

The New Acquisition Reform Effort: Back to the Future

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The 2017 National Defense Authorization Act makes clear Congress's frustration with an acquisition system characterized by ever-increasing costs and schedule growth. Reform is sorely needed, but Congress' proposed solution — yet another reorganization of a broken system — is unlikely to be effective.

Today's defense acquisition system is a product of decades of reform initiatives, legislation, reports and government commissions. Major reform efforts began in earnest in the 1960s with Secretary of Defense Robert McNamara. His main reform efforts centralized control within the Office of the Secretary of Defense (OSD) and created the Planning, Programming and Budgeting System for resource allocation. Throughout the latter half of the 20th century, each administration left its own mark on defense acquisition, focusing primarily on the acquisition process itself, as well as Department of Defense management. However, many of the reforms recycled various schemes to shift decision-making authority from the services to OSD, realign oversight and accountability responsibilities, and alter the process (adding and removing milestones, phases and so forth). Despite these initiatives, cost and schedule growth continue.

This latest reorganization effort (splitting the function of the undersecretary for acquisition, technology and logistics into two) will undo one of the major changes made by the Goldwater-Nichols Act of 1986, which codified the acquisition chain of command and was based largely on the recommendations of the 1985 Packard Commission. On the positive side, the creation of the new

undersecretary for research and engineering comes at a time when the DoD is working to regain its technological advantage, notably through its pursuit of a third offset strategy to renew and perhaps advance the competitive advantage of America and its military allies. This change should increase the emphasis on these efforts. On the negative side, this new organization may introduce an element of confusion and competition into the decision-making process by not having a single end-to-end process owner.

Given the rising national debt service payments and entitlements obligations, there is a real need to ensure that the DoD's acquisition process be as efficient as possible. But will these changes help? Based on history, I am not optimistic. There are several underlying issues that are perhaps more difficult to fix but contribute significantly to poor acquisition outcomes. I'll address three of these.

First, budget uncertainty and instability, along with the use of continuing resolutions, have eroded the integrity and effectiveness of the planning and programming process. As a result, many decisions have effectively shifted out of program offices and into the budget office, with changes made each year based on budget limitations. This often precludes making sound decisions based on strategic objectives and program performance, and it virtually guarantees poor program performance. Congress must strive to introduce some stability to the DoD's budgets so that planning and programming processes can be reinvigorated.

The second is the ever-increasing regulatory burden. The DoD's acquisition process is tightly regulated; these regulations are intended to help improve acquisition processes, maintain public accountability, and prevent contractor waste, fraud and other abuses. However, the end result is a system of rules and regulations that has no consistent, overarching framework, but is rather a compilation of many individual mandates designed to address specific issues. This ever-growing accumulation of laws, regulations, reporting requirements and mandated procedures often adds little value, but slows the process and increases costs. The reform initiatives must work to streamline and rationalize existing policies and procedures and strive to reduce the regulatory burden.

Third is the composition (number and skills) of DoD's acquisition workforce, which has, perhaps, the greatest direct impact on the performance of the

acquisition system. This workforce must respond to a volatile international security environment, rapidly changing technology, a wide array of new military operations, significant budgetary pressure, and many legislative and regulatory changes. The impact of these considerations on the acquisition workforce has been significant — demanding new skills and acquisition strategies as well as additional personnel to manage and lead increasingly complex weapon system programs. This shortfall must be addressed.

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