had 25 years of service there was no age limit, obviously.

But that cohort, you know, first of all, 83 percent of these people have a bachelor's degree or greater. I am just trying to figure what the impact of the layoffs and the so-called Deferred Resignation

Program had on the efficiency and the capabilities of the defense acquisition program, in general.

Mr. SCHWARTZ. Sure. So, two comments. One is you mentioned 20 years and over 50, and I just realized how old I am because I fit into that.

Mr. LYNCH. Yes, but that would be some of our most valuable and knowledgeable and capable employees, right?

Mr. SCHWARTZ. There are a lot of people that are very capable, absolutely. And I cannot control what the size ultimately will be. But I do believe we absolutely can take steps now to ensure that we have the right workforce, and, importantly, not just numbers but the right skills and the right incentives for the people, in 2 years, 3 years, 4 years, because this is a long-term game.

Mr. LYNCH. Yes. Going back to the gentleman's earlier question, do you have any idea how many PLAs are actually in place?

Mr. SCHWARTZ. I am sorry.

Mr. LYNCH. Anybody there? My experience, and I am a former union president for the ironworkers, and one of the complaints I have, just generally, with DoD, is contracts are just a black box. Nobody knows how these contracts are being awarded. It seems like there is a propensity to award contracts to firms that have connections with former admirals or generals, and so they have inside knowledge of the needs of DoD. They have got those relationships. And that is much more prevalent. That is involved in every single DoD contract, and there are very, very few product development programs or any contracts at DoD in acquisitions that have a PLA. They might do it to build a warehouse or something like that, but there are very few of those. I do not know of any that are in place right now, in the entire United States.

But those programs, a PLA would require that those individuals working on that program go through an apprenticeship program so that they are highly skilled. I think electricians it is a 5-year apprenticeship program, for plumbers, pipefitters, steamfitters, 5-year program. So, they make sure that these folks that are going on to DoD projects are actually highly skilled and able to perform the work at a level that meets the standards of the Defense Department.

What do you think would be the most impactful change that we could make in this whole acquisition process in order to generate some of the savings that are there potentially, that exist right now? I know we are talking huge numbers, but are there one or two things—I am not asking for a silver bullet, but the most important changes that we can make to actually glean those savings that we desperately need?

Mr. SCHWARTZ. Yes. Invest in IT systems, and I will just give two examples. I think we talked about this last time. DoD does not have a world-class defense travel system. There is the Defense Travel System. You could actually go onto YouTube and you will hear rants by uniformed personnel about their travel system. You could actually see it. It is interesting.

So, DoD tried to put in a new system, because DTS had about a \$1 billion of improper payments, where we do not know what happened. So, they had a system. They did a successful other transaction and successful prototype, and they could not implement

it, a commercial system that is used ubiquitously around the world by Fortune 500 companies. They could not implement it. It was not a problem with the system. It was a problem with DoD.

That costs money. We can save money on travel. We can save money on logistics. We can save money on maintenance. We are buying more planes because we have readiness rates which are so low, we do not have enough to fight with. We could save a lot of money—it is like investing in college—if we did the IT systems right.

Mr. LYNCH. Thank you, Mr. Chairman. I appreciate your indulgence. Thank you.

Mr. TIMMONS. Yes, sir. I could talk about DTS all day long. It is really terrible.

I now recognize the gentleman from Kentucky, Mr. Comer, for 5 minutes.

Chairman COMER. Thank you, Mr. Chairman. Ms. Boatner, the Defense Intelligence Agency recently released a report addressing the status of the missile threat in response to President Trump's goals of building a Golden Dome defense system. How vital will procurement modernization be to the success of that particular initiative?

Ms. BOATNER. It will be critical. You know, what they are contemplating with the Golden Dome will certainly be a major defense acquisition program, meaning that it will be subject to the most stringent requirements that currently exist across the acquisition system. So, subject to schedule delays and cost overruns, as most of our major defense acquisition programs are.

Chairman COMER. So, you agree strengthening public-private partnerships will better advance this project and strengthen and make the President's goals more doable and efficient?

Ms. BOATNER. Yes, absolutely.

Chairman COMER. How do you see the government and industry working together to obtain this goal? It seems like this would be a challenging project for public-private partnership, but I do not see any other way for this to happen.

Ms. BOATNER. Yes. The technical aspects of this program will be incredibly challenging, and I think as much communication between all of the players in the defense industrial base and the technologies that exist to enable such a system will be critical as the Department kind of really identifies the requirement and gets into the weeds of what they are going to ask for from industry, and it should be informed by what is resident across established primes, new entrants, small businesses who can all play in this ecosystem on this program.

Chairman COMER. Thank you. Mr. Snelgrove, your experience spans active military duty, government service, and private industry. How have you seen public-private partnerships benefit the Department of Defense?

Mr. SNELGROVE. Congressman, I have witnessed, firsthand, from my time in both Iraq and Afghanistan, where public-private partnerships using university-affiliated research centers, federally funded research and development centers have all contributed technological advancements to the warfighter. I think currently you have a lot of great technology coming out of the private sector that

is being largely funded by private sector research and development. So, to your earlier question about how is Golden Dome going to be successful, I think it is leveraging a lot of the private investment that is going into space, commercial space specifically, that is going into small, unmanned aerial systems that will contribute to that whole picture.

Chairman COMER. Yes. The reason I ask these questions, obviously I support public-private partnerships, and there is no doubt in my mind that we have to partner in a big way with the private sector to keep up with the threats that we face from China and other countries that are investing heavily in their military budgets.

But many of my colleagues on the other side of the aisle often criticize private relationships with government contracts, maybe because they do not like who the owner of the company is or whatever. They may not use pronouns in their website, or for whatever reason.

So, I think it is important that we face the reality that we have to have public-private partnerships. And it would be nice if we could do that in a bipartisan manner. I think President Trump has expressed a desire to focus, with this Golden Dome project, to try to have and make it a bipartisan project. I hope it is, Mr. Chairman. That is my goal, so we will see if that happens.

But thank you all for being here. Mr. Chairman, thank you for holding this Subcommittee hearing. I yield back.

Mr. TIMMONS. Thank you. I now recognize the gentleman from Maryland, Mr. MFUME, for 5 minutes.

Mr. MFUME. Thank you very much, Mr. Chairman. I want to thank you and the Ranking Member for calling us together on this. Obviously, I want to thank those witnesses who are here in the room for your testimonies and for some of your insights into what is going on.

If you hear some disdain coming out of Members of this Committee, it is because this fight and this discussion has gone on for a long, long time, and we are all getting weary as a result of it.

We all agree that there are massive amounts of waste. We all agree that regulations and processes are too burdensome to sort of get around and get over. We all believe that we have got to have a situation, at particularly DoD but elsewhere, also that creates innovation and give it a chance to succeed. And I think we all believe that this DoD acquisition process leaves a lot to be desired.

What is left unsaid, I think, not just where we are but how did we get here and why aren't we moving forward? And I would submit that the firing of the Inspector General is not the way we want to go in situations like this, and the absence on these matters by the Secretary of Defense is not the way we want to go. It is not to knock either of them. It just to say that, as someone said earlier, if you are sitting around waiting for the U.S. Congress to pretend to be the cavalry, you would be waiting all day long because there are too many intricacies that prevent this huge body from moving forward, unfortunately. And if you think you have got red tape at DoD and some of the other agencies, we invented it. We have it right here. And so, that is why it appears to the onlooker that we cannot seem to get anything done.

So, I would just submit for consideration another thought in all of this. The gentleman from Texas, Mr. Sessions, and I head up a committee where we have been dealing with this matter for several years now, and what we are finding are two things. Not only is there massive waste, but there is also massive fraud. And that is why, I think, in many instances, you do not see the movement that we would think would be coming internally.

\$10.8 billion in documented fraud over the last several years—\$10.8 billion. This is the Department of Defense. And before us, in the continuing resolution, an increase in 13 percent of the appropriations so that more fraud, in my opinion, can take place.

I have said repeatedly that there has got to be some direction from the top down on this. I mean, you are doing your job. We are trying to do our job. But time is ticking away and, you know, this fraud is absolutely massive. People are making all sorts of money, retiring on it, waving a flag like they are true-blue Americans, and at the same time their hands are in the cookie jar—\$10.8 billion documented fraud.

So, when you do not have an Inspector General who can point that stuff out, you are in a situation where nobody knows that it is going on unless there is an investigative report that takes place. And I want to particularly thank the Government Accounting Office [sic]. I mean, I do not know what we would do if we did not have you providing the information and the suggestions that we need.

But we are in a bad, bad situation, when that kind of money can be ripped off, away from the American taxpayer, and we are not prosecuting anybody whatsoever. That is money that could be going toward food and nutrition programs. It could be money to offset these drastic cuts in Medicaid. It is money that could be shoring up a number of areas right now where we are short as a Nation. But when you do not see it, because it walks out the door, and it is \$10.8 billion, God only knows what it is going to be in the next report. This is a massive, massive failing on the part of all of us.

So, I have appealed, and will do so again publicly, to Secretary Hegseth, at this moment, to please come before this or the entire Oversight Committee, and let us know what you are planning to do about this. We have issued that formal announcement. I am issuing it again today.

The Marine Corps is the only branch of the service that has gotten past these failed audits, and it is because the Commandant of the Marine Corps said, "Look, this is how we are going to do it. Anybody that does not want to agree, you are getting off the ship now," and everybody else got in lockstep. It is not happening anywhere else. And I think it has got to come from the Secretary of Defense directly, to everybody under his line of command, so that the things you are proposing, which are good, commonsense things, actually get put into practice.

Mr. Chairman, I yield back.

Mr. TIMMONS. Thank you. I now recognize the gentleman from Arizona, Mr. Crane, for 5 minutes.

Mr. CRANE. Thank you, Mr. Chairman, for holding this hearing today. Thank you for our panelists for coming to testify. I know this is a very important topic, reforming procurement to accelerate

defense innovation. It is obviously important because we have a lot of threats around the world who are developing their weaponry very quickly, and the battlefield is ever-changing.

We also have a Defense Department that has a massive budget. We all know that. You know, we also have a Defense Department here that continues to fail audits.

But I want to start with you, Ms. Boatner. You previously served as the Deputy Assistant Secretary of the Army for Strategy and Acquisition Reform. Is that correct?

Ms. BOATNER. Yes.

Mr. CRANE. Acquisition reforms are important, but I am also concerned about the revolving door of senior military and procurement officers leaving the DoD and taking jobs at large defense contractors. With their influence they are able to leverage military relationships to negatively influence procurement.

One example of bad procurement practices is retired Rear Admiral James A. Murdoch and retired Captain Tony Parisi used their influence to fund the procurement of the Navy's infamous Littoral Combat Ship and the Defense Civilian Human Resource Management System software development program that was 6 years behind schedule and more than \$280 million—that is 780 percent—over budget until Secretary Pete Hegseth announced its termination.

The work of these former military officers on the LCS ship resulted in the procurement and continued deployment of flawed ships that cost the taxpayer billions of dollars and put crewmembers at risk. Undoubtedly, someone continued to champion the Defense Civilian Human Resource Management System, too. Otherwise, it would have ended a long time ago.

My question, how do we ensure that the hiring and work reforms for some of the acquisition officers, so U.S. taxpayers are not holding the bill for failed projects like the Littoral Combat Ship or the Defense Civilian Human Resource Management System software, ma'am?

Ms. BOATNER. Absolutely. I think it is an important point. There are restrictions in place for folks leaving the Department and going elsewhere so that they cannot use, kind of, their information or relationships to push contracts in any given way. I think, to the best of my knowledge, myself and others comply with those restrictions. And specifically to contracts, if you have ever touched a specific contract or even that portfolio area, you are prevented from being involved in any of those discussions with that agency, for different periods of time moving forward.

Mr. CRANE. What are those time periods, Ms. Boatner?

Ms. BOATNER. Depending on the level of position that you held, they range from 2 years and can go higher. Different Presidents have set different specific year-long restrictions, cooling-off periods, based on their administrations.

Mr. CRANE. Do you think those time periods should be increased?

Ms. BOATNER. I think that is probably not a call that I should make but should leave it to Congress to determine, and the executive branch.

Mr. CRANE. If that is the case, how did this example that I just read with the Littoral Combat Ship happen, in your estimation, ma'am?

Ms. BOATNER. Again, I do not know the specific details of that. Potentially, perhaps, the right restrictions were not in place. But I am really not familiar with that particular situation.

Mr. CRANE. Ms. Oakley, would you like to take a stab at that?

Ms. OAKLEY. I am also not familiar how that particular example happened. But the approaches that we are talking about today, to advocate for change within the Department, could play a role in limiting the ability for something like that to happen. So, in these new approaches you are not locking in these long-term contracts on these big, mammoth acquisition programs that then you are stuck with one vendor in perpetuity. These new approaches would enable shorter-term contracts that focus on an initial capability, and then be able to open up the aperture for competition through things like modular open systems, et cetera, that would enable other companies to get involved.

So, I am kind of tangentially answering your question, but what we are talking about today would help to prevent the situations like you are talking about.

Mr. CRANE. Thank you. I would also like to submit for the record an article from the *Quincy Institute for Responsible Statecraft*. It is called, "March of the Four-Stars: The Role of Retired Generals and Admirals in the Arms Industry."

Mr. TIMMONS. Without objection, so ordered.

Mr. CRANE. And I would like to read a quick section.

"In another prominent case, General James Mattis went to bat for the blood testing firm, Theranos, while he was serving as Commander of the U.S. Central Command, then joined the company's board upon leaving government service. Mattis pressed the Army to buy and utilize Theranos equipment, as he acknowledge in an email to Theranos CEO Elizabeth Holmes uncovered by *The Washington Post*."

It basically goes on to say that Theranos was later charged, two of their executives were charged. The Securities and Exchange Commission, described Theranos as an "elaborate, years-long fraud" in which Holmes "exaggerated or made false statements about the company's technology, business, and financial performance."

And on that, I yield back.

Mr. TIMMONS. Thank you. And I recognize the gentleman from California, Mr. Garcia, for 5 minutes.

Mr. GARCIA. Thank you, Mr. Chairman. Thank you to all of our witnesses for being here, as well. And I also definitely want to agree with a lot that was said by both sides of the Committee today. I thank you again for your time.

I just want to start, of course, by saying that I think everyone here agrees that our military needs the absolute best equipment, the best materials. Those that serve our country also deserve, of course, the absolute best weapons, the best ships, the best planes, whatever we can provide, we all can agree. And we all have, of course, the responsibility to safeguard our national security.

At the same time, as has been said already, we know the Department of Defense still cannot pass an audit. I believe it is the only department in the government that consistently, every time there is an audit process, consistently essentially comes back and says, "We are not able to do so," which I do not think anybody thinks is acceptable or a way to actually operate any type of organization.

Now, the F-35 fighter jet, for example, will cost us \$2 trillion over its lifecycle, and we know that just that one jet alone is often delivered late, often cannot fly, and has had numerous, numerous issues over the years. And that is just one example of all the different types of aircraft, other types of equipment that we have seen, that have had massive delays, massive cost overruns, and where the technology often times is not working right.

We do know, of course, that taxpayer money is being wasted. I do not think can disagree with that statement, and I agree with the Ranking Member that if we really want to save money and actually be efficient in government we should be looking at trying to save this waste, particularly at the Department of Defense.

And I want to also note, I think it is interesting that we have had a lot of conversation in the broader Committee on Oversight, and I sit on the DOGE Subcommittee, about efficiency and about waste. Yet, we have yet to discuss the Department of Defense. And there is so much opportunity that I think both sides of the aisle have been interested in, in actually trying to cut some of this waste. And I think it has been a real missed opportunity on the behalf of this Administration and certainly on behalf of the DOGE Subcommittee.

So, I would encourage our colleagues that are working on DOGE, not just from the Committee but across the government, to focus on the enormous amount of opportunity and work there is to do in the Department of Defense.

Now I am concerned, like many, that one of the President's first moves was to fire the Inspector General over at DoD, who, of course, has official responsibilities for holding the Department accountable. And I continue to have very serious concern about Secretary Hegseth's ability to do the job. That is my personal opinion. But I think we do have opportunities to work on a bipartisan basis to improve our system.

We have seen the number of major defense contractors has shrunk, actually, from about 51 down to about 10. That is not a positive change. I think any time you actually lose competition it is harder for new people to enter the marketplace. It is harder for new ideas to enter and provide new models of functioning. It also, I believe, stifles innovation.

So, the idea that less and less and less contractors are now being used, particularly on major projects at the Department, I think should concern everyone on this Committee in a bipartisan way. This also, of course, just creates more opportunities for higher costs and failures.

We know there actually has been some progress when we look at space procurement. In 2019, the Department set up a Space Development Agency, which has been an important partner for the private sector. I will note that back in my hometown of Long Beach, we have one of the largest concentrations of space and aero-

space development in the country. As mayor, we helped develop the Space Beach Program. It is a major part of our economy in Southern California.

My team, though, as heard directly from space companies that we may be losing some of our recent wins. There have been reports suggesting that some of the Space Development Agency's programs, called the Tranche 2 and Tranche 3 Transport Layers Program could be terminated or consolidated. These programs, within the space community, are incredibly important. Cancelling them, in their opinion, could threaten national security.

Mr. Schwartz, just briefly, could you just talk about the importance of the Space Development Agency to the growing space industrial base and how that maintains competitiveness and national security?

Mr. SCHWARTZ. Absolutely, and I believe this Administration, and the last administration, have both focused on space. Space is a new frontier as it were, not just for the Department of Defense but, frankly, all of national security, independent of the agency.

After we went to the moon, and after a while we did cut back on some space investments, and that came back to haunt us, and cutting key development efforts in space will take a long time to recover.

As Ms. Boatner was saying—and this is particularly important not just for the Department of Defense but for industry—consistency and understanding what the rules of the game are, are important. And it is important to make those investments and keep those investments, because it is a lot cheaper to do things consistently than cut programs and have to recreate everything and get that entire team back and start from scratch.

Mr. GARCIA. Thank you very much. I yield back.

Mr. TIMMONS. Thank you. I now recognize the gentleman from Virginia, Mr. McGuire, 5 minutes.

Mr. MCGUIRE. Thank you, Mr. Chairman, and thank you for our witnesses for being here today.

The strength of our defense industrial base is critical to maintaining our national security and military readiness. But we face real challenges with our supply chain and a burdensome acquisition process. These challenges threaten our ability to equip the warfighter. We do need more competition, and we need something, a phrase from the movie *Top Gun*, we have a “need for speed.” We have atrophied in just about every way possible, and God forbid we need to go to war, we want to make sure our men and women have a chance that they can win the fight and come home alive.

One of the key challenges is with additive manufacturing. The DoD has a slow and complex qualification process, which makes it difficult to rapidly adapt innovative technologies.

Ms. Boatner, why is it so hard for the Department of Defense to qualify parts produced through additive manufacturing, and can you give an assessment of DoD's current attitude toward additive manufacturing?

Ms. BOATNER. I think the Department's current attitude is actually one in which they want to embrace it and want to adapt it. You are right, though. They are getting mired in the process to certify and qualify parts, I think taking upwards of months to years

to certify and qualify any one additively manufactured part. And the concern there is risk aversion, frankly. I think when we are not talking about flight safety or safety-critical parts, perhaps some additional risk can be taken on the certification and qualification process for select parts.

Again, it is all balancing, to your point, the need for speed, with the appropriate need to balance, and it is always trying to find what that balance is between speed and risk management. But there is absolutely opportunity to do that here.

Mr. MCGUIRE. So, Ukraine has a goal of 4.5 million drones in 1 year, this year, and we have a goal of about 10,000. You can see where if our enemies have that ability to capacity and speed, it is going to be a problem.

Ms. Boatner, also, how often do your member companies lose promising suppliers due to time and complexity of a traditional DoD procurement?

Ms. BOATNER. All the time. That is one of the No. 1 problems that they raise when they talk to us is, suppliers, up and down the supply chain, will walk away, particularly commercial suppliers. So, when you are talking about drones, when we try to force government-unique requirements down the supply chain and we do not allow them to use some of the streamlined commercial processes that have been made available by Congress, they will walk away because they have other marketplaces.

Mr. MCGUIRE. There was a Navy amphibious ship due to deploy in San Diego, I believe January 7, but they had a hinge that broke, that moved a big door. And so, the manufacturer said, "We might be able to give you that door in 18 months." So, in my district, we have an ATDM. They scanned it, and over Christmas and New Year's they produced a part. These guys can do 3D printing with titanium and steel, et cetera. And they installed the part on January 6, and the ship departed on time, January 7.

Ms. Boatner, how can we better integrate small and mid-sized innovators into the defense industrial base without burying them under regulatory compliance demands?

Ms. BOATNER. That is the answer. I think you have to look at the regulatory regime that is in place today. Every regulation was put in place to protect against a bigger risk, but it now creates an even larger risk, which is that we are losing suppliers, we are losing small businesses, those that have a lot of innovation. And I think taking a whack at the regulatory regime will go a long way, because it is exactly our mid-sized companies and our small businesses that do not have the resources to comply with what the government requires in those regulations.

Mr. MCGUIRE. Mr. Snelgrove, what are you hearing from industry leaders regarding what they see as their biggest roadblock in the procurement process?

Mr. SNELGROVE. Congressman, I would highlight one major issue which we see from small businesses, universities, and even major defense contractors, and that is access to classified facilities and networks. Across the country there is a major lack of these facilities, specifically in the areas where we need them most.

For decades, constructing your own SCIF as a company has been a cost-prohibitive endeavor, costing multimillion dollars and multi-

years, many of which, you know, small businesses and startups cannot afford to take on, which prevents them from actually competing for classified contracts.

Fortunately, Members of Congress have recognized this is an issue, and just over the last few years have passed legislation to start to scale this kind of shared classified facility model, almost like a WeWork for SCIFs, to allow access and expand access across the Nation for startups, large companies, and universities.

Mr. MCGUIRE. Just real quick for Ms. Oakley, how do we strike the right balance between oversight and speed, especially when rapid innovation is the goal?

Ms. OAKLEY. Absolutely. I think that is a key challenge, and I actually think it is one that Congress plays a critical role in helping with. When you think about the need for oversight, it is significant based upon managing the risks to the government. So, when you are taking on an F-35, for example, or an LCS, as was mentioned before, that is a giant program and a huge commitment, and so the risk to the government is huge. So, rightly, as Ms. Boatner mentioned, a lot of these restrictions and requirements were put in place because of the magnitude of the risk.

But when you are taking a different approach and focusing on getting out capability quickly, in shorter timeframes, the magnitude of that risk is much less, and so it requires a new look at oversight, and the types of things that will be required in that environment are going to be different than in an environment that we have traditionally seen.

Mr. MCGUIRE. Thank you. I yield back.

Mr. TIMMONS. Thank you, and again, if anyone wishes to ask a second round of questions we are going to start that now, and I recognize myself for 5 minutes.

I am still a captain in the Air Force. I am the Area Defense Counsel for the South Carolina National Guard. And continuing resolutions have really caused me an enormous amount of problems in my service in the military. I cannot fathom what it is like, the entire enterprise-wise.

How bad are continuing resolutions for the procurement process? Ms. Boatner?

Ms. BOATNER. Sure. Continuing resolutions, they cap funding at the prior level, the prior year's level of spending. So, what that does is it forces programs to make tough decisions, reducing procurement quantities, for example, meaning your per-unit cost increases, so you are driving up costs. You also cannot award any new contracts or task orders for as long as the CR is in place. There are program managers that will actually plan to not award any contracts in the first or second quarter of a year and wait until the third and fourth quarter, knowing that there will be a continuing resolution, and that pushes program timelines to the right. And that really has a very negative impact on the supply chain, given the uncertainty of that environment, and particularly for small businesses who do not have the cash-flow to kind of hang on over that long time horizon that a CR—

Mr. TIMMONS. All these challenges that we are talking about, if you could fix one problem would it be no more CRs?

Ms. BOATNER. Oh, absolutely. Budget stability, consistent demand signals, that would make a huge difference for the defense industrial base and really for the procurement system.

Mr. TIMMONS. I think that is something that we can work on. It should not be a hard task to fund the government.

I want to talk about technology. You know, if you look at health care and the challenges that we face with rural health, telehealth is something that has really solved a lot of problems. I mean, we have increased connectivity. Everybody has got a phone that has a camera on it. That is still kind of emerging, but it is mostly developed. And that has been a huge help in delivering health care to tens of millions of Americans.

You know, how do we use technology to address this challenge? What can we do to harness all these emerging technologies to streamline these processes? Mr. Schwartz, any thoughts?

Mr. SCHWARTZ. How much time do you have? Sorry.

There is a lot, and I am just going to start a little bit. Digitized acquisition. We do not have IT systems to do acquisition. We do not have IT warehouses of all the IT that DoD owns to know what they own already, how much are they paying somewhere else, what rights do they need. We do not have a good centralized system that we can share on what commercial items, what determinations we have made in the past. These can be solved with IT.

Mr. TIMMONS. I hate to say it. I do not know the answer to this question. Mr. Schwartz, does every branch of the military have their own procurement system, or does it go through one clearing-house?

Mr. SCHWARTZ. So—

Mr. TIMMONS. Do the Marines have one? Does the Navy one? Does the Air Force?

Mr. SCHWARTZ. There is a Defense Federal Acquisition Regulation System, and it ultimately rolls up to the Secretary of Defense. However, each department has their own Air Force Regulation System, Army Regulation System, Navy, for tweaks.

Mr. TIMMONS. It is why we have multiple variants of the F-35.

Mr. SCHWARTZ. It is one reason. Well, that is more a requirement decision. But yes, no one was making the call, and they also have different individuals in charge, so each department, and sometimes service, has a service acquisition executive who is different. So, there is a service acquisition executive for the Army, the Navy, the Air Force, Space Force. There is a head of procurement for SOCOM, for example. So, there is a lot of disparity.

Mr. TIMMONS. Mr. Snelgrove, I feel like authoritarian governments have a big advantage when it comes to this issue, because they do not have any of the restraints that Western democracies have. Are any Western democracies doing this better? Are any countries that share our system of government doing this better than we are?

Mr. SNELGROVE. Chairman, no, they are not. The U.S. is still the leader in innovation across the globe, despite all of the headwinds that we have described.

Mr. TIMMONS. I think Israel would probably be pretty good at stuff like this. Are they ahead of us, or are they still following our lead?

Mr. SNELGROVE. I think there are a lot of lessons that we have learned from Israel, specifically over the last, you know, 12 to 18 months. However, a lot of the technology that Israel is deploying is still invented here in the United States and shared through various DoD programs, counter-tunneling programs, Iron Dome programs. There is a whole host of examples.

Mr. TIMMONS. And I assume we all agree that China's command economy and ability to dictate everything in a real-time manner is a disadvantage for us, relatively speaking. Is that fair? OK. We need to get better at this.

Thank you. I yield back. I now recognize the Ranking Member, Mr. Subramanyam, for 5 minutes.

Mr. SUBRAMANYAM. Thank you, Mr. Chair. I wanted to ask Ms. Oakley about the iterative development approach a little bit more. Let me give you an example, to see if I am right. Some new cars now—I have an old car and a new car. My old car has an audio system in there that was built when the car was built. There is no way of updating it in any sort of way. It is what it is, and obviously, 12 years later, it is very outdated. If I want a new audio system I might as well buy a new car, at that point.

But the new car I have, or newish car I have, you can update the audio system and update the offerings the audio system has. Is that what you would say is an iterative development approach?

Ms. OAKLEY. That is one aspect of it. Obviously, allowing over-the-air updates for software is one capability that can be added to an existing capability, to get something out quickly. So, you field something with the knowledge that you are still working on the software to update a critical capability. So, that is one step of it.

But then a next step is being able to change out the engine, being able to change other key parts of that system in an easy way because you have structured the program to be able to be modified in the long run. So, you are going at an acquisition with the intention of we are going to put out this car, and these are the capabilities it is going to provide. In the interim, while we are working on the next iteration of it we are going to give it software updates while design, test, and evaluate the next iteration, and collect feedback from the first iteration to then change the design and put out a new vehicle, a new model going forward. And that is exactly the type of iterative approach that we think DoD should follow, to ensure that we are meeting warfighter needs.

Mr. SUBRAMANYAM. I will give you a more tangible example. We have a lot of assets in space now, and we have a Space Force, and we are very involved in defense in space. Some of those assets are very valuable satellites in low-Earth orbit. I have a company in my district that has the ability to basically maintain those satellites, and they have come up with new, innovative ways to do that. So, instead of having to buy and launch a new satellite, we can just keep the satellites we have up there running because they are perfectly fine otherwise. Sometimes they just simply run out of fuel, so we just need to refuel them.

The problem they have encountered is institutional barriers at DoD, to adopt these kinds of services. So, what could we do to help put in place these iterative development approaches that you have suggested?

Ms. OAKLEY. Yes, DoD needs to change its acquisition process, and this starts with budgeting and requirements. The way the current requirements are developed is that the unity is very specific, exquisite requirements are developed right from the very beginning, before you realize the art of the possible, in some cases. And also, doing that ignores the fact that you might be able to continue upgrading and modifying systems as you go forward.

So, what our work would look at is could DoD put in place a requirement system that starts with high-level needs, focuses on what those critical needs are, and then does the design, testing, and evaluation, using digital tools, to be able to understand where they are going to be able to get in a reasonable timeframe, and then structures the program to be able to leverage just what you are saying, the ability to upgrade and modernize systems as you are going forward. And that needs to be baked in from the very beginning.

Mr. SUBRAMANYAM. The other thing that I have seen from, I think, almost everyone's testimony here today, and even the comments of the other Members, is that we have to have good talent at the DoD. And I guess I would ask, really anyone, some of the people who have resigned, I think there have been thousands now at the DoD who were either probationary or fired, they were either probationary or they were people who were technologists and they left for greener pastures.

So, how do we attract better talent to the DoD when right now there is this issue with the Federal Government and cuts to the Federal Government? Anyone?

Mr. SCHWARTZ. I will jump in. So, how to attract talent. I think there are a number of ways. There was a while where I was going to a lot of people and asking them, "Why did you leave government, and would you go back into government, and how important is pay?" And invariably, pay was not the issue. The issue that a lot of these people who are former government employees would say, it was two. One, "I didn't feel like I could get anything done," and two was, "I was being too micromanaged. I was not asked to do anything. I was told this is what you do, this is the policy you follow, and this is how you do it." It was those two things.

I said, "Would you go back into government?" I am like, give me an offer. But, "Can I get anything done?" And that was really what motivated a lot of people to leave, and I think, having been a former government worker myself, motivates a lot of people to want to work for government. And if we can fix those things, I think we will get the best and the brightest.

Mr. SUBRAMANYAM. I yield back. Thank you.

Mr. TIMMONS. Thank you. I now recognize the gentleman from Arizona, Mr. Crane, for 5 minutes.

Mr. CRANE. Thank you, Mr. Chairman. I want to start this line of questioning off with just a little of my background. I was in the military myself, a former servicemember, and I still have a lot of friends in the military that are running around some of the worst parts of the world. I want them to have the best gear possible. I want our military to be strong. But I do struggle with the Defense Department and their complete lack of ability to pass an audit or be financially responsible in any way.

Ms. Oakley, you come from GAO. Is that correct?

Ms. OAKLEY. Yes, sir.

Mr. CRANE. What does that stand for, ma'am?

Ms. OAKLEY. Government Accountability Office.

Mr. CRANE. And you are tasked often with looking over data, verifying information, and then bringing your findings to Congress so that we can try and present some legislative solutions. Is that correct?

Ms. OAKLEY. Correct.

Mr. CRANE. OK. Did your organization submit a report to Congress that said that the Pentagon will not be able to pass an audit until 2028?

Ms. OAKLEY. Yes.

Mr. CRANE. Why is that? Why is it going to take—I mean, why is it going to take another 4 years for the DoD to pass an audit?

Ms. OAKLEY. I am not familiar with the intimate findings of that report, but I know that we have reported a number of times that DoD does not have the controls and processes in place to be able to pass the audit. And I am assuming that those findings are focused on what DoD's action plan is for passing that financial audit, given that DoD financial management is on our High Risk List. So, I would assume that those findings are based upon what we have seen in that action plan.

Mr. CRANE. Do you know when the last time that DoD passed an audit was?

Why are you laughing, Mr. Schwartz?

Mr. SCHWARTZ. They have not. As a department, they have not.

Mr. CRANE. Since they were required to in 1990, they have never passed one. Is that correct?

Mr. SCHWARTZ. Correct.

Mr. CRANE. So, it is just interesting that we sit here and talk about this, because this is a bipartisan problem. This is not Republicans or Democrats. This is Republicans and Democrats.

Let me pose it this way. Why would the DoD pass an audit, or even try and pass an audit, if we continue to fund them at the same levels or increased levels, over and over again?

Ms. OAKLEY. I think that is a very good question. What is the incentive if there is no consequence of not passing an audit.

Mr. CRANE. Absolutely. That is the only language that people and organizations up here in D.C. understand, which is why I opened with what I told you about my background and my concern, but yet several times I voted against the NDAA and other authorization and appropriations for the Department of Defense, because of my concern not only for our national debt and the deficits that we are running, but because of the Department of Defense's unwillingness to be fiscally responsible or accountable to the American people whatsoever.

As a matter of fact, a couple of months ago I went over to the Pentagon, and I was talking to Secretary Hegseth with other conservatives, and this was one of the things I brought up. I said, "Hey, sir, I understand you guys have been tasked with a lot of important things. I am a supporter of yours. I am a supporter of a strong military. I have seen a lot of reporting from DOGE and some of the other agencies that they have taken a look at. When

are we going to see some fraud, waste, and abuse reporting at the Department of Defense?"

He did tell me that those guys are right down the hallway, and if you would like to go talk to them you are more than welcome to, and you will be seeing something come out of there.

I just want it to be said that it is a concern, even for many Republicans, that, hey, the Department of Defense needs to get its fiscal house in order. And I am glad that one of my colleagues pointed out that the Marine Corps is actually doing this. I think it is great, and I am not surprised that it is the Marine Corps that is leading by example, but I hope to see the other branches and leadership at the Pentagon and the Department of Defense start to get its fiscal house in order.

And I am a bit concerned about your report, ma'am, that says it is going to take another 4 years for us to get a clean audit at the Department of Defense. And I was not exactly sure that your answer covered the reason for your organization stating that.

Ms. OAKLEY. I can take that for the record and get back to you.

Mr. CRANE. Does anybody else have anything to add on that, why it is going to take another 4 years?

Mr. SCHWARTZ. I will add one of the challenges is the IT systems, and then they were bought and put in place they were not done in a way that thought about audit to begin with.

Mr. CRANE. OK. Thank you. I yield back, Mr. Chairman.

Mr. TIMMONS. Thank you. In closing, I want to thank our witnesses once again for their testimony today. I now yield to Ranking Member Subramanyam for his closing remarks.

Mr. SUBRAMANYAM. Thank you, Mr. Chairman, and thank you to the witnesses today. We had a great hearing. This is my first DoD procurement hearing, and I hope it is not the last. But it sounds like we have had some before. But I hope that this time we actually make some of the changes that are being recommended today. I read through all of your testimony, heard some of it, heard some of your answers. A lot of great ideas. A lot of smart people in the room today. So, let us actually do some of it.

One of my concerns is that we are hearing the right things from both sides of the aisle, but we are not getting action. So, I go back to the personnel example. We had a lot of great technologists that have either been pushed out or just left or even got fired, who could really help us with IT procurement. And we have a lot of procurement people who are leaving because they simply are fed up with being there or because they do not want to work in this environment.

So, we are going the wrong direction in personnel. I am not sure we are going the right direction in several other places. Someone mentioned in their testimony something about Federal labs. We are firing a lot of scientists in our government. Someone mentioned in their testimony about budget uncertainty. We just did another CR. I am already nervous for the next CR. And someone even mentioned in their testimony something about manufacturing and industrial resilience. Well, I actually talked to a company that manufactures products for the DoD, and they are concerned about tariffs and the fact that the 20 percent increase in making everything will be passed on to the DoD and passed on to the taxpayers.

So, we are going the wrong direction so far, early in this Administration. While the talk has been good, what is happening and what has actually been the action has not worked out, and been in line with that talk.

And I really appreciate some of the comments from both sides of the aisle. But the one ugly bill, Beautiful Bill, whatever you want to call it, that we just passed, increases defense spending and makes no mention of trying to audit the DoD or reform procurement or do anything of the sort to try to get things under control when it comes to how dollars are spent over there.

I am not seeing a lot of actual change. I am just seeing a lot of talk so far.

So, I do hope that this can be bipartisan and that we can actually work together on real changes. The best way to change something is to actually start doing it, so I hope we can do that.

I will end with a couple of stories from my district. One company that said that the DoD will often ask them to make a product. Sometimes that product has not even been invented. They actually have to create a product that does not exist on the market or anywhere else. And they have to put their own R&D dollars into this. So, going from CR to CR, getting mixed messages about what they should be producing and how they should produce it, is tiring and it is costly. So, they have decided to start opening a commercial business, and their goal is to get out of the defense business altogether.

And we have seen that over and over again. And as others have mentioned, less companies are working with the DoD because why would you? They are a terrible customer right now.

I have another story about a small business who is doing the same thing, only they do not have the cash reserves like the bigger companies. So, they do not have a choice but to get away from trying to sell to the DoD, even though they have great products, and others have mentioned that, as well.

Finally, I talked to someone who left the DoD. They did not take the deferred resignation but they were going to leave anyway. But they were fed up, as Mr. Schwartz mentioned, about the environment at the DoD, about all the rules they have to follow, about all the contracting officers they have to work with, about the mixed messages they get, and how they will have a mission-critical product they are working on with a contractor and then that project will go out the window 6 months later.

So, it is very difficult right now, and we have to see actual changes. I look forward to making those changes. But we need to actually act instead of just talk.

Thank you again, and I yield back.

Mr. TIMMONS. Thank you for that. I now recognize myself for closing remarks.

My friend from Arizona said that Congress was irredeemable. I do not believe that to be the case, and I do not believe that this hearing would reflect that. I think that we had good, productive conversations. I think that we are all interested in streamlining the procurement process and saving taxpayer dollars, and then delivering the best possible weapons to our warfighters. Peace through strength is not just a saying. It is what we have to do in order to

continue to be prosperous and continue to have the impact that we have had on the world for 250 years.

As we seek out waste, fraud, and abuse to try to streamline our costs governmentwide, the Pentagon can be no exception. And, if anything, it is probably the spot that we can find the most cost savings and deliver the best results.

I think one of the things that I have taken away from this—I mean, I kind of knew this, that CRs are just really bad for the government, in general, and they are really bad for the military. But they are also really bad for procurement. So, we have to do our job, and we have to fund the government, and we have to create predictability for the defense industrial base to continue to provide the best possible products to our military. And our national security depends on it.

And I am afraid that we are to the point where the procurement process, the development of new technologies is becoming an emerging national security threat. And as we see what countries that are faced with live-or-die scenarios are able to accomplish in a short period of time, it makes me even more concerned. But I do think that maybe we can learn from countries that we have given tens of billions of dollars to, and maybe take some of the lessons that they have learned from the wars that they are engaging in.

I really appreciate all of you being here today, and I appreciate my colleagues across the aisle for a productive hearing. And we will definitely be following up with additional questions and try to see what we can do legislatively to solve some of these challenges we face.

With that, and without objection, all Members have 5 legislative days within which to submit materials and additional written questions for the witnesses, which will be forwarded to the witnesses. If there is no further business, without objection, the Subcommittee stands adjourned. Thank you all.

[Whereupon, at 11:45 a.m., the Subcommittee was adjourned.]

