

*Written testimony of Deidre Lee, Chairperson, Section 809 Advisory Panel on Streamlining and Codifying Acquisition Regulations before the House Armed Services Committee on May 17, 2017.*

Chairman Thornberry, Ranking Member Smith, thank you, on behalf of the 18 commissioners, for the opportunity to present the Section 809 Panel's interim report to the committee.

Since the Section 809 Panel's inception, the 18 commissioners have organized into working groups focused on key drivers of the acquisition system such as barriers to firm's entry into commerce with the department, unique government policies and how they affect acquisition, and characteristics of successful programs. Acquisition reform is not a novel endeavor, and dozens of acquisition reform efforts precede this panel. Commissioners and panel professional staff have reviewed historical reports as a comparative foundation for our work. Through the teams' efforts, and at its monthly full-panel meetings and bimonthly stakeholder meetings, the Section 809 Panel has heard from more than 150 individuals professionals at more than 100 unique organizations. These individuals work in the defense acquisition system, support the department in industry, study the system in think tanks and academia, and provide leadership and oversight in Congress.

The many conversations we have had so far serve as a foundation for the panel's future work. Both small and surmountable and large and burdensome barriers to entry discourage companies from doing business with the government. Out-of-date regulations that once served their purpose today only drag down the process. Fear of costly protests yields cautious contracting procedures and adds unnecessary time to the acquisition process. Ample flexibility exists within the system, yet many in the workforce fear leveraging it. The acquisition system is rooted in obsolescence when it needs to be cutting-edge.

There are too many unique policies, exceptions, thresholds, and reviews for acquisition to be as timely as possible at a fair price to the taxpayer. These complexities prevent trusted, qualified personnel from making decisions at the appropriate level, and create barriers for access to new technologies when industry cannot fathom how to engage. The Section 809 panel is working toward a system in which professionals are trusted to do the right thing, empowered to take appropriate risk, and allowed to make honest mistakes. Oversight is important, but not to the degree that it punishes many for the acts of the few and creates more burdensome costs—not just financial costs, but also in terms of time and human resources.

Some businesses, especially small businesses, hesitate to engage in commerce with government because they fear minor, unintentional mistakes may result in criminal charges, hefty fines, and damaged reputations. For many, the benefits of doing business with the government are insufficient to offset the potential burdens. Companies should not have to invest time and money just for figuring out how to do business with the government. Wouldn't it be better if instead they could focus all of their resources on innovation—trying new technologies, establishing new thinking, encouraging transformative ideas. If we can decriminalize commerce, we create a new paradigm—one that helps the Department of Defense get what it needs, when it needs it, at a fair cost to the taxpayers.

The United States faces new and increasingly complex geostrategic challenges, and the department must meet them with novel approaches to meeting its mission. To ensure our continued technological dominance on the battlefield, we need an organization that is capable of looking past how things have always been done to how they should be done. Today we encounter conflicts with new adversaries using new technologies; it is imperative that we stop trying to confront them with systems that were designed for bygone days. The department needs an acquisition system that facilitates the critical need to invest in maintaining our technological dominance. In this time of threats that are constantly changing, often in ways that are difficult to anticipate, we need to approach acquisition in a way that will allow the department to respond to 21st century needs with flexibility and an eye to the future, rather than with rigidity and ineffective vestiges of the past.

The Section 809 Panel is certainly not the first organization charged with reforming how DoD buys goods and services; however, our goal is to be boldest. The panel's commissioners are not interested in enumerating superficial acquisition problems. As we formulate our recommendations, we plan to put forth ambitious, actionable ideas and the road maps for how to enact them.

The panel has an important task ahead as it formulates the recommendations that will comprise its subsequent reports. We look forward to continuing to engage the acquisition community and welcome thoughts and recommendations on areas for improvement. As laid out in the written interim report, we are committed to serving the implementation of a system that will:

- Enable DoD to be more adaptable in the face of a rapidly changing threat environment.

- Make DoD a more attractive customer in the new, dynamic defense marketplace.
- Enable DoD to use scarce resources allocated to procurement more efficiently.
- Simplify the acquisition process so goods and services can be purchased in a timely manner without unnecessary burden.
- Encourage and incentivize the workforce to make sound, mission-driven decisions.

We present our interim report to you today, and look forward to your questions.