

**The Honorable Dr. Ashton B. Carter**  
**Under Secretary of Defense for Acquisition, Technology and Logistics**  
**Testimony to the House Appropriations Subcommittee on Defense**  
**On Department of Defense Acquisition in the Fiscal Year 2012 Budget**  
**April 13, 2011**

1 Chairman Young, Ranking Member Dicks, thank you for inviting me to testify to the  
2 House Appropriations Committee Subcommittee on Defense on Department of Defense (DoD)  
3 Acquisition in the Fiscal Year 2012 Budget. I have long admired the hard work and dedication  
4 that the members of this subcommittee put into supporting our soldiers, sailors, airmen, and  
5 marines; hard work that I, and the entire Department, deeply appreciate. So it is a privilege to be  
6 with you today to talk about how the Department of Defense works to execute the funding that  
7 you provide for acquisition programs and the acquisition portion of the Fiscal Year 2012 (FY12)  
8 budget request.

9 **Joint Urgent Operational Needs Response:** I want to begin by extending my personal  
10 thanks to the Subcommittee for approving in large part the Department of Defense's above  
11 threshold reprogramming request for urgent operational needs in your letter of March 9, 2011. I  
12 also appreciate your very rapid approval of a follow-on reprogramming request which identified  
13 alternate sources for those urgent needs we couldn't fund through the previous reprogramming  
14 action and which included additional urgent requirements that emerged after the transmission of  
15 the previous request.

16 I want you to know that I have been working hard to ensure that funds approved for  
17 transfer are being put to work immediately to get urgently needed equipment to the field in  
18 support of the warfighter. Upon your approval of the last reprogramming request, my team went  
19 to work to energize the entire acquisition system from contracting to training to fielding; getting  
20 the funds released promptly; making these programs the highest priority of the various program

1 offices; alerting and giving guidance to contracting officers to ensure efficient processing of  
2 contracts; ensuring training of the units slated to receive the equipment; and making  
3 arrangements with the transportation and logistics systems that will actually get the equipment to  
4 theater. Most importantly, we are ensuring that every organization within the Department that  
5 has any role in executing any portion of any of these Joint Urgent Operational Needs (JUONs)  
6 understands the operational urgency and the authorities that have been provided to execute them  
7 quickly. As in any military operation, such unity of effort is a prerequisite for achieving the  
8 mission – in this case the mission of rapid fielding.

9           This work is coordinated by my Joint Rapid Acquisition Cell which reports directly to me  
10 and with whom I meet on a near daily basis. I want to note that Under Secretary of Defense  
11 (Comptroller) Robert Hale has devoted the full effort and cooperation of his office in this  
12 process. The Department has truly come a long way in responding to JUONs as a direct result of  
13 Secretary Gates' leadership and your unwavering support.

14           As you know better than anyone, the reprogramming process is one of our primary means  
15 for funding JUONs in the year of execution, but it is not ideal. We have largely succeeded in  
16 identifying and moving billions within acquisition and other accounts to respond to JUONS, but  
17 significant delay can occur in identifying a source of funds. Moreover, in this time of fiscal  
18 constraint, finding an available source of execution year funding, even for an urgent need, is  
19 becoming increasingly difficult.

20           The Department would like to work with you to identify better mechanisms for obtaining  
21 funding to begin to respond to JUONs before the full reprogramming sources are found. For  
22 many years now, the Department has requested a fund for this purpose. We have requested a

1 Joint Urgent Operational Needs response fund in the Fiscal Year 2012 budget request consisting  
2 of \$200 million equally divided between the Overseas Contingency Operations (OCO) portion of  
3 the request and the base budget. Although this amount is small relative to what we have  
4 routinely expended responding to JUONs, the value of the fund is that execution can begin  
5 before the full reprogramming process is complete. This can save months, and thus save lives  
6 and ensure mission success.

7 I would note that Section 804 of the Ike Skelton National Defense Authorization Act for  
8 Fiscal Year 2011 requires the Department to define at last, after ten years of war, a true rapid  
9 acquisition process, including by limiting its use to items that can be acquired rapidly in less than  
10 twenty four months. We are implementing this legislation, and you can have confidence that  
11 funding provided in the JOUNs Fund will be used only for items that are truly urgent and near  
12 term. We are willing to work with you to ensure that expenditures from the fund are made with  
13 full notice to the congressional defense committees, and I ask that you work with us to expand  
14 our toolkit to manage the funding side of JUONs response, as we work on the rest of the urgent  
15 response process.

16 I want to offer just one example of how rapid acquisition has been used to provide critical  
17 support to the warfighter when executed properly. The fielding of a tethered aerostat based

18 Intelligence Surveillance  
19 and Reconnaissance (ISR)  
20 capability, first in response  
21 to Army Urgent Operational  
22 Need (Army Operational



23 Needs Statement –ONS) and later in response to a JUON and its multiple modifications, is a

1 good example of agility in the fulfillment of urgent operational needs. The warfighter requested  
2 the ability for a persistent surveillance and situational awareness capability, enabling  
3 commanders at Forward Operating Bases (FOBs) and their quick reaction forces to find, fix,  
4 track, target and engage enemy IED, direct and indirect fire threats. Large (74, 000 cubic foot)  
5 tethered aerostat systems with full motion video cameras, acoustic sensors and laser illuminators  
6 were developed and deployed, principally to Iraq and in small numbers to Afghanistan. In 2009,  
7 the demand for this Persistent Threat Detection System (PTDS) capability increased as our  
8 operations in Afghanistan intensified. The limited manufacturing base could not keep up with  
9 demand, and certainly not with the schedule required by the operators. Both cost and  
10 manufacturing time for significant numbers of PTDS systems were challenges that could have  
11 delayed the delivery of this urgently needed capability to the warfighter.

12 In September 2009, a technical capability demonstration called “Persistent Ground  
13 Surveillance System” (PGSS), a smaller (28,000 cubic foot) tethered aerostat, was initiated in  
14 less than 60 days and demonstrated in theater in January 2010. Using a reprogramming action  
15 approved by Congress and in coordination with the warfighter a mixture of PTDS and PGSS  
16 systems were funded, developed, and deployed to Afghanistan. The multiple source approach  
17 allowed us to reduce the overall time for delivery, tailor the specific system for the needs of  
18 individual FOBs (some FOBs required the larger aerostats), insert updated technology, and  
19 distribute program management and contracting between Army and Navy organizations. The  
20 JRAC, managing the fulfillment of the JUON, and other groups provided the level of oversight I  
21 needed to ensure that the capability was meeting the warfighter’s expectations. We recently  
22 obtained additional funding through a reprogramming action to acquire even more of these  
23 Persistent Surveillance Systems and my staff and the JRAC are providing intensive oversight to

1 ensure the acquisition and fielding of these new systems in 2011 will meet the warfighter's  
2 needs. Navy and Army Program Managers and Contracting Offices have been engaged by the  
3 JRAC and my staff to ensure timely action to meet the warfighter's need.

4 Each of these systems required infrastructure in Afghanistan to enable their initial  
5 operation and continued sustainment. Contingency contracting actions to build the concrete pads  
6 were executed to align with the delivery schedule of the capability to Afghanistan. Sustainment,  
7 especially through the provisioning of helium supplies in theater, continues. These theater  
8 contingency contracting actions remain a key component in satisfying the warfighter's' urgent  
9 needs. Even as we focus on warfighter needs, however, we remain focused on contracting  
10 management and contracting oversight.

11 **Defense Acquisition in the Current Fiscal Environment:** Let me turn now to the big  
12 picture on how the Department is managing acquisition in this year's budget request and in the  
13 current fiscal environment. My number one mandate from Secretary Gates when I assumed this  
14 office was to put my organization, Acquisition, Technology, and Logistics (AT&L), on a war  
15 footing. A close second, however, was gaining control of a defense acquisition system that was  
16 too slow, too costly, and at times too careless with taxpayer's dollars. This part of my mission is  
17 even more critical in the current fiscal environment. While I don't claim to be able to predict the  
18 fiscal future with clarity, it seems evident that the Department of Defense will not receive the  
19 funding increases over the next ten years that it received over the last ten. This circumstance will  
20 present us with a very different set of management challenges in the Department.

21 Under Secretary Gates' leadership, the Department of Defense has been focused on  
22 dealing with this fiscal reality in a responsible manner, consistent with national security and with

1 our strategy. The Secretary started this effort when the current Administration came into office  
2 by ending programs that he determined had either fully delivered their needed capability, would  
3 not deliver needed capability affordably, or were simply unnecessary. In many cases these were  
4 difficult management decisions, but I believe strongly they are the right decisions. Programs that  
5 have been ended include the VH-71 President Helicopter, Airborne Laser (ABL), Future Combat  
6 System (FCS), the Zumwalt Class Destroyer (DDG-1000), Transformational Satellite System  
7 (TSAT), C-17, F-22, and this year, the Medium Extended Air Defense System (MEADS) and the  
8 Expeditionary Fighting Vehicle (EFV). In total, these actions have resulted in cost avoidance of  
9 more than \$300 billion. Inevitably we will find we must act again if programs are not able to  
10 deliver capability affordably, but we have largely pared our portfolio of major weapon systems  
11 down to those items that we truly want and need.

12           Going forward, cost savings in our acquisition portfolio will be achieved primarily by  
13 building affordability into programs at the start, by driving down costs on major weapon systems  
14 in production, and through competition. An example of how we are trying to engineer  
15 affordability in at the start comes on programs like the Future Ballistic Missile Submarine  
16 (SSBN-X), Presidential Helicopter (VXX), the Ground Combat Vehicle (GCV), and the Family  
17 of Systems for Long Range Strike. The military services have worked and reworked the  
18 requirements for these programs to ensure that we do not find ourselves, after spending billions  
19 on development, with a system we can't afford to produce. AT&L has worked hard on cost  
20 reduction for systems already in production by aggressively reducing overhead and production  
21 costs on programs like the F-35 and through multiyear production as with the F/A-18 E&F. The  
22 Department continues to find significant savings when we are able to establish real competition  
23 between capable competitors as happened with KC-X and the Littoral Combat Ship. Even in

1 cases where we only have--or can only afford--one supplier, we will find ways to incentivize  
2 contractors to compete internally against cost targets, for example through share lines.

3 I would point out that the answers to the nation's budget woes do not exist primarily in  
4 the Department of Defense, and within DoD they also do not exist solely or even primarily in  
5 acquisition. Our FY12 budget request reflects this fact. Of the Department's proposed \$78  
6 billion reduction in the defense budget topline over the next five years, which is a reduction to  
7 our predicted rate of growth, about \$68 billion comes from a combination of shedding excess  
8 overhead, improving business practices, reducing personnel costs, and from changes to economic  
9 assumptions. Only \$4 billion comes from acquisition, all of which resulted from the  
10 restructuring of the F-35 program, a step driven by the program's development and testing  
11 schedule that would have taken place irrespective of the budget top-line. Even within  
12 acquisition, weapon systems are not necessarily where most of the potentially available savings  
13 are. Of the roughly \$400 billion that the Department spent in FY10 buying goods and services,  
14 just over half went for services. Potential savings in this area are less visible in our Planning,  
15 Programming, Budgeting, and Execution (PPBE) process, but are critical to the Department's  
16 efforts to live within our fiscal guidance.

17 **Weapon Systems Acquisition in the FY12 Budget Request:** In all, the FY12 budget  
18 request includes \$188.3 billion for modernization in the form of Procurement, Research,  
19 Development, Testing and Evaluation. Key modernization initiatives include:

- 20 • \$4.8 billion to enhance ISR capabilities and buy more high demand assets, including the  
21 MC-12 surveillance aircraft, Predator, Reaper and Global Hawk UAVs – with the aim of  
22 achieving 65 Predator-class Combat Air Patrols by the end of FY 2013;

- 1 • More than \$10 billion to modernize our heavily used rotary wing fleet;
- 2 • \$3.9 billion to upgrade the Army's combat vehicles and communications systems;
- 3 • \$4.8 billion to buy new equipment for the reserves;
- 4 • \$14.9 billion to buy new fighters and ground attack aircraft;
- 5 • \$24.6 billion to support a realistic, executable shipbuilding and investment portfolio that
- 6 buys 11 ships in FY 12 and modernizes existing fleet assets;
- 7 • \$10.7 billion to advance the Administration's approach to ballistic missile defense –
- 8 including \$8.4 billion for the Missile Defense Agency; and
- 9 • \$2.3 billion to improve the military's cyber capabilities.

10 Questions have been raised about whether we are too focused on current conflicts and are  
11 devoting too few resources to future possible high-end conflicts. This budget should put those  
12 questions to rest. The FY12 base request provides for significant investments at the high end of  
13 the conflict spectrum, including:

- 14 • \$1 billion (\$4.5 billion over the Future Years Defense Program (FYDP)) for a tactical air  
15 modernization program that would ensure that the F-22 will continue to be the world's  
16 preeminent air-to-air fighter. This effort will leverage radar and electronic protection  
17 technologies from the JSF program;
- 18 • \$204 million (\$1.6 billion over the FYDP) to modernize the radars of F-15s to keep this  
19 key fighter viable well into the future;
- 20 • \$30 million (\$491 million over the FYDP) for a follow-on to the AMRAAM, the medium  
21 range air-to-air weapon, that would provide greater range, lethality and protection against  
22 electronic jamming;



- 1 • \$200 million (\$800 million over the FYDP) to invest in technologies to disrupt an  
2 opponent's ability to attack our surface ships;
- 3 • \$1.1 billion (\$2.2 billion over the FYDP) to buy more EA-18 Growlers than originally  
4 planned, plus \$1.6 billion over the FYDP to develop a new jamming system, expanding  
5 our electronic warfare capabilities;
- 6 • \$2.1 billion (\$14 billion over the FYDP) to fund Aegis-equipped ships to further defend  
7 the fleet from aircraft and missile attack and provide theater-wide tactical ballistic missile  
8 defense; and
- 9 • To improve anti-submarine capabilities, \$2.4 billion for P-8 Poseidon aircraft (\$19.6  
10 billion over the FYDP) and \$4.8 billion for procurement of Virginia-class attack  
11 submarines (\$27.6 billion over the FYDP).

12 The FY12 budget also supports a long-range strike family of systems, which must be a  
13 high priority for future defense investment given the anti-access challenges our military faces. A  
14 key component of this joint portfolio will be a new long-range, nuclear-capable, penetrating Air  
15 Force bomber, designed and developed using proven technologies and with an option for remote  
16 piloting. It is important that we begin this project now to ensure that a new bomber can be ready  
17 before the current aging fleet goes out of service.

18 It will not have escaped the attention of this subcommittee that on February 24, the Air  
19 Force successfully awarded a contract for the KC-46A. This was a spirited and highly effective  
20 competition between two excellent competitors which resulted in significant savings for the  
21 Department. The latest iteration of tanker acquisition was a model of how a solicitation process  
22 for this sort of program should be run and I applaud the source selection team, composed of all-

1 stars from across the Department, for successfully completing this process at great benefit to the  
2 taxpayer.

3 The DoD's budget request includes \$10.6 billion to maintain U.S. national security  
4 advantages derived from space, in keeping with the National Space Policy and the recently  
5 released National Security Space Strategy.

6 The Department is proposing a new acquisition strategy for the next two Advanced  
7 Extremely High Frequency (AEHF) satellites that is designed to drive down costs, improve space  
8 industrial base stability, and allow for investments in technology that will lower risk for future  
9 programs. This strategy is comprised of four basic tenets: a block buy of satellites; stable  
10 research and development investment; fixed price contracting; and full funding through advance  
11 appropriations. In addition, AEHF will be part of our aggressive effort to achieve better contract  
12 negotiation outcomes through use of "should cost" analysis. I ask for your support for this  
13 strategy and for the use of advance appropriations.

14 The F-35 program received special scrutiny given its substantial cost and  
15 its central place in ensuring that we have a large inventory of the most advanced fifth generation  
16 stealth fighters to sustain U.S. air superiority well into the future. The FY 12 budget reflects the  
17 proposed restructuring of the F-35 Joint Strike Fighter program to stabilize its schedule and cost.  
18 The department has adjusted F-35 procurement quantities based on new data on costs, on likely  
19 orders from our foreign nation partners, and on realigned development and test schedules.

20 The proposed restructuring adds over \$4 billion for additional testing through 2016. It  
21 holds F-35 procurement in FY 12 at 32 aircraft and reduces buys by 124 aircraft compared with  
22 last year's plans. Even after these changes, procurement ramps up sharply to 108 aircraft by FY

1 2016. This is the fastest that future procurement can prudently be increased.

2 The F-35 restructuring places the Marine's STOVL variant on the equivalent of a two  
3 year probation. During this period the weight and cost impact of engineering changes resulting  
4 from flight test will be assessed, and at the end of this period, a decision will be made whether to  
5 proceed with STOVL or cancel it.

6 To compensate for delays in F-35 deliveries, we propose buying 41 more F/A-18s  
7 between FY 2012 to 2014.

8 The Department remains firmly opposed to buying an extra engine for the F-35 – a  
9 position echoed by the Air Force, Navy and Marine Corps leadership. We consider it an  
10 unnecessary and extravagant expense, particularly during this period of fiscal contraction. As  
11 you know, we issued a stop work order on the F136 to reduce the expenditure of funds on this  
12 effort under the continuing resolution as a result of both our position on the program and of our  
13 best understanding of congressional intent. Prior to the stop work order, we were expending  
14 roughly \$1 million per day on the F136. As you know, the Department estimates that continuing  
15 the F136 through until it is ready for competition with the F135 would require nearly \$3 billion  
16 additional.

17 The budget proposes cancelling the Expeditionary Fighting Vehicle and reallocating  
18 funds to existing Marine ground combat requirements, a decision based on the recommendation  
19 of the Secretary of the Navy and the Commandant of the Marine Corps.

20 Ultimately, the Navy and Marine Corps leadership based their recommendations on two  
21 main principles: affordability and balance. The EFV, a program originally conceived in the  
22 1980s, has already consumed more than \$3 billion to develop and will cost another \$12 billion to

1 build. The EFV as designed would have cost many times more than the system it would replace,  
2 with much higher maintenance and service costs. If continued over the next two decades, the  
3 EFV program would consume fully half of all Marine Corps procurement dollars while  
4 swallowing virtually the Corps' entire ground vehicle budget – procurement, operations, and  
5 maintenance – with all the risk to readiness that would entail.

6 To be sure, the EFV would, if pursued to completion without regard to time or cost, be an  
7 enormously capable vehicle. But as with several other high end programs over the past two  
8 years, the mounting cost of acquiring this specialized capability had to be judged against other  
9 priorities and needs.

10 Let there be no doubt – we are committed to sustaining the Marine Corps amphibious  
11 mission. The FY12 budget request proposes that the \$2.8 billion previously budgeted to the EFV  
12 for the next five years instead be re-invested towards an integrated new vehicle program for the  
13 Marine Corps, including:

- 14 • New armor, weaponry and engines, plus a life-extension program for the existing  
15 amphibious assault vehicles:
- 16 • The development of a new, more affordable, sustainable and survivable amphibious  
17 vehicle;
- 18 • Accelerated procurement of new personnel carriers; and
- 19 • Enhancement of existing Marine vehicles such as the Abrams tank and Light  
20 Armored Vehicle.

21 Throughout this process, we will harness the lessons learned – in terms of engineering,  
22 design, and testing – from the development of the EFV.

1           **DoD Acquisition Workforce Development Fund:** Early in his tenure, Secretary Gates  
2 launched a major initiative to revitalize the acquisition workforce. This initiative is central to  
3 improving outcomes in the defense acquisition system. I request your support for the Defense  
4 Acquisition Workforce Fund (DAWDF) for which we have requested \$734.1 million in FY12.  
5 These funds are critical to revitalizing the acquisition workforce and are consistent with the  
6 funding requirements established for DAWDF in Section 852 of the FY08 National Defense  
7 Authorization Act for Fiscal Year 2008. While DoD intends to hold the defense civilian  
8 workforce at FY10 budgeted levels, this restriction does not apply to our ongoing acquisition  
9 workforce improvement strategy to hire about 10,000 new DoD acquisition civilians by 2015.  
10 As of the end of FY 2010, the Department has achieved 4,200 in new workforce capacity  
11 towards the 10,000 growth target. The requested funding will allow DoD to continue its  
12 workforce growth initiative which includes strengthening our technical workforce and rebuilding  
13 the contracting (adding 5,600 new government employees), pricing (adding 800), DCMA  
14 contract management (adding 2,700) and DCAA audit (adding 700) capability. DOD will also  
15 continue to ensure that inherently Governmental, other critical need functions more appropriately  
16 performed by the government, and functions demonstrating cost savings are performed by career  
17 federal employees.

18           **Better Buying Power:** Let me turn now to my effort within AT&L to find efficiencies in  
19 the defense acquisition system. Secretary Gates and I announced the Better Buying Power  
20 initiative on September 14, 2010. The Better Buying Power initiative is summarized in a chart  
21 that you should have before you and that I request to be entered into the record. Its twenty-three  
22 points were devised with input from the DOD acquisition workforce and from our partners in  
23 industry. We are now implementing each and every one of them. The twenty-three points in the

1 chart cover ways the government can improve its own performance and incentivize better  
2 performance in our industry. I will highlight a few of these in my statement today.

3 Target Affordability and Control Cost Growth: On November 3, I issued guidance to the  
4 Service Secretaries and Directors of Defense Agencies mandating that affordability be treated as  
5 a requirement at all milestone decision points for DoD programs. As the Department begins new  
6 programs – such as the Ohio-class SSBN(X) replacement, the joint Family of Systems for long-  
7 range strike, the Army’s Ground Combat Vehicle (GCV), and even a new Presidential Helicopter  
8 – program managers must demonstrate affordability before being granted milestone authority to  
9 proceed with the program. Understanding and controlling future costs from a program’s  
10 inception is critical to achieving affordability requirements. For example, by conducting  
11 engineering tradeoff analysis with the commencement of the Ohio-class replacement, the Navy  
12 has reduced the estimated average procurement cost by 16 percent with a goal of fully 27  
13 percent.

14 For the many defense programs that are already underway, I also instructed the  
15 Department’s acquisition professionals and suppliers to manage according to what programs  
16 Should Cost, not according to historical estimates of what they Will Cost. The Will Cost is  
17 typically the independent cost estimate provided to the Department as a necessary component of  
18 the budgeting and programming process. The Should Cost method is already being used to drive  
19 down costs in the Global Hawk program and the Joint Strike Fighter (JSF) program, the  
20 Department’s largest, and the backbone of tactical air power for the U.S. and many other  
21 countries. Henceforth, all programs will present Should Cost estimates at each milestone. They  
22 will be used as a basis for contract negotiations and determining contract incentives.

1           Incentivize Productivity and Innovation in Industry: The Department is reviewing  
2 improvements in the weighted guidelines used to evaluate profit and cost relationships, and also  
3 cash flow policies. For example, the Department is already giving greater consideration to using  
4 Fixed-Price Incentive Firm (FPIF) contracts where appropriate, using a 50/50 share line and 120  
5 percent ceiling as a point of departure. The Department is also reviewing technology investment  
6 polices to encourage greater collaboration with industry. Finally, the Department is also  
7 launching a DoD-wide Superior Supplier Incentive Program (SSIP) pilot to reward contractors  
8 who control their costs and demonstrate exemplary performance.

9           Promote Real Competition: Consistent with the President’s March 2009 Memorandum  
10 on Government Contracting, the Department will promote “real competition” whenever possible,  
11 for it is the single most powerful tool the Department has to drive productivity. We must stop  
12 deluding ourselves with the idea that “directed buys” from two designated suppliers represents  
13 real competition. The Navy is already cutting down on directed buys with the Littoral Combat  
14 Ship (LCS), where it has set in place real competition that will save more than \$1 billion in the  
15 next five years alone, with additional savings expected over the life of the LCS program. The  
16 Department will renew its commitment to small business by increasing our goals and  
17 investments, placing greater emphasis on new technology. Competition is not always available,  
18 but the evidence is clear that the government is not availing itself of all possible competitive  
19 situations. All programs are now required to prepare a competition strategy describing their  
20 approach to harnessing the force of competition even if in a sole source situation (via dissimilar  
21 competition, self-competition, competition for profit, and other alternatives to classic head-to-  
22 head competition).

1           Improve Tradecraft in Services Acquisition: I've directed the Department to more  
2 aggressively manage the more than \$200 billion it spends annually on services (such as  
3 information technology services, weapons-systems maintenance, and transportation) – more than  
4 50 percent of the Department's contract spend. I have required the military departments and  
5 defense components to establish a senior manager for the acquisition of services at the General  
6 Officer, Flag, or SES level. These senior managers will be responsible for governance in  
7 planning and execution of service contracts. Furthermore, the Department has established for the  
8 first time a common taxonomy of types of services to organize procurement of services into six  
9 portfolio categories to make fact-based decisions, facilitate the sharing of best practices and  
10 lessons learned, and institutionalize strategic sourcing. Additionally, the Department is focused  
11 on ensuring that the appropriate contract type is utilized for the acquisition of services. This  
12 focus will ensure an appropriate balance of risk and return between the Department and private  
13 industry.

14           Reduce Non-Productive Processes and Bureaucracy: The Department's leadership is  
15 taking steps to reduce the number and level of reviews to those necessary to support major  
16 investment decisions or to uncover and respond to significant program execution issues, while  
17 streamlining required planning documents to the essential information needed to manage  
18 acquisition programs. Recommendations have been made to reduce the number and size of  
19 reports, including elimination of 53 internal reports and 51 congressional reporting requirements.

20           Mr. Chairman, this concludes my prepared remarks, and I look forward to addressing the  
21 Subcommittee's questions.