

ISSUE BRIEF

No. 4388 | APRIL 17, 2015

Progress Is Coming on Defense Acquisition Reform

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On March 23, Representative Mac Thornberry (R-TX), Chairman of the House Armed Services Committee (HASC), announced his defense reform proposal.¹ As anticipated, the proposal is a long-term effort primarily focused on reducing wasteful spending and eliminating cumbersome bureaucratic obstacles.² The HASC Chairman's approach is realistic and effective and would be a great start on the much-needed reform of the defense acquisition system. While his proposal would not fix everything, it takes the first steps on the journey the Department of Defense (DOD) badly needs to take.

Previous Reforms Created Excessive Cost and Bureaucracy

Attempts to reform the defense acquisition system are not new. Although over 100 reforms have been undertaken since 1975, serious problems persist.³ For example, about one-third of defense procurement costs remain dedicated to financing overhead, rather than actually purchasing or modernizing weapons or equipment.⁴

The vast paperwork requirements illustrate the clumsiness of the process. Ambassador Henry Cooper, then-director of the former Strategic Defense Initiative Organization (SDIO), detailed over six months the requirements needed for oversight of the Theater High

Altitude Area Defense (THAAD) system: 75,000 government labor hours, over 250,000 contractor labor hours, and over a ton of supporting documentation, cumulatively costing \$22 million.⁵ Furthermore, in recent congressional hearings, military officials have expressed concern about DOD's burdensome and costly acquisition process. Navy Secretary Ray Mabus explained, "It takes forever. It's costly. The thing you could do for us is cut out a lot of this.... The current system—just requirement after requirement...many of them don't add anything to the end value of the weapon."⁶

In fact, many reforms have been counterproductive, adding to the bureaucracy. Past efforts often assumed that adding layers of review and further centralizing the acquisition process would resolve the system's shortcomings.⁷ Instead, these extra requirements only inundated acquisition personnel with more obstacles.

Thornberry Proposal Is a Step in the Right Direction

Chairman Thornberry's initiative involved extensive dialogue between Congress and DOD leadership, producing measures that address "fundamental workforce, bureaucratic, and innovation issues that lead to cost overruns and delivery delays."⁸ According to a HASC report, the "legislation is built upon the notion that a successful acquisition system is proactive, agile, transparent, and innovative."⁹

The reform effort proposes practical changes to the acquisition process. It envisions a proactive process that anticipates acquisition problems and empowers officials to create solutions and mitigate risk through tailored approaches to specific programs. Additionally, it would remove certain

This paper, in its entirety, can be found at <http://report.heritage.org/ib4388>

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barriers on military officers, expand training for the workforce, and expand employee discretion in the contract type selection process. The legislation also attempts to make the system more agile by reducing reporting requirements and streamlining the acquisition strategy approval process. Furthermore, it seeks to improve transparency by encouraging clear and open communication between government and industry and furthers efforts to make DOD's financial management statements auditable. Finally, the proposal attempts to reduce barriers that prevent companies, and specifically small businesses, from conducting defense business and preclude officials from proposing or implementing new approaches.¹⁰

The HASC Chairman's proposal would incorporate reforms incrementally to reduce risk and measure effectiveness and real-world affects, rather than force change all at once. Consistent leadership both in DOD and on Capitol Hill will be necessary to articulate the long-term vision of the initiative and keep reforms on track. Budget volatility and continued sequestration

are major obstacles, since a stable defense budget is essential to an effective acquisition system.

The Role of Congress Must Be Addressed

Defense acquisition reform initiatives must take account of how Congress contributes to problems in defense acquisition.¹¹ In the past, Chairman Thornberry has been receptive to the idea of addressing Congress's role in the defense acquisition bureaucracy.¹² The initiative's facilitation of the exercise of appropriate discretion by acquisition officials is a stark departure from past congressional action. Congress had previously centralized acquisition management, sought to micromanage DOD, inculcated a risk-averse culture within the acquisition bureaucracy, and used hindsight to view all failures as indications of widespread acquisition system problems.¹³

Frequently, "broad and systemic problems" have been confused with "narrow and symptomatic ones,"¹⁴ causing reforms of specific programs to be

1. Committee on Armed Services, U.S. House of Representatives, "Defense Reform," <http://armedservices.house.gov/index.cfm/defense-reform> (accessed March 31, 2015).
2. Committee on Armed Services, U.S. House of Representatives, "DOD Reform: Highlights of the Thornberry Reform Effort," March, 23, 2015, http://armedservices.house.gov/index.cfm?a=Files.Serve&File_id=6BA52738-8917-46EB-8777-84B1E6A704C4 (accessed March 31, 2015).
3. Baker Spring, "Congressional Restraint Is Key to Successful Defense Acquisition Reform," Heritage Foundation *Background* No. 1885, October 19, 2005, <http://www.heritage.org/research/reports/2005/10/congressional-restraint-is-key-to-successful-defense-acquisition-reform?ac=1> (accessed March 31, 2015).
4. Steven P. Bucci and Emil Maine, "Thornberry Initiative for Effective Defense Acquisition Reform Appears Promising," Heritage Foundation *Issue Brief* No. 4106, December 12, 2013, <http://www.heritage.org/research/reports/2013/12/thornberry-initiative-to-reform-the-defense-acquisition-process> (accessed March 31, 2015).
5. Baker Spring, "Don't Let Politics or Bureaucracy Hobble Missile Defense," Heritage Foundation *Executive Memorandum* No. 817, May 31, 2002, <http://www.heritage.org/research/reports/2002/05/dont-let-politics-or-bureaucracy-hobble-missile-defense> (accessed April 1, 2015).
6. Ray Mabus, Secretary of the Navy, "The Fiscal Year 2016 National Defense Authorization Budget Request from the Military Departments," testimony before the Committee on Armed Services, U.S. House of Representatives, March 17, 2015, 2:02-2:03, <https://www.youtube.com/watch?v=qaBl6zvuOq4> (accessed March 30, 2015).
7. Bucci and Maine, "Thornberry Initiative Appears Promising."
8. Fred Ferreira, Adam Jay Harrison, Emil Maine, John G. McGinn, and Stephen Rodriguez, "The Promise and Peril of Mac Thornberry's Defense Acquisition Reform," *War on the Rocks*, March 27, 2015, <http://warontherocks.com/2015/03/the-promise-and-peril-of-mac-thornberrys-defense-acquisition-reform/> (accessed March 31, 2015).
9. Committee on Armed Services, U.S. House of Representatives, "DOD Reform: Highlights of the Thornberry Reform Effort."
10. The above summary of the facets of the defense acquisition reform proposal is drawn from Committee on Armed Services, U.S. House of Representatives, "DOD Reform: Highlights of the Thornberry Reform Effort."
11. Spring, "Congressional Restraint Is Key to Successful Defense Acquisition Reform."
12. Sydney J. Freedberg Jr., "Mac Thornberry on Acquisition Reform: Congress, Heal Thyself," *Breaking Defense*, November 18, 2013, <http://breakingdefense.com/2013/11/mac-thornberry-on-acquisition-reform-congress-heal-thyself/> (accessed April 1, 2015).
13. Spring, "Congressional Restraint Is Key to Successful Defense Acquisition Reform."
14. Baker Spring, "Congress Needs to Focus on the Big Picture in Defense Acquisition Reform," Heritage Foundation *WebMemo* No. 984, February 2, 2006, <http://www.heritage.org/research/reports/2006/02/congress-needs-to-focus-on-the-big-picture-in-defense-acquisition-reform?ac=1> (accessed April 1, 2015).

ineffective or counterproductive. In order to create lasting solutions to defense acquisition problems, reform must change the culture of acquisition and not just the laws that govern it.¹⁵ Congress should realize that excessive bureaucracy acts as a self-protection mechanism for acquisition personnel, who seek to shield themselves from Congress's propensity to embarrass defense officials through "show trials."¹⁶

The Big Picture: Sustained Defense Spending Is Key

In order to exercise proper discretion and adapt to challenges, acquisition officials need predictable funding for programs as well as the requisite resources to fulfill defense requirements. As long as the budgeting process imposes unachievable goals, programs will not be managed efficiently.¹⁷ Reducing modernization budgets exacerbates this by entrenching and intensifying broad problems in acquisition and reducing competition.¹⁸ Conversely, sustaining growth in procurement drives down unit costs of platforms and could encourage competition within the supplier network by incentivizing new firms to enter the defense market.¹⁹

Not a Home Run, but Solid Progress

The Thornberry initiative is not without its own challenges. Congress and DOD must remain steadfast in implementing it to enhance its chances of long-term success. To continue to build on what Chairman Thornberry has begun, Congress and DOD should:

- **Build in stability.** Put provisions into the National Defense Authorization Act to anchor the Thornberry initiative so that it can survive beyond the next two years. The Chairman cited politically driven budget volatility as one of the biggest obstacles to establishing a more effective acquisition process. The initiative needs to survive beyond this Administration and this Congress in order to be successful.
- **Fight the urge to centralize.** Congress must resist reflexive bureaucratic tendencies to centralize acquisition authority and micromanage the acquisition process. Removing red tape will provide new opportunities for DOD to reap the benefits of more autonomy as well as innovation in the private sector. This will help ensure that the military has the best technology at the best price.
- **Seek help from the commercial sector.** DOD should benefit from the world's touchstone of innovation: the U.S. commercial technology base. Capitalizing on this resource is crucial to giving our military a technology "edge" on future battlefields.

Chairman Thornberry's long-term incremental initiative is a welcome reversal of the "normal" culture of Washington, which favors massive one-off reform efforts. Incremental reform that allows DOD to better align with industry and the commercial market, expands information sharing, and empowers the acquisition workforce offers a good chance of success.

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15. Bucci and Maine, "Thornberry Initiative Appears Promising."

16. Spring, "Congressional Restraint Is Key to Successful Defense Acquisition Reform."

17. Bucci and Maine, "Thornberry Initiative Appears Promising."

18. Spring, "Congress Needs to Focus on the Big Picture in Defense Acquisition Reform."

19. Ibid.