AD-A285 596

DTIC
SELECTE
OCT 1 9 1994
F

PROJECT KAIZEN

REVIEW
OF THE
OVERSIGHT
BY
CONGRESS
OF
DOD ACQUISITION PROGRAMS
WITH THE
AIM OF
CONTINUOUS IMPROVEMENT

DEFENSE SYSTEMS
MANAGEMENT COLLEGE

PROGRAM MANAGEMENT COURSE
(PMC) 94-1

SECTION C

JUNE 1994

94-32572

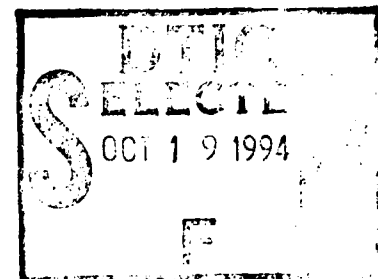# Project Kaizen

Review of the Oversight by Congress of DoD Acquisition Programs with the Aim of Continuous Improvement

Final Report

Defense Systems Management College
PMC 94-1

Section C

Ms. Vicky R. Armbruster
Mr. Mark R. Bebar
Mr. James R. Carlson
Mr. James Colombo Sr.
Mr. Richard E. Edelman
Mr. Scott E. Fransworth
Mr. Craig A. Farr
CAPT Robert N. Freedman
Mr. Douglas C. Gage
CAPT Michael T. Gehl
Mr. Thomas C. Golart
Mr. Thomas H. Holzer
Ms. Virginia P. Kobler
Mr. David R. LaRochelle
COL Robert N. Leavitt
Ms. Sue A. Lumpkins

CAPT John T. Manvel, Jr.
Mr. Billy S. Miller
Mr. James A. Nooney
Mr. Peter D. Patrick
Mr. Jeffrey T. Pearl
COL James R. Penick
CAPT John H. Preisel
Mr. Joseph M. Rivamonte
Mr. William E. Roberson, Jr.
CAPT Dennis L. Ryan, III
COL William F. Scott
Mr. Philip H. Spector
COL Billy K. Stewart
CAPT Peter B. Strickland
Mr. Mark C. Tutten

FOREWORD

In April 1994, Section C of the Program Management Course (PMC 94-1) embarked on a project to review the oversight by Congress of DoD acquisition programs with the aim of continuous improvement. The section divided into three teams. The charter for Team 1 was to analyze the pending legislation in the House and Senate concerning acquisition reform to determine potential impacts on DoD. Team 2 was chartered to examine the recurring formal oversight documentation required by Congress. And Team 3 was chartered to examine the one-time reports required by law and committee language. For each team, a learning contract was developed and signed which summarized the team's planned objectives, as well as the methods, resources, schedule and products to be used and/or produced by the team. The final products for each team includes a series of briefings, an article suitable for publication and a final report.

RDT&E BUDGET EXHIBITS

DRAFT

RDT&E BUDGET EXHIBITS HANDBOOK

PREPARATION/REVIEW GUIDELINES

Craig A. Farr
Dennis L. Ryan, CAPT, USN

Defense Systems Management College
Program Management Course 94-1
Section C

CONTENTS

LIST OF FIGURES

PREFACE

The sole intent of this handbook is to provide instructive, plain language guidance to assist all program managers, program offices, and other activities involved in the preparation, analysis and defense of Research, Development, Test and Evaluation (RDT&E) budget justification exhibits.

This handbook stresses the importance of the information requested in each of the exhibits and provides step-by-step instructions on the preparation, analysis/scrub of the exhibits, and tips on how to defend the program to higher authority within the Service, Office of the Secretary of Defense, and the Congress.

This handbook, by its very nature, is a living document. Based on past history, the RDT&E Exhibits change on an annual basis. Thus, the reader's feedback is extremely useful and necessary.

In April 1994, the OSD Comptroller unveiled a draft revision to Chapter Five of the Financial Management Regulation. Several new RDT&E budget exhibits were developed that retained useful portions of the then existing descriptive summary formats and the RD-2 exhibit and provided summary level information on resource planning and budgeting structure, schedule progress, cost basis, fiscal status, and the rationale for evolutionary changes. The revised exhibits were similar in concept and format to existing investment procurement exhibits. After incorporating comments from the Services, the OSD Comptroller revised the initial draft and finalized the new RDT&E budget exhibits in May 1994. This Handbook concentrates solely on those new exhibits, the R-1, R-2, and R-3. This handbook and the RDT&E exhibits are available in electronic format from the Defense Systems Management College.

The handbook is provided to you by Section C, a group of senior O-6 and GM-15s, of the Program Management Course 94-1 at the Defense Systems Management College as a product of their PROJECT KAIZEN. KAIZEN is a process of continual improvement. The Japanese kanji characters to the left translate as kaizen. The class's collec-

GENERAL

PURPOSE:

Research, Development, Test and Evaluation (RDT&E) budget exhibits are among the most highly scrutinized budget justifications of all exhibits reviewed by Service and Office of the Secretary of Defense (OSD) Comptroller and the professional staffs of the four main Congressional defense subcommittees. Although acquisistion program, RDT&E funding is relatively small in comparison with Procurement and the life cycle Operations and Maintenance (O&M) funding required, it lays the corner stone for the entire program. If the system development is delayed, faulty, or otherwise does not match the baseline, the program's entire funding profile for RDT&E, Procurement, and O&M can be affected. The RDT&E budget exhibits are the primary information source referred to by members of Congress and their staffs and the OSD and Service budget analysts in making the decisions which impact your program. These decisions can accelerate, terminate, delay, decrement, plus-up or otherwise alter the basic program structure.

If the RDT&E exhibits are incomplete, inaccurate, confusing, or inconsistent with other budgetary and programmatic information provided to the Services, OSD or the Congress, the program may be adversely impacted in error. You can hope that if errors or inconsistencies are found you will be offered the opportunity to explain. More often than not due to lack of time, adverse funding action may be taken without further input. Congressional staffers enjoy many outside sources of information which they will use as counterpoints to the DoD budget submissions. At the very least, a significant portion of the Program Manager's time and effort will be spent in justifying his program to a staffer or budget analyst who thinks that they have found a wounded or fat program and identified inappropriate use of the taxpayer's dollars.

The DoD Financial Management Regulation, Volume 2A, Chapter 1, and Volume 2B, Chapter 5, addresses the requirements for RDT&E budget justification and submittal of the RDT&E exhibits. The Financial Management Regulation is written at a high level and the reader is assumed to be experienced in the preparation of RDT&E exhibits. Most new Program Managers do not enjoy that level of experience.

Hence, the intent of this handbook is to clarify in understandable terms which RDT&E exhibits must be prepared, what information they must possess, sage advice and tips, how to self examine them as the analyst will, and share the more common errors. Although Program Managers are the primary audience, this handbook should prove useful to all those who must prepare, review, justify, and scrub RDT&E Budget Exhibits.

USER COMMENTS:

Users of this handbook are requested and encouraged to provide comments so that this publication can be both continually improved and kept current. The RDT&E exhibits are revised frequently, both in content, details, and number. Although the exhibits underwent radical changes in 1994, it is quite conceivable that there will be a maturation process after the 1994 initial submissions and thus revision soon afterward. We request that any comments or suggestions for improvement be forwarded to the Defense Systems Management College, Financial Management Department (FD-FM), 9820 Belvoir Road Suite 638, Ft Belvoir, Virginia 22060-5565, 703-805-2631.

SUBMISSION FREQUENCY:

RDT&E exhibits are required three times during the first year of the Biennial Budget for Program Objectives Memorandum (POM) submission, for the Service Budget Estimate submission to OSD, and for the President's Budget submission to Congress. Although we are required to prepare Biennial Budgets, actual documentation inputs have taken on the nature of an annual submission. Actual timelines for submission and review up the Service chain of commands vary from Service to Service. Although each Service provides letters of instruction in a more or less timely manner prior to required submission dates, waiting until receipt of a written requirement to prepare these exhibits generally leads to long hours, incomplete information, and organizational stress. The best policy is to keep these exhibits generally updated on a periodic basis with a preplanned cycle for preparation and internal review prior to the usual submission dates. Living in the reactive mode rather than the preemptive strike mode can only lead to unsuccessful RDT&E budget exhibit submissions.

Budget Preparation:

RDT&E exhibits which support the transition from Service POMs to Service Budgets are normally submitted within 30 days of the POM

submission by the respective Services and reflect the program contained in the Future Years Development Plan (FYDP), which is based on the approved Service program. Any changes such as pricing refinements or inflation adjustments should be noted on the exhibits. RDT&E exhibits must stay within the funded POM program and not reflect any "unfunded requirements". Unfunded requirements are provided separately up the Service chain of command for consideration.

Budget Estimate Submission:

These RDT&E Exhibits are submitted with and support the Services' Budget Submission to OSD and subsequent OSD/OMB hearings. They reflect the same program years as submitted in the approved FYDP. Since these exhibits are used by the OSD staff to evaluate the Service budget in general and the program in particular during the OSD Program Budget Decision (PBD) process, they are critical and must be both accurate ad informative in terms of explaining any apparent anomalies and funding, schedule, or technical changes.

President's Budget Submission to Congress:

The President's Budget is generally locked up by the OSD Comptroller in the late December timeframe. The exhibits must be submitted to OSD in final form in January of each year and must reflect any changes to the program as a result of the OSD Program Budget Decision (PBD) process. The funding profiles across the FYDP must match the funds in the President's Budget. Recommendations by the professional staff of the Defense Authorization and Appropriation Committees and decisions in Congress may be made solely upon the information and content of these exhibits. Accuracy, completeness, and stand alone data content is of paramount importance. This fact cannot be over emphasized. Since simple errors can kill a program, they must be prepared error-free.

Figure 1 will show the relative timeframes for submissions to meet Service, OSD, and Congressional requirements. Although the Congressional budget and mark-up cycle can vary significantly from year to year, the submission dates of the Budget Preparation, Budget Estimates, and President's Budget Submission remain fairly constant.

REQUIRED EXHIBITS:

Although the required exhibits do not duplicate data, they do tend to

feed upon one another and must therefore always be in harmony. Figure 2 provides a quick reference guide synopsizing the RDT&E budget exhibits.

INTERFACE WITH OTHER PROGRAMMATIC DOCUMENTATION:

Much of the other required documentation for ACAT I programs (Congressional Data Sheets (CDS), Selected Acquisition Report (SAR), Acquisition Program Baseline (APB), Operational Requirements Document (ORD), Defense Acquisition Executive Summary (DAES), etc.) provides data that is either similar to or duplicates that contained in the RDT&E exhibits. The required documentation for all ACAT programs is identified in DoDI 5000.2. It is imperative that a thorough analysis of this documentation be accomplished so that there is consistency b. ween them and the RDT&E exhibits and any differences are clearly justified.

As an example, the SAR and DAES Reports both contain data that is required in the R-2 (Mission Description, Program Change Summary. Other Program Funding Summary. and Schedule Profile (Acquisition. Contract, and T&E Milestones)) and the R-3 (Contract Data,

Contractor Identification, Award Dates, and Annual Budget Values).

HANDBOOK USAGE:

Examples of each RDT&E exhibit required for submission to Service headquarters, OSD, and the Congress are portrayed on the pages following the narrative description and completion instructions for each. Each entry on the exhibits is numbered and corresponds to a matching numbered set of instructions on the pages immediately preceding.

ELECTRONIC FORMAT:

The OSD Comptroller has neither specified nor provided a standard format that could be used for electronic submission of the required exhibits. The basic problem is that the OSD Comptroller offices use a XEROX computer system with a proprietary operating system that is not compatible with MSDOS or MacIntosh formats. A number of program offices within the Services and OSD prepare and transmit these exhibits in dual (electronic and paper) formats using one of the more common word processing or spreadsheet programs available. Individual Services have specific requirements which must be checked. Navy, for instance, requires RDT&E exhibits to be submitted in WordPerfect 5.1

format on hardcopy and either on a floppy disk or by electronic data transfer.

Informal discussions with Congressional staffs of the Defense Committees have indicated their personal willingness to accept these exhibits electronically via floppy disk. One of the reasons that a Program Office is often asked to provide additional data or a copy of that which has already been submitted is that it is easier and more time efficient for the staffer to ask a question than to go find and wade thru the voluminous paper that already exists somewhere on the Hill. Electronic submission would save both time and effort.

This handbook and the RDT&E exhibits are available in electronic format from the Defense Systems Management College. The RDT&E exhibits are provided in an EXCEL format in order to simplify their development.

BUDGET APPROVAL:

Recognize that all macro issues (political environment. Gramm/Rudman/Hollings sequestrations, inflation indices adjustments. general reductions. etc.) will eventually impact your program. Be aware of which organizations can impact your program and where in the budget cycle they can exert influence. Visit all of the responsible individuals who will coordinate or review your budget. Learn what their pressures are. Do they have an interest in your program, either adverse or supportive? Where in the overall priority order does your program fall in their point of view? Ensure that they are knowledgeable about your program. Invite them to major reviews or set up a visit to your major contractor. Be proactive in the relationship, not reactive. They have multiple programs to worry about and generally work the hot actions first. By the time an issue regarding your program surfaces, their time to deal with it may be very short. The analyst or action officer may not have time to consult you even if he knows who to call. Suddenly you may be fighting a rearguard action that could have been prevented with proper preparation.

Budget hearings are a fact of life for the Program Manager. Preparation is the key to survival. Properly prepared RDT&E exhibits can eliminate or mitigate a potentially adversarial hearing. Establish a rapport with the Service and OSD budget analyst in advance of the hearings. Invite him/her to visit the program office and/or contractor's
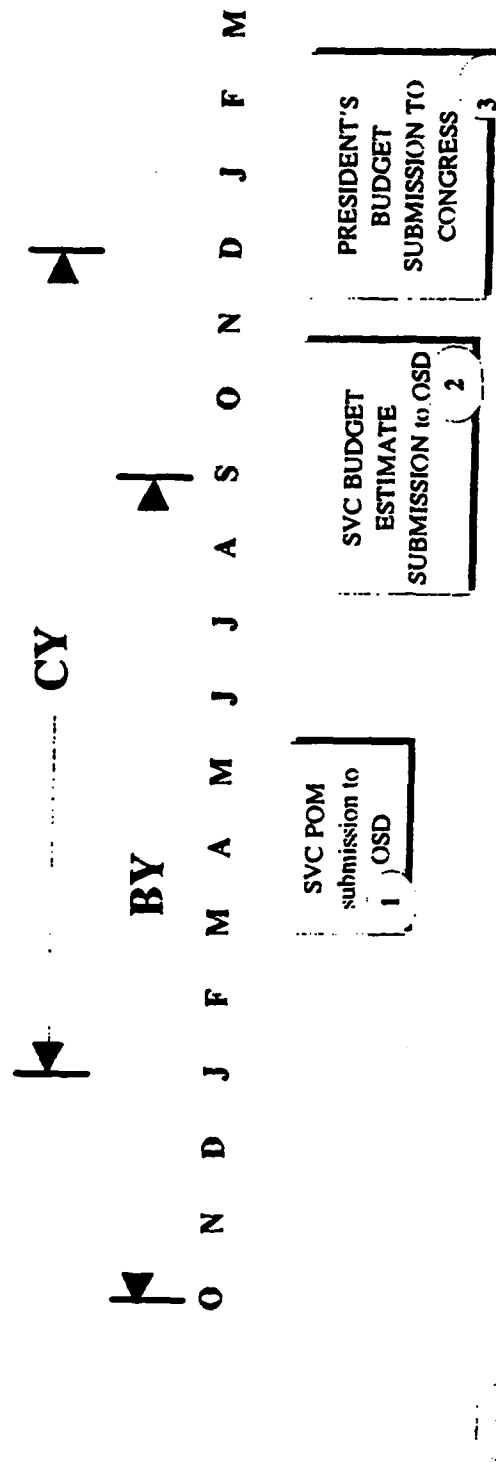
facility. Find out what the analyst's concerns are. Learn what outside pressures may be affecting your program. Be prepared to explain how and why your current exhibits are different from any previous submittals. Find out what questions were asked at the previous hearings and if they were answered to the OSD budget analyst's satisfaction. It is possible that answers did not adequately address the analyst's concerns, but they decided not to pursue it further at that hearing. If program funding was decremented or increased in prior years, find out what the rationale was by reviewing the Program Budget Decisions (PBD).

Prepare in advance for the hearing itself. Rehearse the analyst's questions and your answers in advance. Find a devil's advocate to critically review your sessions. Focus on the advance questions, but prepare for other areas that could be addressed as well. Limit attendance at the hearing to the absolute minimum (3-4). Bring any financial or technical experts necessary to answer the questions. Do not submit revised RDT&E exhibits at the hearing! Have sufficient back-up material present. Use the back-ups to fully and completely answer questions as necessary. Stick to the questions asked. Do not offer up opinions or open up new areas of discussion.

Argue factual errors, but tread lightly on opinions. If you do not have the answers with you or are not fully conversant in the area of interest, do not attempt to adlib. Provide the appropriate material as a follow up to the hearing, but in a timely manner.

A PBD may be written by the OSD analyst that decrements or otherwise adjusts your program. Usually a draft PBD is distributed before the final version goes forward for signature. The time allotted to respond to a PBD is always short, but it can range from 72 to 2 hours. Always prepare and submit a reclama. In preparing your reclama, attack the rationale behind the adverse action. Find the weak point in the logic or opinion and prove it false. Coordinate with your Program Executive Officer, but do not rely solely on your Service chain of command. Enlist the aid of the OSD staff, either the action officer within Director, Tactical Systems or Director, Strategic Systems, USD(A&T), or the DT&E/OT&E action officers as appropriate. They can submit a separate reclama up their chains of command that supports, echoes, or complements your position.

RDT&E BUDGET EXHIBIT SUBMISSION CALENDAR

CY

BY

O N D J F M A M J J A S O N D J F M

SVC POM submission to OSD (1)

SVC BUDGET ESTIMATE SUBMISSION to OSD (2)

PRESIDENT'S BUDGET SUBMISSION TO CONGRESS (3)

(1) Service POM RDT&E Exhibits due about 30 days after POM submission.

(2) Service Budget Estimate Submission RDT&E Exhibits due with BES to OSD.

(3) President's Budget Submission RDT&E Exhibits due within about 30 days to Congress after PRESBUD submission.

Note that the above estimated dates are when the final RDT&E Exhibit is due. Services may require the exhibits to be submitted by the Program Manager at least two months before the due date. Ensure the data is time-stamped because it may change by the time it reaches the end user. Also note that the PRESBUD submission is about 9 months before the funds will be authorized and about 15 months before they will be obligated.

Figure 1

11

RDT&E BUDGET EXHIBITS

In May 1994, the OSD Comptroller revised the RDT&E budget justification exhibits. There will be a revision to Chapter 5 of the Financial Management Regulation to reflect instructions for these new exhibits. Appendix A provides portions of Chapter 5 of the Financial Management Regulation that pertain to the R-2 and R-3 exhibits. The new RDT&E budget exhibits retained useful portions of the then existing descriptive summary formats and provided summary level information on resource planning and budgeting structure, schedule progress, cost basis, fiscal status, and the rationale for evolutionary changes. The revised exhibits are similar in concept and format to existing investment procurement exhibits. Indications are that the OSD Comptroller intends to require these new exhibits for use commencing with the FY 1996 Budget Estimate submission.

The OSD Comptroller has stated that the objectives of these new exhibits are to provide superior justification material, streamline the RDT&E budget examination, standardize investment budget justification exhibits, and improve utility of RDT&E program budget information.

The new exhibits tend to borrow heavily from the existing Procurement exhibits, even to use of the same forms while changing "Procurement" to "RDT&E". The RDT&E exhibits are listed below. Examples of each RDT&E exhibit are contained in the pages following the narrative description and completion instructions for each. Each entry on the form is numbered and corresponds to a matching numbered set of instructions on the pages preceding.

1. RDT&E Programs (R-1) (Figure 3)

Summary document for presenting the DoD's annual RDT&E budget to Congress. Contains all of the RDT&E Program Elements as line items. Prepared at the Service level.

2. RDT&E Budget Item Justification Sheet (R-2) (Figure 4)

Provides a summary FYDP funding profile by Program Element and the projects within, a description of the program and justification for the budget year (BY1) and budget year plus one (BY2). Prepared by the

Program Manager.

3.RDT&E Program Element/Project
Cost Breakdown (R-3) (Figure 5)

Allocates each project into
standardized subcategories (hardware
development, equipment acquisition,
software development, test & evalua-
tion, personnel, travel, etc.) with
each subcategory's funding profile
across the FYDP. Prepared by the
Program Manager.

RDT&E BUDGET EXHIBITS

CONTENT	BUDGET ITEM JUSTI-FICATION (R-2)	PE/PROJECT COST BREAKDOWN (R-3)
APPLICABILITY	All program elements & projects	Budget Activities 4, 5, & 7 only.
Resource Summary	PY, CY, BY1, BY2, BY2+1, BY2+2, BY2+3, BY2+4, Cost to Complete, Total Cost.	PY, CY, BY1, BY2
Mission Description	Describes program, justifies PY thru BY2 & Budget Activity assignment, details Acquisition strategy. Specifies major activities & funding. Total funding must match Resource Summary & R-3.	Not Required
Program Changes	Explains funding, schedule & technical changes from last submittal	Not Required
Other Funding	Related Procurement, MILCON & RDT&E funding	Not Required
Schedule Profile	Acq, Eng, T&E, Contract, etc. milestone timeline.	Not Required
Cost Categories	Not Required	Provides WBS format of cost categories. Totals match R-2.
Acquisition History	Not Required	Contract, Government, Support & T&E, funding splits. Matches R-2 totals.
Obligation/Expenditure Data	Not Required	PY, CY, BY1, BY2 obl & exp plans. Matches R-2 totals.

FIGURE 2

14

RDT&E PROGRAMS (R-1)

The R-1 (Figure 3) is the basic document that presents the total RDT&E requirements from each Service/Agency to OSD and then from OSD to Congress. The lowest level of detail is at the program element level. R-1 exhibits are generally prepared by the Service/Agency Comptroller. It is critical, however, that the funding profiles match those in the R-2 and R-3 exhibits.

R-1 line items are program elements, which define a development effort with specific design, cost, schedule and capability parameters. All costs of basic and applied scientific research, development, test and evaluation including maintenance, rehabilitation, and lease/operation of facilities and equipment are included. Each R-1 line item also identifies the program element name and its budget activity. The R-1 specifies the appropriation in which each Program Element belongs.

INFORMATION ON THE R-1

The R-1 exhibit contains the following information:

- Program element title and number, Budget Activity, and Appropriation.

- R-1 line items arranged in ascending program element numerical order within research categories and grouped by budget activity.

- Total Obligation Authority (TOA) for the prior fiscal year (PY), the current year (CY), budget year one (BY1), and budget year two (BY2).

- Summaries by (1) Research Categories, (2) Budget Activities, and (3) FYDP Programs for OSD and each of the Services.

COMMON ERRORS:

1. Incorrect nomenclature, PE number, budget activity, appropriation, or funding profile.

2. Inconsistency between the exhibits. Funding profiles must track between the R-1, R-2, and R-3 exhibits. The Program Manager must review the R-1 to ensure that his version of the Program Element totals match those in the R-1. Transcription errors have been known to happen. Do not automatically assume that the R-1 is correct without checking its validity with the Comptroller.

3.   Too many years. missing years, years out of sequence. Funding profiles beyond BY2 entered. Funding profiles attached to wrong programs.

Department of the Army
FY 19BY1 R D T & E Program

Exhibit R-1

Appropriation: 240 A Research Development Test & Eval Army

Date: Month/Year

Thousands of Dollars

Line No	Program Element Number	Item	Act	FY 19CY	FY 19BY1	FY 19BY2
1	Basic Research 0601101A	In-House Laboratory Research	1	12,500	12,500	12,500
2	Exploratory Development 0602303A	Missile Technology	2	35,000	35,000	35,000
3	Advanced Development 0603648A	Line-Of-Sight, Antitank (LOSAT)	3	95,000	95,000	95,000
4	Demonstration and Validation 0603728A	Aviation - Adv Dev	4	15,000	15,000	15,000
5	Engineering and Manufacturing Development 0604840A	Aviation - Eng Dev	5	12,000	12,000	12,000
6	RDT&E Management Support 0605712A	Support of Operational Testing	6	9,800	9,800	9,800
7	Operational Systems Development 0605855A	MLRS Product Improvement Program	7	25,000	25,000	25,000

Page A-2

FIGURE 3

DRAFT JUNE 1, 1994

17

RDT&E BUDGET ITEM JUSTIFICATION SHEET (R-2)

The R-2 (Figure 4) provides a top-level summary of the Program Element with its internal projects. An R-2 is prepared for each R-1 line item (i.e., program element). If there is more than one project within a program element. an additional, separate R-2 is prepared for each project. Use of the landscape format is required.

INFORMATION ON THE R-2

- A historical (PY), current (CY), and projected (BY1, BY2, BY2+1, BY2+2, BY2+3, BY2+4) funding profile.

- Summary listing of the program element and its projects.

- Narrative description and justification of the program element and each project.

- Explanation of funding, schedule or technical parameter changes since the last budget submit.

- Identification and funding profile for related Procurement, MILCON, and RDT&E efforts.

- Tracking mechanism for and identification of critical programmatic events.

INSTRUCTIONS FOR PREPARATION OF THE R-2 EXHIBIT:

The paragraph numbers are keyed to specific areas on the R-2 at Figure 4.

1. DATE: Enter the month and year of the submission. This will be the date the submittal is required, not necessarily the date prepared.

2. APPROPRIATION/BUDGET ACTIVITY: Enter the Appropriation (RDT&E) and Budget Activity Number (BA-X). This information can be found on the R-1 exhibit. Budget Activities are defined in Definition of Terms.

3. R-1 ITEM NOMENCLATURE: Enter the R-1 line item number, Program Element Name (i.e., TOMAHAWK) and number (i.e., 0604123N).

4. RESOURCE SUMMARY:

4A. Provide a summary funding profile (PY, CY, BY1, BY2,

BY2+1, BY2+2, BY2+3, BY2+4) for the program element (PE). Change the PY, CY, etc. nomenclature to the actual fiscal years being portrayed (FY94, FY95, etc.). If there is only one project within the PE, filling out this line (4A) will be sufficient. If the PE represents a continuing type effort without a distinct completion date rather than an acquisition program with a definite life, mark the "Cost To Complete" and "Total Cost" as "Continuing" rather than providing actual values. With respect to the FYPY column, if PEs have been combined, restructured, or realigned and the prior year was made up of more than one PE, footnote the box and provide an explanation identifying the PEs that were combined, restructured, or realigned and the funding involved from each. New starts must be specifically identified as such.

4B. If there are two or more projects within the PE, provide a funding profile separately for each project on the summary program element R-2. If there are distinct project initiations and completions, the "Cost to Complete" and "Total Cost" values should be provided. Additionally, prepare a separate R-2 for each project if there are multiple projects.

5. MISSION DESCRIPTION AND BUDGET ITEM JUSTIFICATION:

a. On the summary program element R-2, provide a narrative description/justification for the program element. Relate the need and threat and how this program satisfies the need. The summary program element R-2 page must justify why the PE should be or is assigned to the Budget Activity indicated in number 2 above.

b. On the project R-2s, provide a description/justification for the project in bulletized format. The lead sheet will be formatted with a heading similar to page 21 of this handbook. The description/justification only have to be provided for the prior year, current year, and the budget years (PY, CY, BY1, BY2). Change the PY, CY, etc. nomenclature to the actual fiscal years being portrayed (FY94, FY95, etc.). Identify three, preferably more, activities in each fiscal year and the funding associated with each activity in the bulletized narrative. The total of the activities funding should match the total project funds. Therefore, identify a sufficient number of activities to account for all of the funding requested. Do not include any unfunded requirements. If the totals do not match, provide a

short explanation. Identification of activities and the associated funding is another data sort that must relate to the cost categories and performing organizations data requested in the R-3 exhibit. If you are required to provide an R-3, this identification of activities funding may be redundant. Recommend use of a relational spreadsheet to keep these data sorts consistent. You may be asked to explain the relationship between these three ways of cutting the financial data.

c. Provide a succinct explanation of the acquisition, management, and contracting strategies at the PE and/or project level as applicable.

6. PROGRAM CHANGE SUMMARY: Usually, there will have been changes made to the funding profile in the President's Budget by Congressional marks, changes in Service priorities, and Comptroller Program Budget Decisions. Thus, this section will generally be required. Developing the financial data in a spreadsheet application and then importing it into a word processing application for presentation should save you time initially and simplify the comparison process in this submission and future ones.

At the program element and/or project level, determine if there have

been changes in funding, schedule or technical parameters since the previous budget submission to OSD/Congress.

Enter in the table for PY, CY, BY1, BY2 and Total Cost, the "Previous President's Budget", the "Appropriated Value" by Congress, and any other "Adjustments to the Appropriated Value" made by the Service or Comptroller. The net result on a per fiscal year basis will be the "Current Budget Submit/President's Budget".

In the "Change Summary Explanation", provide a clear and concise narrative explanation of any changes in funding, schedule, or technical parameters. For schedule or technical parameters, first identify the change and then the rationale. Repeat or refer to more detailed budget information provided in other budget exhibits. You may refer as necessary to more detailed reports or other documentation that is available. Realize that you may have to provide this supplementary documentation, if the OSD Analyst or Congressional staffer requests them. It may be more prudent to provide a clear, concise and stand-alone rationale and hold the amplifying reports as back-up material.

7. OTHER PROGRAM FUND-

ING SUMMARY: Development programs generally lead to Procurement and Military Construction (MILCON) requirements. Some projects may depend on concurrent developments funded in other RDT&E program elements. Change the PY, CY, etc. nomenclature to the actual fiscal years being portrayed (FY94, FY95, etc.).

a. Identify the Procurement funding (specify all P-1 line items and names) that is tied to this RDT&E effort. Provide the funding profile as requested (PY, CY, BY1, BY2, BY2+1, BY2+2, BY2+3, BY2+4, Cost to Complete, and Total Cost). State "None" if that applies. Ensure that the funding lines match what is provided on the other Appropriation's exhibits.

b. Identify any Military Construction funding by project name and identifying number that is tied to this RDT&E effort. Provide the funding profile as requested (PY, CY, BY1, BY2, BY2+1, BY2+2, BY2+3, BY2+4, Cost to Complete, and Total Cost). State "None" if that applies. Ensure that the funding lines match what is provided on the other Appropriation's exhibits.

c. Identify related RDT&E efforts with the PE name and number. If funding dependencies exist between the PEs, provide the funding profile as requested (PY, CY, BY1, BY2, BY2+1, BY2+2, BY2+3, BY2+4, Cost to Complete, and Total Cost). If there is more than one related PE, identify all that are applicable. If no funding dependencies exist, you do not have to include the funding profile. State "None" if that applies. Because the program elements may not fall under your purview, coordination with these other program managers is essential during preparation of these exhibits.

8. SCHEDULE PROFILE: The schedule profile is to be completed for all acquisition programs which should be identified in Budget Activities 4, 5, and 7. Provide actual (i.e., PY, CY) or planned (i.e., CY, BY1, BY2) event information by quarter. Change the PY, CY, etc. nomenclature to the actual fiscal years being portrayed (FY94, FY95, etc.). Mark actual events with an asterisk. Enter a minimum of three events in each year and especially any Acquisition Program Baseline events occurring within the timeframe. Include major events regarding acquisition, engineering (PDR, CDR), test and evaluation, contracts, etc. For those events that occur beyond BY2, provide a separate list of the major milestones and test and evaluation events, such as

Long Lead, LRIP. MSII. MSIII. IOC, LFT&E, DT&E start/complete, IOT&E start/complete. The concept is to provide a trackable series of major events that will then be repeated and displayed on subsequent RDT&E budget submissions, thus allowing the health of the program to be readily discerned.

9. Number this page in sequence and provide the total number of exhibit pages that are associated with the R-1 item (i.e., 9 of 10). Provide the R-1 line item number below the page information.

You are not limited to the pages contained herein. Add continuation pages as necessary but include the DATE, APPROPRIATION/BUDGET ACTIVITY, and R-1 ITEM NOMENCLATURE information on each page.

10. CLASSIFICATION: Mark each page in the center at the top and bottom with the classification of the page. If the page is unclassified, mark it "UNCLASSIFIED". The total program element R-2 shall be marked with the highest level of classification of the individual exhibits associated with the program. If the summary program element R-2 contains only unclassified informa-

tion, mark it additionally with "Unclassified upon removal of attachments." Bracket all classified material at the smallest level (i.e., by the word, phrase, or sentence). Each paragraph must have its own classification. On classified PEs, the classification and declassification instructions must be placed on the first page in the lower left hand corner. Do not place classification/declassification instructions on every page and do not include as part of a footer.

COMMON ERRORS:

1.   Wrong nomenclature or PE number. Check the R-1 exhibit. Question the Service/Agency/OSD Comptroller if the R-1 appears to be in error.

2.   Inconsistency between the R-1, R-2 and R-3 exhibits. Funding profiles, schedule, narratives must track.

3.   Too many years, missing years, years out of sequence.

4.   Narrative description not updated from prior submissions to reflect current year's status. Should be able to portray a picture of accomplishment and progress.

5.   Unfunded requirements reflect-

ed in the narrative. Statement addressing unfunded requirements tend to undermine the program and may leave the impression that the program is not executable.

6. Assuming extensive prior program knowledge in the narrative. Make the narrative read so that the "guy off the street" can understand it.

7. Not revealing problems. It is easy to stress successes in the program, but the failures and the plans to overcome them must be given equal importance. "It's not a sin to have a problem. It is a sin not to tell me about it." (RADM Jeff Metzel, TRIDENT System Program Manager).

8. Being too specific in the Schedule Profile. Provide events within the QUARTER that they will occur. Keep yourself from having to explain minor slips that do not impact the overall program.

9. Funding profiles identified under Related Programs that do not match their own specific budget justification submittals.

10. Improper classification and classification markings improperly annotated.

ITEMS TO BE CHECKED FOR PROGRAM REVIEW:

1. Does the T&E schedule match that in the Test and Evaluation Master Plan? Do the T&E accomplishments match those in the DAES reports or the Congressional T&E Data Sheets? Is an event implied as having occurred when it really hasn't? Do the T&E milestones portrayed present the critical T&E events? Are they the ones that either must be accomplished or the program comes to "all stop".

2. From the exhibits, can a novice understand...

-- What is being developed?

-- What the system is supposed to do?

-- What threat is being countered?

-- What the adverse impacts are if the system is not available?

-- What other systems it interfaces with?

-- What other funding is necessary?

-- What the critical milestones are?

3. If any of the budget years are not funded, explain how the program

can continue without a break. If a perceived break occurs, the reviewing analyst may not consider the program executable.

4. Is the acquisition strategy tied to the program risk? Can you explain why a certain contract method and type is recommended?

5. Fully explain the difference between previous President's Budget Submissions and the current President's Budget Submission. Be aware that cost growth can be perceived as a program that will continue to have cost problems. An analyst may perceive the program to be unaffordable and recommend termination. Also, schedule changes usually impact the funding profile. If schedules are changed without a corresponding adjustment to the funding profile, the funding profile will be questioned.

6. Are milestones tied to the program funding profile and schedule? Be aware that a disconnect between funding, schedule, and milestones will be questioned.

7. Are any unfunded requirements detailed in the R-2? If so, the analyst may decide that the program as presented is not properly funded and thus inexecutable. Do not list unfunded requirements.

8. Have separate R-2s been prepared for the distinct projects?

RDT&E BUDGET ITEM JUSTIFICATION SHEET (R-2 Exhibit)

APPROPRIATION/BUDGET ACTIVITY (2) | | DATE (1)

R-1 ITEM NOMENCLATURE

COST (In Millions)	FY PY	FY CY	FY BY1	FY BY2	FY BY2+1	FY BY2+2	FY BY2+3	FY BY2+4	Cost to Complete	Total Cost
Total Program Element (PE) Cost	(4A)			(3)				(5)		
Project A Name/No. and subtotal cost	(4B)									
Project B Name/No. and subtotal cost										
Project C Name/No. and subtotal cost										

A. **Mission Description and Budget Item Justification**

Provide a description of the Program and narrative justification for the PY, CY, BY1, and BY2 years.
Provide a justification for budget activity assignment of the program element.
Provide an acquisition strategy.

B. **Program Change Summary**

	PY	CY	BY1	BY2	Total Cost
Previous President's Budget		(6)			
Appropriated Value					
Adjustments to Appropriated Value					
a.					
b.					
Current Budget Submit/President's Budget					

Change Summary Explanation: (total Program Element or Project, as applicable. Use a continuation page as necessary.)
Funding:　(total Program or Project, as applicable)
Schedule:　(total Program or Project, as applicable)
Technical:　(total Program or Project, as applicable)

The R-2 exhibit must be consistent with the R-1 and R-3 exhibits.

(9)　(10)

Figure 4

Exhibit R-2

RDT&E BUDGET ITEM JUSTIFICATION SHEET (R-2 Exhibit)

APPROPRIATION/BUDGET ACTIVITY ②   R-1 ITEM NOMENCLATURE ③   DATE

COST (In Millions)	FY PY ④	FY CY	FY BY1	FY BY2	FY BY2+1	FY BY2+2	FY BY2+3	FY BY2+4	Cost to Complete	Total Cost ①
Project A Name:No. and subtotal cost										

C. Other Program Funding Summary

	PY	CY	BY1	BY2	BY2+1	BY2+2	BY2+3	BY2+4	To Complete	Total Cost

Procurement Line P-1 No(s). Name(s) ⑦   *(Provide related funding detail as indicated. Use a continuation page as necessary.)*

Milcon Project No(s). Name(s)

Related RDT&E — List PE numbers and names, it is not necessary to include the related RDT&E funding profile unless there is a funding dependency between RDT&E programs.

D. Schedule Profile

Fiscal Year actual and planned events by quarter

```
        PY              CY              BY1             BY2
   1  2  3  4   ⑧  1  2  3  4    1  2  3  4  ⑨  1  2  3  4  ⑩
```

Acquisition Milestones
Engineering Milestones
T&E Milestones
Contract Milestones
Other Program Events

Other Program Events - include other program progress events so that at least three milestones and events are shown in each year. Include all acquisition program baseline events for the four years indicated.

Provide a list, with estimated fiscal year and quarter, of all planned major milestones and test and evaluation events, such as LRIP approval, Milestone III, IOC, Developmental Test and Evaluation, and Operational Test and Evaluation that are beyond BY2.

Figure 4

Exhibit R-2

RDT&E PROGRAM ELEMENT/
PROJECT COST BREAKDOWN (R-3)

The R-3 (Figure 5) series exhibits are required only for projects in RDT&E Budget Activities 4, 5, and 7. A separate R-3 exhibit must be provided for each project identified in the summary R-3. If the program element is not divided into projects, then the PE itself is defined as a project for purposes of submitting an R-3 exhibit. Use of the landscape format is required. You are not limited to the three pages contained herein. Add continuation pages as necessary but include the DATE, APPROPRIATION/BUDGET ACTIVITY, R-1 ITEM NOMENCLATURE and funding profile information on each page.

INFORMATION ON THE R-3:

- Project costs in a standardized format similar to a Work Breakdown Structure.

- A rolling comparison of budget values taken from the applicable President's Budgets and budget estimates.

- All the research that the Comptroller would like to have accomplished but does not have the time or experience to do.

- Primary and major contracts, contracted services, administrative and SETA support, FFRDC support, government supporting organizations and government furnished property.

- Basic contract data (award date, funding, Estimate at Completion (EAC)). Funding profiles for other support.

- Test and evaluation costs.

- Provides a history and comparison of planned versus actual obligations and expenditures.

INSTRUCTIONS FOR PREPARATION OF THE R-3 EXHIBIT:

The paragraph numbers are keyed to specific areas on the R-3 at Figure 5.

1. DATE: Enter the month and year of the submission. This will be the date the submittal is required, not necessarily the date prepared. It is important to footnote any data that

is time sensitive with the actual date prepared.

2. APPROPRIATION/BUDGET ACTIVITY: Enter the Appropriation (RDT&E) and Budget Activity Number (BA-X). Budget Activities are defined in the Definition of Terms.

3. R-1 ITEM NOMENCLATURE: Enter the R-1 line item number, Program Element Name (i.e.. PATRIOT) and number (i.e.. 0604123A).

4. PROJECT COST BREAKDOWN: Provide cost information allocated to cost categories for the PY. CY. BY1, and BY2 fiscal years. Change the PY. CY, etc. nomenclature to the actual fiscal years being portrayed (FY94, FY95, etc.). The sum total of the funding profiles by fiscal year for the cost categories must match the resources shown on the R-2 exhibits.

5. PROJECT COST CATEGORIES: Sample cost categories are shown below as the OSD Comptroller's concept of typical categories of various defense RDT&E programs. There is no requirement to blindly use these categories. If these sample cost categories correspond to your program's Work Breakdown Structure (WBS), then use them individually or in total. If your program's WBS supports other categories, use them. There is no requirement to use cost categories other than those used by your program office in normal program execution. However, consistency between budget submissions is key. They are intended to provide a rolling display of budget values from one budget submission to the next for the prior year, current year, and budget years. Be aware that "Management Reserve" is not an acceptable cost category. This sorting of the financial data must track with the "activities" sort requested in the R-2 exhibit. Developing the financial data in a spreadsheet application and then importing it into a word processing application for presentation should save you time initially and simplify the comparison process between this submission and future ones.

Sample Cost Categories:

- Primary Hardware Development
- Ancillary Hardware Development
- Development Support Equipment Acquisition
- Research Support Equipment Acquisition
- Software Development
- Licenses
- Systems Engineering

- Training Development
- Integrated Logistics Support
- Quality Assurance
- Reliability, Maintainability, and Availability
- Configuration Management
- Technical Data
- Developmental Test and Evaluation
- Operational Test and Evaluation
- Contractor Engineering Support
- Government Engineering Support
- Program Management Support
- Program Management Personnel
- Travel
- Research Personnel
- Miscellaneous (less than 15% of total)

6. BUDGET ACQUISITION HISTORY AND PLANNING INFORMATION: Provide the information requested in this section if any one of the following criteria applies:

- Designation by the USD(A&T) as a Major Defense Acquisition Program, either as an ACAT ID or ACAT IC, or

- CY or BY1 or BY2 funding revision of greater than plus or minus 10 percent from the January FYDP base, or

- Major milestone schedule change of more than six months (i.e.. program breach),

or

- PY expenditures of less than 35 percent through July of the current calendar year, or

- PY obligations less than 85 percent through July of the current calendar year, or

- New programs other than those created by administrative actions, such as those created through breakout or consolidation of previously budgeted efforts.

Recommendations: (1) Measure your most recent obligation and expenditure data against the official accounting system since this is the database that the OSD Comptroller uses. (2) When in doubt, prepare this section anyway. The applicability criteria are rather inclusive. (3) Developing the financial data in a spreadsheet application and then importing it into a word processing application for presentation should save you time initially and simplify the comparison process between this submission and future ones.

7. PERFORMING ORGANIZATIONS: In this section, identify individually each contractor or government activity receiving more than $1 million in any budget year. Aggre-

gate those efforts of less than $1 million in each displayed year into a "miscellaneous" line item. Identify the activity's name and location (city, state). This is one means of showing the various Congressional members that DoD funds are benefiting their state or district.

8. CONTRACTOR OR GOVERNMENT PERFORMING ACTIVITY: Under the "Product Development" heading, identify those efforts that are essential to the development, training, operation, and maintenance of the system being developed. List all primary contracts, major component contracts, contracted services, in house support, and government furnished property.

Under the "Support Costs and Management Services" heading, identify those efforts that support the program office and are not related directly to Product Development or Test and Evaluation. List the Scientific and Engineering Technical Assistance (SETA) services, research studies, Federally Funded Research and Development Centers (FFRDC), and administrative and program office support services.

Under the "Test and Evaluation" heading. list any efforts to determine the acceptability of the system, for example, funds to the Operational

Test Agencies or Developmental Test Organizations, specific range costs for testing, etc. T&E efforts as part of a contract or service already listed in "Product Development" or "Support Costs and Management Services" are not repeated. As you can see, this will not provide one value that accounts for all of the funding (contractor and government) spent on Test and Evaluation. The Test and Evaluation Master Plan does require that the test and evaluation cost be specified.

9. CONTRACT METHOD/TYPE OR FUNDING VEHICLE: Enter the contract method (SS, C) and contract type (FP, CPIP, FPI, CPAF, CPFF, FFP). For non-contracted services (i.e., government agencies), enter the funding vehicle (MIPR, PO, WR, Allot, Reqn).

10. AWARD OR OBLIGATION DATE: Enter either: (1) the actual or projected contract award date, or (2) the estimated date that the funds will be obligated to the government performing activity. Depending on the funding vehicle, obligation date may be difficult. This is particularly true for FFRDCs (IDA, MITRE) and for reimbursable MIPRs.

11. PERFORMING ACTIVITY

EAC: Provide for contracts the current contractor's estimate and for government activities the total cost estimate. This will span more than a single budget year in most cases. For contracts, this should match the C/CSCS and DAES reports.

12. PROJECT OFFICE EAC:
Enter the Program Manager's best estimate of total cost of each effort. For contracts, this should match the C/CSCS and DAES reports. (Note, this does not imply that the Performing Activity's EAC and the Program Manager's EAC must be equal.)

13. BUDGET YEARS: Enter a
summary total of actual funding for each effort in all years before the Prior Year (Total Prior to PY). In each column dealing with a specific year (PY, CY, BY1, BY2), enter actual or budgeted amounts for each year. Change the PY, CY, etc. nomenclature to the actual fiscal years being portrayed (FY94, FY95, etc.).

14. BUDGET TO COMPLE-
TION: Enter the budgeted amount to complete each effort for the years beyond BY2.

15. TOTAL PROGRAM: Enter
the budgeted total amount to be spent for each effort. (Note: Add the row together.)

16. GOVERNMENT FUR-
NISHED PROPERTY: In this section, identify individually the property (hardware, software, information) which the government is contractually obligated to furnish a contractor or government activity. Identify individually each effort that exceeds $1 million in any budget year. Aggregate those efforts of less than $1 million in each displayed year into a "miscellaneous" line item. Subdivide the efforts into the categories explained under "Performing Organizations" above. Provide a brief description of the item and the contractor or government activity's name and location (city, state).

17. Contract Method/Type or
Funding Vehicle: Enter the contract method (SS, C) and contract type (FP, CPIP, FPI, CPAF, CPFF, FFP). For non-contracted services (i.e., government agencies), enter the funding vehicle (MIPR, PO, WR, Allot, Reqn).

18. Award or Obligation Date:
Enter either: (1) the actual or projected contract award date, or (2) the estimated date that the funds will be obligated to the government performing activity.

19. **Delivery Date:** Enter the estimated date that the GFP will be delivered to the contractor or activity. Identify the receiving contractor or government activity.

20. **Budget Years:** Enter a summary total of actual funding for each each effort in all years before the Prior Year (Total Prior to PY). In each column dealing with a specific year (PY, CY, BY1, BY2), enter actual or budgeted amounts for each year. Change the PY, CY, etc. nomenclature to the actual fiscal years being portrayed (FY94, FY95, etc.).

21. **Budget to Completion:** Enter the budgeted amount to complete each effort for the years beyond BY2.

22. **Total Program:** Enter the budgeted total amount to be spent for each effort. (Note: Add the row together.)

23. For each budget column, enter the subtotals for "Product Development", Support and Management", and "Test and Evaluation" in each fiscal year for the "Performing Organization" and "Government Furnished Property" separately in the three categories. The "Test and

Evaluation" funding should be consistent with the testing philosophy detailed in the Test and Evaluation Master Plan.

24. For each budget column, enter the grand total in each fiscal year. This total should match the fiscal resources shown on the project level R-2.

25. **FUNDING PROFILE:** Provide the information requested in this section for each project that is funded in excess of $10 million in either BY1 or BY2. Actual and planned funding obligation and expenditure data is to be provided. Compare program office data against the official accounting status reports. If the program office data is more current, use it instead of the accounting status reports. Mark each quarter showing actual accounting status report data with an asterisk. Mark quarters showing actual program office data with a double asterisk.

26. **FUNDS PROFILE:** Enter obligation and expenditure actual data and plans (PY, CY, BY1, and BY2) for each quarter shown in the left hand column. The data is by quarter, not cumulative. Total the data in the PY, CY, BY1 and BY2 columns. Change the PY, CY, etc.

nomenclature to the actual fiscal years being portrayed (FY94, FY95, etc.). Developing this particular page in a spreadsheet application should save you time initially and simplify the comparison process in this submission and future ones.

Actual data should be used whenever possible. It is generally more accurate than the official Status of Funds Report. Remember that this data is perishable with a short and finite life. Footnote this section with a statement that provides a status date for the data, such as: "This data is valid as of day/month/year".

Remember that although RDT&E funds are two year funds, it is intended that they be used (obligated) within the first year they are appropriated. OSD Comptroller guidelines are that 98 percent of RDT&E funds should be obligated by the end of the first year with 57 percent expended. Mid-year and other reviews will look to see that the obligation/expenditure profile is on track to meet these end of year guidelines. It is not uncommon for tests, contracts, etc. to slip into the first quarter of the second year due to circumstances beyond the control of the Program Manager. This is usually allowable given that the rationale for these slips (non-obligations) is presented. The natural

tendency for the analyst is to view these slips as recurring and having a linear effect on the program and then to adjust the funding profile accordingly. It is incumbent upon the Program Manager to accurately define and defend the financial effect of any program slips.

27. Number this page in sequence and provide the total number of exhibit pages that are associated with the R-1 item (i.e., 9 of 10). Provide the R-1 line item number below the page information.

You are not limited to the three pages contained herein. Add continuation pages as necessary but include the DATE, APPROPRIA-TION/BUDGET ACTIVITY, R-1 ITEM NOMENCLATURE and funding profile information on each page.

28. <u>CLASSIFICATION</u>: Mark each page in the center at the top and bottom with the classification of the page. If the page is unclassified, mark it "UNCLASSIFIED". Bracket all classified material at the smallest level (i.e., by the word, phrase, or sentence). Each paragraph must have its own classification. On classified PEs, the classification and declassification instructu\ions must be placed on the first page in the

lower left hand corner. Do not place classification/declassification instructions on every page and do not include as part of a footer.

COMMON ERRORS:

1. Wrong nomenclature or PE number. Check the R-1 exhibit. Question the Service/ Agency/OSD Comptroller if the R-1 appears to be in error.

2. Inconsistency between the R-1, R-2 and R-3 exhibits. Funding profiles. schedule, narratives must track.

3. Too many years. missing years. years out of sequence.

4. Oversimplification or overexpansion of the cost categories. Strike a balance in use of cost categories. Use those that adequately define the program and can be tracked using the accounting system or WBS that is already in place.

5. Totals of the individual cost categories (Section A) not matching the R-2 fiscal resources. Every dollar in the R-2 must be allocated to a cost category.

6. Not using the obligation/expenditure data that is most advantageous to your program. Use

actuals either from the Status of Funds Report or from your own data, since formal posting usually lags reality by six or more months. Remember to clearly identify what data you are using.

7. Being overly optimistic when specifying award or obligation dates. Provide dates that support your funding profile, yet allow leeway for the inevitable delays that can occur when awarding contracts. Be aware of the obligation pattern differences between reimbursable and direct cite MIPRs.

8. Being too specific in assigning dates. Provide dates within the QUARTER that they will occur. All dates can slip within a quarter due to unforeseen circumstances. Keep yourself from having to explain minor slips that do not impact the overall program.

9. Totals of the performing organizations and government furnished property (Section B) not matching the R-2 fiscal resources. Every dollar in the R-2 must be allocated within Section B. Although this sounds simple, cross allocation between the R-2 and Sections A & B of the R-3 will be a difficult and tedious task. Suggest the use of a relational spreadsheet to keep track of these different ways of allocating

the budget.

ingly.

ITEMS TO BE CHECKED FOR PROGRAM REVIEW:

1. Check prior year obligation rates of the individual cost elements as a basis for budget year costing.

2. Do the obligation and expenditure rates meet or exceed those expected by OSD Comptroller guidelines? If they do not meet guidelines, explanations are required. The analyst may begin to believe that the program is overfunded and reduce the program accordingly.

3. Are program slips, as indicated in the obligation and expenditure data, adequately explained? Are the financial effects to the funding profile determined? The natural tendency for the analyst is to view these slips as recurring and having a linear effect on the program and then to adjust the funding profile accordingly. It is incumbent upon the Program Manager to accurately define and defend the financial effect of any program slips.

4. Ensure that the total of the program cost categories adds up to the total program cost. If the totals are less than the amounts on the R-2, the program will be reduced accord-

5. Similarly, the total project costs shown in the Budget Acquisition History and Planning Information must add up to the amounts on the R-2. If the totals are less than the amounts on the R-2, the program will be reduced accordingly.

6. Check for cost variations in the Project Cost Categories. Variation should be explained. Also note that the "Miscellaneous" category will be questioned since it can contain up to 15% of the program funds. Have a further breakdown of the category separately available.

7. When reviewing the funding profile, remember that obligation and expenditure rates should be within the current OSD guidance. If they are not, it will be questioned. Also note that the Incremental Funding Policy that addresses cost must be adhered to or the funding may be reduced for the current or budget years.

8. What is the relationship between funding totals and delineation contained in the "Program Cost Categories", "Budget Acquisition History" areas of the R-3 and the "Mission Description" activities of the R-2?

9. Be able to define the relationship

35

between "Government Furnished
Property" of the R-3 and "Other
Prog am Funding Summary" and
"Schedule Profile" of the R-2. How
critical is this GFP to the success of
the program? If other funding
sources are involved, the criticality
must be identified to keep the analyst
from adjusting that funding source
and inadvertently impacting your
program.

10. Do the "Performing Activity
EAC" and the "Project Office EAC"
match those found in the DAES
Reports? If not, be prepared to
provide an explanation. This could
alert the analyst to significant un-
funded program requirements.

between "Government Furnished Property" of the R-3 and "Other Program Funding Summary" and "Schedule Profile" of the R-2. How critical is this GFP to the success of the program? If other funding sources are involved, the criticality must be identified to keep the analyst from adjusting that funding source and inadvertently impacting your program.

10. Do the "Performing Activity EAC" and the "Project Office EAC" match those found in the DAES Reports? If not, be prepared to provide an explanation. This could alert the analyst to significant unfunded program requirements.

RDT&E PROGRAM ELEMENT/PROJECT COST BREAKDOWN (R-3)		DATE
APPROPRIATION/BUDGET ACTIVITY		
	R-1 ITEM NOMENCLATURE	

B. Budget Acquisition History and Planning Information

Performing Organizations

Contractor or Government Performing Activity	Contract Method/Type or Funding Vehicle	Award or Obligation Date	Performing Activity EAC	Project Office EAC	Total Prior to PY	Budget PY	Budget CY	Budget BY1	Budget BY2	Budget To Complete	Total Program
Product Development Organizations											
(List each organization separately)											
Support and Management Organizations											
(List each organization separately)											
Test and Evaluation Organizations											
(List each organization separately)											

Government Furnished Property

Item Description	Contract Method/Type or Funding Vehicle	Award or Obligation Date	Delivery Date	Total Prior to PY	Budget PY	Budget CY	Budget BY1	Budget BY2	Budget To Complete	Total Program
Product Development Property										
(List each item separately)										
Support and Management Organizations										
(List each item separately)										
Test and Evaluation Organizations										
(List each item separately)										
Subtotal Product Development										
Subtotal Support and Management										
Subtotal Test and Evaluation										

Total Project (should match resources shown on the R-2 for the project)

R-1 Item No.   Page No.

38

Figure 5

RDT&E PROGRAM ELEMENT/PROJECT COST BREAKDOWN (R-3)

APPROPRIATION/BUDGET ACTIVITY		DATE
R-1 ITEM NOMENCLATURE		

C. Funding Profile

Fiscal Year actual and planned obligations and expenditures (by quarter)

Budget Value ($ in thousands, each quarter)

Funds Profile	PY Obs	CY Obs	BY1 Obs	BY2 Obs	PY Exp	CY Exp	BY1 Exp	BY2 Exp
PYQ1								
PYQ2								
PYQ3								
PYQ4								
PYTot								
CYQ1								
CYQ2								
CYQ3								
CYQ4								
CYTot								
BY1Q1								
BY1Q2								
BY1Q3								
BY1Q4								
BY1Tot								
BY2Q1								
BY2Q2								
BY2Q3								
BY2Q4								
BY2Tot								
BY2+1Q1								
BY2+1Q2								
BY2+1Q3								
BY2+1Q4								
BYQ+1Tot								

Total of fiscal year funds

R-1 Item No.   Page No.

39

Figure 5

GENERIC BUDGET SCRUB QUESTIONS

1. Consistency, Consistency, Consistency! When different documents portray different pictures and are inconsistent in their funding levels or profiles, it is a natural question target for the budget analyst. Since the different acquisition documents are prepared and submitted at varied times of the year, it is natural that there will be some minor variation between them.

2. Truthfulness! Program setbacks and test failures are not secrets and will always be found out. Do not treat them as such. If the analyst has other available data that defines problem areas, he will look for it in the provided documentation as well.

3. Is the test program realistic as defined? Do the test events, DT, LFT&E, and IOT&E support the milestone schedule? Is there adequate time allowed for analysis and reporting of test events, DT, LFT, and IOT&E before milestone decisions are required? Have the technical and operational performance parameters been demonstrated? Is adequate funding identified for the test and evaluation (DT, LFT&E, IOT&E) programs?

4. Are the "Related Programs"

funding profiles accurate? Do they match their respective budget justification submittals? Frequently, last minute adjustments to funding profiles are not fully disseminated to everyone who might have a concern.

5. Principal Issue Areas:

Program Pricing:
   Are the program costs reasonable and sufficient? Is the RDT&E phased properly? Have the OSD/OMB escalation indices been factored in? What is the rationale for dollar fluctuations between years? Is there adequate explanation for non-recurring costs?

Program Phasing:
   Is there RDT&E/Production concurrency and what is the rationale? Are the Milestone/LRIP approvals phased properly? Does the test schedule support the phasing? Do any major obligations (i.e., contracts) occur in the fourth quarter? If so, they may be at risk.

Program Funding Profile:
   Is there consistency with the approved Acquisition Baseline? What is the explanation for any funding spikes?

Program Execution:
    Does the obliga-
tion/expenditure plan meet
OSD/OMB guidelines? What is the
likelihood of funding obligations
slipping into the next fiscal year?
Does the DAES report project
underrun/overrun on prior year
contracts?

6. Compare the current R-2 and R-3
    ibits against the previous submis-
_ ɔns. Highlight any differences or
new data. These elements should be
explained within the exhibit itself. If
they are not, the analyst will certain-
ly request an explanation.

7. Similarly, compare the current
R-2 and R-3 exhibits with any data
that has been provided to Congres-
sional staffers or is a matter of
public record. This is another op-
portunity to explain differences and
program changes.

8. Is the RDT&E funding profile
and milestones phased to prevent
concurrency between RDT&E efforts
and production contracting? Fund-
ing for production may be deferred
if concurrency occurs.

9. Question third and fourth quarter
contract awards. Program funds
may be deleted for the particular
year and funded with the next years'
dollars where more appropriate.

10. Identify the documented basis of
the requirement (i.e., JMNS, Con-
gressional direction, ORD, etc.). If
the requirements document has not
been approved, the budget may be at
risk.

11. Is the program budgeted to the
most likely cost? The challenge is to
find the pure management reserve.
Excess funding will be deleted from
the program.

12. What is the basis of the esti-
mates for all the program cost cate-
gories? Logical cost estimates with
specific tasks must be identified
upon request in order to support the
budget request. Question the "Mis-
cellaneous" category, particularly if
it approaches 15% of the total fund-
ing.

13. Is the current year program
being executed on schedule? How
was the execution of the prior year?

14. Are there any abnormalities in
the funding profiles for the program
cost categories or performing organi-
zations? Are continuing support
efforts level funded? If there are
peaks, what is the rationale? This
can indicate that no actual plan exists
and will be questioned.

15. Question "Government Fur-
nished Property" in the R-3. Do

these come from development or completed efforts funded in another program, Program Element, or appropriation? Are these other funding sources, if any, identified in the "Other Program Funding Summary" of the R-2? Are there appropriate milestones identified in the "Schedule Profile" of the R-2?

16. The funding totals and delineation contained in the "Program Cost Categories", "Budget Acquisition History" areas of the R-3 and the "Mission Description" activities of the R-2 give you three different views of where the program funding is being spent. What is the relationship between them and is there a defendable methodology for allocating costs?

17. Are values provided in the "Cost to Complete" columns? If not, what is the rationale for using "Continuing"?

18. How does the contract performance data compare to that provided in the DAES Reports? Are there indications that the program is underfunded due to contract overruns?

19. Simply put, are there errors in transcribing the funding profiles and totals from page to page and R-1 to R-2 to R-3?

20. Management reserve should never be separately identified.

TERMS AND DEFINITIONS

BY1 Budget year which immediately follows the current fiscal year

BY2 The second budget year following the current year (i.e.. CY = 94, BY1=95, BY2=96)

CY The current fiscal year .

DT&E Development Test and Evaluation

EAC Estimate at Completion

Exp Expenditures

IOT&E Initial Operational Test and Evaluation

LFT&E Live Fire Test and Evaluation

Obs Obligations

PE Program Element

PY Prior year

WBS Work Breakdown Structure

Contract Method
SS Sole Source

C Competitive

Contract Type
FP Fixed Price

CPIP Cost Plus Incentive Fee

FPI Fixed Price Incentive

CPAF Cost Plus Award Fee

CPFF Cost Plus Fixed Fee

FFP Firm Fixed Price

Funding Vehicle
MIPR Military Inter-

departmental Purchase Request

PO Project Order

WR Work Request

Allot Allotment

Reqn Requisition

BUDGET ACTIVITIES

Budget Activity 1: This program is funded under BASIC RESEARCH because it encompasses scientific study and experimentation directed towards increasing knowledge and understanding in broad fields directly related to PSD/SERVICE needs.

Budget Activity 2: This program is budgeted within the EXPLORATORY DEVELOPMENT Budget Activity because it investigates technological adavances with possible applications toward solution of specific military problems, short of a major deveolopment effort.

Budget Activity 3: This program is budgeted within the ADVANCED DEVELOPMENT Budget Activity because it encompasses design, development, simulation, or experimental testing or prototype hardware to validate technological feasibility and concept of operations and reduce technological risk prior to initiation of a new acquisition program or transition to an ongoing acquisition

program.

Budget Activity 4: This program is funded under DEMONSTRATION & VALIDATION because it develops and integrates hardware for experimental tests related to specific ship or aircraft applications.

Budget Activity 5: This program is funded under ENGINEERING & MANUFACTURING DEVELOPMENT because it encompasses engineering and manufacturing development of new end-items prior to production approval decision.

Budget Activity 6: This program is funded under RDT&E MANAGEMENT SUPPORT because it supports the operations and installations required for general research and development use.

Budget Activity 7: This program is funded under OPERATIONAL SYSTEMS DEVELOPMENT because it encompasses engineering and manufactyring development for upgrade of existing. operational systems.

APPENDIX A

FINANCIAL MANAGEMENT REGULATION
CHAPTER 5

Instructions
Exhibit R-2

General: An R-2 exhibit page shall be prepared for each R-1 line item in the format illustrated. Also, one or more R-2 pages shall be prepared for each project within a program element. These pages shall be printed on 8 1/2 by 11 inch paper in landscape format.

Classification: Each page shall be marked in the center at the top and bottom with the classification of that page. Classified material shall be bracketed. The total program element page shall be marked with the highest level of classification of pages associated with that program element. If this total program element page includes only unclassified information, it shall be further marked, "Unclassified upon removal of attachments."

Date: The month and year of submission of the exhibit shall be identified.

Appropriation/Budget Activity: The Service or Agency appropriation and the budget activity shall be identified.

R-1 Item Nomenclature: The name of the R-1 line item shall be identified.

Program Element Number: The number of the program element shall be identified.

Project Number and Nomenclature: The project number and nomenclature shall be identified on each separate project R-2 page.

Resource Summary: The total program element R-2 page shall include a fiscal resource summary total for the program element and, if there is more than one

project in that program element, a fiscal resource summary for each project in that program element. Each project R-2 page shall include a resource summary for that project. If program element restructuring and project realignment diminishes the value of cumulative fiscal resource information for FYPY, this column shall be footnoted with an explanation of the program elements that were restructured and realigned. If this program element represents continuing similar efforts without distinct program or project initiations and completions, the "To Complete" and "Total Cost" columns shall be marked "Continuing."

A. Mission Description and Budget Item Justification: The total program element R-2 page shall include a description and justification of the efforts included in the program element. Each project R-2 page shall include a description and justification of the efforts of that project. Project justification narratives shall be included for the prior year, the current year, and the budget years. Project justification narratives shall be in bulletized format. At least three, and preferably more, activities shall be identified for each project in each fiscal year, and the funding associated with each of these activities shall be identified in the bulletized narrative. The total of funding reflected in the bulletized narratives should match the total of project funding.

Justification for Budget Activity Assignment: The total program element R-2 page shall include a justification for the assignment of that program element to the budget activity indicated on that page.

Acquisition Strategy: An explanation of acquisition, management, and contracting strategies shall be provided for each project.

B. Program Change Summary: If there have been changes to total program element or project funding, schedule, or technical parameters since the previous budget submission, the R-2 exhibit shall include a concise narrative summary explanation of changes in the total program element or project funding, schedule, or technical parameters since the previous budget submission shall be provided. This explanation may repeat or refer to the more detailed information provided in the other budget exhibits for the program or project. Also, this explanation may refer to more detailed reports or other documentation that may be available.

C. Other Program Funding Summary: Development projects often lead to

subsequent development phases, production, and military construction. Also, some projects may depend on concurrent development in other projects. These related efforts and the funding profiles for other appropriation efforts shall be identified by appropriation, budget activity, and R-1, program element, and P-1 line item numbers. If there are funding dependicies among related research, development, test and evaluation programs, the funding profiles for these related programs shall be included.

D. Schedule Profile: The schedule profile is required for acquisition programs. Actual or planned event information shall be provided for each of the four fiscal years shown on each R-2 exhibit. Actual events shall be marked with an asterisk. At least three events shall be provided in each year, and all acquisition program baseline events in the four years displayed shall be included. A list, with estimated fiscal year and quarter, of all planned major milestones and test and evaluation events, such as LRIP approval, Milestone III, IOC, Developmental Test and Evaluation, and Operational Test and Evaluation that are beyond BY2 shall be provided. The same events shall be retained from one budget submission to the next so that project progression can be seen as each succeeding budget submission advances into subsequent years.

Continuation pages may be used as necessary.

R-1 Item Number: The R-1 item number shall be identified.

Page: the exhibit page number and total number of exhibit pages associated with the R-1 item shall be identified.

Instructions
Exhibit R-3

General: The R-3 series exhibits are required only for projects in research, Development, Test and Evaluation Appropriations Budget Activities 4, 5, and 7. A separate R-3 exhibit shall be prepared for each project in an applicable R-1 line item in the format illustrated. these exhibits shall be printed on 8 1/2 by 11 inch paper in landscape format. If a program element is not divided into projects, then the program element itself is defined as a project for purposes of submitting an R-3 exhibit, and the R-3 exhibit and instructions apply to the entire program element.

Classification: Each page shall be marked in the center at the top and bottom with the classification of that page. Classified material shall be bracketed.

Date: The month and year of submission of the exhibit shall be identified.

Appropriation/Budget Activity: The Service or Agency appropriation and the budget activity shall be identified.

R-1 Item Nomenclature: The name of the R-1 line item shall be identified.

Program Element Number: The number of the program element shall be identified.

Project Number and Nomenclature: The project number and nomenclature shall be identified on each separate project R-2 page.

Section A: Project Cost Breakdown: Project cost information shall be provided for each project for the four fiscal years shown on the R-3 exhibit with project costs broken down into cost categories.

Cost Category: Sample cost categories are shown below that are typical of various types of defense research and development efforts. Costs shall be distributed among categories in accordance with the work breakdown structure used by the project office in project execution. The illustrated sample cost categories may be used if these correspond to the project work breakdown

structure, however there is no requirement to use cost categories other than those used by the project office in projection execution. Sample cost categories not used in project execution need not be included in the exhibit for that project.

Sample Cost Categories:

- Primary Hardware Development
- Ancillary Hardware Development
- Development Support Equipment Acquisition
- Research Support Equipment Acquisition
- Software Development
- Licenses
- Systems Engineering
- Training Development
- Integrated Logistics Support
- Quality Assurance
- Reliability, Maintainability, and Availability
- Configuration Management
- Technical Data
- Developmental Test and Evaluation
- Operational Test and Evaluation
- Contractor Engineering Support
- Government Engineering Support
- Program Management Support
- Program Management Personnel
- Travel
- Research Personnel
- Miscellaneous (less than 15% of total)

Section B. Budget Acquisition History and Planning: This section shall be provided for each project that meets one or more of the following criteria:

a. Designation by the USD(A&T) as a Major Defense Acquisition Program, either as an ACAT ID or ACAT IC, or

b: CY or BY1 or BY2 funding revision of greater than plus or minus 10 percent from the January FYDP base, or

c.   Major milestone schedule change of more than six months (i.e., program breach), or

d.   PY expenditures of less than 35 percent through July of the current calendar year, or

e.   PY obligations less than 85 percent through July of the current calendar year, or

f.   New programs other than those created by administrative actions, such as those created through breakout or consolidation of previously budgeted efforts.

Information Categories: Information is divided into three categories as follows:

Product Development: All efrots associated with the delivery of a fully integrated system that are in direct support of the system and essential to the development, training, operation, and maintenance of the system. Includes all efforts directly supporting system development and delivery to include primary contracts, major component contracts, contracted services, in house support, and government furnished property. Contracts or government efforts over $1 million in any displayed budget year shall be reported individually.

Support Costs and Management Services: Efforts not directly associated with the delivery of the primary product, including technical engineering services, research studies, and technical support not related directly to product development or to testing and evaluation. All efforts associated with services provided in support of program office management and administration processes such as: program oversight, resource justification, budget and programming, milestone and schedule tracking. Federally Funded Research and Development Centers (FFRDCs) are in this category. Contracts or government efforts over $1 million in any displayed budget year shall be reported individually.

Test and Evaluation: Efforts (other than those included within contracts or government efforts included above) associated with engineering or support activities to determine the acceptability of a system, subsystem, or component. Contracts or government efforts over $1 million in any displayed budget year shall be reported individually.

Performing Organizations: This portion of the exhibit shall identify each contractor and government activity effort in excess of one million dollars in any of the displayed years. Efforts of less than one million years in all of the displayed years may be aggregated together in a "miscellaneous" line item. The performing activity name and location shall be identified.

Contract Method/Type or Funding Vehicle: The following codes shall be used to identify the contract method and type and funding vehicle:

Contract Method:
SS   Sole Source
C   Competitive

Contract Type:
FP   Fixed Price
CPIP   Cost Plus Incentive Fee
FPI   Fixed Price Incentive
CPAF   Cost Plus Award Fee
CPFF   Cost Plus Fixed Fee
FFP   Firm Fixed Price

Funding Vehicle:
MIPR   Military Interdepartmental Purchase Request
PO   Project Order
WR   Work Request
Allot   Allotment
Reqn   Requisition

Award Date: Provide actual or estimated date of contract award or the estimated date that funds will be obligated to government performing activities in the Budget Year.

Performing Activity Estimate at Completion: Provide the current contractor or government performing activity estimate of the total cost of the effort.

Project Office Estimate at Completion: Provide the program manager's best estimate of the total cost of the effort.

Total Prior to PY: Provide actual amounts for the total of all years before the prior year.

Budget PY through BY2: Provide actual or budget amounts for each year for prior year, current year, budget year 1, and budget year 2.

Budget to Complete: Provide the amount required to complete this effort beyond budget year 2.

Total Program: Provide the total of all budgeted funds for PY-1 and prior through budget to complete.

Government Furnished Property: Property, such as hardware, software, or information, which the government is contractually obligated to furnish a contractor or government performing activity shall be identified. Efforts of less than one million years in all of the displayed years may be aggregated together in a "miscellaneous" line item. Provide a brief identification of the item to be provided, and the contractor or government activity providing the item.

Contract Method/Type or Funding Vehicle: Provide method of transferring funds to this activity, from those identified under "Contract Method/Type" or from "Funding Vehicle" above.

Obligation Date: Provide actual or estimated date that award or obligation is incurred.

Delivery Date: Provide estimated date that the government furnished property will be provided to the requiring contractor or activity. Provide the name of the requiring contractor or activity.

Total Prior to PY: Provide actual amounts for the total of all years before the prior year.

Budget PY through BY2: Provide actual or budget amounts for each year for prior year, current year, budget year 1, and budget year 2.

Budget to Complete: Provide the amount required to complete this effort beyond budget year 2.

Total Program: Provide the total of all budgeted funds for PY-1 and prior through budget to complete.

Subtotals of Performing Organizations and Government Furnished Property funding amounts for each year shall be provided for Product Development, Support and Management, and Test and Evaluation. A grand total for each year shall be provided. This grand total should match the fiscal resources shown on the R-2 exhibit for the project.

Section C. Funding Profile: This section shall be provided for each project that is funded in excess of $10 million in either budget year 1 or budget year 2. Actual and planned funding obligation and expenditure information shall be provided for each quarter shown on the R-3. Actual information may be in accordance with program office information if this information is more current than the information reflected in the accounting status reports. Quarters with actual information shall be marked with an asterisk. Quarters with actual information in accordance with program office information shall be marked with a double asterisk.

R-1 Item Number: The R-1 item number shall be identified.

Page: the exhibit page number and total number of exhibit pages associated with the R-1 item shall be identified.

RDT&E BUDGET ITEM JUSTIFICATION SHEET (R-2 Exhibit)

DATE

APPROPRIATION/BUDGET ACTIVITY

R-1 ITEM NOMENCLATURE

COST (In Millions)	FY PY	FY CY	FY BY1	FY BY2	FY BY2 + 1	FY BY2 + 2	FY BY2 + 3	FY BY2 + 4	Cost to Complete	Total Cost
Total Program Element (PE) Cost										
Project A Name/No. and subtotal cost										
Project B Name/No. and subtotal cost										
Project C Name/No. and subtotal cost										

Exhibit R-2

RDT&E BUDGET ITEM JUSTIFICATION SHEET (R-2 Exhibit)

DATE

APPROPRIATION/BUDGET ACTIVITY

R-1 ITEM NOMENCLATURE

COST (In Millions)	FY PY	FY CY	FY BY1	FY BY2	FY BY2+1	FY BY2+2	FY BY2+3	FY BY2+4	Cost to Complete	Total Cost
Project A Name/No. and subtotal cost										

Exhibit R-2

RDT&E PROGRAM ELEMENT/PROJECT COST BREAKDOWN (R-3)

	DATE

APPROPRIATION/BUDGET ACTIVITY	R-1 ITEM NOMENCLATURE

R-1 Item No.

A-12

Page X of Y Pages

SECTION 1

Final Report

PROJECT KAIZEN

PMC 94 - 1

SECTION C

GROUP 1

FINAL REPORT

"ACQUISITION REFORM, REVISITED"

10 JUN 1994

DISCLAIMER

This publication was produced in the Department of Defense school environment in the interest of academic freedom and advancement of national defense related concepts. The views expressed are those of the authors and do not reflect the official policy or position of the Department of Defense or the United States Government.

PREFACE

This report culminates the efforts of 12 students from Program Managers Course (PMC) 94-1, Section C. This is the first of what is envisioned to be a continuing Defense Systems Management College (DSMC) project. The research had two primary objectives. First, applying the lessons of group dynamics and teaming. Second, determining what impact the acquisition reform legislation would ultimately have on the Program Manager (PM).

Numerous individuals contributed to our success in accomplishing both of the above objectives. We appreciate the efforts of all the DSMC staff for their patience and many hours of assistance in completing the Kaizen project. In particular, we would like to thank Tom Dolan, George Kirkorian Wilson Summers, Jay Gould, Craig Lush, and Bruce Warner. Last, but certainly not least, our special thanks to CAPT Dan Brown whose patience and forebearance, with the new ground plowed by our section, made Kaizen a reality.

Table Of Contents

CHAPTER 1

KAIZEN INTRODUCTION

INTRODUCTION

Kaizen Team 1 investigated the acquisition reform legislation presently under consideration by Congress. The team consists of the following students from the Program Manager's course (PMC 94-1):

John Preisel, Team Leader
Dave LaRochelle, Co-Team Leader
Jim Colombo
Rob Freedman
Tom Golart
Ginny Kobler
Sue Lumpkins
Tal Manvel
Jim Penick
Joe Rivamonte
Kit Stewart
Mark Tutten

As members of the class's senior section, the group has a diverse background and significant acquisition experience. Each of the services, plus another defense agency, is represented in the group. Team members bring ideas and experience from various types of acquisition organizations, including logistics centers, depots, laboratories, engineering organizations, and major program offices.

Team 1 analyzed the acquisition reform legislative vehicles that are presently being considered by Congress. Since the team is composed of acquisition practitioners, they developed a learning contract (Appendix B) to evaluate the effects of the proposed legislation from the program manager's (PM) viewpoint. The legislation analyzed included:

S 1587: Glenn Bill

HR 2238: Conyers-Clinger

HR 3586: Bilbray Bill

LEGISLATIVE ANALYSIS PROCESS:

The acquisition reform legislation process can be described as a time lapse photograph of a moving train whose final stop is not yet in sight. Congress is expected to pass a bill on acquisition reform by the end of calendar year 1994. Our analysis is therefore based on the latest available Congressional markup and a projection of where this train is going. Figure 1 shows the overall process.
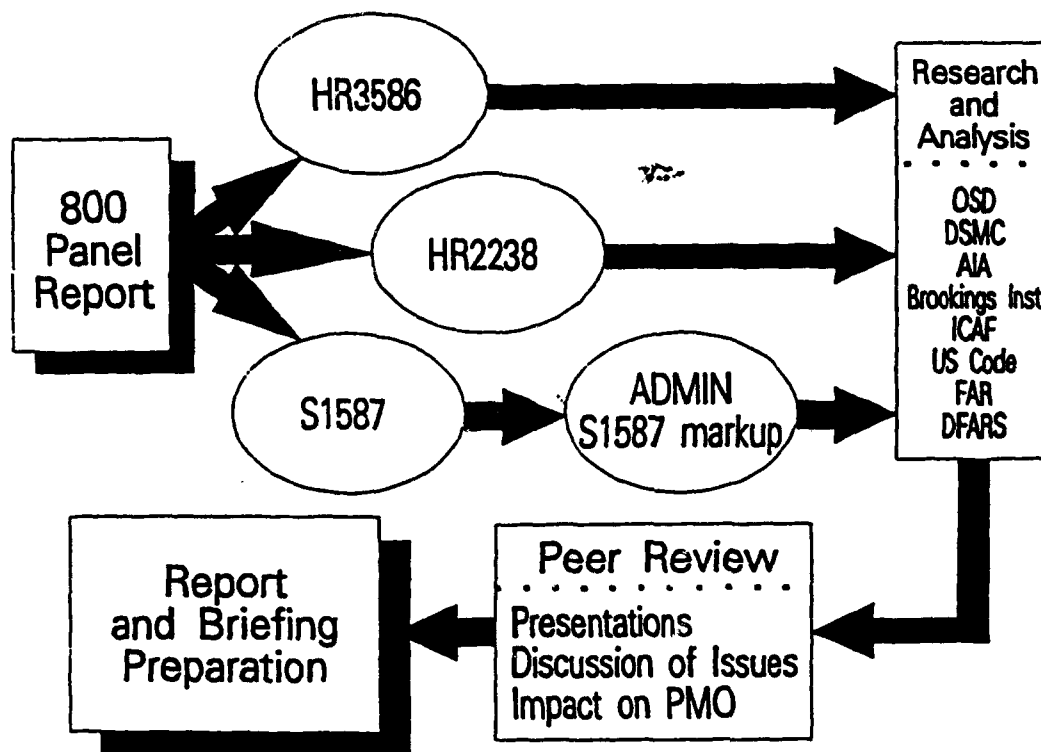

Figure 1. Legislation Analysis Process

The rich documentation of the Report of the Acquisition Law Advisory Panel to the United State Congress dated January 1993, also known as the 800 Panel Report,

established the baseline reference for this study. While some special interest items are currently under consideration in the legislation, major emphasis was placed on the 800 Panel Report recommendations which forms the body for all proposed bills. The primary focus of the analysis is to evaluate the impact of the legislation on the Program Manager. Our examination is based on a side-by-side comparison of S 1587 (Sen.'s Glenn, Nunn, and Bingaman), HR 3586 (Rep. Bilbray), HR 2238 (Rep.'s Conyers and Clinger) and the Administration position which was an OMB/OFP markup of S 1587. Supplemental insight was gained through group and individual interviews with responsible parties in OSD, DSMC, the Brookings Institute, Aerospace Industry Association (AIA), and the Industrial College of the Armed Forces (ICAF). This was done despite the dynamic nature of the markup process which found the bills and their sponsors active in committee reviews and hearings. Because the Senate bill was written against existing statutes, it was also necessary to reference US Code, FAR, and associated DFARS clauses and assess their implication.

All research and analysis were subject to formal group reviews and discussions. A key element in these presentations was the related real life experiences of the study team members. By comparing the major thrusts of the 800 Panel recommendations and existing laws against the proposed legislation section by section, it was possible to evaluate the effect on DOD programs and the net impact on the program managers. This report summarizes the consensus positions developed during these sessions.

CONCLUSION

Team 1 gained an enormous amount of knowledge about group dynamics as well as how proposed legislation will impart the everyday life of a program manager. Having set the

framework for how we approached our KAIZEN study, Chapter 2 introduces the facts

behind past attempts to reform and streamline the acquisition process.

CHAPTER 2

BACKGROUND

INTRODUCTION

The Presidents' Blue Ribbon Commission on Defense Management headed by Mr. David Packard is the forerunner to current acquisition reform initiatives. Initially, the Packard Commission made the recommendation that the federal laws governing procurement be recodified. However, sweeping legis!   ges did not take place. In June 1989, Secretary of Defense Dick Cheney presented a plan in his Defense Management Review (DMR) to implement the recommendations of the Packard Commission and provide a framework for continuing improvements in the Department of Defense Acquisition process. As part of the National Defense Authorization Act for FY 91, Congress recognized that the time had come to rationalize, codify and streamline the body of acquisition and procurement laws. In order to establish a structured, disciplined approach, Section 800 of the Act directed the Under Secretary of Defense for Acquisition to establish a panel of government and private sector experts, thereafter called the 800 panel. Their charter was to review all laws affecting DoD procurement "with a view to streamlining the defense acquisition process" and issue a report which was delivered by the Secretary of Defense to Congress in January 1993.[1] The report was designed to be a practical plan of action which would, if followed, eliminate unnecessary laws, ensure financial and ethical integrity and protect the best interests of the Department of Defense (DoD). The panel also prepared a list of changes to the appropriate acquisition codes, through proposing draft legislation.

800 PANEL MEMBERSHIP

The Commandant of the Defense Systems Management College (DSMC) was selected to chair the 800 Panel. Additional membership consisted of DoD officials responsible for enacting and enforcing procurement law, members of industry responsible for contractual and financial dealings of their respective companies, a member from the Aerospace Industries Association and a George Washington University Professor of Law. Attached to the Panel was a Task Force comprised of DSMC staff as well as DoD military and civilians.

LEGISLATION

Three proposed pieces of legislation were available to the Kaizen Project Team for comparison. Senate Bill S 1587, called the Federal Acquisition Streamlining Act of 1993, was introduced by John Glenn, D-Ohio, Sam Nunn, D-Ga., and Jeff Bingaman, D-N.M. Its goal was to implement many of the reforms recommended by the 800 Panel. Doing so would expedite the acquisition of commercial components and systems, and reduce the paperwork and oversight burden that slows the procurement process and drives up the overall cost of the system. This legislation was approved by the Senate Governmental Affairs Committee and the Senate Armed Services Committee. It has undergone one markup and been referred to the Committee on Small Business.

HR 3586 is the House of Representative version of an attempt to enact procurement reform. It was introduced as "Defense Acquisition Reform Act of 1993" on November 22, 1993 by Rep. James H. Bilbray , D-Nev. who is chairman of the Subcommittee on Procurement, Taxation, and Tourism of the Committee on Small Business.

HR 2238, the Conyers/Clinger Amendment was introduced by Rep. John Conyers, D-Mich. and Rep. William F. Clinger, Jr. R-Pa. An unsuccessful attempt was made to attach it to HR 3400, the National Performance Review Bill, in November 1993. The amendment was ruled out of order by the House Rules Committee.

S 1587 has been endorsed by President Clinton, although it did not include all the recommendations proposed by the 800 Panel. The Administration took a pragmatic view of the political process, opting to obtain a degree of acquisition reform which they believe to be achievable. In supporting a bill introduced by powerful Senate Committee Chairmen, the Administration has strong support in the Senate and are assured of a higher probability of success.

CONCLUSION

These related reform bills are the foundations for the analysis in the following chapters. Will we finally see acquisition reform, or only think we are making progress? To determine this, we needed to fully understand the relationship between the 800 panel's recommendations and the proposed legislation.

ENDNOTES

CHAPTER 2

1. DoD Acquisition Law Advisory Panel. (March 1993). *Report: Executive Summary: Streamlining Defense Acquisition Laws.* DSMC Press, Washington DC: U.S. Government Printing Office, ISBN 0-16-041750-3, p. 1.

CHAPTER 3

800 PANEL ASSUMPTIONS AND MOTIVATIONS

INTRODUCTION

As stated before, the Packard Commission did a thorough analysis of the major

problems in defense acquisition. One of the major recommendations conclude:

> "...that Congress work with the Administration to recodify Federal laws governing
> procurement into a single, consistent, and greatly simplified procurement statute." [1]

Although the Packard Commission did not achieve the sweeping changes it sought, it did

provide the springboard for the 800 Panel to "...take the general principles set forth in

these studies and prepare a pragmatic, workable set of recommended changes to the

laws." [2]

MOTIVATION OF THE 800 PANEL

At their first meeting, the 800 Panel agreed that the Section 800 of the National Defense

Authorization Act of 1991 provided four goals:

1) Streamline the defense acquisition process and prepare a proposed code of relevant acquisition laws.

2) Eliminate acquisition laws that are unnecessary for the establishment and administration of the buyer and seller relationships in procurement.

3) Ensure the continuing financial and ethical integrity of defense procurement programs.

4) Protect the best interests of DoD. [3]

After months of hearings involving testimony from the acquisition community as well as

the general public, the Panel was able to focus on ten acquisition law objectives.

1) Identify broad policy requirements while relegating detailed implementing methods to regulations.

2) Promote financial and ethical integrity.

3) Establish a balance between an efficient process and
   a) Full and open access to the procurement process and
   b) Socioeconomic policies.

4) Facilitate government access to commercial technologies and skills in the marketplace to develop new technologies.

5) Facilitate the purchase of commercial products or services at commercial prices.

6) Integrate the production of both commercial and government-unique products in a single business without altering their commercial accounting or business practices.

7) Promote the development and preservation of a defense industrial base.

8) Provide fair and quick resolution of procurement disputes.

9) Encourage the exercise of sound judgment.

10) Permit the use of already existing data.[4]

With these objectives in mind, the Panel divided into six working groups to review the 600 plus DOD-related procurement laws. Each working group consisted of a Panel member from the private sector and one from the public sector. They solicited comments from the acquisition community and other interested parties, often with the use of the Federal Register notices and questionnaires. Public meetings were held with interested parties from both the public and private sector invited to speak. This dialogue between the Panel, the acquisition community and the public was particularly helpful in framing recommendations. The tentative decisions reached throughout this review phase were then reviewed by the Panel at the conclusion of its deliberations.[5]

Of the 600 plus laws reviewed by the Panel, nearly 300 were recommended for repeal, deletion or amendment. This resulted from the Panel focusing on changes that would streamline the defense acquisition process when dollars are expected to be fewer, work forces smaller, and threat to our national security less urgent.[6]

RECOMMENDATIONS OF THE 800 PANEL.

The Panel initiatives concentrated in three areas:

Commercial items: Strong recommendations were made to improve DOD's access to commercial technologies.

Streamlining: Challenged by many participants in the review, the Panel focused on consolidating and simplifying statutes in every area of its review.

Simplified Acquisition: To anticipate the effect of current and future personnel reductions on the acquisition work force, there is a clear need to trim the administrative overhead.[7]

COMMERCIAL ITEMS

The Department of Defense uses many commercial products, but is prevented by numerous statutory requirements from buying those products like private customers. The Panel made it a priority to reduce restrictive barriers. This effort lead to the following proposals:

1) Stronger policy language favoring the use of commercial and non developmental items in Title 10 of the US Code Section 2301.

2) A new definition of commercial items in Title 10 of the US Code Section 2302.

3) An expanded exemption for "adequate price competition" in the Truth in Negotiations Act, Title 10 of the US Code Section 2306a, which applies to commercial items; and relief from inappropriate requirements for cost or pricing data when a competitively awarded contract for commercial items or services is modified.

4) New exemptions to technical data requirements in commercial item acquisitions in Title 10 of the US Code Section 2320.

5) A new structure for "Buy American" restrictions in a proposed new chapter on Defense Trade and Cooperation.

6) A new subchapter for commercial item acquisitions which:

a) Creates a revised rule structure

b) Provides for exemptions from statutes that create barriers to the use of commercial items

c) Includes provisions on pricing, documentation and audit rights tailored for commercial item acquisition.[8]

Considered the centerpiece of its efforts for reform, the "commercialization" of the DOD procurement process required that the Panel spend extra effort in defining what a commercial item was. Because one definition was an administrative necessity, and needed to exempt items so defined from the reach of those statutes and regulations creating barriers, a commercial item was defined as:

> Property, other than real property, which: (i) is sold or licensed to the general public for other than government purposes; (ii) has not been sold or licensed to the general public, but is developed or is being developed primarily for use for other than government purposes; (iii) is comprised of a combination of commercial items, or of services and commercial items, of the type customarily combined and sold in combination to the general public;[9]

The Panel choose to focus on "property" verses "services" because it believed that statutes primarily create barriers to the acquisition of *manufactured products*. In general, such statutes disrupt established manufacturing methods, sources of supply, and personnel practices.[10]

STREAMLINING AND SIMPLIFIED ACQUISITION THRESHOLD

There is an inverse relationship in DOD contracting between the value of the contract and the number of contracting actions. More precisely, of contracting actions over $25K, 50% of them are less than $100K.[11] The Panel recognized that there was a real potential for streamlining the procurement process if the current small purchase threshold of $25K was raised to $100K. To ensure that small business was not adversely affected by this increase, the Panel recommended that the current small business reservation established by Title 15 of the US Code Section 644(j) be extended up to the simplified acquisition threshold. By substituting a uniform threshold for the application of all socioeconomic provisions in place of the many differing thresholds which exist today, contracting officers will be able to not only conserve contract administrative resources and concentrate on contracts over $100K, but also not have to look into the swamp of regulations to determine what procedures must be used. There are over 30 laws requiring clauses in contracts at various levels below $100K.[12]

Thus, the Panel recommended a four part strategy:

    1) Establish a simplified acquisition threshold at $100K.

    2) Adjust existing statutory floors to not less than $100K.

    3) Reserve Small Business purchases to $100K threshold.

    4) Simplify and modernize contract notice procedures.

The Panel believed that in raising the small business threshold to $100K to match the simplified acquisition threshold, it was reasonable to expect that at least two small businesses will continue to compete and be competitive in price and quality.[13] By pushing technology into the practice of the Commerce Business Daily (CBD) system, and by mandating an electronic bulletin board providing immediate access to all who

own a personal computer tied into a network, a significant reduction in transaction time should occur.

As part of its mandate to recommend the elimination of statutes unnecessary to the buyer/seller relationship, the Panel made a courageous effort to categorize the negative impact of the socioeconomic laws upon DoD contracting. They found 114 socioeconomic statutes mandating a potpourri of requirements that add both cost and significant barriers to commercial-military integration.[14] With this in mind, the Panel recommended the following:

> 1) Congress should replace the inconsistent and uncodified small business legislation with a comprehensive and consistent small business code.
>
> 2) The new code should make provision for access by small business to capital, training, and management support.
>
> 3) The Secretary of Defense should appoint a committee for advice on small business.
>
> 4) Congress should amend Section 8(a) of the Small Business Act to allow direct contracts between DOD and small business.

In the area of contract administration, the Panel found fertile ground for many improvements. There are 14 statutes, codified in Title 10, 40, and 41, which provide the fundamental framework for the system of competitive procurement in DoD. [15]

Central to DoD procurement is Section 2304 of Title 10 of the US Code: Contracts: Competition Requirements. The major recommendation of the Panel is to delete the authority and rule structure for agreements for advisory and assistance services and replace it with a new section that would recognize the need for contracts that do not procure or specify a firm quantity of supplies or services.[16]

With respect to cost and pricing data requirements required by Section 2306(a), the Truth in Negotiations Act, commonly called "TINA", the Panel made three significant recommendations to provide more flexibility in the cost and pricing accounting requirements:

1) Maintain the application threshold at $500K.

2) Add an exception for modifications to contracts when the modification exceeds the threshold but does not change the commercial item or service to a noncommerical item or service, or the modification is issued solely to purchase a commercial item or service.

3) Expand and clarify the exception for adequate price competition when (1) the price is fair and reasonable, (2) the item made for the marketplace will be used by the government. [17]

Finally, in the area of bid protest, the Panel recommended that a single forum for protests could provide reasonable access to the reasons for adverse actions and that protests could be resolved in a fair and efficient manner. A single forum would go far in reducing the overlapping, duplicative and conflicting protest procedures now in practice.

CONCLUSION

The effort of the panel was impressively thorough. The size and extent of statutory laws involved in federal acquisition was eye-opening. The care in which the Panel documented the background and practice of each statute was particularly enlightening. In particular, the Panel should be commended for the recommendations it made concerning the heavy baggage to federal procurers of the socio-economic laws. Until all the recommendations of the Panel are considered by the Congress, no further studies will be needed. The Panel has done the Department of Defense real service with its exhaustive study and it should be the cornerstone of acquisition reform for the foreseeable future.

Chapter 4 discusses some of the more salient aspects of the 800 Panel

recommendations as proposed in current legislation as well as how they will positively

impact program managers.

ENDNOTES
CHAPTER 3

1. A Quest for Excellence: Final Report by the President's Commission of Defense Management, June 1988. p. 55.

2. Senate Report No. 384, 101st Congress, 2nd Session 819 (1990).

3. DoD Acquisition Law Advisory Panel. (March 1993). *Report: Executive Summary: Streamlining Defense Acquisition Laws.* DSMC Press, Washington DC: U.S. Government Printing Office, ISBN 0-16-041750-3, p. 4.

4. Ibid., p. 6.

5. Ibid., p. 6.

6. Ibid., p. 7.

7. Ibid., p. 7.

8. Ibid., p. 10.

9. Ibid., p. 15.

10. Ibid., p. 15.

11. Ibid., p. 23.

12. Ibid., p. 25.

13. Ibid., p. 26.

14. Ibid., p. 28.

15. Ibid., p. 32.

16. Ibid., p. 33.

17. Ibid., p. 36.

CHAPTER 4

POSITIVE ASPECTS OF S 1587

INTRODUCTION

As discussed in the previous chapters, the current proposed acquisition reform legislation is neither all inclusive nor is it the sweeping panacea so desired by the defense acquisition community. However, it does start a long and laborious process that over time and with future maceration's, might provide program managers with better acquisition guidelines. It may also provide the flexibility to predict more realistic costs, schedule and performance criteria early in the life of a major weapon system.

S 1587's recommendations are based primarily on the findings of the Department of Defense Acquisition Law Advisory Panel better known as the "800 Panel."[1] Their findings and recommendations focus more on defense procurement and contract management issues than those acquisition issues that affect weapon system development. This chapter is a synopsis of the positive changes in current acquisition reform. In an indirect fashion, these changes have a positive impact on a program manager's ability through simplifying procedures used mostly by the contracting community to administer his/her acquisition program. The reform actions are discussed by what the old policy did or did not do and how the proposed legislation changes the old policy.

REFORM ACTIONS

Decisions on Frivolous Protests

Under the provisions of U.S. Title 31, any interested party has the right to protest the government's decision to consider or award a contract under full and open contract

competition. In most cases, these protests are entered into in good faith and have reasonable merit. When protests happen, they are expensive and an enormous amount of time is spent by the government and the recipient contractor to prepare the data to defend a particular contract decision.[2] In the past, the financial burden was the government's and recipient contractor's responsibility. However, there are times when an interested party, for whatever reason, files a frivolous protest (the protest has no merit or the interested party knowingly files for reasons other than in good faith).

To reduce the incidents of frivolous protests, proposed legislation makes those parties liable for the costs associated with the frivolous protest when it's determined that protest has no merit or not entered into in good faith. This legislation does not pertain to those protests dismissed by the GAO at the beginning of the protest process. This helps program management by reducing the costs and time to deal with frivolous protests.

Contract Claims: Certification

Presently there are two conflicting statutes dealing with claims certification - the Contract Disputes Act (CDA) and U.S. Title 10, Section 2410. On one hand, Section 2410 requires that a senior ranking company official must certify that claims over $100,000 are submitted in good faith and that all supporting data is accurate and complete to the best of the official's knowledge and belief. On the other hand, the CDA had no such requirement as to the status, identity, or the position of the eligible certifying official. The two different standards caused confusion when claims were submitted under both U.S. Title 10 and the CDA.[3]

However, the CDA was updated to include a broader definition of who is authorized to certify contract claims. In addition, the Defense Authorization Act of 1993 authorized the

Secretary of Defense to include regulations in the FAR that a contractor claim be certified according to the CDA. Repealing the provisions of U.S. Title 10 would eliminate the problems associated with the two conflicting statutory requirements. This change also simplifies the procedures used in processing claims and reduces the program manager's administrative time and costs.[4]

Reducing Requirement For Competitive Prototyping and Competitive Alternate Sources

The repeal of Competitive Prototyping and Competitive Alternative Sources represent a positive impact area.[5] Current DoD development and production environments do not lend themselves to a unilateral - one size fits all - acquisition strategy. The basis for these type of laws stem from Congressional desire to mandate risk management strategies forcing DoD to consider alternative methodologies that are not widely used. Over time, these laws not only compete against proven acquisition methods but tend to strangulate the creativity of the program management process and risk management viability. This overabundance of laws and regulations have resulted in an OSD oversight function.

To the program manager, the repeal of these laws provides greater flexibility to follow the logical path for program acquisition instead of justifying why all the wrong paths should not be followed. These repeals will not eliminate the methodology to investigate whether these acquisition strategies should be followed. However, they eliminate the laborious and time consuming reporting requirements that take the management process away from the Program Managers' chain-of-command and put it into the political process. Further, these repeals are an important departure from the usual methodology to seemingly eliminate requirements by allowing for waiver approvals. Waiver approvals

are as equally difficult, time consuming and expensive to implement as the original reporting requirements. This reliance on waivers leads DoD officials to think they are making significant improvements when in reality they are not affecting any changes. If acquisition reform is the goal, then less is more and this is a good place to start.

Source Selection Factors

The focus of the drafted legislation expands the level of detail required within the solicitation regarding the Government's evaluation criteria.[6] We see this as a very positive move that increases information to contractors on the Government's requirements resulting in improved contractor responses. This ensures that everyone has the same competitive advantage and will result in fewer protests.

Cost and Pricing Data

The proposed legislation has an exception to the requirements that cost and pricing data be utilized for items which are classified as commercial items. This exception will lessen the contracting officer's work load by allowing them the ability to utilize catalog pricing and market surveys to justify pricing. This change opens up the solicitation process to companies which do not have the accounting systems in place to provide cost and pricing data for the commercial items they sell.

This benefits the Program Manager from the standpoint of the procurement officers' efficiency in providing contracted materials needed for system development. The exact benefit of this exception will have to be proven since there are limited numbers of commercial items used in fielded military systems. We feel the true benefit will come from those Governmental entities that do not have the most rigorous logistical requirements.

CONCLUSION

The Program Managers' world revolves around the parametrics of cost, schedule, and performance. The contract implementation and dispute changes detailed above will improve the program schedule indirectly if contract support personnel utilize the changes to reduce their processing and implementation schedules. Reduced schedules lead to reduced program costs. If this actually occurs, then the Program Manager has one less influence driving cost and schedule slippage's which has to be explained to the DoD budget community. This is an extremely positive step for the acquisition community as a whole but the Program Manager needs much bigger and bolder reforms.

The Government now recognizes that burdensome regulations, reporting requirements and mandated mechanisms outside the mainstream commercial practices limit the contractors who will do business with and the quality of work done for the Government. Also, the Government is beginning to recognize the negative aspects of burdensome laws and regulations on the Government work force. Multiple tiers of laws, regulations, oversight agencies, and multiple tiers of auditors choke the ability of the Government work force to do its job efficiently and also eliminates the ability to streamline acquisition activities. Higher creativity and productivity will only be achieved through integrating Total Quality empowerment principles with the positive aspects of S 1587. This creative surge will be easier to achieve by further eliminating burdensome laws and regulations and institutionalizing acquisition reform that follow logical and sound business approaches.

In the next chapter, we will explore the negative consequences of the changes proposed within the acquisition reform laws and try to focus on the Program Manager's plight in meeting the goals of cost, schedule and performance.

ENDNOTES
CHAPTER 4

1. DoD Acquisition Law Advisory Panel. (March 1993). *Report: Executive Summary: Streamlining Defense Acquisition Laws:* DSMC Press, Washington DC: U.S. Government Printing Office, ISBN 0-16-041750-3, p. 6.

2. DoD Acquisition Law Advisory Panel. (January 1993). *Report: Chapter 1: Streamlining Defense Acquisition Laws, Contract Formation.* DSMC Press, Washington DC: U.S. Government Printing Office, ISBN 0-16-041750-3, p.1-243.

3. DoD Acquisition Law Advisory Panel. (January 1993). *Report: Chapter 2: Streamlining Defense Acquisition Laws, Contract Management.* DSMC Press, Washington DC: U.S. Government Printing Office, ISBN 0-16-041750-3, pp. 2-159 thru 2-163.

4. Ibid., pp. 2-159 thru 2-163.

5. *Streamlining Defense Acquisition Laws, Chapter 1,* pp. 1-65 thru 1-75.

6. Ibid., pp. 1-65 thru 1-75.

CHAPTER 5

NEGATIVE IMPACTS OF S 1587

INTRODUCTION

As the legislation is drafted and marked from the detailed recommendations of the 800 Panel, it becomes more and more apparent that only contractual and procurement procedures involving commercial items and small purchases will significantly benefit from reduced red tape. Major DoD programs will not be effected.

The idea that the DoD would benefit from expanded use of commercial items has been actively pursued for at least 20 years. More recent Congressional involvement is reflected in the Competition in Contracting Act and the Defense Procurement Reform Act of 1984. These two Acts promoted the use of commercial products whenever practical and mandated DoD use of standard or commercial parts. As noted in earlier chapters, the Packard Commission Report focused on the use of "off-the-shelf" products and services. Finally, the National Defense Authorization Act for Fiscal Year 1993 mandated the integration of the civilian and military industrial base.[1]

As we assess the potential of S 1587, it is critical to note that none of the legislation passed of similar purpose to date has resulted in significant commercial item procurements by DoD. The following discussion will focus on Title IV, Simplified Acquisition, and Title VIII, Commercial Items, aspects of S1587 and their potential impact on DoD procurement.

TITLE IV

Title IV raises the simplified acquisition threshold from the $25,000 limit established in 1986 to $100,000. This means that manpower and paperwork necessary to conduct

24

such procurements should be substantially reduced, thereby resulting in significant dollar savings to the government. On one hand, the bill would further reserve all contracts under the simplified acquisition threshold for small business set-asides, without due consideration to the commercial benefits of the products sought. This excludes the very companies identified in the 800 Panel report like IBM, Motorola, Hewlett-Packard, and DEC.[2] These firms have many products selling on the open market for less than $100,000. On the other hand, prime defense contractors who control 90% of the DoD dollar will be given relief from small business, and subcontractor flow-down clauses.[3] This has a significant impact but, it remains to be seen whether DoD will realize any of these savings.

Will the legislation reduce cost? Yes, by streamlining purchases under $100,000 and the attendant paperwork. Big savings are anticipated from reducing the procurement work force. On the down side this action will limit the pool of commercial item suppliers for contracts below $100,000, further separating DoD from the commercial market.

TITLE VIII

Title VIII addresses the acquisition of commercial items both as end items and as components in defense unique systems. Government material can be divided into three subsets: government unique items, such as tanks; non-developmental items; and commercial items. Commercial items represent goods and services used by both the government and private sector with and without minor modifications and whose price, quality, and availability are dictated by competitive open market pressures. The 800 Panel report cited the significant contribution of existing procurement statutes (and the implementing regulations) as a major barrier to greater use of commercial items.[4]

25

Section 8001 of the bill defines "commercial items" in a broad and useful sense, but excludes leased products and most commercial services. Commercial services are only accommodated as they relate in an ancillary fashion to a commercial product. These exclusions hurt the PM and DoD, especially during this time of reduced resources. They are inconsistent with the realities of the commercial marketplace, where countless items are leased and various professional and other services are available at competitive market prices.

Section 8002 creates a firm statutory preference for acquisition of commercial items or other non-developmental items. Lost from the 800 Panel recommendations are provisions that would exempt commercial item contracts from small business set-asides statutes. As a result DoD will not be able to behave as a commercial buyer in an open market and pursue "Best Value" products.

Section 8003 requires promulgation of uniform contract clauses in the FAR. The provisions include only contract clauses required by law, essential for the protection of government interest, or consistent with commercial practice. At most, the preference for commercial purchasing is best served by requiring inclusion of only those clauses required by law. While some relief is expected, the DFAR 211.7005 prescribes over 100 uniform clauses for use in commercial contracts.[5] This expansive list of contract clauses has no counterpart in the commercial marketplace, adds cost without adding value to the end item, and creates a significant barrier to the entry of commercial firms into Federal contracting. The law and regulations adversely impact the 800 Panel attempts to establish and diversify the industrial base.

Section 8005 exempts commercial item procurements from numerous socioeconomic laws such as the Drug-Free Workplace Act and the Contract Work Hours and Safety

Standards Act. Again, the legislation only implements a portion of the 800 Panel recommendations, which identified all applicable laws that should no longer govern commercial item procurements. Missing are exemptions to the Government Right to Audit, Buy American Act further impacts "Best Value" and TINA which is fundamentally inconsistent with commercial market pricing. The net effect again creates significant barriers to the entry of commercial firms into Federal contracting. As substantial cost drivers these statutes prevent legitimate firms from being competitive in a global market and selling to DoD.

CONCLUSION

While there are some improvements in the way DoD purchases commercial items, the major thrusts of the 800 Panel recommendations are not implemented. For every 800 Panel "one step forward" there is now a proposed legislative "one step back". Will barriers to the use of commercial products, processes and standards be eliminated? No. Will DoD be able to buy commercial products at open market prices? No. Will the proposed legislation broaden the industrial base? No. Will the proposed legislation lower prices through greater competition? No. Will the proposed legislation lower prices through high volume sales and the establishment of long term supplier relationships ? No. Will the proposed legislation increase surge capacity? No. Will the proposed legislation increase access to cutting edge technologies? No.

Now that we've discussed what the current proposed reforms will not do, we need to discuss the impact the reforms will have on the major systems acquisition program manager - the type of manager focused on in the DSMC curriculum.

ENDNOTES
CHAPTER 5

1. DoD Acquisition Law Advisory Panel. (January 1993). *Report: Chapter 8: Streamlining Defense Acquisition Laws, Commercial Items.* DSMC Press, Washington DC: U.S. Government Printing Office, ISBN 0-16-041750-3, pp. 8-3 thru 8-6.

2. Ibid., p. 8-6.

3. Ibid., p. 8-30 to 8-31.

4. Ibid., p. 8-34 to 8-39.

5. DoD Acquisition Law Advisory Panel. (March 1993). Report: Executive Summary: Streamlining Defense Acquisition Laws. DSMC Press, Washington DC: U.S. Government Printing Office, ISBN 0-16-041750-3, p. 28.

CHAPTER 6

IMPACT ON PROGRAM MANAGER

INTRODUCTION

Previous chapters state that the legislative reform presently being acted on by Congress has little impact on the DoD PM of major weapon systems. This should not be surprising since that was not its purpose. The acquisition reform proposed by the 800 Panel was limited to the statutory effects on acquisition and not aimed at streamlining the overall "cradle to grave" acquisition process of major weapon systems. The purpose of this chapter is to look at acquisition reform from the viewpoint of a Major Weapon System PM. Since the positive and negative impact on the PM of statutory reform have already been discussed, this chapter attempts to identify why meaningful, long lasting acquisition reform is so elusive and what hope there is for future regulatory acquisition reform.

THE ACQUISITION ENVIRONMENT

Before discussing regulatory reform, it is important to understand the environment in which any reform has to take place. The life cycle of a weapon system is divided into three major phases: development, production, and operation & support. The development and production phases are the responsibility of the PM and are normally the most visible to people outside the acquisition process because they are few in number and high in cost. However, the third phase, operation & support, actually contains the majority (60%) of the average weapon system's total life cycle cost. These large dollar amounts are managed differently by all the Services. However, for general discussion, these procurements typically involve a large number of procurement actions for a large number of spare parts and support equipment consisting of small component items procured by part numbers and/or engineering drawings. In the past, some of these

parts seemed to be inexpensive household items but in fact were required to be custom made to meet military specifications. This situation gave rise to the horror stories of the $5,000 coffee pot, the $1,000 wrench, and the $600 toilet seat among others. In most cases, the expensive spare part was not caused by contractor fraud or government mismanagement, but was a symptom of an overloaded provisioning procurement system dealing with specialized requirements.

Congress seized upon the overpriced spare part issue to insert itself to a greater degree into the constituent sensitive weapon systems acquisition process. Members of Congress went to the media and ultimately convinced the American people that these overpriced items were a symptom of a "running amok" acquisition system that clearly required more oversight and more regulation. By June 1986, this scenario was so well established that the Packard Commission stated that many Americans thought defense contractors customarily placed profits above legal and ethical responsibilities. Americans also believed that fraud (illegal activity) accounted for as much loss in defense dollars as waste (poor management).[1] As if to confirm this belief, a Service Acquisition Executive was subject to a lengthy investigation, found guilty of misusing his position and ultimately smeared all acquisition professionals with his dishonesty. Congressional and Pentagon policy makers responded by heaping more detailed oversight and regulation on the system as the way to police the acquisition work force. The end result is the acquisition environment of today, which is based on a lack of trust and governed by a multitude of reviewers watching over a handful of doers.

This lack of trust is everywhere. Congress does not trust DoD policy makers, so it passes statutory guidance and participates daily in oversight. DoD policy makers do not trust the Services, so it adds regulatory guidance to the statutory guidance and

30

participates in oversight. The Services do not trust their acquisition managers, so the Services add more encompassing regulatory guidance to that of DoD and Congress and, of course, add their own oversight. At the bottom of this pyramid of statutory/regulatory guidance and oversight is the PM, who is the one individual accountable for being in compliance with all this guidance and oversight.

The problem is that excessive regulation and excessive oversight do not create good management. It actually inhibits good management by not giving the PM the flexibility to manage his/her program(s). In fact, the PM spends the majority of each day responding to higher authority oversight and his/her staff is swamped by the preparation and review of required documentation. There is virtually no time to manage anything other than by crisis.

Of equal concern is the risk adverse mentality that all this oversight causes. The signal sent to the PM from every office of higher authority is that risk is to be avoided at all costs. Programs that are high risk are killed regardless of merit to the nation and PMs that are associated with such programs move on to other jobs. The inefficiency and poor decision making associated with a "no risk" approach permeates the entire acquisition work force. Every decision must be documented with reams of justification so that it can be shown that the lowest risk approach was chosen. For those who fail to see this handwriting on the wall, there is an army of auditors and investigators who have nothing else to do but audit and investigate until conformance is achieved.

No PM can identify a high risk area in any part of his program without an immediate response by higher management to view the program as a failure. Budget constraints offer an easy excuse for getting rid of any program which is seen as in trouble. Today's

acquisition system does not reward its people for good management but believes that good management is not taking risk and not bringing in bad news.

This "no trust", low risk daily working environment is passed on to industry at all levels. It should not be surprising that DoD has an adversarial relationship with its declining industrial base and is avoided "as more trouble than it is worth" by many commercially sound companies. The "no trust" philosophy is evident in the lack of long term partnerships with a mutual goal of providing a quality product at a reasonable profit. Even today, much of what is called fraud and collusion is really disputes over interpretations of what the contract actually requires. The low risk philosophy reached its pinnacle in the days of the fixed price competitive development contract which the government forced on companies with disastrous results.

REFORM

The good news is that any change to this chaotic environment affords a great opportunity for improvement, but only if the change can be focused on items that have significant impact on the PM. The environment must be changed to allow the PM to manage. Most promising is the regulatory reform currently being investigated by the Deputy Under Secretary of Defense for Acquisition Reform (DUSD(AR)). Through a series of Process Action Teams (PATs), DUSD(AR) is attempting to identify the critical items and implement reform. Reform will have to deal with the fact that most of the DoD regulatory problems have been around for a long time and the opportunity for streamlining has always been there. Acquisition reform must address the underpinning lack of trust to make meaningful reform a reality. This lack of trust is insidious. For example, DoD spent years merging its library of regulations into a document called the 5000 series. In all that effort, there was no streamlining and in fact the DoD 5000 series

32

of instructions has resulted in greatly expanded regulatory control by making all documentation for ACAT I and II programs now applicable for the smaller ACAT III and IV programs.

Regulatory reform will not be easy because it requires a level of trust not currently available in either the Pentagon or Congress. The problem is not new and solutions have been tried before. DEPSECDEF Frank Carlucci tried (the Carlucci Initiatives) but the results were slow in coming, small when they arrived, and short lived. In fact, what may be unchangeable is Congressional and Pentagon unwillingness to accept any reasonable level of risk and its total lack of trust. A key concern is whether or not Congress will have the trust to allow these DoD regulatory reforms to take hold.

In addition, recent moves by the Air Force and Army to delegate milestone acquisition decision authority for ACAT III programs to Designated Acquisition Commanders shows a level of trust not previously seen. The Deputy Under Secretary of Defense for Acquisition Reform seems personally committed to DoD regulatory reform, which is targeted at removing the regulations and staff intervention which require the PM to spend more of his time defending his program than managing it. It is becoming clearer than ever that for major weapon systems in development and production, the title of PM really is a misnomer.

CONCLUSION

Today's PM should really be called the "Program Defender". Any improvement in the DoD acquisition process must involve a commitment to shield the PM from the daily meddling of staff and budget and audit personnel. If policy makers can not take this empowering step, then the PM is doomed to the inefficiencies of a system which believes

that protecting one's career is more important than providing quality equipment at reasonable prices with reasonable risk of failure. Acquisition reform will be much ado about nothing again.

So what should we try to do next time? By using the 800 Panel as a springboard, and the current legislation as a first step, there is fertile ground for future study and reform.

ENDNOTES
CHAPTER 6

1. A Quest for Excellence: Final Report by the President's Blue Ribbon Commission on Defense Management, June 1986, pp. 76-77.

CHAPTER 7

WHAT SHOULD WE TRY TO DO NEXT TIME?

INTRODUCTION

Many of the concerns voiced thus far, deal directly with acquisition streamlining and the acquisition program manager. We are fully cognizant of the original emphasis in contract streamlining, the overarching issues with procurement laws and general federal acquisition. While headlines blast eye-catching phrases such as the $600 hammer, etc., the headlines also point to A-12 cancellations due to overruns, tanks and aircraft that are obsolete before they are produced, and so forth. There is a need to continue and expand the work of the 800 panel to deal more directly in the acquisition program manager's world.[1]

AREAS TO FOCUS ON

The need to focus and streamline the large dollar procurements are as important as the $100K simplified acquisition threshold. As pointed out by the 800 panel, the simplified acquisition threshold accounts for 60% of the total number of contracts, but only 5% of the procurement dollars placed on contract. ACAT I-IV programs obviously account for the lion's share of the remaining 95% of the procurement dollars.[2]

Within the auspices of the Acquisition Reform PATs, a process improvement/acquisition enhancement PAT should be created, specifically for major system acquisition program management. The current PATs tend to again target and refine the contracting process, how the DoD "buys" items and services and the commercial and mil standard issues. There is a need to develop another set of PATs to explore acquisition reform and streamlining of processes within the realm of the major acquisition program manager.

The proposed legislation creates minimal advantages within the program management offices. The same requirement to streamline overall contracting actions (especially with the manpower reductions), reporting requirements and improve the overall timeliness of actions is desperately needed in large program offices.[3]

Other areas for consideration include financial determination and presentation, base lining the financial documents, updating and correcting baselines and the impact of the demise of the "M" account. The financial process today is so convoluted that any changes, even to express the real world or truth in production, generally results in the program losing money. This does not lead to programs willingly wanting to divulge something that is less than favorable, regardless of why it happened.

This leads to other areas of major concern, oversight and audits. A PAT could spend a considerable amount of time on the oversight required by Congress, OSD, the Services and innumerable audit agencies. The PM expends a considerable number of man-hours providing data/reports to Congress (to include staffers, HASC, SAC, etc.), OSD, Services, and all audit reports. Duplication of this information should be made visible and a solution to correct this "no value added" use of manpower developed. The need for oversight is real. The real question is how much is really needed and how much is duplicative in nature and could be resolved with a repository of information available to those who feel a need for data.

In the program management arena, current acquisition reform proposals are just the "tip of the iceberg". Specific PATs should be created to take on the core issues and to enhance the program management process. The outgrowth of these PATs should lead to a new "800 panel" recommendation for: legislation, federal regulation reform, audit streamlining/changes and/or OSD and Service regulation changes. It is our opinion that

most reform is not necessarily rooted in Congressional legislation. Many reforms could come from changes in FARs, DFARs, regulations and audit reform.[4]

Also, posed for consideration, is this question, "Is there a repository or an ultimate oversight for the GAO, DoD IG, or Service IG and the reports gathered by these agencies?" Perhaps if we are serious about streamlining, consideration should be given to less auditors, more training and empowerment, with the accompanying accountability for individual actions. Audits are analogous to inspecting in quality at the end of the production line. In program management let us try to train the folks, streamline the laborious process and do acquisition correct the first time.

CONCLUSION

The work accomplished by the 800 panel and the current versions of legislation is a first attempt to accomplish reform in terms of procurement, and accompanying procurement laws. However, in terms of acquisition reform that have a positive impact on major system acquisition program management, much work remains to be accomplished. PATS to accomplish this next step are highly recommended to work the process issues. Reforms are also needed to evaluate the time and manpower currently expended to accomplish the multitudes of audits at all levels of government. The next chapter summarizes the overarching views regarding the work accomplished by the KAIZEN Work Group.

ENDNOTES
CHAPTER 7

1. DoD Acquisition Law Advisory Panel. (March 1993). *Report: Executive Summary: Streamlining Defense Acquisition Laws.* DSMC Press, Washington DC: U.S. Government Printing Office, ISBN 0-16-041750-3, pp. 6 thru 8.

2. Ibid., p. 85.

3. *"How to Re-engineer the DoD Acquisition System,"* (Draft), Office of Deputy Under Secretary of Defense for Acquisition Reform (DUSD(AR)), April 1994, pp. 1 thru 22.

4. Federal Acquisition Streamlining Act of 1993, 103d Cong., 1st sess., S 1587.

Defense Acquisition Reform Act of 1993, 103d Cong., 1st sess., HR 3586.

Federal Acquisition Improvement Act of 1993, 103d Cong., 1st sess., HR 2238.

CHAPTER 8

CONCLUSIONS AND SUMMARY

This chapter is divided into two parts. The first provides our conclusions regarding the basic project topic. The second part provides our conclusions regarding the Kaizen Learning Experience.

CONCLUSIONS ON ACQUISITION REFORM

The proposed acquisition reform legislation has both positive and negative aspects when viewed from the PM's perspective. When compared to the section 800 panel report, it's clear that none of the proposed bills contain all of the recommendations. Some of the proposed legislative provisions are contrary to the 800 Panel Report, and some of the provisions in the 800 Panel report have been deleted. Many of the legislative provisions reflect a compromise position. The various bills do not cover all of the same points. Figure #2, shows the relationships of the various Bills to each other and the 800 Panel recommendations. They clearly focus on what is politically feasible and reflect the views of their authors. None are as comprehensive an acquisition reform package as the 800 panel recommendations. The various acquisition reform bills do not appear to consider their effect on the PM. The Bills do provide the framework for reform, and clearly set forth the spirit of the Administration's effort to streamline the acquisition process in the Federal government.
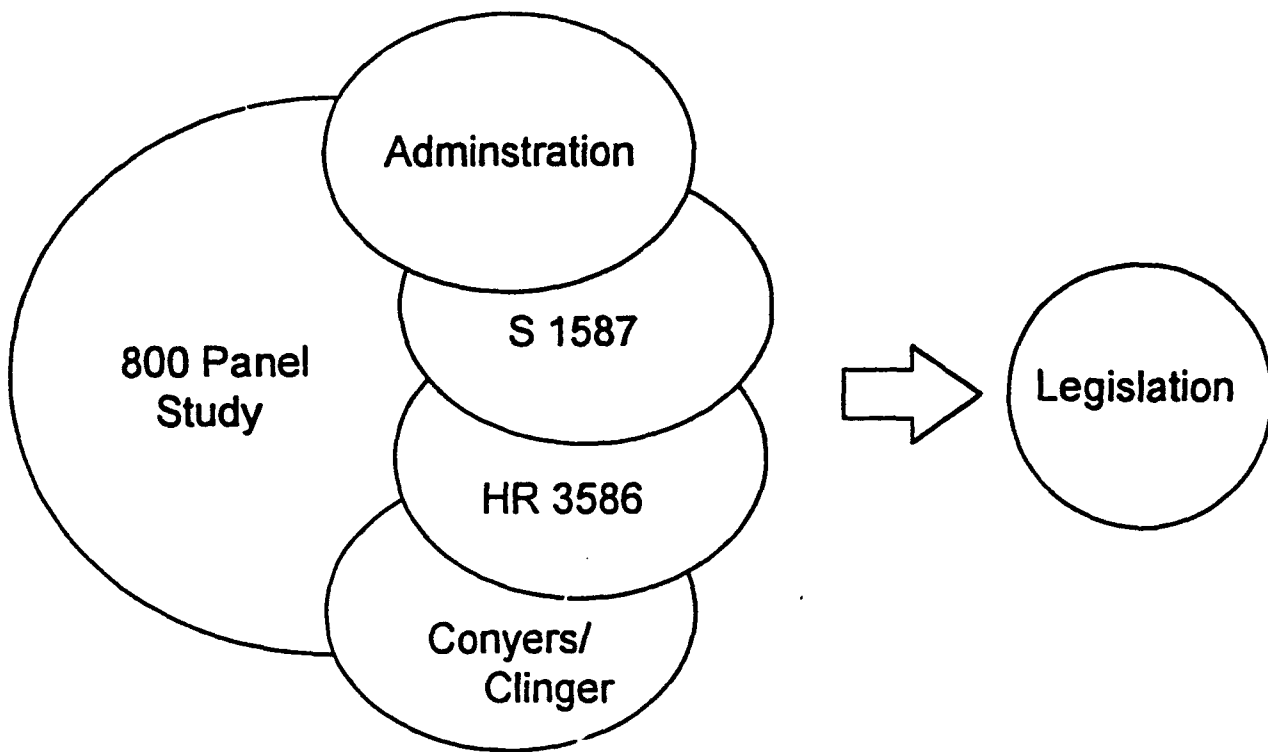
Figure 2: Relationship Of Proposed Legislation

Another conclusion was that there is a basic difference between laws and regulations. There is a hierarchical structure to both. This is illustrated in Figure 3. The statutory pyramid shows the flow from law through various forms of regulation for final implementation by the acquisition practitioner. In terms of their effect, however, the law provides only a broad framework. The implementing regulations, and their interpretation by the various agencies (often contradictory), result in a maze of restrictions that the practitioner must work his way through. DoD recognizes this problem and is in the process of chartering a series of PATs to investigate ways to eliminate or streamline Department generated regulations. This process has just started. In fact, these teams provide the best hope of real acquisition reform from the program manager's perspective.

STATUTORY   REGULATORY
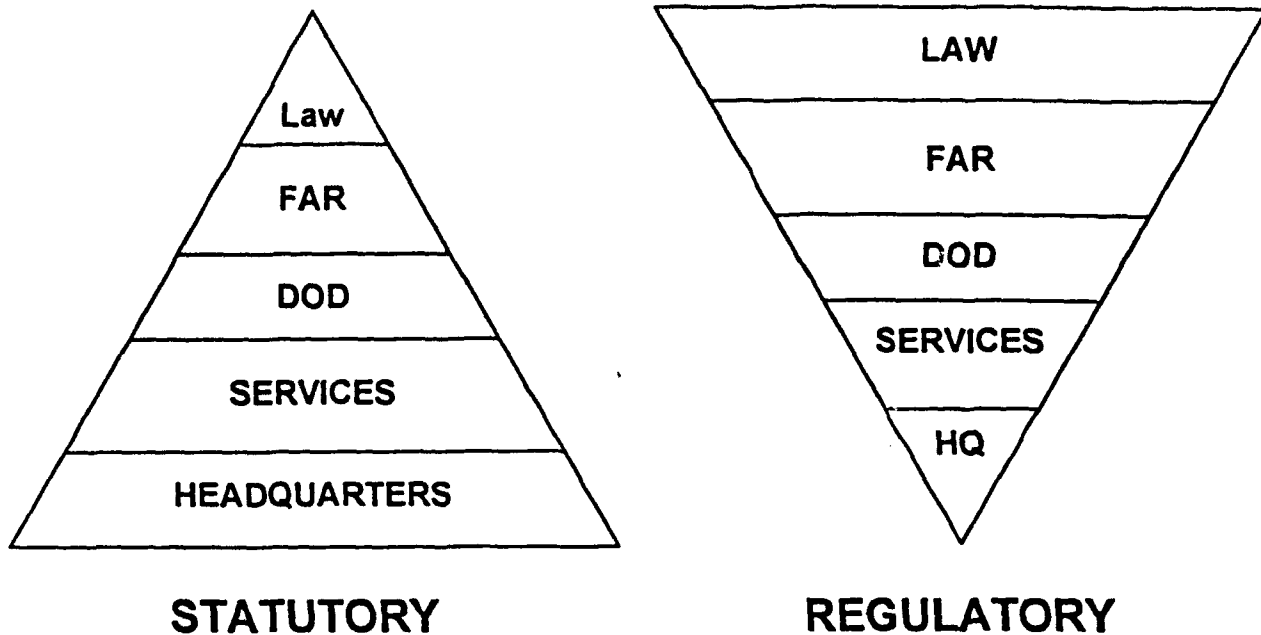
Figure 3: Hierarchical Structure

CONCLUSIONS ON THE KAIZEN PROJECT

As a learning experience the Kaizen project was extremely successful. It presented our team with a unique opportunity to look at a topic of contemporary interest, and analyze and evaluate it in terms of our experience. Our process resulted in a total team learning experience that completely integrated all of the aspects of the Program Managers Course (PMC). It provided each team member with a clear understanding of what may happen in the future as a result of the acquisition reform initiatives. This is a valuable learning tool that should be offered to future senior sections. Based on our assessment, the next chapter contains our recommendations for future work.

CHAPTER 9

RECOMMENDATIONS FOR FUTURE WORK

INTRODUCTION

Acquisition reform, as currently defined, deals mostly with statutes affecting the buyer/seller relationship (U.S. Government and industry).[1] Although the proposed legislative reform will, in some instances, benefit the PM, it is not the main purpose of the reform. Consequently, the suggestions provided below move away from current legislative reform. This was necessary for two reasons. First, by the time PMC 94-2 class convenes and defines its research topics, legislation reform will likely be nearing completion or be too far along for the class to provide meaningful input. The second reason is that the type of reform that will significantly benefit the PM lies in the implementation of current reform legislation (regulatory/policy/process re-engineering). This will likely come from changes in the FARs as legislative reform is implemented. Benefits will also come from activities already initiated by DUSD (AR). The DUSD (AR) is in the process of establishing PATs on How to Re-engineer the DoD Acquisition System.[2] The items listed below are Team 1's suggested focus/topic areas and address, in part, the initiatives of DUSD (AR).

FUTURE WORK ACTIVITIES

Provided below is a suggested list of activities that PMC 94-2 should consider if they decide to select, with DSMC approval, Defense Acquisition Reform Research and Analysis as an exercise. The activities listed are intended as a guide to help PMC 94-2 get started.

-- Modify class schedules to enable early definition and discussion of the Defense Acquisition Reform and Analysis activity. (DSMC responsibility)

-- Provide senior students, regardless of class, the option of participating in the Grand Slam Exercise or Acquisition Reform Research. Encourage students from different sections to be on the same team. (DSMC responsibility)

-- Administer KOLBEConcepts Personal Productivity Pyramid profile to all team researchers. The purpose of the activity is to properly balance teams. (DSMC responsibility)

-- Establish teams based on individual KOLBE Cognitive Index and selected focus/topic areas This activity should not occur before week seven. Exercise should end before week 18. Completion should be on "pass" or "not yet" basis. (DSMC responsibility)

-- Develop a learning contract to include a Team charter, terms of reference, process, schedule of activities, deliverables (individual and/or group), and a tentative list of interviewees external to DSMC. (Team responsibility)

-- Perform research and analysis using DoD internet and other sources/resources. (Team responsibility)

-- Compile results and edit. (Team responsibility)

-- Generate briefings and reports. (Team responsibility)

-- Publish (if applicable). (Team and DSMC responsibility)

POTENTIAL FOCUS/TOPIC AREAS

The below recommendations are based on the following assumptions:

-- DUSD (AR) will monitor legislation reform and perform side-by-side analysis of the Administrations position with that of the House/Senate markups.

-- Students will have class and home access to the "DoD Internet" to perform research. Students will be encouraged to interact with the DSMC faculty on the DSMC local area network.

-- DSMC will establish a data base, accessible via the internet, containing a list of faculty members who are participating in panels, workshops, PATs, and acquisition research. The data base should be available to selected students. Also, students should be given access to faculty members, via mail to discuss these initiatives.

Recommendations are as follows:

1) Review the curriculum for DSMC PMC 95-1 to see if this course addresses current legislative acquisition reform and the potential impacts on the PM. Class exercises should be developed to address implementation schedules, impacts, and potential implementation scenarios for this legislation. Value added outputs should be forwarded to the DUSD (AR) PATs or PAT follow-on implementation organizations.

2) Analyze the Under Secretary of Defense for Acquisition and Technology (USD (A&T)), Report of the PAT on Military Specifications and Standards, April 1994, and compile inputs to support development of implementation guidelines which are simple and most beneficial to the PM. As other DUSD (AR) PATs deliver products, provide real time feedback on potential implementation problems.

3) Analyze the schedules and deliverables of each DUSD (AR) PAT to identify overlapping and possible "holes" among focus areas. That is, items not addressed. Also, using PAT charters, the Team may provide input on implementation efforts that could benefit the PATs in developing recommendations.

4) There is a possibility that the DSMC will Chair the PAT on Improve Acquisition Work force: Education/Training/ Culture/Environment.[3] Also, other PATs may choose to meet at DSMC. If so, consideration should be given for one or more Teams to act as an adjunct to any PAT located at the DSMC. The Team could perform research and make recommendations based on this research, or provide other value added assistance to these teams.

5) Investigate the practicality and reality of replacing student exercises such as Grand Slam with real exercises that benefit both the student and the DSMC. That is, with the aid of a faculty consultant, develop a program to replace all student training material with soft copy using multimedia laptops or similar devices. This would include everything from development of a Mission Needs Statement through deployment and operation of the new capability.

CONCLUSION

There is a number of alternatives available to senior students that can provide an equivalent or better learning experience in acquisition disciplines than exercises such as Grand Slam.

Senior students should be given the option of participating in these equivalent exercises. The exercises must focus on meaningful acquisition related topics. At the same time,

they must capitalize on contemporary adult teaching techniques and methodologies to include integrated subjects.

ENDNOTES
CHAPTER 9

1. DoD Acquisition Law Advisory Panel. (March 1993). *Report: Executive Summary: Streamlining Defense Acquisition Laws*. DSMC Press, Washington DC: U.S. Government Printing Office, ISBN 0-16-041750-3, p. 63.

2. *"How to Re-engineer the DoD Acquisition System,"* (Draft), Office of the Deputy Under Secretary of Defense for Acquisition Reform (DUSD(AR)), April 1994, pp. 1 thru 21.

3. Ibid., p. 18.

APPENDIX A

SELECT BIBLIOGRAPHY

1. Defense Science Board Task Force (July 1993). *Defense Acquisition Reform.* Washington, DC.

2. *Federal Acquisition Reform.* 1993. McKenna and Cuneo Law Office, Washington DC.

3. Jones, Wilbur D., *Congressional Involvement and Relations: A Guide for Department of Defense Acquisition Managers,* 3rd Ed. Washington, DC: DSMC Press, 1992.

4. Kaitz, Edward M., Dr., and Dr. Kurt Jankowsky, *The Effects of a Scale-down in Defense Budgets,* Vol I, Washington DC: U.S. Government Printing Office, 1993.

5. Office of Assistant Secretary of Defense for Public Affairs, *DoD's Acquisition Reform Recommendations to 800 Panel News Release,* No. 517-93, Washington DC., October 28, 1993.

6. Office of Deputy Under Secretary of Defense for Acquisition Reform. (Draft) (January 1994), *Acquisition Reform! A Mandate for Change.* Washington DC.

7. Preston, Colleen A., *Acquisition Reform: Making it a Reality,* Acquisition Review Quarterly, Vol I, No. 1, DSMC Press, Winter 1994.

8. Senate Committees on Governmental Affairs and Armed Services, *Statement of the Acquisition Reform Working Group Concerning Comprehensive Acquisition Reform,* (Draft), 103rd Cong., 2nd sess., 1994.

14 Apr 94:
- Summary of Plan of Action
- Accomplishments
- Problems/Issues
- Assistance Required
- Agenda for next review
26 Apr 94
11 May 94

11. Signatures:

Tal Manvel_____

Ginny Kobler_____

Sue Lumpkins_____

John Priesel_____

Joe Rivamonte_____

Rob Freedman_____

Kit Stewart_____

Jim Colombo_____

Tom Golart_____

Mark Tutten_____

Jim Penick_____

Dave LaRochelle_____

Craig Lush_____

Concurrence: CAPT Dan Brown_____

Week	Class Time	Out of Class Time
11 Research	0	6/person
12 Develop Outline	9	6/person
13 Analysis and Working Concept	0	6/person
14 Analysis and Working Concept (cont'd)	12	6/person
15 Prepare Rough Draft	0	6/person
16 Prepare final Draft Begin Brief Preparation	15	6/person
17 Industry Field Trip	0	0/person
18 Deliver final Product	12	6/person

6. Project milestones:

4/14   Outline
4/26   Working Concept
5/11   Rough draft
5/27   Final Report

7. Required resources:
    A. Faculty - Jay Gould, George Krakorian, Tom Dolan, Pete Vollmer, Craig Lush, faculty assigned to Section "C" for Grand Slam
    B. Off-campus resources
        1. Legislative liaison
        2. Professional staffs of HASC and SASC. All contact to be fully coordinated through DSMC faculty and management.
        3. Component Acquisition Executives/staff/Component DACM or staff.
        4. Selected PEO's or staffs
        5. Industry Associations (Aerospace Industry Association)

8. Final products:

    A. Summary Brief for DSMC Faculty and Administration
    B. Draft Journal Article
    C. Experiential learning process summary

9. Completion date: 27 May 94

10. In-progress review schedule and agenda:

1. Issue to be studied:

    Evaluate the potential affect of enactment of proposed Defense Acquisition
Reform legislation (S.1587, S.1598, HR. 2238, HR. 3586) on Defense Acquisition and
the oversight process.

2. Study team participants:

    Tal Manvel
    Ginny Kobler
    Sue Lumpkins
    John Priesel
    Joe Rivamonte
    Rob Freedman
    Kit Stewart
    Jim Colombo
    Tom Golart
    Mark Tutten
    Jim Penick
    Dave LaRochelle

3. Learning Objectives:

    1). Analyze assumptions and motivations for proposed acquisition reform legislation
        (S1587, S1598, HR 2238, HR 3586)
    2). Assimilate intricacies of proposed acquisition reform legislation (S1587, S1598,
    HR 2238, HR 3586) on Defense Acquisition
    3). Based on the analysis of assumptions and assimilation of proposed acquisition
    reform legislation, synthesize likely impacts on the daily operations of a service
    component program office from the perspective of the program manager.
    4). Each member evaluate the impacts for application upon returning to the
    acquisition work force after completion of the Program Manager's Course.

4. Anticipated Design and Methodology

    A. Data Collection
        1. Literature research
                Defense Authorization Subcommittee reports 1993.

proposed acquisition reform legislation (S1587, S1598, HR 2238, HR 3586)

Aerospace Industry Association White Papers, position papers, related to acq. reform

Testimony re: Acquisition reform related to proposed acquisition reform legislation (S1587, S1598, HR 2238, HR 3586)

800 Panel Report
Library of Congress
DSMC Acquisition Library
Pentagon Acquisition Library

2. Interviews
Tom Dolan
* OLA
Members of the Executive Institute (Mr. Cann, Mr. Welch, Mr. Hirsch)
DSMC faculty assigned to support Section "C" Grand Slam periods
Additional interviews as necessary (see Resources Required)

3. Establish and maintain a learning log

Potential Anecdotal Discoveries include:
1). Forces/Lobbies/motivation
2). relationship to DAWIA
3). Contrast to OSD(AR) position

C. Conduct review of DOD/Service Implementation of other related defense legislation for possible tangential value.

D. Articulate findings in a draft form that could be made acceptable for publication in Program Manager or ARQ. Prepare summary of findings briefing for DSMC management and faculty. Brief others as directed.

5. Anticipated time requirements by week and Project KAIZEN timeline. The out of class time is estimated based on the preparation time for Grand Slam exercise periods. It is expected that faculty assigned to Section "C" for Grand Slam will be required for about the same amount of time as for Grand Slam. Time blocks scheduled for Grand Slam exercises will be used for Project KAIZEN group work, research at Library of Congress, Pentagon Library, DSMC Library. All team members will meet in room 53 at scheduled Grand Slam times except those detailed by the team leader to special assignments such as library research or special interviews.

APPENDIX C

LEARNING LOG

INTRODUCTION

Provided below is Team 1's Learning Log. This Log lists meetings of the entire Team or major activities of individuals on the Team. The Log identifies only the major topics of each meeting. More detailed information is contained in separate meeting notes.

The Log does not include: separate meetings by individuals or working groups within the Team; Team member interviews or discussions with area experts; the number of meetings within a day or the length of the meeting; or other time individuals/working groups performed research. Individual/work group research time, discussions/interviews held with area experts, and other time spent on the project is contained in the Individual Learning Log. The Individual Learning Log was retained by the student.

The duration of each meeting listed was more than one hour. There were a number of individual, faculty, and section discussions prior to the first Team meeting, however, they are considered preliminary discussions and not included in this Log.

Each meeting normally began with a review of the agenda, a report out of member's research, a review of schedule and deliverables, and a discussion of new business items. Each session ended with a recap of action items, schedule, and overall agenda for the next meeting.

MEETINGS

4 April 94
-- Gathered Team members
-- Selected Team Leader

	Discussed learning contract, objectives, deliverables, schedules, and customer
--	Defined Terms of Reference, process, and tasks

8 April 94

-- Reviewed and discussed draft documents identified above

13 April 94

-- Identified reading and research material on proposed legislation
-- Tasked individuals to obtain material
-- Reviewed and discussed learning contract and process
-- Identified individuals who should brief the Team
-- Discussed DAWIA

14 April 94

-- Gathered documentation and distributed
-- Team briefed by Mr. Tom Dolan, DSMC, on Section 800 Panel Report
-- Brainstorm and Nominal Group Technique on areas of reform impact
-- Discussed long lead time external interviewees

21 April 94

-- Report out by Team members on proposed legislation
-- Identified key reform items on which to focus
-- Refined process
-- Assigned research items to individual members
-- Reviewed modified learning contract

25 April 94

-- Received and discussed reports on research items in proposed legislation
-- Reviewed and discussed learning contract
-- Discussed personal program experiences
-- Finalized long lead time interview lists
-- Preliminary PM impact assessments

26 April 94

-- Attended Seminar on Acquisition Reform at ICAF

2 May 94

-- Report outline presented and discussed
-- Review briefing outline
-- Discussed personal experiences and Team working concepts
-- Discussed Simplified Acquisition Threshold reform

3 May 94

-- Report out of Team members
-- Discussed House markup status

10 May 94

-- Finalized report outline
-- Assigned individual sections
-- Discussed Commercial items
-- Identified next round of Team interviews
-- Preliminary discussions on positive/negative impacts to PM

11 May 94
- Discussions with Mr. Tom Dolan and Mr. George Kirkorian, DSMC
- Discussed final report outline
- Report out research items
- Discuss project briefing outline
- SITREP briefing
- Discussed DUSD (AR) PATs

12 May 94
- Discussions with Mr. Wilson Summers, DSMC, on Simplified Acquisition
- Caucus on items discussed
- Review final report format and style
- Dry run briefing
- Report out on House markup and research items
- Discussions on factor/subfactor impacts, TINA, Debriefing, etc.

13 May 94
- Report out on House markup and action items
- Finalize positive and negative impacts to PM
- Discuss tasked items
- Rough drafts of final report submitted

23 May 94
- Dry run status brief
- Report out on action items and House mark up
- Modify and finalize report outline.

24 May 94
- Handout draft sections for review and feedback
- Discuss drafts

25 May 94
- Discuss report draft sections, style, media, etc.
- Attend Seminar at Brookings Institute (Team member) on Acquisition Reform
- Discuss impact on PM of factors/subfactors, TINA, Debriefings, etc., reform
- Review and finalize briefing to faculty

26 May 94
- Dry run faculty brief
- Complete outstanding research on $100K Simplified Threshold, etc.
- Review and discuss section drafts

27 May 94
- Brief customer and faculty
- Caucus and discuss status of new and outstanding tasks
- Review and further define new deliverables
- Assign responsibilities for outstanding items

31 May 94
- Edit final report
- Discuss status and deliverables
- Complete research and integrate final report

2 June 94
- Briefing by Ms Spector, OSD on Procurement Policy
- Continue editing report
- Report out on outstanding items

3 June 94
- Review and edit final report
- Integrate sections of final report
- Review drafts of new deliverables

6 June 94
- Brief OSD and faculty
- Clear outstanding items
- Caucus and discuss feedback
- Report out of outstanding tasks
- Assign outstanding action

7 June 94
- Deliver final report and other deliverables to customer

CONCLUSION

As is readily apparent from the list above, Team 1 spent a good deal of time discussing acquisition reform legislation. As a result, the entire Team is well versed in the different areas of reform and the potential impact on the PM. Since impact on the PM is a subjective evaluation, in some areas, different views were held by different Team members. This extended the discussion time, provided additional insights into the legislation, and provided for more meaningful interactions among Team members.

SECTION 2

Final Report

Defense Systems Management College
Program Management Course (PMC) 94-1
Section C

Project Kaizen
Team 2

改善

Final Report
7 June, 1994

Disclaimer

This report was produced in the Department of Defense school environment in the interest of academic freedom and advancement of national defense related concepts. The views expressed herein are those of the authors and do not reflect the official policy or position of the United States Government, the Department of Defense or the Defense Systems Management College.

Table of Contents

I. Executive Summary

In April 1994, Section C of the Program Management Course (PMC) 94-1 embarked on a project to review the oversight by Congress of DoD acquisition programs with the aim of continuous improvement. The section divided into three teams. The charter for Team 1 was to analyze the pending legislation in the House and Senate concerning acquisition reform to determine potential impacts on DoD. Team 2 was chartered to examine the recurring formal oversight documentation required by Congress, while Team 3 was chartered to examine the one-time reports required by law and committee language. For each team, a learning contract was developed and signed which summarized the team's planned objectives, as well as the methods, resources, schedule, and products to be used and/or produced by the team. The final products for each team include a series of briefings, an article suitable for publication, and a final report. This report summarizes the findings, conclusions, and recommendations of Team 2.

Findings and recommendations were developed in several areas. Process recommendations included those for improving future projects, such as starting earlier and revising the curriculum to include group dynamics lessons and interview techniques early in the curriculum. Document-specific recommendations were based on analysis of the specific reports, and generally dealt with deleting reports due to duplication with other reports. Other general recommendations dealt with the process for tracking, preparing or disseminating reports.

In addition, a major outgrowth of this work is the development of an RDT&E Budget Handbook. The document contains step-by-step instructions on preparing the budget exhibits, analysis of the data, internal scrub techniques, and hints on how to defend RDT&E programs to higher headquarters, OSD, and Congress. As part of Project Kaizen, Team 2 prepared a draft handbook suitable for early use prior to formal release by DSMC late this fiscal year.

II. Charter/Purpose

A. Statement of the Problem

Based on the number and frequency of requests for defense information by Congress, it was postulated that the recurring reports which are now provided either do not provide sufficient or timely information, or provide conflicting or confusing information. Team 2's scope was focused on the standardized and repetitive reports required by Congress.

B. Goals & Objectives

The goal was to identify and examine the recurring reports provided by DoD to Congress to determine whether those reports:

1. are still required
2. provide the information desired by Congress
3. provide confusing information
4. provide conflicting information
5. overlap with each other
6. provide insufficient information

Specific objectives of the project were to:

1. Provide a data base of the required Congressional reports and identify content, frequency and customers,

2. Assess the requirement for each report to determine its purpose,

3. Review the application of each report in terms that will allow the Services to take advantage of opportunities for efficiencies in report generation and dissemination, and

4. Analyze and evaluate the reports to identify and eliminate instances where required information is not provided, is inadequate, or is unnecessarily repetitive with other reports.

C. Learning Contract

To assist in defining the scope of this effort, early sessions were spent developing a "learning contract", which clearly specified what to accomplish, the process by which it should be accomplished, and when it would completed. A copy of the learning contract for Team 2 is attached as Appendix A.

Using a standard format for the learning contract was valuable in helping to focus the initial discussions. It is recommended, however, that future teams be given more time to develop the learning contract. Although agreement was reached on a generic statement of the issue and the learning objectives, individual team members still had differing ideas and concepts on the symptoms and causes of the problem, and on proposed work assignments. In fact, a significant portion of each of the early group discussions was spent re-focusing on the objectives and methodology. A recommendation for future groups is to provide the team a broad statement of the issue to be studied, then ask for the learning contract after a week or two, rather than within hours of deciding to perform the task.

III. Description of the Process

The methodology for examining recurring reports for Congress included:

    a. Problem definition,
    b. Data Collection and Analysis,
    c. Database development,
    d. Team assessments,
    e. Recommendations, and
    f. Product development.

The members of Team 2 were Mike Gehl, Vicky Armbruster, Billy Miller, Pete Strickland, Pete Patrick, Jim Carlson, Craig Farr, Bill Roberson and Denny Ryan, and represented a broad cross section of experience in acquisition, military and civilians, and the Services. The initial task was problem definition, which was more complex than initially expected. Although we had a learning contract with our objectives laid out, the first several sessions were spent refining the approach. Once our approach was agreed upon, each team member was assigned one or more reports to assess. For each report, the member identified

and obtained a copy of the original basis for the report (which was usually Title 10, USC). The member also collected any DoD and/or Service Instructions, Directives, Manuals, or other publications regarding the preparation and submission of that report. Actual reports previously submitted were also reviewed to determine if there were inconsistencies in the information provided in the various reports and to see how well the response matched the intent of Congress when the requirement for the report was levied. The actual reports which had been submitted by the UH-60 Black Hawk Program Office in 1993 were reviewed and key data elements extracted and put in to a data base to assist in the analysis for inconsistent or overlapping information within a report and among reports.

After each member conducted the detailed review of individual reports, the team met and the members individually briefed the team on their assigned report and specific findings with respect to project objectives. A discussion followed which resulted in team recommendations for no action further required, elimination of the report, and consolidation with another report.

Interviews with Congressional staffers and DoD employees were held to determine the requirements for, and assessments of, the reports being submitted by DoD. These interviews were held in conjunction with Team 3 to reduce the time impact and potential duplication of questions to those being interviewed. Coordination with the other two teams, and with the DSMC instructors assigned to this section, continued throughout the project. Figure 1 is a flow chart which documents the above process. In addition, the communication process with Congress was described with a flow diagram. Figure 2 presents that process as it relates to recurring and one-time reports to Congress.

During the course of the project, several briefings were prepared and presented. Copies of these briefings are included in Appendix B. Additionally, minutes were maintained of the team meetings, and are summarized in Appendix C.

PROCESS FLOW KAIZEN GROUP 2

START

Define group task
and document
in contract

Good
Enough?

N

Y

Define Data
Base Tool

Identify and
Gather Data

Coordinate with
Groups 1 & 3

Enough ?

N

Y

Catalog Data → A

Figure 1

Figure 1

6
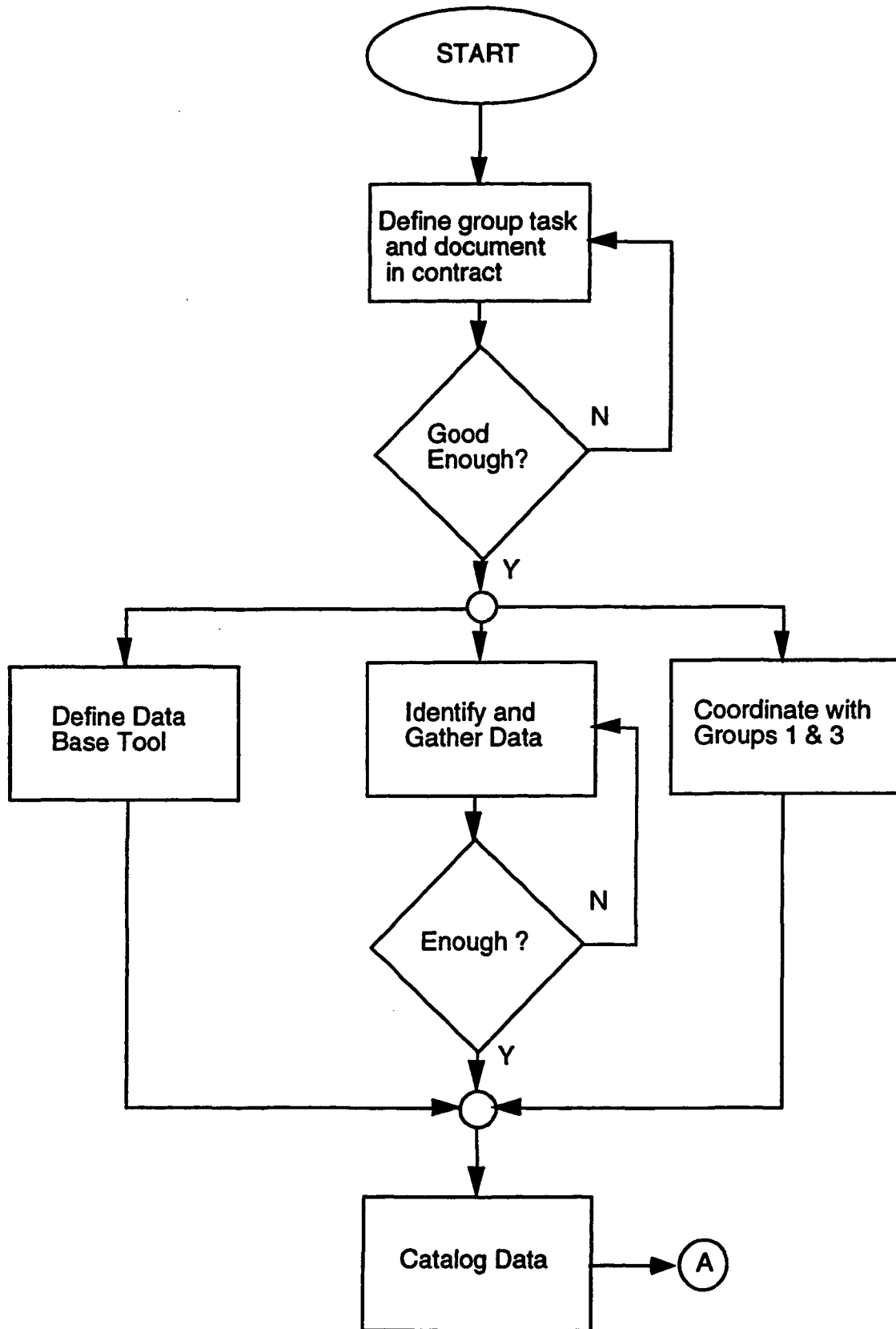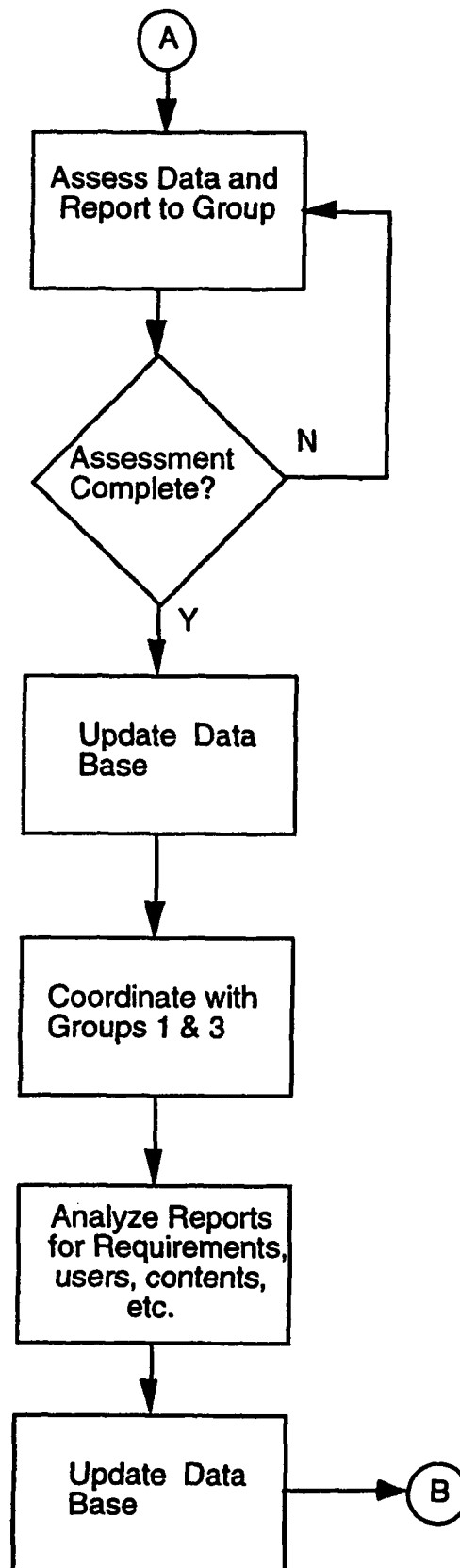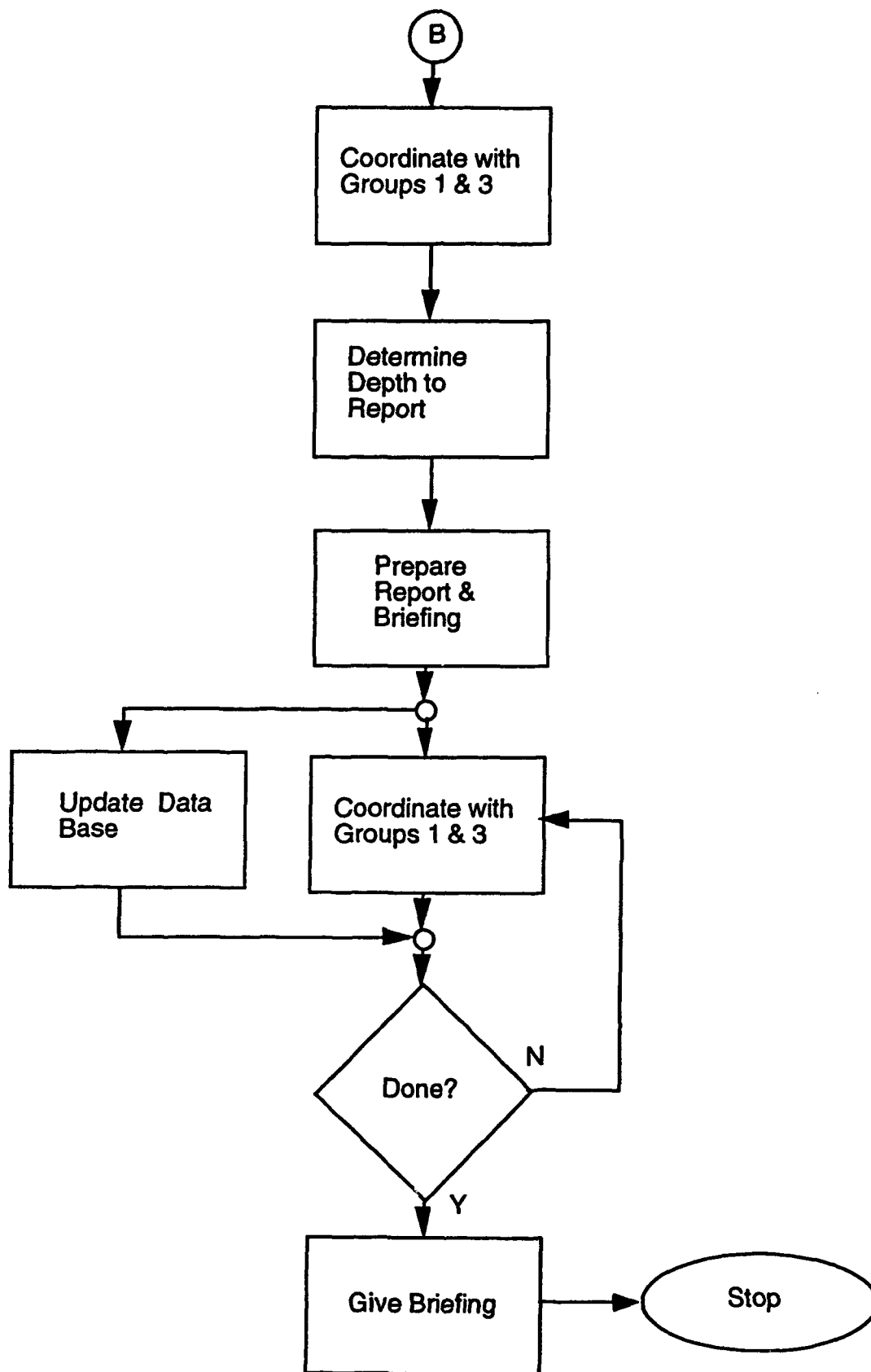
Figure 1

PROCESS: RECURRING REPORTS TO CONGRESS

Figure 2

8
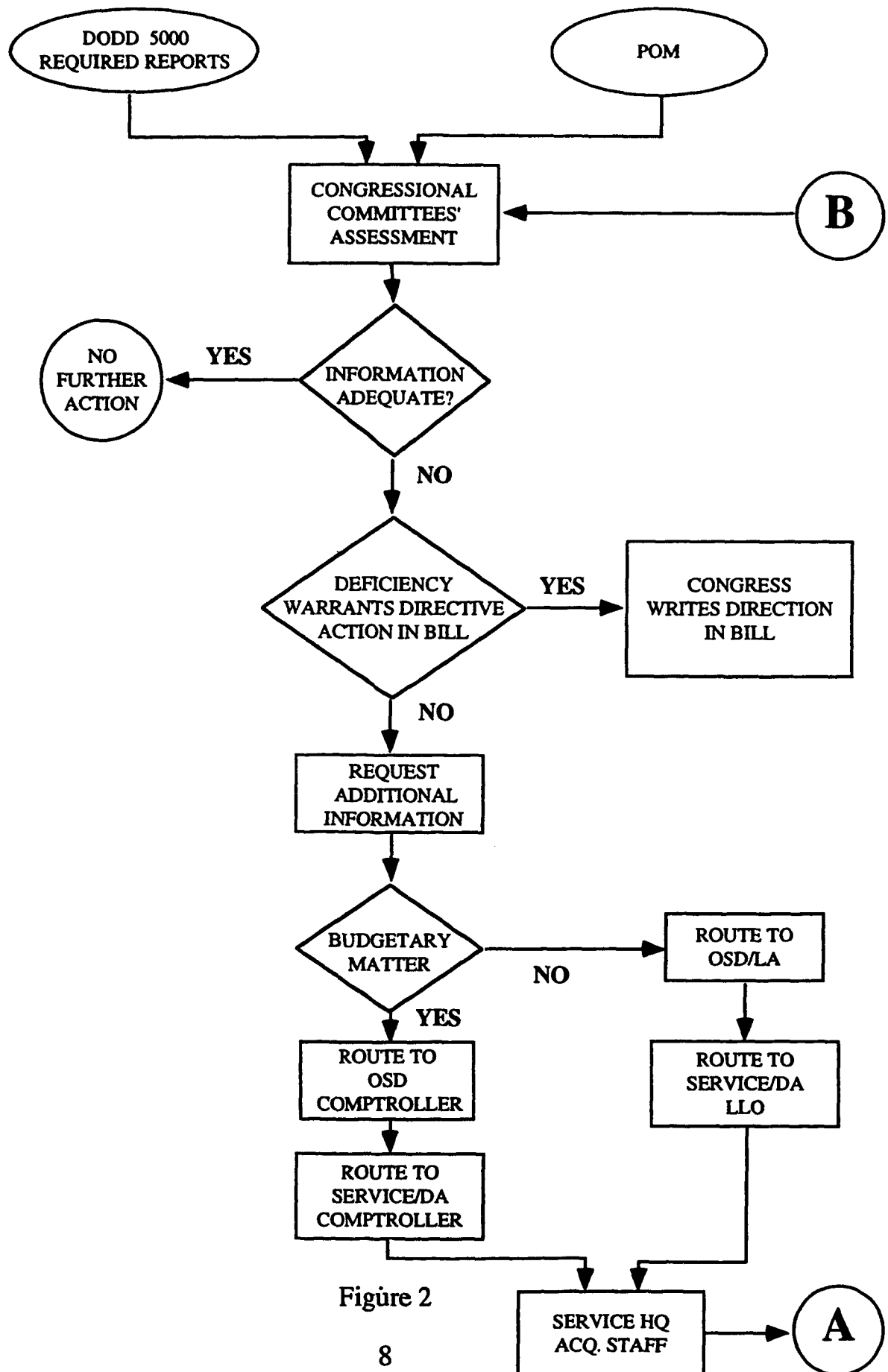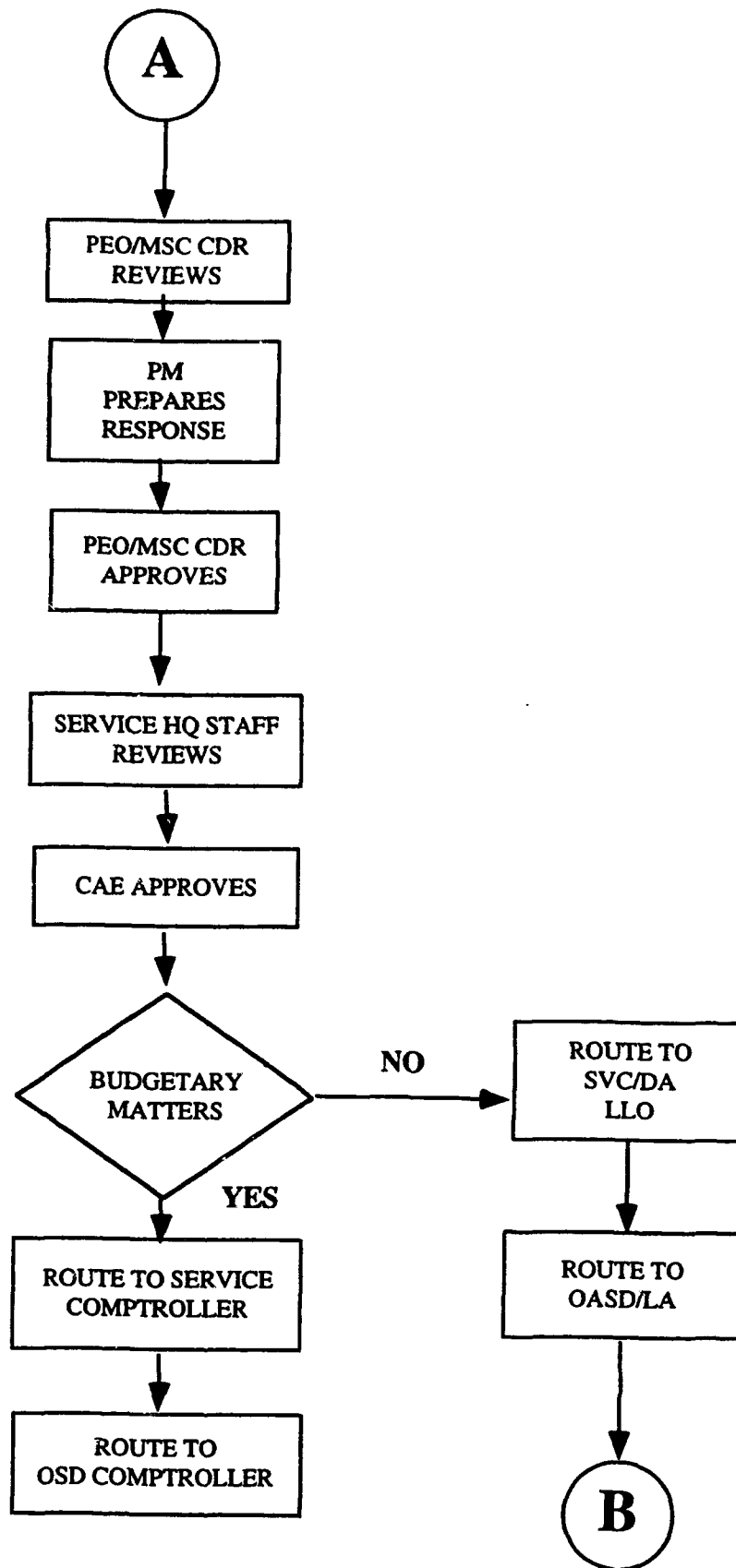
Figure 2

IV. Discussion and Findings

A. Individual Report Examination

Each recurring report was assigned to an individual within Team 2 for detailed examination. The UH-60 Black Hawk Helicopter program was selected in order to obtain key unclassified exhibits. The requirement which originated the report, the implementing instructions, and an exhibit of each report with program specific data was assessed. The assigned team member then prepared a package of source material and briefing materials to lead the discussion on that particular report during team assessment meetings. The pertinent information for each document can be found in Appendix D.

B. Data Base Development

The analysis of the various reports provided to Congress resulted in the conclusion that there was probably duplication and inconsistency in the data provided as the programs submitted the reports over time. A review of the report formats and the individual elements of data contained within each report confirmed that several of the reports contained similar if not exactly the same information. Due to the slightly different timing of the reports and the data element definition in each report it appeared there were valid reasons for submitting the reports as originally required by Congress.

It was decided that the best way to validate the need for the various reports and each data element within those reports was to obtain actual reports for an ACAT 1C program and create a database that would contain each data element and the values submitted. Appendix E is a copy of the resulting database. The database provided the ability to sort the various data elements (by report, data element title, element value, etc.) which provided a thorough means to evaluate the reports for duplication and consistency of data. An Army ACAT 1C program, the UH-60 Black Hawk Helicopter, was selected to serve as an unclassified example. To ensure a complete availability of reports, the data submitted in 1993 was utilized. The program annual reports were as of 31 Dec 92 along with the budget submittal for the FY94 President's Budget as of 31 Mar 93.

The volume of data contained within the various reports was greater than was reasonable to evaluate for both duplication and consistency; therefore, only the significant

cost, schedule, performance and contract data was included. After extensive review of the data, it was evident that there was considerable duplication of data, and for this program, there was significant inconsistency in the data submitted. The duplication of data was validated by the actual data comparison which led to our conclusion that elimination of reports and/or combining common data into a single report would be beneficial. The inconsistency of the data was also reviewed to determine the cause and to assess whether combining the data into a single report would eliminate that problem.

For this particular program, the data was inconsistent because of significant program changes between submittal dates for the various reports. For example, subsequent to the submittal of the Selected Acquisition Report (SAR), the quantity of systems to be procured was decreased and the unit cost was updated which provided the most accurate estimate for the submission of the FY94 President's Budget. While it is certain that combining the reports into a single submittal would eliminate the inconsistency, the need to provide Congress with the latest and most accurate information would have to be accomodated. While the database analysis provided significant evidence of duplication and possible inconsistency of data, it was concluded that this analysis is only one element in the evaluation of the best means to provide information to Congress.

C. Interviews

During the data collection phase of this study, interviews were conducted by members of Teams 2 and 3 with the following people:

Adams, Chuck, LTC	OUSD, Acquisition Reform
Carney, Laura	DoD, Inspector General
Crane, John	Dir, DoDIG, Congressional Liaison
Douglas, John	SASC Staff
Etherton, John	SASC Staff
Garman, Cathy	HASC Staff
Karstans, Jeannie	OSD Comptroller
Kimmit, Kay	SAC Staff
Madey, Steve	SASC Staff
Meyers, Bill	Congressional Budget Office
Necessary, Doug	HASC Staff

Neuman, Mike, COL   OUSD, Acquisition & Technology
Nowak, Nancy   OSD Comptroller
Sharbel, Kelly   OSD Legislative Affairs
Woods, Roy   Dir, OUSD(A&T) Legislative Affairs

The detailed summaries of each interview are contained in a limited distribution appendix to this report (Appendix F) in order to observe the DSMC rule of non-attribution. The following paragraphs provide a synopsis of the major observations and issues highlighted during these discussions.

There were a number of general observations which bear on this project which are aimed at continuously improving communications with Congress. These include:

a. There was general agreement among the interviewed population that the recurring reports are useful.

b. The most valuable acquisition reports are the SAR, RDDS, CDS, and budget back-up books. The FYDP does not have much value because of significant changes as each year is included in the President's Budget.

c. The desire for uniformity expressed by the Services has resulted in some format changes in recent years. However, there were no suggestions from the Congressional staff for changes in the form or content of recurring acquisition reports.

d. The reports are accepted as "living documents" and future budget numbers can, therefore, change. The problem arises whenever history changes.

e. The opinion was expressed that DoD budget documents are fraught with hidden agendas that are sometimes unrelated to realistic accounting standards. PMs are driven by "wedges" and "bogeys", and this often causes cost realism to suffer.

f. Congress does not have a tracking system for DoD reports. OSD seemed to do a good job in the mid-80s but now there is no central point of contact known by the interviewees to be responsive to queries regarding status of reports. If there is a problem with report response, the staff and members would like to know informally well before the suspense data rather than receive a formal letter on or very near the due date.

g. Interestingly, OSD believes that the tracking function is being performed within the Comptroller shop. However, there does not seem to be anyone in DoD performing this tracking or comparing requests for information to streamline or consolidate requests in order to avoid duplication or overlaps.

h. Individuals who generate reports for Congress need to spend more time on the Hill and need to clarify through one-on-one contact (respondent to requester) any questions about the requirement prior to preparing the report.

i. Staffers neither retain all reports provided nor do they have time to retrieve information previously provided. This leads to the same questions being asked repeatedly with extremely short suspense times to answer those questions prior to and during budget hearings and committee mark-ups.

A number of specific recommendations were heard during the interview phase of Project Kaizen. These include:

a. Several contacts yielded the same suggestion that reports need to be submitted electronically. The merits include ease of access, automated key word search, and detailed indexing to speed review and encourage retrieval by the staff.

b. Get the "right" people in DOD to work the issues and open dialogue with the requester to ensure the right data in the right format is provided the first time.

c. Submit the reports on time. If they cannot be produced to the schedule established by Congress, renegotiate a realistic delivery early in the process.

d. Congress needs visibility into the status of requests being worked by DoD. Establish a point of contact (POC) or liaison within DoD to work with the committees on setting priorities, if necessary, on requests. The POC needs to be someone with enough authority to commit resources and influence the delivery of required products.

e. DoD should consider providing reports with varying detail (a summary statement augmented with a detailed report).

f. DoD should continually examine the need for each report. Has the report outlived its requester? Has the original need for the data been overcome?

g. Two specific reports of high interest to Congress are overdue and need urgent attention -- the Industrial Base Study and the Critical Technologies Plan.

D. Team Assessment

The entire membership of Kaizen Team 2 met during the team assessment phase of this study. Each report was reviewed during discussions led by the individual responsible for the specific report under study. These group assessment meetings were seen as a core activity to achieve the detailed learning experience desired in the short time available.

Each team member led the group discussions using source material and briefing material which had been collected and prepared specifically for that occasion. Individual reports were seen in the context of all other recurring reports thus allowing direct comparison and evaluation for similarity, redundancy, omission, and opportunity for error. Considerable cross-team dialogue occurred to ensure that the requirements for recurring reports and the requests for special reports were seen as a whole. This issue was further developed during external interviews.

A summary of the team assessments for each document are contained in the following graphs. In addition, the recommendations for improvement of each document are contained in Section VI of this report.

1. Selected Acquisition Report (SAR) and Exception Selected Acquisition Report (ESAR)

The SAR is the most comprehensive program status report which goes to Congress. It is similar to, though not as comprehensive as, the Defense Acquisition Executive Summary (DAES) which remains within the DoD. Furthermore, the SAR contains all the critical information needs of the Unit Cost Report (UCR) which also goes to Congress. An Exception SAR is required on a quarterly basis when 15% or greater cost growth or a 6-month or greater slip in any schedule milestone occurs. Approved corrections to a baseline at the direction of the USD(A&T) can also require a quarterly submission.

2. Unit Cost Report (UCR)

The Unit Cost Report (UCR) is prepared by the Program Manager quarterly and sent to Congress through the Defense Acquisition Executive (DAE). It is intended to provide unit cost in terms of different kinds and groupings of money, e.g. procurement funds for the current year and the sum of research, development, test, procurement, and some military construction money. The program cost and schedule variances are also required to be included. The complete definition is included in DoD Directive 5000.2. The UCR contains the same information for the covered items as is in the DAES and the SAR.

14

3. Exception Unit Cost Report

The Exception Unit Cost Report is prepared and submitted immediately by the Program Manager when it is anticipated that a breach of previously reported unit costs will occur. The breach thresholds are fifteen (15) percent and additional reports are required if there are anticipated additional growths of 5 percent. This report contains the same items as the Unit Cost Report. The Exception Unit Cost Report contains the same information for the covered items as the Exception Selected Acquisition Report.

4. Cooperative Research and Development Projects Report

The Cooperative Research and Development Projects Report is required by 10 USC to be submitted through the USD(A&T) to Congress annually by the DUSD(IP). This report provides status, funding and schedule of existing projects for which a formal agreement or MOU exists and/or describes proposed new projects included in the President's Budget Submit for which formal agreements or MOUs do not exist.

5. Standardization of Equipment with NATO Members Report

The Standardization of Equipment with North Atlantic Treaty Organization (NATO) Members Report is required by 10 USC to be submitted biannually by the DoD Director of International Programs to Congress. The report provides status of DoD's efforts to standardize equipment procured for use by the armed forces of the United States stationed in Europe under NATO, or at least require equipment interoperability with other members of NATO. The information in this report can be a subset of the Cooperative Research and Development Projects Report submitted for ACAT I programs.

6. Beyond Low-Rate Initial Production (LRIP) Report

The Beyond LRIP Report is required by 10 USC 2399 to be submitted for all ACAT I and other selected programs prior to proceeding beyond low-rate initial production. It is prepared by the Director, Operational Test and Evaluation, OSD, and provides Congress with an assessment by DOT&E of the adequacy of initial operational test and evaluation, and whether the test results confirm the items or components are effective and suitable for combat.

7. Low Rate Initial Production (LRIP) Report for Naval Vessels and Satellites

The LRIP Report for Naval Vessels and Satellites is required by 10 USC 2400 to be submitted for all ACAT I naval vessels and satellite programs at Milestone II. It is prepared by the program manager and provides an explanation of the rate and quantity required to feasibly preserve the production base for that system.

8. Fixed Price Type Contract Certification

This report is required by Public Law 101-511 to be submitted 30 days prior to authorization to use a fixed-price type contract for R&D.

9. Multi-Year Procurement Cost Certification

This report is required by 10 USC 2306 for all ACAT I programs using Multi-year contracts. It is a one-time report due in the beginning year of a multi-year contract, and it provides summary information associated with multi-year contracts.

10. Contract Award Announcement

This report is required by the FAR to be submitted by all ACAT I, II, III and IV programs prior to any contract awards greater than $5M. It provides Congressional Members with advance notice of contract awards.

11. Summary Operational Test and Evaluation Report

This report is required by 10 USC 138 to be submitted annually by the Director, Operational Test and Evaluation. It summarizes the operational test activities of the DoD during the previous fiscal year.

12. Live Fire Test and Evaluation Report

This report is required by 10 USC 2366 to be submitted for ACAT I programs, and other programs that meet the reporting requirements of 10 USC 2366. It is prepared by Director, Test and Evaluation, USD(A&T), and provides OSD's independent

analysis and determination of the survivability, bulnerability, and lethality of the weapon system.

13. Live Fire Test and Evaluation Waiver

This report is required by 10 USC 2366 to be submitted for those programs which are covered by Live Fire requirements, and which must request a waiver against some of the provisions of those requirements.

14. Acquisition Program Baseline Agreement

This report is required by 10 USC 2435 to be submitted at every milestone decision point. It documents the cost, schedule and performance baseline agreement between the milestone decision authority and the Program Manager.

15. Defense Acquisition Executive Summary (DAES)

The Defense Acquisition Executive Summary (DAES) is a recurring report which is prepared and submitted quarterly by the Program Management Office through the Component (Service) Acquisition Executive (CAE/SAE) to the office of the Undersecretary for Defense (Acquisition) (USD(A&T)). While this report is not submitted to Congress, it was examined during this project since it contains information similar to that requested by Congress. This report provides program status and progress and serves as an early warning mechanism for potential/actual breaches of the baseline Selected Acquisition Report, major contract cost baseline, and/or the Acquisition Program Baseline(APB).

E. RDT&E Budget Exhibits

In April 1994, the OSD Comptroller released a draft revision to Chapter Five of the Financial Management Regulation. After incorporating comments from the Services, the OSD Comptroller revised the initial draft and finalized the new Research, Development, Test and Evaluation (RDT&E) budget exhibits in May 1994. These new RDT&E budget exhibits retained useful portions of the existing descriptive summary formats and the RD-2 exhibit and provided summary level information on resource planning and budgeting structure, schedule progress, cost basis, fiscal status, and the rationale for evolutionary changes. The

revised exhibits are similar in concept and format to existing investment procurement exhibits. Indications are that the OSD Comptroller intends to require these new exhibits for use commencing with the FY 1996 Budget Estimate submission.

RDT&E exhibits are among the most highly scrutinized budget justifications by Service and Office of the Secretary of Defense (OSD) Comptrollers and the professional staffs of the four main Congressional defense subcommittees. Although RDT&E funding is relatively small in an acquisition program when compared with Procurement and the Operations and Maintenance (O&M) funds required, it is the cornerstone for the entire program. If the development plan is changed or performance does not match the plan, the program's entire funding profile for RDT&E, Procurement, and O&M will be affected. The RDT&E exhibits are the primary information source referred to by members of Congress, their staffs, the OSD and Service budget analysts in making decisions which impact development programs.

The OSD Comptroller has stated that the objectives of these new RDT&E budget exhibits are to provide superior justification material, streamline the RDT&E budget examination process, standardize investment budget justification exhibits, and improve utility of RDT&E program budget information. It is the opinion of this team that the new exhibits provide significantly more data than required previously and thus make the Program Manager's job more difficult than before with little value added. Due to the dynamic nature of a development program and the ever-changing financial picture, the data in the new exhibits are valid only for the date on which they are prepared and not over the twelve-month life that these exhibits tend to assume.

An RDT&E Budget Handbook is being developed, but was started late in the process. It stresses the importance of the information contained in each of the RDT&E Budget Exhibits and provides step-by-step instructions on the preparation, analysis/scrub of the exhibits, and hints on how to defend the program to higher authority within the Service, Office of the Secretary of Defense, and the Congress. The latest version of the handbook is included as Appendix G.

V. Conclusions

A. The recurring reports are useful to Congress and to DoD. The need to improve communications between these organizations is equally clear.

B. There are inconsistencies and duplication in the reports provided to Congress. Inconsistencies are primarily caused by the changes in programs that occur between report submissions. Duplication appears to be primarily caused by Congress recognizing the need for the data at different points in time and therefore requires some data already included in other reports.

C. A significant problem exists in that neither DoD nor Congress has a single point of contact for establishing, improving, maintaining, or monitoring communication between these two agencies. OSD (Comptroller) has been tasked to monitor submission of reports, although in practice, OSD(C) only monitors submission of most non-recurring reports, while Washington Headquarters Service monitors submission of some recurring reports. Neither office provides routine status reports to Congress or tracking of actions assigned. The Services' and OSD's Legislative Affairs (LA) Offices are often called by Congressional staffers to obtain information on status of reports. Sometimes those calls are referred to the OSD(C) and Washington Headquarters Services offices; often the LA offices call the appropriate action Services directly to obtain status of reports. Additionally, we found many efforts to reduce reporting requirements, but these are uncoordinated and would be enhanced with a single point of contact.

D. A tracking system is needed with an assigned responsible organization to ensure that timely reporting and status information is available.

E. There is a need for an electronic data base, electronic media interchange, and index of information provided and available. Often the information requested is already contained in a submitted report, but cannot be quickly located. There is no way of letting potentially concerned Representatives, Senators, or staffers know what information has been provided or where it can be found.

F. The complexity of the current RDT&E Budget Exhibits is of such a magnitude that a handbook is necessary. This draft handbook is in review, but must be formally released by DSMC.

G. There is a perception that the right people are not working on the problem(s), there is no open dialog, and some reports are not timely. This impression is somewhat exacerbated by the seemingly inconsistent and confusing reports received by Congress and a lack of a single point of contact.

H. There are two particular reports that are of high interest to Congress, the Industrial Base Study and the Critical Technologies Plan, which are overdue, and need immediate attention.

VI. Recommendations

A. The majority of the recurring reports submitted to Congress are useful and the requirement for them will not go away. DoD should do everything possible to improve communications with Congress, while reducing the administrative burden on Program Executive Office, Program Manager, and Headquarters staffs. We recommend establishing an IPT, under OSD(Comptroller), to work with Congress and OSD Staffs to implement several key process improvements.

B. The information contained in the Unit Cost Report (UCR) and in the Exception UCR is also contained in the Selected Acquisition Report (SAR). We recommend that the requirement for the UCR be deleted. We found no significant recommendations for change to most of the other recurring reports listed in DoDI 5000.2. The IPT mentioned in the previous recommendation should examine the DAES to determine if it can be used as the principal data source for those cost, schedule, and performance reports submitted to Congress (e.g. SAR, APB). The Joint Acquisition Management System and the Program Manager's Workstation are two additional projects which merit review by the IPT.

C. Establish a single point of contact in OSD for tracking all reports required by Congress, whether one-time or recurring. That point of contact would also work with the committees on setting priorities, if necessary, on outstanding requests. The POC needs to have sufficient authority to commit resources and influence the delivery of required products.

The POC should also be a member of the IPT to improve the process for preparing and disseminating reports to Congress.

D. Establish a single tracking system for tracking all reports required by Congress, whether one-time or recurring. The system should be accessible to Congressional Staff members as well as OSD, Service Headquarters, Program Executive Office, and Program Office personnel.

E. Establish an IPT to develop a master program database which would contain basic cost, schedule and performance data elements which are common to all Service, DoD and Congressionally required recurring reports. The information in this database should be maintained by the individual program office. An annual report could be extracted from the database for delivery to Congress, as well as any unique reports which may be requested, in order to ensure consistency in reporting to Congress. The timing of reports may still create potential conflicts when program changes occur, and these details would have to be discussed and resolved by the IPT. In the near term, methods and procedures need to be developed to provide reports electronically. This would provide several benefits, including ease of access, automated key word search, and detailed indexing to speed review and encourage retrieval by the staff.

F. DSMC should facilitate a cross-agency IPT to complete, maintain, update and distribute the RDT&E Budget Handbook originated by Team 2 as part of this project. The RDT&E Budget Handbook is essentially complete, but requires a validation effort to ensure that the handbook assists the program manager in producing an exhibit that will meet the requirements of the OSD Comptroller. The IPT should include members of the OSD and Services Comptroller staffs as well as selected offices that have responsibility for preparation of the RDT&E exhibits. Based on historical events, changes are made to the RDT&E Exhibits on an annual basis. The RDT&E Budget Handbook and the RDT&E Exhibits should be kept updated and made available in electronic format from the Defense Systems Management College. We also recommend that follow-on projects be assigned to future DSMC Sections to develop guidance for other appropriations.

G. DoD give priority to completing the Industrial Base Study and the Critical Technologies Plan and providing the reports to Congress.

H. There are several recommendations for improving Congress' perceptions that the right people are not working on the right problems, and that OSD is not providing the right information. The most important recommendation is to create an open dialogue with the Congressional staffs. Having a single point of contact and a single tracking system as discussed earlier will help considerably, as will having a central programmatic database. The IPT should work to improve the process responsiveness to ensure that the right information in the right format is provided the first time, on time. If products cannot be produced to the schedule established by Congress, renegotiate a realistic delivery early in the process. The IPT mentioned above should also continually examine the need for each report.

VII. Lessons Learned

A. Curriculum Adjustments. Allow several weeks for a group to "norm & storm" before Learning Contracts are due in order to better focus the teams on the central issue. Start earlier in the course, and schedule several hours every week for the project. Additionally, curriculum areas which support this type of project (such as group dynamics and interview techniques) should be moved earlier in the schedule.

B. Support. Make faculty aware of and get them involved in the process early. DSMC's Electronic E-Mail system is probably a useful tool for assisting in this. Ensure adequate computer resources are available to team members. The new Group Decision Support Systems capabilities would have been very useful for several parts of this project. We note (with appreciation) that Project Kaizen received strong encouragement and excellent support from OSD and Congressional Staffers during the interview process.

C. Bottom line. Project Kaizen has been an excellent learning experience. This type of substitute for Grand Slam must be implemented carefully, however. Students with project experience should be afforded the opportunity to choose between Grand Slam and this type of alternate integrated exercise.

VIII. References

A. Public Law:
   Title 10, USC
   "Discussion Draft" - Dellums-Spence Amendment to H.R. 2238
   (Federal Acquisition Improvement Act of 1994)

B. DoD Directive 5000.1: Defense Acquisition

C. DoD Instruction 5000.2: Defense Acquisition Management Policies and Procedures

D. DoD Manual 5000.2M: Implementation of DoDD 5OOO.1 and DoDI 5000.2

E. DoD 7110-1-M Budget Guidance Manual

F. DoD 7000.14-R Volume 2A & 2B, Financial Management Regulation, June 1993

G. National Defense Budget Estimates for FY 1995; Office of the Comptroller of the Department of Defense, March 1994

H. Wilber D. Jones, Jr.; Congressional Involvement and Relations - DSMC, (A Guide For Department of Defense Acquisition Managers, Third Edition, August 1992)

I. "How To Re-Engineer The DOD Acquisition System"; 5 April 1994

J. "Staff Draft - Faculty Guide for Planning Research Studies Including a Guide to Research Designs, Methods, and Strategies," DSMC Research Department, March 1993

K. "White Paper on the Department of Defense and the Congress", Report to the President by the Secretary Of Defense, January 1990

Appendix A

Learning Contract

1. Issue to be studied:

Examine the formal oversight documentation (process, content and format) submitted to Congress. From the amount of time and effort spent within DoD to respond to Congressional requests for information, it seems that current reports could be improved. The objective would be to reduce workload while being more responsive to Congress. This group's scope will be on standardized and repetitive reports. Furthermore, there will be frequent interaction with the other groups to prevent duplication of effort.

2. Study team participants:

Mike Gehl	Billy Miller
Denny Ryan	Bill Roberson
Vicky Armbruster	Peter Strickland
Craig Farr	Pete Patrick
Jim Carlson	

3. Learning Objectives:

   A. Provide a data base of the required Congressional reports that identifies content, frequency, and customers.
   B. Assess the requirement for each Congressional report to determine its purpose.
   C. Review the application of each Congressional Report in terms that will allow the Services to take advantage of opportunities of efficiencies in report generation. This will reduce workload while being more responsive to Congress.
   D. Analyze and evaluate the Congressional reports to differentiate structure in order to eliminate:
      1. information not provided
      2. overlapping reports
      3. inadequate information

4. Anticipated Design and Methodology

   A. Data Collection
      1. Literature search
      2. Interviews
   B. Develop a data base
   C. Review and assess
   D. Evaluate
   E. Develop alternatives and integrate findings with the other two groups
   F. Refine and develop output products

5. Anticipated time requirements by week:

Week	Class Time	Out of Class Time
11	0	6/person
12	9	6/person
13	0	6/person
14	12	6/person
15	0	6/person
16	15	6/person
17	0	0/person
18	12	6/person

6. Project timeline:

   4/14 Outline
   4/26 Working Concept
   5/11 Rough Draft
   5/27 Final Draft

7. Required resources:

   A. Faculty assigned to section C and DSMC Research Department.

   B. External resources:

      1. OUSD(A&T) Congressional Liaison - Roy Woods -- OUSD(A&T)'s guardian of the annual Congressional requirements for reports.
      2. OSD Comptroller - first as the interface to HAC/SAC and second as the keeper of the files for financial reporting requirements.
      3. OSD Legislative Affairs - interface to HASC/SASC.
      4. HASC/SASC/HAC/SAC Committee Staff offices -- for their view of submittal requirements.
      5. Selected Service Congressional liaison offices -- for their view of submittal requirements. For ASN(RD&A) - Mr. Bob Proodian
      6. Mr. Welch and Mr. Cann for their views on the topics.
      7. Selected PEO representatives - interface through Billy Miller

8. Final products:

   A. Brief
   B. Data base
   C. Summary report
   D. Experiential learning process summary
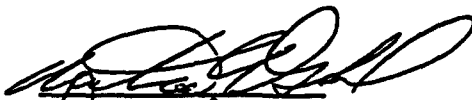
9. Completion date: 27 May 94

10. In-progress review schedule: 14 Apr 94, 26 Apr 94, 11 May 94. The following will be reviewed at each progress meeting:

    A. Summary of plan of action
    B. Accomplishments to date
    C. Problems/Issues
    D. Assistance required
    E. Agenda for next review

11. Signatures:

    Mike Gehl

    Denny Ryan

    Vicky Armbruster

    Craig Farr

    Jim Carlson

    Billy Miller

    Bill Roberson

    Peter Strickland

    Pete Patrick

    Craig Lush

Concurrence: CAPT Dan Brown

Appendix B

Briefing Slides

DSMC 94-1
SECTION C

ALTERNATIVE
GRAND SLAM
PROPOSAL

30 MARCH 1994

PROJECT KAIZEN

BACKGROUND

ADULT LEARNING EXPERIENCE

LEARNING CONTRACT

OBJECTIVE

EXAMINE CONGRESSIONAL OVERSIGHT OF THE DEPARTMENT OF DEFENSE

FUNCTIONS

- LOOK AT THE POTENTIAL IMPACT OF S1587 (H???) ON ACQUISITION AND THE OVERSIGHT IMPLICATIONS.

- EXAMINE THE OVERSIGHT DOCUMENTATION (CONTENT AND FORMAT) REQUIRED AT EACH MILESTONE TO DETERMINE THE VALUE ADDED AND IF THEY COULD BE COMBINED OR ELIMINATED.

FUNCTIONS

- EXAMINE THE "OTHER" REPORTS THAT ARE REQUESTED BY CONGRESS ON A REGULAR BASIS TO SEE IF THEY CAN BE STANDARDIZED, COMBINED, OR ELIMINATED.

DELIVERABLE

EXECUTIVE BRIEF TO THE FACILITATOR AS DEFINED IN THE LEARNING CONTRACT
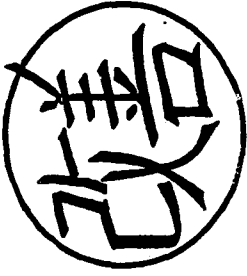
Team 2
Status Report

- Charter
- Process
- Documents Reviewed
- RDDS Manual

Charter

- **Examine the formal oversight documentation (process, content and format) submitted to Congress**

- **Learning Objectives**

  – Provide a data base of required reports identifying content, frequency and customers

  – Assess the requirement for each report

  – Review the application of each report in terms that will allow the Services to take advantage of opportunities of efficiencies in report generation

  – Analyze and evaluate the reports in order to eliminate:

    » Information not provided

    » Overlapping reports

    » Inadequate information

Process

- **Methodology**
- **Group Interaction**
- **Data Collection**
  - Public Law
  - DoDI 5000.2
  - DOD 5000.2-M
  - Other regs/instructions/guidance manuals
  - Blackhawk Program documentation
  - Interviews
- **Team Assessments**
- **Recommendations**
- **Report Generation**

RDT&E
Budget Exhibits

- **Objective: Practical Handbook for PM's**
  - – Explain Data Requirements
  - – Provide Common Error Awareness
  - – Self Analysis Capability

- **OSD(Comptroller) Revision – May 1994**
  - – Deleted Current Exhibits
  - – Reduced to 2 Main Exhibits
  - – Additional Data Required
  - – Uses Procurement Forms as a Model
  - – EFFECTIVITY: FY96 Budget Estimate

- **Defense Business Management University**
  - – Considering Similar Project

- **PM Handbook is Timely and Needed**
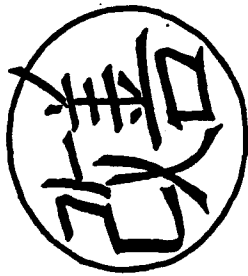
Documentation Reviewed

- **Recurring Reports**
  - DAES
  - SAR
  - UCR
  - RDDS
  - etc

- **Miscellaneous**
  - "White Paper"
  - Budget Guidance manual
  - P-Form handbook
  - etc

Final Report
27 May 94

Team Members

Team leader - Mike Gehl

- *Denny Ryan*
- *Vicky Armbruster*
- *Craig Farr*
- *Jim Carlson*

- *Billy Miller*
- *Bill Roberson*
- *Pete Strickland*
- *Pete Patrick*

■ *Issue:*

  – *Examine the recurring oversight documentation submitted to Congress for acquisition programs*

■ *Project Hypothesis*

  – *Based on the number and frequency of requests for additional information from DoD by Congress, it appears that recurring reports currently provided either do not provide sufficient or timely information, or provide conflicting or confusing information*

■ *LEARNING OBJECTIVES*

  – *Provide a data base of required reports identifying content, frequency and customers*
  – *Assess the requirement for each report*
  – *Review the application of each report in terms that will allow the Services to take advantage of opportunities of efficiencies in report generation*
  – *Analyze and evaluate the reports in order to eliminate:*
    » *Information not provided*
    » *Overlapping reports*
    » *Inadequate information*

Process

- *Problem Definition*

- *Data Collection and analysis*

- *Data Base Development*

- *Team Assessments*

- *Recommendations*

- *Product Development*

■ Data Collection and analysis

- *Public Law*

- *DoDI 5000.2, DoD 5000.2-M*

- *Other regs/instructions/guidance manuals*

- *Blackhawk Program documentation*

- *Interviews*

■ *(Billy-s charts)*

■ *Team Assessments*
  – *DAES*
  – *SAR*
  – *APBA*
  – *UCR*
  – *Sys Acq Strategy Summary*
  – *P-Forms*
  – *RDDS*
  – *Cooperative R&D Summary*
  – *Beyond LRIP*
  – *Congressional T&E*
  – *Multi-Year Contract*
  – *Fixed Price Contract Notification*
  – *Live Fire*
  – *Standardization of NATO Members*
  – *Summary OT&E Report*

Project Kaizen
Team 2

■ **Product Development**

- *Final Briefing*

- *Final Report*

- *RDT&E Budget Handbook*

Project Kaizen
Team 2

RDT&E Budget Exhibits

- *Objective: Practical Handbook*
    - » *Explain Data Requirements*
    - » *Provide Common Error Awareness*
    - » *Self Analysis Capability*
- *OSD(Comptroller) Revision - May 1994*
    - » *Deleted Current Exhibits*
    - » *Reduced to 3 Main Exhibits*
    - » *Additional Data Required*
    - » *Uses Procurement Forms as a Model*
    - » *EFFECTIVITY: FY96 Budget Estimate*
- *Defense Business Management University Considering Similar Project*
- *Handbook -Timely and Needed*

RDT&E Handbook (cont'd)

- CURRENT STATUS:
  » Numerous drafts prepared
  » Reviewed by DSMC FM Department
  » Initial draft for outside review ready

- FUTURE PLANS:
  » Copy to OSD(C) for review and comment
  » Provide initial draft to PMC 94-1 students

Findings

- Recurring Reports are useful to Congress
- There is no single Point of Contact at DoD or Congress to track recurring reports
- There is no single tracking system at DoD or Congress to track recurring reports
- There is overlap and inconsistencies in the reports provided to Congress
  » Program changes are a large reason for the inconsistencies
- Electronic media interchange capabilities are not being effectively used by DoD or Congress
- Perception that the "right people" are not working on the problem, and there is no open dialog

Findings (cont'd)

- *There are many efforts to reduce reporting requirements, but are uncoordinated*
- *RDT&E Budget Exhibit Guidance is limited and confusing*
- *Two specific reports of high interest to OSD and Congress are overdue and need urgent attention*
    - » *Industrial Base Study*
    - » *Critical Technologies Plan*

Conclusions

- *Lack of a single point of contact and a single tracking system leads to the perception by Congress that DoD is non-responsive*
- *A centralized data base would aid in reducing inconsistencies and overlaps*
- *Confusion results from conflicting information due to differences between approved and estimates*
- *Separate report reduction efforts need to be consolidated*
- *Need to correct the impression that the right people aren't working the problem*
- *Instructive, practical guidance for budget exhibits beyond the financial management regulation is necessary*
- *To influence the process, OSD needs to respond in timely fashion*

Non document-specific recommendations

- Have a single DoD Point of Contact for reports to Congress
- Establish a common data base accessible by Congressional Staffers showing currently approved and estimated information
- Establish a joint IPT to develop a single report to be submitted annually
- Improve the process responsiveness to ensure that the right information in the right format is provided the first time
- Give priority to completion of the two vital reports
- Develop practical RDT&E budget exhibit guidance
- Future PMC Sections develop guidance for other appropriations

Document-specific recommendations

- Eliminate the Unit Cost Report

- Eliminate the Exception Unit Cost Report

- DSMC facilitate a cross-agency IPT to maintain, update and distribute the RDT&E handbook

Lessons Learned

- *Allow several weeks for group to norm & storm before Learning Contract is due*
- *Start early in the course*
- *Schedule several hours EVERY week for project*
- *Ensure faculty is part of process*
- *Ensure adequate computer resources are available*
- *Strong encouragement & excellent support from interviewees (OSD & Congressional staffers)*
- *Revise curriculum to have group dynamics and interview techniques early*

Bottom Line(s)

- *Valid and Valuable Learning Experience*

- *Barely scratched the issue*

- *Recommend the opportunity be presented to future senior sections (similar to mousetrap)*

- *More than a 60 hour effort!*

Appendix C

Learning Log Summaries
(Meeting Minutes)

Group 2 Daily Summary

Document Rqmt Sources	Other People	Data Base	Actions	Complete	For Other Groups
5000.2 (rqmt)	ONR -pgm man's workstation	5000.2 MATRIX(1ST LEVEL)	Denny/Strick - software application for data base		everyone meet in AM for quarters to share highlights
5000.2M (format)	NAVSEA/NAVAIR	Cross Reference for data elements	Denny - talk to Bob Leavitt re MAP		what about reports required by language
DSMC			Mike - copies of learning contracsts for other groups		Mission Statement - overall - each group
(P-forms)			Mike - create classroom file drawer for all data		apparent overlap with group 3
Data Dump from OSD			Vicky - check w/DSMC Wilbur Jones re previous efforts		Congressional Special interest
Committee Staffs			Billy - consolidate 5000.2 rqmts into pertinent list		
DSMC Staff			Mike -Learning Log		
PM's/PEO's			Jim - schedule/calendar		
White paper					
PMWorkstation			Denny - Master file on hard disk		
Wilbur Jones DSMC			Craig - OSD Summary of reports		
Congressional Liaision - OSD, ASN, SECAF					
DODIG (Craig)			Craig - DoD IG		
GAO (Pete)			Pete - GAO		
ASN (Denny)			Denny - ASN		

Group 2 Daily Summary

Data Base	Possible Recommendations	Need to	Actions
not detailed	data basestructure similar to ATD	look at rqmts creep - 10 USC format is very detailed - Process	Visit AIR04 Leavitt/Ryan
need types of data	provide "right"data not necessarily more or less data	Summary list (Billy) of documents in folders	Get pubs from Pentagon - Craig/Denny/Billy
time stamp		Flowchart Process - Bill	DoD Comptroller (HOLD)
source		Add to references - white paper	Follow-up on White Paper (HOLD)
		Pete will investigate DoDIG	Vicky to talk to Newman/et.al. to discuss reports in preparation
			Maintain a list of people/contacted office
			Review grp III survey questions
			Develop questions to ask contacts - All
Next meeting 0700 Wednesday 20 April			

Kaizen Meeting Minutes 4/21/94

Reviewed Process
Reviewed Calendar
Reviewed Assignment Folders

Briefly scoped Jack Lynn's proposal to draft a RDDS Handbook.

Vicky reviewed meeting with Jon Etherton and Jay Kimmit

Denny reviewed meeting with Kelly Scharbel and Rick Sylvester
    Write-ups of meetings to be provided separately.

Discussed scope of the project and the output product
    Craig suggested to have Jack Lynn review his proposal in
    person.
    Strick discussed electronic indexing of a database.
    Denny recommended having a data base for future sections to
    build upon.

Vicky stated that we should continue our process discussion in
order to get it resolved.

Consensus was to continue the financial documents review at this
time although it appears that the financial documents may be too
voluminous to adequately cover.

At this point in time the group feels that our process is unclear
and that we may end up just defining the "process" for future
groups to continue.

Consensous was for the entire work group to review again what we
are doing and be prepared to continue the discussion tomarrow.
Also, decided to request help from Jay Gould to guide the process
identification.

Additional note was to get together with Group 3 to arrange visit
to OSD Comptroller.

KAIZEN MEETING MINUTES 4/22

Jay Gould comments and discussion sparked by the comments:
Function of oversight - a measure of formally describing communication between the tasker and the taskee

The counteracting force is the review. What function do the reviews perform?

The perception from the Hill is that there is no communication from OSD or the services and that what little there is lacks integrity and honesty.

A pilot project needs to trace overall communication system concept.

A system perspective is that the preparer doesn't know where the information is going to on the Hill. Furthermore, if one does know where the information is going to on the Hill, a heads up can't be passed along because of the restriction to send all communication through OLA.

Each set of Congressional staffs work in a different manner. However, Congressional services could provide some sort of feedback to OSD. What is needed is a servomechanism.

Comments by Jack Lynn:

Doing a RDDS handbook would be providing a service.
What is needed is a field handbook that tells one how to prepare and review a RDDS.
Also needed is a teaching note.

Group discussion:

Do we want to a firm answer to Jack or do awe want to provide a series of alternatives as to what we can do in the remaining time?
We need to codify our input and output, describe our process to arrive at the genesis of the problem and the study.

We may end up doing a pilot of a pilot in that our research may delineate a problem for future groups to study.

Action items:

Mike Gehl to review Issacson and Michaels to try to definitize the structure of the problem we are discussing.

Vicky Armbruster to draft a process flow chart.

KAIZEN MEETING MINUTES 4/25

Reviewed previous meeting minutes.

Issacson & Michaels has a basis for documenting "research" - Mike Gehl to continue investigating.

Billy raised issue that we in OSD are essentially "lying" to Congress because of the confusion in the information that we are presenting to Congress.

Remainder of meeting spent in discussing Billy's thesis and how that was involved in the project.

KAIZEN MEETING MINUTES 4/27

Discussed CARS data base, SARS, DAES Report, and APBA information and how that fit together in a database.

Reviewed Billy's thesis from last time and agreed that it is integral to the group's approach.

Also reviewed the following with respect to input to Congress:
    Budget
    SAR
    APC/UPC
    Multi-year Exhibits
    News
    Lobbyists
    Questions & Answers to/from OSD
    Test Reports
    Contracts

Concluded that there are three areas of information gap:
    Overlapping information in different reports
    Information that is inconsistent between reports
    Information that is omitted

The above inconsistencies cause problems in trying to get responses approved by the chain of command and then to be believed by the Hill.

KAIZEN MEETING MINUTES 5/11

Discussed that we need one data base but that in order to get to
one data base to be used by all we may have to recommend that a
new group continue the problem in the future. The problem with
just having a database is that presenting numbers without
justification can cause a lot of unnecessary damage to be done.

The following tasks remain:
    finish analyzing reports
    start drafting final report
    RDDS Handbook review
    prepare Thursday status report

The final report should contain the following things:
    1) Executive Summary
    2) Charter (Purpose)
    3) Discussion
    4) Conclusions
    5) Recommendations
    6) Annexes

Discussion should contain:
    Interviews
        Pentagon/OSD
        House Staff
        Senate Staff
        Service staffs
    Individual report analyses
    Database development
    Team assessment

Annexes should contain or reference:
    Title 10 U.S.C.
    DOD Inst 5000.2
    Blackhawk Program data
    Summary sheets
    DOD Inst 5000.2M

Ensure following are done:
    Review databases for overlap and inconsistencies - Strick,
    Billy, Denny
    Include two flow charts - Vicky, Bill, Denny
    Prepare interview summaries - Vicky
    Learning contract included - Mike
    RDDS manual writeup - Craig
    List of references - Jim
    Learning logs - all
    Develop an amoeba diagram - Denny

KAIZEN MEETING MINUTES 5/12

One of our recommendations should be for OSD Comptroller to get computers that will allow them to electronically interface with the rest of OSD and the Services. This would allow an electronic data base exchange. Comptroller apparently still uses Xerox computers which are incompatible with DOS.

Additional conclusions:

No action by the Reinventing Government Workgroup to promote electronic data interchange.

The easiest way for the Hill to get information is to ask for it each time, because it is too hard/inconvenient to find it on the Hill.

We should list items for further study.

Michael T. Gehl
Section C, PMC 94-1
Kaizen Group 2
Learning Log

Disclaimer: These notes are my personal observations and do not necessarily reflect those of individual members. I also may have not captured the essence of all of our discussions.

Wednesday, 13 April 1994
     0800-1100 Met as group. Developed action item list. Developed and discussed a list of sources of reports besides 5000.2. Discussed some people/offices we need to see, but decided it was too early to start talking with staffers/et al, until we had completed some more homework on what reports we already know about. Bob Leavitt (Group 3) informed me of an effort in NAVAIR to analyze 144 reports required by Congress and OSD, and to modify an existing expert system (LOGPARS?) to add these additional report. That effort sounds like it may have already done some of the research we need to do, so we need to talk with them ASAP. The group also felt it was necessary to share brief status reports every morning (that GS is scheduled) with the other groups, to maintain consistency and get inputs from other class members.
     1100-1330 I reviewed the DSMC handbook Congressional Involvement and Relations. Talked with Bob Leavitt some more about the NAVAIR project.

Thursday, 14 April 1994
     0800-0830 Met as entire section. Group leaders gave short summary of group status. Group 3 agreed that they were responsible for recurring reports originating in Language; group 2 is only responsible for those recurring or one-time reports in 5000.2.
     0830-0900 Several members of our group met with several members of group 3 to discuss commonality of the data bases we are each planning to develop, the need to use a common system, and the need to look at the NAVAIR project to see how their data base is structured.
     0900-1045 Tom Dolan from the Executive Institute gave a discussion to Group 1. Almost all of group 2 also wanted to participate in that, so we did.
     1330-1530 group session. Had Wilbur Jones in for the last hour or so. Talked about our process, and basically agreed that we will divide the reports up among the group. Each person will find all the info they can about their report...any DoD instructions, format requirements, and review the differences between the basic legal requirements and the specific formats.

     Misc: In his research, Billy has found that 5000.2M doesn't contain formats for all the reports listed in 5000.2. Also, financial reports are not covered adequately there. He's working in the library (and meeting w/Jack Lynn) to get the requirements and formats for financial reports.

Necessary actions:

      1. Find formats for other reports. (assign to group members)

      2. Determine data element requirements for our data base. (best done as group brainstorm later today)

      3.

Wednesday, 20 April 1994

    0700 Met as group briefly to set objectives for next two days.

Thursday, 21 April 1994

    1230-1500 Met as group. Craig Farr expressed his discomfort with our objectives, said he had been talking with Jack Lynn (DSMC-FM) and that Jack felt that a very worthwhile project would be a handbook on how to fill out the RDDS. We spent a lot of time discussing this but couldn't get consensus on whether to do it or not. We finally asked Jay Gould if he could help us...Jay would be available the next morning at 0700. After most of us left, Jack Lynn came by and those remaining had further discussions with him. Note: If I were in command, I would not have let the discussions go on so long without shifting to a directive mode, but I feel that for this project, we all need to get buy-in, so I did not say "this is what we'll do...".

Friday, 22 April 1994

    0700-0800 Met as group, with Jay Gould. Jack Lynn came in about 0730. Jay pointed out that we needed to expand our topic to look at the communications system between DoD and Congress; we had only been focusing on the paper documentation; not the process. In our discussions, we came to a general consensus that we could additionally start a pilot project on a RDDS Handbook, not necessarily to produce a finished product, but rather to prototype the process necessary to do a more detailed look at each reporting requirement than we can do in the time we have remaining in this project. Jay provided a "Handbook in Research and Evaluation" to use as a guide for conducting our review and preparing our report.

Monday, 25 April 1994

    0800 Met as group to discuss last Thurs/Fri sessions with those who weren't able to attend last Thurs/Fri. Lots of discussion, no action. Remainder of group stayed to start the detailed review of the Black Hawk documentation that Billy had brought back with him.

    0930 Denny Ryan & I joined with members of Team 3 to interview Ms. Nancy Nowak, OSD(Comptroller). Nancy is the person responsible for tracking all reports required by committee language, and by annual bills. She does not track continuing reports; that is done by Washington Headquarters Service (takes

care of administration items in the washington area...a separate code in OSD, who is dual hatted as WHS and as OSD(admin & mgmt).

1030 Denny Ryan & I joined with members of Team 3 to interview the head of the Defense Performance Review Office. She had her deputy there also. None of the DPR efforts are in related areas. She asked for copies of our report. We said it would be up to DSMC if they felt it was releasable outside the school.

1130 Went back to Nancy Nowak's office to pick up a copy of the DoD Budget Guidance Manual.

1330-1630 Met as group again. After much discussion, we decided NOT to do the pilot project of developing a handbook for filling out RDDS, but that we would add 3 additional reports to our list of required reports. (R&D Descriptive Summaries (RDDS), Congressional Data Sheets (CDS), Congressional T&E Summary). Discussed the data base we felt we should develop in order to do the analysis. Billy Miller and Jim Carlson had already highlighted the information they felt was critical in some of the reports, based on the plan to enter specific fields from each of the reports into a data base, then let the computer show where the numbers were duplicated. We had considerable discussion because several other members of the group felt that there would be duplication in text fields also, and the first method wouldn't capture those. We finally decided to let each person pull out the information from documents that they felt was essential, using a very simple data entry sheet, and that we would meet Wednesday morning to review the data and see if we could get any further towards developing a data base. We handed out reports to individuals to start the review. My task is to start the draft of the final report.

Wednesday, 27 April 1994.

0900-1100 Met as group. Determined that we need to look at both overlaps and inconsistencies...the method we had discussed earlier would only show inconsistencies in the reports. We agreed that each person who had reports assigned would prepare to brief the entire group on their report, to include who prepares, the timing and frequency of the report, a list of all the data elements required by the report, and the actual data from the blackhawk program for critical data elements. We will then start meeting in groups next week to look at each document to start building a matrix showing overlaps, and to identify inconsistencies and discuss aspects of the group which we find significant. We also discussed the required outputs for the team: 1) a list of reports (including requirements, formats, instructions, examples, etc), 2) the matrices developed showing overlaps and inconsistencies, 3) the narrative analysis, and 4) the process used by the group. We ensured that each report had a person assigned to review it. Report ssignments were:

    DAES (Jim)
    SAR (Vicky)
    APBA (Denny)
    UCR (Bill)

Sys Acq Strategy Summ (Jim)
P-forms (Strick)
RDDS (Craig)
Coop R&D (Denny)
CDS (Mike)
Beyond LRIP (Strick)
Cong. T&E (Craig)
Multi-year (Pete)
Contract Notif. (Pete)
Fixed Price Contract Cert (Pete)
Live Fire (Craig)
STD of NATO (Jim)
Summary OT&E (Craig)

Actions:
    1) prepare an outline of the report showing the names of all
data elements required.
    2) be prepared to describe administrative information about
the report (who prepares, when due, chop chain, end user, how
often, etc)
    3) For each "critical" data element, list the data element
and the specific data for the Blackhawk program.
    4) Understand (and have copies of) all laws, language,
instructions, and manuals about that report. (e.g, 10USC..., DOD
5000.2 paragraph text or page(s), DOD 5200.27M format pages, DoD
or Service Instructions or Handbooks, etc)
    5) Each person will brief their report to the group.

(note: this was the last meeting I maintained a separate log
for. See meeting minutes for those meetings.)

Appendix D

Individual Report Summaries

SELECTED ACQUISITION REPORT (SAR)

REPORT CONTROL SYMBOL (RCS): DD-COMP(Q&A)823

REQUIREMENT: Title 10 U.S. Code, Section 2432; DODI 5000.2, Part 11, Section D; DOD 5000.2M, Part 17

APPLICABILITY: A.1 ACAT I Programs

FREQUENCY: Annual at the end of the first quarter of the FY (due no later than 7 days after President's Budget Submit)

Quarterly on an exception basis. Required when 15% or greater cost growth or a 6-month or greater slip in any schedule milestone.

pprc/ed correction to t seline at the directi-n of _ne USL(A) c n require a quarterly s mission.

A first o ast SAR can be submitted at the enu of any quarter.

PREPARED BY: Program Manager

APPROVED BY: USD(A)

SUBMITTED TO: Congress

CONTENTS: Mission and Description; Related Programs; Program Highlights; Threshold Breaches; Schedule; Performance Characteristics; Total Program Cost and Quantity; Program Acquisition and Current Procurement Unit Cost Summaries; Cost Variance Analysis; Contract Information; Program Funding; Production Rate Data; and Operating and Support Costs

COMMENTS: The SAR is the most comprehensive program status report which goes to Congress. It is similar to, though not as comprehensive as, the DAES which remains within the DOD. Furthermore, it contains all the critical informat .: n eds of the UCR which also goes to Cong: . .

RECOMMENDATIONS:

(1) The requirement for the UCR should be deleted.

(2) A master program database should be maintained at the program office level which contains data elements common to this and other service, DOD and congressionally required recurring reports. Each report should extract necessary data from the central database to ensure consistency in reporting to Congress. (Timing of reports will still create potential conflicts when program changes occur.)

UNIT COST REPORT (UCR)

REPORTS CONTROL SYMBOL (RCS) DD-COMP(Q&AR) 1591

REQUIREMENT: Title 10, U.S. Code Section 2433

FREQUENCY: Quarterly

PURPOSE: To provide cost information to the Secretary of Defense and Congress on an unit basis.

PREPARED BY: Program Manager

APPROVED BY: Defense Acquisition Executive (DAE)

SUBMITTED TO: Congress

CONTENTS: This report contains the following items. The Program Acquisition Unit Cost (PAUC) which is the unit cost that equals the sum of research, development, test, and evaluation; procurement; and system-specific military construction costs for the acquisition program divided by the program acquisition quantity. The Current Program Unit Cost (CPUC) which is the unit costs that equals the sum of all procurement funds programmed to be available for obligation for procurement for the current fiscal year reduced by the amount of funds to be available for obligation in that fiscal year for advance procurement for any later fiscal year and increased by any amount appropriated in a prior fiscal year for advance procurement for the current fiscal year divided by the number of fully configured end items to be procured during the current fiscal year. Cost and Schedule Variances are also required. This information is Sections 6 & 7 of the Defense Acquisition Executive Summary (DAES). This information is also required to be in the Exception Selected Acquisition Report along with other information.

RECOMMENDATION: This report should be deleted as the information is in the DAES and SAR. The SAR goes to the Congress even though the DAES doesn't. The submittal time for the initial UCR is the same as the SAR, but the recurring requirement is quarterly for the UCR while the SAR is submitted annually. It seems the requirement to report breaches could suffice for the quarterly reporting requirement and may be acceptable to Congress.

EXCEPTION UNIT COST REPORT

REPORTS CONTROL SYMBOL (RCS)   DD-COMP(Q&AR) 1591

REQUIREMENT: Title 10, U.S. Code Section 2433

FREQUENCY: Immediately upon breach (an anticipated increase
                  of 15% or greater) of previously reported data.
                  Another report is required if an increase of an
                  additional 5% or greater is anticipated.

PURPOSE: To provide cost increase information to the
                  Secretary of Defense and Congress on the unit
                  basis.

PREPARED BY: Program Manager

APPROVED BY: Defense Acquisition Executive (DAE)

SUBMITTED TO: Congress

CONTENTS: This report contains the following items. The
                  Program Acquisition Unit Cost (PAUC) which is the
                  unit cost that equals the sum of research,
                  development, test, and evaluation; procurement;
                  and system-specific military construction costs
                  for the acquisition program divided by the program
                  acquisition quantity. The Current Program Unit
                  Cost (CPUC) which is the unit costs that equals
                  the sum of all procurement funds programmed to be
                  available for obligation for procurement for the
                  current fiscal year reduced by the amount of funds
                  to be available for obligation in that fiscal year
                  for advance procurement for any later fiscal year
                  and increased by any amount appropriated in a
                  prior fiscal year for advance procurement for the
                  current fiscal year divided by the number of fully
                  configured end items to be procured during the
                  current fiscal year. Cost and Schedule Variances
                  are also required. This information is Sections 6
                  & 7 of the Defense Acquisition Executive Summary
                  (DAES). This information is also required to be
                  in the Exception Selected Acquisition Report along
                  with other information.

RECOMMENDATION: Delete this report as the information is included
                  in the Exception Selected Acquisition Report with
                  almost identical breach thresholds. The required
                  submittal time should be coordinated with the
                  Congress to insure the quarterly submittal of the
                  Exception SAR is acceptable since this report is
                  required immediately after a breach recognized.

COOPERATIVE RESEARCH AND DEVELOPMENT PROJECTS

REPORT

REPORTS CONTROL SYMBOL: Exempt

REQUIREMENT: 10 U.S.C. 2350 a

FREQUENCY: Annually (by 1 Mar each year)

PURPOSE: Provides Congress with a description of status,
    funding, and schedule of existing cooperative R&D projects
    for which a Memorandum of Understanding (MOU) or other formal
    agreement has been entered into.

   Provides description of the purpose, funding and schedule of
   any proposed new projects included in the President's budget
   submit to Congress for which theer are no MOUs or other formal
   agreements.

PREPARED BY: DUSD(IP)

APPROVED BY: USD(A)

SUBMITTED TO: Congress

CONTENTS/ANALYSIS: The DoD Component Acquisition Executive or
    designated Component Official approves the Cooperative
    Opportunities Document for ACAT I programs with approval of
    the Integrated Program Summary (IPS).

   Telephone discussion with personnel of the OSD International
   Programs Office revealed that this report was still given a
   high priority and continues to be submitted as required. It
   is also noted that the Defense Acquisition Executive Summary
   (DAES) report requires that International Cooperative
   Programs be included.

RECOMMENDATION: Continue report as required. Use the DAES
    report/data bases as the principal source for extracting
    cooperative agreement information submitted to Congress.

STANDARDIZATION OF EQUIPMENT WITH NATO MEMBERS REPORT

REPORTS CONTROL   OL: Reports Control Exempt

REQUIREMENT: 10 U.S.C. 2457; DoDD 5000.2

FREQUENCY: Bi-Annually

PURPOSE: Provide Congress with the status of DoD's efforts to "standardize equipment, including weapons systems, ammunition, and fuel, procured for use of the armed forces of the United States stationed in Europe under the North Atlantic Treaty or at least make that equipment interoperable with equipment of other members of NATO."

PREPARED BY: OSD Director, International Programs Office

APPROVED BY: OSD Director, International Programs

SUBMITTED TO: Congress

CONTENT/ANALYSIS: As DoD 5000.2 refers to this report, it is a report (10 U.S.C. 2457) within a report (10 U.S.C. 2350).

The frequencey of this report was changed to bi-annual in the FY89 legislation.   It was last submitted in 1991; the 1993 report is still being staffed within the OSD.   The report originated in the mid 70's when there was a perception and/or need to standardize US military hardware with that of NATO allies.   Standardization is still an issue to be addressed at all Defense Acq'   n Board (DAB) reviews for ACAT I and II programs; however, ove: last 8 to 10 years, the report to Congress has been a "negat.   report" where the weapons programs are listed with a "non-standard" designator.

The report is prepared internal to the OSD without individual Program Manager input and the report does not appear to have high priority under the present administration.

RECOMMENDATION: Monitor current legislation to determine continued need for this report.   Update DoDD 5000.2 if required.

BEYOND LOW-RATE INITIAL PRODUCTION (LRIP) REPORT

REPORT CONTROL SYMBOL (RCS): None

REQUIREMENT: Title 10 U.S. Code, Section 2399

APPLICABILITY: All ACAT I and all programs selected by Director, Operational Test and Evaluation for DOT&E oversight.

FREQUENCY: Prior to proceeding beyond low-rate initial production.

PREPARED BY: Director, Operational Test and Evaluation

APPROVED BY: Director, Operational Test and Evaluation

SUBMITTED TO: Congress (defense committees)
Secretary of Defense
Under Secretary of Defense for Acquisition and Technology
Component Head, Acquisition Executive, PEO, PM

CONTENTS: Director, Operational Test and Evaluation's assessment of adequacy of initial operational test and evaluation and whether the test results confirm the items or components are effective and suitable for combat prior to the MDA's decision to proceed beyond low-rate initial production.

COMMENTS: No format specified in 5000.2-M. Report must be submitted to congressional committees in precisely the same form and with precisely the same content as the report originally submitted to the Secretary and Under Secretary, except that they may make accompanying comments.

RECOMMENDATION: None.

LOW-RATE INITIAL PRODUCTION REPORT
FOR NAVAL VESSELS AND SATELLITES

REPORT CONTROL SYMBOL (RCS): None

REQUIREMENT: Title 10 U.S. Code, Section 2400; DODI 5000.2, Chapter 8-4; DOD 5000.2M, Part 9

APPLICABILITY: All ACAT I Naval vessels and satellite programs.

FREQUENCY: At Milestone II

PREPARED BY: Program Manager

APPROVED BY: Secretary of Defense

SUBMITTED TO: Congress

CONTENTS: An explanation of the rate and quantity prescribed for low-rate initial production of Naval vessels and satellites and the considerations for establishing that rate and quantity; a test and evaluation master plan; and an acquisition strategy for that program that has been approved by the Secretary, to include the procurement objectives in terms of total quantity of articles to be procured and annual production rates.

COMMENTS: Purpose is to limit items with long development times and limited production to minimum quantity and rate that (A) preserves the mobilization production base for that system, and (B) is feasible, as determined pursuant to regulations prescribed by the Secretary of Defense.

RECOMMENDATION: None.

FIXED PRICE TYPE CONTRACT CERTIFICATION

REPORT CONTROL SYMBOL (RCS): Exempt

REQUIREMENT: Public Law 101-511, Section 8038 (FY91 Appropriations Act), Nov 5, 1990

APPLICABILITY: All ACAT I Programs

FREQUENCY: 30 Days Prior to Authorization to Use a Fixed-Price Contract for R&D

PREPARED BY: Program Manager; Contracting Officer

APPROVED BY: USD (A)

SUBMITTED TO: Congress

CONTENTS: Certification that development risks have been reduced to the extent that realistic pricing can occur and that an equitable sharing of risk between the contractor and the government can occur.

COMMENTS: Fairly straight-forward report with rationale for fixed-price contract vehicle for a development contract.

RECOMMENDATION: Retain requirement as is.

MULTIYEAR PROCUREMENT COST CERTIFICATION

REPORT CONTROL SYMBOL (RCS): DDCOMP(AR) 1092

REQUIREMENT: Title 10 USC 2306 (g)(1) or (h)
                 DOD 5000.2M, Part 21

APPLICABILITY: All ACAT I Programs

FREQUENCY: One time report, due in beginning year of multi-year contract.

PREPARED BY: Program Manager

APPROVED BY: ASA for Financial Management/DOD Comptroller

SUBMITTED TO: Congress

CONTENTS: Description of multi-year procurement to include: production years; total production (all years); annual production; expected savings; background information; and statement of full funding for the FYDP. Attachments include multi-year exhibits in staffing document up to the DoD Comptroller level.

COMMENTS: Fairly straight-forward report containing summary information associated with multi-year procurements. This top level information should be easy to produce and when presented to Congress serves as a positive advocacy document for the program.

RECOMMENDATION: Retain requirement as is.

CONTRACT AWARD ANNOUNCEMENT

REPORT CONTROL SYMBOL (RCS): DD--LA(AR) 1279

REQUIREMENT: FAR Subpart 5.3; DFARS Subpart 205.3

APPLICABILITY: ACAT II, III & IV Programs

FREQUENCY: Prior to Contract Award

PREPARED BY: Program Manager; Contracting Officer

APPROVED BY: Component Office for Public Affairs

SUBMITTED TO: Congress; Sec'y of Defense; Service Sec'y; USD(A); SAE; ASD (Legislative Affairs); ASD (Public Affairs); Service Legislative Affairs Office

CONTENTS: Announces contract award > $5 M.

COMMENTS: Fairly straight-forward report containing summary information associated with contract award. Good PR.

RECOMMENDATION: Retain requirement as is.

SUMMARY OPERATIONAL TEST AND EVALUATION REPORT

REQUIREMENT: 10 U.S.C. 138,   DoDD 5000.2

FREQUENCY: Annually, NLT 10 days after the President's Budget
               submission to Congress.

PURPOSE: "The Director, OT&E shall prepare an annual report
           summarizing the operational test and evaluation
           activities of the DoD during the preceeding fiscal
           year."

PREPARED BY: Director, Operational Test & Evaluation

APPROVED BY: Director, Operational Test & Evaluation

SUBMITTED TO: Concurrently to SECDEF, USD(A&T), and Congress

CONTENT: The report shall include such comments and
           recommendations as the Director considers appropriate,
           including comments and recommendations on resources and
           facilities available for operational test and
           evaluation and levels of funding made available for
           operational test and evaluation activities.

RECOMMENDATIONS: None

PM's RESPONSIBILITY: None. The PM has no input into this
report.

LIVE FIRE TEST AND EVALUATION REPORT

REQUIREMENT: 10 U.S.C. 2366, DoDD 5000.2

FREQUENCY: Once, at Milestone III

PURPOSE: The Live Fire Test and Evaluation (LFT&E) Report is an independent OSD report to Congress on those programs that have been designated as "covered" under 10 U.S.C. 2366. This normally applies to ACAT I programs, but can be applied to any ACAT program that meets the requirements of the 10 U.S.C. 2366 oversight.

PREPARED BY: Director, Test and Evaluation, USD(A&T)

APPROVED BY: SECDEF

SUBMITTED TO: Congress

CONTENT: OSD's independent analysis and determination of the survivability, vulnerability, and lethality of the weapon system.

RECOMMENDATIONS:

1) DoDD 5000.2 should be updated to reflect the recent changes to 10 U.S.C. 2366. The LFT&E Guidelines memorandum of USD(A&T) dated January 1994 provides an update with a promise to revise 5000.2 accordingly.

2) Monitor current legislative actions aimed at acquisition reform.

PM's RESPONSIBILITY:
The PM has no direct input into the LFT&E Report. He will conduct a live fire testing program and generate raw data that OSD will use in its analysis and reporting. Each Service has a different methodology for the conduct of LFT&E. Usually, each Service will produce its own lethality/survivability evaluation report and provide that to OSD as a courtesy. The testing that will be conducted and the data that will be provided to Director, T&E, is delineated in the LFT&E Strategy, a subsection of the Test and Evaluation Master Plan (TEMP).

LIVE FIRE TEST AND EVALUATION WAIVER

REQUIREMENT: 10 U.S.C. 2366, DoDD 5000.2

FREQUENCY: Once, only if required, prior to Milestone II

PURPOSE: This only applies to those programs that have been designated as a covered program for LFT&E and have a requirement to request a waiver of LFT&E. The waiver does not waive the requirement for a live fire program and the resulting OSD oversight and LFT&E Report to Congress.

PREPARED BY: Program Manager

APPROVED BY: SECDEF

SUBMITTED TO: Congress

CONTENT: Request to waive full-up system level tests against a representative target. The only acceptable rationale is that full-up LFT&E would be unreasonably expensive or impractical. A draft certification letter from the SECDEF to Congress. A Live Fire Strategy that details the live fire testing that will take place instead of the full-up testing.

RECOMMENDATIONS:

1) DoDD 5000.2 should be updated to reflect the recent changes to 10 U.S.C. 2366. The LFT&E Guidelines memorandum from USD(A&T) dated January 27, 1994 provides the current version of the law and OSD requirements. Revise DoDD 5000.2 and supporting documents in the next scheduled update.

2) Monitor current legislative actions aimed at acquisition reform.

PM's RESPONSIBILITY:
As part of the TEMP, a LFT&E Strategy must be prepared and approved by OSD. The LFT&E Strategy must describe how survivability/lethality will be tested. Since the waiver is submitted to SECDEF for approval, the resulting coordination cycle is different in each of the Services, but suffice it to say that it is an arduous and lengthy task. The waiver request must (1) justify why the conduct of full-up system level testing would be "unreasonably expensive and impractical", (2) provide alternatives to full up system level testing, and (3) describe how survivability/lethality will be tested.

ACQUISITION PROGRAM BASELINE AGREEMENT

REPORTS CONTROL SYMBOL (RCS):   None

REQUIREMENT: Title 10 U.S.C. ,Section 2435

FREQUENCY: Updated at each milestone.

PURPOSE: Documents the cost, schedule, and performance baseline agreement between the milestone decision authority and the Program Manager or Designated Component Official.

PREPARED BY: Program Manager or Designated Component Official

APPROVED BY: Milestone Decision Authority

SUBMITTED TO;   ACAT 1C - USD(A&T), Service Chief or as designated, Component Acquisition Executive, Program Executive Officer, Program Manager.

REFERENCES: DoD Inst. 5000.2, Part 14

DATA ELEMENTS: Cost, schedule and performance thresholds and objectives. Specific items vary for each program. Data elements are essentially what is considered appropriate for the program.

RECOMMENDATION: As delineated by the title, this document lists all the bottom line performance, cost and schedule elements for the program. It can not be deleted and it fact should be the basis for any other report requiring the same data.

DEFENSE ACQUISITION EXECUTIVE SUMMARY

(DAES)

REPORTS CONTROL SYMBOL (RCS): DD-ACQ(Q) 1429

REQUIREMENT: DODI 5000.2

FREQUENCY: Quarterly

PURPOSE: Provides the Service (Component) Acquisition Executive and the Under Secretary for Defense (Acquisition) (USD(A)) with status of program progress and serves as an early warning mechanism for potential/actual breaches of:

- baseline Selected Acquistion Report (SAR)
- major contract cost baseline (for K>$40M)
- the acquisition program baseline

PREPARED BY: Program Management Office (PMO)

APPROVED BY: Component/Service Acquisition Executive (CAE/SAE)

SUBMITTED TO: USD(A)

REFERENCES: - DODI 5000.2-M, Part 16
- CS645
- Presentation by Mr. Gary Christle, Chief Program & Integrations Office, Deputy Director Performance Management, OUSD(A) on 29 Apr 1994.

CONTENTS:

- Performance Characteristics (payload,transport,RAM)
- Program Schedule Milestones
- Program Acquisition Cost (Base & Then Year, Objective/Threshold, quantities, unit cost)
- Program Background Data (Unit Cost Report, track to budget,procurement delivery info, program cost info, international cooperative program info, joint potential)
- Supplemental Contract Cost Information (Program name, Contract name, Contractor, Contract #, Delivery QTY, Target price, estimated completion, PM estimated cost, cost and schedule variance.)

RECOMMENDATION: Since this is a recurring report submitted quarterly to the USD(A) which contains information existing in the Selected Acquistion Report (SAR), the Unit Cost Report (UCR), the Acquisition Program Baseline (APB) and others which are required by Congress, it is recommended that the report be examined to determine if it can be used as the principal data source for those reports submitted to Congress.

Appendix E

Database

Report	Item	Fy	Value	Descript
				number of systems in prev
PROCUREMENT ANNEX	QUANITY	91&p	1123	
PROCUREMENT ANNEX	QUANITY	92	60	
PROCUREMENT ANNEX	QUANITY	93	52	
PROCUREMENT ANNEX	QUANITY	94	60	
PROCUREMENT ANNEX	QUANITY	95	60	
PROCUREMENT ANNEX	QUANITY	96	60	
PROCUREMENT ANNEX	QUANITY	97	36	
PROCUREMENT ANNEX	QUANITY	98	36	
PROCUREMENT ANNEX	QUANITY	99	52	
PROCUREMENT ANNEX	WEP SYS COST	91&p	5374915	cost of weapon system
PROCUREMENT ANNEX	WEP SYS COST	92	414770	
PROCUREMENT ANNEX	WEP SYS COST	93	339009	
PROCUREMENT ANNEX	WEP SYS COST	94	392742	
PROCUREMENT ANNEX	WEP SYS COST	95	410615	
PROCUREMENT ANNEX	WEP SYS COST	96	423914	
PROCUREMENT ANNEX	WEP SYS COST	97	290345	
PROCUREMENT ANNEX	WEP SYS COST	98	296403	
PROCUREMENT ANNEX	WEP SYS COST	99	436603	
PROCUREMENT ANNEX	WEP SYS COST	99-	8490400	
PROCUREMENT ANNEX	WEP SYS COST	TOT	16869716	total weapons systems cost
BES FUNDING SUMMARY	RDT&E BASE YR $		384.3	
BES FUNDING SUMMARY	RDT&E THEN YR $		539.4	
BES FUNDING SUMMARY	OPA(AIRCRAFT) TOTAL		2357	PROCUREMENT TOTAL
BES FUNDING SUMMARY	OPA BASE YR $		3965.3	
BES FUNDING SUMMARY	OPA THEN YR $		17518.6	
BES FUNDING SUMMARY	MILCON TOTAL QTY		0	MILCON
BES FUNDING SUMMARY	MILCON BASE YR $		8.1	
BES FUNDING SUMMARY	MILCON THEN YR $		27.8	
BES FUNDING SUMMARY	NG & RE TOTAL		24	NATIONAL GUARD AND
BES FUNDING SUMMARY	RG & RE BASE YR $		39.3	
BES FUNDING SUMMARY	RG & RE THEN YR $		156.0	
DAES	PROG ACQ COST		8685.8	
DAES	PROG ACQ QUAN		1447	
DAES	UNIT COST		6.003	
DAES	PROC COST		416.0	
DAES	FY93 QUAN		60	
DAES	FY93 UNIT COST	93	6.9333	
DAES	PRIOR YRS		1207	
DAES	PRIOR YRS $		6617.2	
DAES	CY DEL		60	
DAES	CY $		419.5	
DAES	CY + 1		60	
DAES	CY + 1 $		419.2	
DAES	CY + 2		60	
DAES	CY + 2 $		415.0	
DAES	CY + 3		60	
DAES	CY + 3 $		243.4	
DAES	CY + 4		0	
DAES	CY + 4 $		1.9	
DAES	AF MYP III TOT QUAN		387	
DAES	AF MYP III CEILING $		1818.8	
DAES	AF MYP III EST COMP		DEC 93	
DAES	AF MYP III PM EST $		1809.0	
DAES	ENG MYP III TOTAL		2220	
DAES	ENG MYP III CEILING		1032.6	
DAES	ENG MYP III EST COMP		JAN 96	
DAES	ENG MYP III PM EST $		976.3	
DAES	AF MYC 1D TOTAL QUAN		300	
DAES	AF MYC 1D CEILING $		1547.6	

06/01/94

Report	Item	Fy	Value	Descript
DAES	AF MYC 1D EST COMP		DEC 97	
DAES	AF MYC 1D PM EST $		1539.5	
DAES	RDT&E BASE YR		384.0	
DAES	RDT&E THEN YR		539.6	
DAES	PROC BASE YR		3899.6	
DAES	PROC THEN YR		15609.4	
DAES	MILCON BASE YR		7.1	
DAES	MILCON THEN YR		22.8	
DAES	AVG PROC UNIT COST		1.728	
DAES	DEV QUANITY		10	
DAES	PROC QUANITY		2257	
DAES	INIT PROD		DEC 76	
DAES	FDTE		OCT 79	
DAES	MS IIIA		OCT 79	
DAES	IOC		NOV 79	
DAES	INT PROC OBJ		JUL 91	INIT PROC OBJ OF 1107
SAR	Y IV CA		APR 92	MY IV AIRFRAME
SAR	PROGRAM HIGHLIGHTS		TEXT	Contains significant historical ·
SAR	Threshold Breaches		TEXT	Describes type of breach and
SAR	Schedule		TEXT	Contains Milestones, Previous
SAR	Performance Charister	i	TEXT	Contains perfor·mance
SAR	Total Program Cost		TEXT	Contains Co··· ··antity and
SAR	Program Acquisition/Curre		TEXT	Contains Progra··· Acquisition
SAR	Cost Variance analysis		TEXT	Contains Summary (in TY
SAR	Program Acquisition Unit		TEXT	Compares current baseline
SAR	Contract Information		TEXT	Contract type, years, (in TY
SAR	Program Funding		TEXT	ontains Program Status,
SAR	Production Rate Data		TEXT	ontains Production Baseline
SAR	Operating and Support Cos		TEXT	Contains Assumptions,
SAR	Designation		TEXT	preferred name
SAR	DOD COMPONENT		TEXT	SERVICE
SAR	RESPONSIBLE OFC/PH#		TEXT	OFFICE, PM NAME,
SAR	PROGRAM		TEXT	ALL PROGRAM ELEMENTS
SAR	RELATED PROGRAMS		TEXT	LISTS ALL RELATED
SAR	MISSION AND		TEXT	SEE DATA ITEM
UNIT COST	PROG ACQ COST EST	93	8683.4	
UNIT COST	PROG ACQ COST BL	92	8685.8	
UNIT COST	PROG ACQ QUAN EST	93	1447	
UNIT COST	PROG ACQ QUAN BL	92	1447	
UNIT COST	PROG ACQ UNIT COST	93	6.001	
UNIT COST	PROG ACQ UNIT COST BL	93	6.003	
UNIT COST	PROC COST EST	93	419.5	
UNIT COST	PROC COST BL		419.5	
UNIT COST	PROC COST CY ADV PROC		153.8	
UNIT COST	PROC COST CY ADV PROC		153.8	
UNIT COST	PROC COST PY ADV PROC		150.3	
UNIT COST	PROC COST PY ADV PROC		150.3	
UNIT COST	PROC QUANITY EST		60	
UNIT COST	PROC QUANITY BL		60	
UNIT COST	PROC UNIT COST EST		6.9333	
UNIT COST	PROC UNIT COST BL		6.9333	
UNIT COST	CONTRACT NUM		DAAJ09-C-A003	FFP CONTRACT
UNIT COST	CONTRACT DEL TOTAL		387	
UNIT COST	CONTRACT DEL PLAN		387	
UNIT COST	CONTRACT DEL QTY		374	
UNIT COST	CONTRACT TGT PRICE		1818.8	
UNIT COST	CONTRACT CEILING		1818.8	
DAES	OBJ, PAYLOAD, TROOPS		11	
DAES	OBJ, PAYLOAD, WEIGHT		2640	

Report	Item	Fy	Value	Descript
DAES	OBJ, AIR TRANSPORT,		2	
DAES	OBJ, AIR TRANSPORT, C5		6	
DAES	OBJ, VERT RATE OF		450	
DAES	OBJ, CRUISE SPEED		145	
DAES	OBJ, ENDURANCE		2.3 HRS	
DAES	OBJ, RELIABILITY		.991	
DAES	OBJ, MTBMA		106.0	MEAN TIME BETWEEN
DAES	OBJ, SYSTEM MTBF		4.0	MEAN TIME BETWEEN
DAES	OBJ, MMH/FH		3.0	MAINT MAN HOUR PER
DAES	THOLD, PAYLOAD,		11	
DAES	THOLD, PAYLOAD,		2640	
DAES	THOLD, AIR TRANSPORT,		2	
DAES	THOLD, AIR TRANSPORT,		6	
DAES	THOLD, VRC		425	VERT RATE OF CLIMB
DAES	THOLD, CRUISE SPEED		139	
DAES	THOLD, ENDURANCE		2.3 HRS	
DAES	THOLD, RELIABILITY		.987	
DAES	THOLD, MTBMA		75.9 HRS	
DAES	THOLD, SYSTEM MTBF		4.0 HRS	
DAES	THOLD, MMH/FH		3.0	
SAR	DE, VRC		500	
SAR	DE, CRUISE SPEED		150	
SAR	DE, ENDURANCE		2.3 HRS	
SAR	DE, RELIABILITY		.986	
SAR	DE, MTBMA		70,9	
SAR	DE, SYSTEM MTBF		4.0	
SAR	DE, MMH/FH		3.8	
SAR	OBJ, VRC		450	
SAR	OBJ, CRUISE SPEED		145	
SAR	OBJ, ENDURANCE		2.3	
SAR	OBJ, RELIABILITY		106.0	
SAR	OBJ, MTBMA		.991	
SAR	OBJ, MMH/FH		3.0	
SAR	THOLD, VRC		425	
SAR	THOLD, CRUISE SPEED		139	
SAR	THOLD, ENDURANCE		2.3	
SAR	THOLD, RELIABILITY		.987	
SAR	THOLD, MTBMA		75.9	
SAR	THOLD, SYSTEM MTBF		4.0	
SAR	THOLD, MMH/FH		3.0	
Baseline	THOLD, PAYLOAD,		11	# of troops carried
Baseline	THOLD, Payload, Pounds		2640	total weight carried
Baseline	THOLD, Air transPORT,		2	quantity carried
Baseline	THOLD, Air transPORT, C5		6	quantity carried
Baseline	THOLD, VRC	89	425	flight performance ft/min
Baseline	THOLD, Cruise speed	89	139	flight performance knots
Baseline	THOLD, Endurance	88	2.3	flight performance hours
Baseline	THOLD, RELIABILITY	89	.987	mission reliability
Baseline	THOLD, MTBMA	89	75.9	mission reliability
Baseline	THOLD, SYSTEM MTBF	89	4.0	
Baseline	THOLD, MMH/FH	88	3.0	maintenance manhours per
Baseline	IPCA	88	DEC 76	Initial production contract
Baseline	SYCA FY78	88	OCT 77	Single year contract award
Baseline	SYCA FY79	88	OCT 78	Single year contract award
Baseline	Dfy77CS	88	OCT 78	deliveries FY 77 contract start
Baseline	Dfy78CS	88	MAY 79	deliveries FY 78 contract start
Baseline	FDT&E start	88	JUL 79	
Baseline	FDT&E finish	88	OCT 79	
Baseline	MS IIIA	88	OCT 79	

Report	Item	Fy	Value	Descript
Baseline	IOC	88	NOV 79	
Baseline	SYCA FY80	88	NOV 79	single year contract award FY
Baseline	Dfy79CS	88	AUG 80	deliveries FY 79 contract start
Baseline	SYCA FY81	88	DEC 80	single year contract award FY
Baseline	Dfy80CS	88	JUL 81	deliveries FY 80 contract start
Baseline	Dfy81CS	88	MAR 82	deliveries FY 81 contract start
Baseline	MYCA FY82-84	88	APR 82	multi-year contract award FY
Baseline	DMYC82-84 start	88	DEC 82	deliveries multi-year contract
Baseline	MYCA FY85-87	88	OCT 84	multi-year contract award FY
Baseline	DMYC85-87 start	88	MAR 85	deliveries multi-year contract
Baseline	DP 36th Med	88	DEC 86	deployment plan 36th Med Ft
Baseline	DP 5/17 AHB	88	DEC 86	deployment plan 5/17 Atk Hel
Baseline	DP 5/17 AHB	88	FEB 87	deployment plan 5/17 Atk Hel
Baseline	DP 101st Av	88	MAR 87	deployment plan 101st Av
Baseline	DP 82nd Av	88	MAR 87	deployment plan 82nd Av
Baseline	DP 228th AB	88	MAR 87	deployment plan 228th Atk Bn
Baseline	DP 82nd Av	88	APR 87	deployment plan 82nd Av
Baseline	DP 247th Med Det	88	APR 87	deployment plan 247th med
Baseline	DP 9th LID	88	JUN 87	deployment plan 9th LID
Baseline	DP 101st Av.	88	JUN 87	deployment plan 101st AV
Baseline	DP 101st Av	88	SEP 87	deployment plan 101st AV
Baseline	SP 82nd Av	88	SEP 87	deployment plan 82nd Av
Baseline	DP VII AHB	88	SEP 87	deployment plan VII Corps
Baseline	DP 101st Av	88	DEC 87	deployment plan 101st AV
Baseline	DP 82nd Av	88	DEC 87	deployment plan 82nd Av
Baseline	DP VII AHB	88	DEC 87	deployment plan VII Corps
Baseline	DP 3/227th AHB	89	DEB 89	deployment plan 3/227th AHB
Baseline	DP E/1st Aslt	89	APR 89	deployment plan E/1st ASLT
Baseline	DP 1/245 ASLT	89	APR 89	deployment plan 1/245 ASLT
Baseline	DP 140th ASLT	89	MAY 89	deployment plan 140th ASLT
Baseline	DP 1/24th AHB	89	JUL 89	deployment plan 1/24th AHB
Baseline	DP 2/1st AHB	89	OCT 89	deployment plan 2/1st AHB
Baseline	MYAFCA fy88-91	88	JAN 88	multi-year airframe contract
Baseline	H-60CECA	89	MAY 88	H-60 series competitive engine
Baseline	MYACA fy89	89	NOV 88	multi-year airframe contract
Baseline	H-60 EDS	89	JAN 89	H-60 series engine (GE
Baseline	ARUH-60PO	89	JUN 89	approval of revised UH-60
Baseline	AMSIPIPR	89	JUN 89	approval of MSIP IPR by DA
Baseline	AMSIP DC	89	JUL 89	award MSIP development
Baseline	ACRS DC	89	JUL 89	award composite rotor system
Baseline	PIGET701CE	89	JAN 90	planned incorporation of GE
Baseline	OBJ, Total RDT&E	90	539.6	$M then year
Baseline	Total Procurement	90	15609.4	$M then year
Baseline	Total MILCON	90	22.8	$M then year
Baseline	Total RDT&E	90	441.6	$M base year
Baseline	Total Procurement	90	4094.6	$M base year
Baseline	Total MILCON	90	8.1	$M base year
Baseline	AVUPC	90	1.814	$M (FY 71)
Baseline	Total Procurement	90	2257	includes UH-60 A/L

Item	Report_a	Value_a	Report_b	Value_b	Fy_a	Fy_b
IOC	Baseline	NOV 79	DAES	NOV 79	88	
IOC	DAES	NOV 79	Baseline	NOV 79		88
MS IIIA	Baseline	OCT 79	DAES	OCT 79	88	
MS IIIA	DAES	OCT 79	Baseline	OCT 79		88
OBJ, CRUISE SPEED	DAES	145	SAR	145		
OBJ, CRUISE SPEED	SAR	145	DAES	145		
OBJ, ENDURANCE	DAES	2.3 HRS	SAR	2.3		
OBJ, ENDURANCE	SAR	2.3	DAES	2.3 HRS		
OBJ, MMH/FH	DAES	3.0	SAR	3.0		
OBJ, MMH/FH	SAR	3.0	DAES	3.0		
OBJ, MTBMA	DAES	106.0	SAR	.991		
OBJ, MTBMA	SAR	.991	DAES	106.0		
OBJ, RELIABILITY	DAES	.991	SAR	106.0		
OBJ, RELIABILITY	SAR	106.0	DAES	.991		
THOLD, AIR	DAES	2	Baseline	2		
THOLD, AIR	DAES	6	Baseline	6		
THOLD, Air	Baseline	2	DAES	2		
THOLD, Air	Baseline	6	DAES	6		
THOLD, CRUISE	DAES	139	Baseline	139		89
THOLD, CRUISE	DAES	139	SAR	139		
THOLD, CRUISE	SAR	139	Baseline	139		89
THOLD, CRUISE	SAR	139	DAES	139		
THOLD, Cruise speed	Baseline	139	DAES	139	89	
THOLD, Cruise speed	Baseline	139	SAR	139	89	
THOLD,	DAES	2.3 HRS	Baseline	2.3		88
THOLD,	DAES	2.3 HRS	SAR	2.3		
THOLD,	SAR	2.3	Baseline	2.3		88
THOLD,	SAR	2.3	DAES	2.3 HRS		
THOLD, Endurance	Baseline	2.3	DAES	2.3 HRS	88	
THOLD, Endurance	Baseline	2.3	SAR	2.3	88	
THOLD, MMH/FH	Baseline	3.0	DAES	3.0	88	
THOLD, MMH/FH	Baseline	3.0	SAR	3.0	88	
THOLD, MMH/FH	DAES	3.0	Baseline	3.0		88
THOLD, MMH/FH	DAES	3.0	SAR	3.0		
THOLD, MMH/FH	SAR	3.0	Baseline	3.0		88
THOLD, MMH/FH	SAR	3.0	DAES	3.0		
THOLD, MTBMA	Baseline	75.9	DAES	75.9 HRS	89	
THOLD, MTBMA	Baseline	75.9	SAR	75.9	89	
THOLD, MTBMA	DAES	75.9 HRS	Baseline	75.9		89
THOLD, MTBMA	DAES	75.9 HRS	SAR	75.9		
THOLD, MTBMA	SAR	75.9	Baseline	75.9		89
THOLD, MTBMA	SAR	75.9	DAES	75.9 HRS		
THOLD, PAYLOAD,	Baseline	11	DAES	11		
THOLD, PAYLOAD,	DAES	11	Baseline	11		
THOLD,	Baseline	.987	DAES	.987	89	
THOLD,	Baseline	.987	SAR	.987	89	
THOLD,	DAES	.987	Baseline	.987		89
THOLD,	DAES	.987	SAR	.987		
THOLD,	SAR	.987	Baseline	.987		89
THOLD,	SAR	.987	DAES	.987		
THOLD, SYSTEM	Baseline	4.0	DAES	4.0 HRS	89	
THOLD, SYSTEM	Baseline	4.0	SAR	4.0	89	
THOLD, SYSTEM	DAES	4.0 HRS	Baseline	4.0		89
THOLD, SYSTEM	DAES	4.0 HRS	SAR	4.0		
THOLD, SYSTEM	SAR	4.0	Baseline	4.0		89
THOLD, SYSTEM	SAR	4.0	DAES	4.0 HRS		
THOLD, VRC	Baseline	425	DAES	425	89	
THOLD, VRC	Baseline	425	SAR	425	89	
THOLD, VRC	DAES	425	Baseline	425		89

Item	Report_a	Value_a	Report_b	Value_b	Fy_a	Fy_b
THOLD, VRC	DAES	425	SAR	425		
THOLD, VRC	SAR	425	Baseline	425		89
THOLD, VRC	SAR	425	DAES	425		

SECTION 3

Executive Summary

EXECUTIVE SUMMARY
TO THE
FINAL REPORT

EXPERIENTIAL LEARNING PROGRAM
(PROJECT KAIZEN)
TEAM 3

CONGRESSIONAL OVERSIGHT AS IT RELATES TO
REPORT AND INFORMATION REQUESTS
NOT REQUIRED BY THE DEPARTMENT OF DEFENSE (DoD)
INSTRUCTIONS (DoD 5000 SERIES)

The students assigned to Section C of the Defense Systems Management College (DSMC) Program Management Course PMC 94-1 participated in an experimental learning program named "PROJECT KAIZEN." The word *kaizen* is derived from a Japanese expression referring to the concept of *continuous improvement*. The results of that learning program for one of three teams participating - Kaizen Team 3 - are documented in <u>Final Report, Experiential Learning Program (Project Kaizen), Team 3, Congressional Oversight as it Relates to Report and Information Requests not Required by the Department of Defense (DoD)Instructions (DoD 5000 Series)</u>. Following is a summary of that report.

This experimental learning program developed from a mutual desire by the students in Section C to learn more about current topics in acquisition - those beyond the scope of the curriculum of PMC, and the faculty of DSMC to introduce more adult learning activities to the traditional teaching techniques used at the College. The students formed three teams to research the topics that were chosen: (1) <u>Acquisition Reform Legislation</u>, (2) <u>Reports to Congress Required by Department of Defense (DoD) instructions (DoD 5000 series)</u>, and (3) <u>Reports Requested by Congress not Required by DoD instructions (DoD 5000 series)</u>. This summary and report concern subarea (3).

The report is divided into nine sections describing the conduct of the learning program, the information accumulated about the topic, and recommendations for future efforts. An overview of those sections follows.

I. INTRODUCTION

Kaizen Team 3 examined the reports requested by Congress that are not required by DoD acquisition instructions (DoD 5000 Series). We conducted research and examined the magnitude and scope of the documents required by Congress during the budget approval cycle. The Team originally planned to analyze the document generation and submittal/approval process within DoD; analyze the use, need and value of the information requested; review customer (Congressional Staffer) satisfaction; and determine if reports could be standardized, combined or eliminated. The scope of these plans turned out to be greater than anticipated, given the size of Team 3, the time available for the project, and the obstacles/challenges met. Section 5, Midcourse Adjustments, addresses the changes made to accommodate these issues.

II. APPROACH/EXECUTION FLOW

Team 3 anticipated that the Office of the Secretary of Defense (OSD) maintained historical databases of Congressional questions and report requests. By analyzing these databases, trends might be identified which supported or refuted Team 3's "going-in" hypotheses that reports could be standardized, added, or eliminated.

We then planned to develop a survey or questionnaire designed to supplement the trends evident from the data analysis. The target population for this survey was to be the staffs of the House Armed Services Committee (HASC), the Senate Armed Services Committee (SASC), and the Defense Subcommittee staffs of the House Appropriations Committee (HAC) and the Senate Appropriations Committee (SAC). Data for the survey would be collected through interviews.

III. PROCESS/PROCEDURES (LOWER LEVEL)

The initial step in determining who would be interviewed was identifying the DoD and Congressional stakeholders in the information request/reporting process. The objective was to interview the stakeholders in that process to gather data on the quality of the process, the way the requests are answered, and quality reports/information provided.

Interviews were planned with personnel in the Services' Office of Legislative Affairs (OLA) and the OSD Comptroller's Office (OSD(C)). The OLAs were thought to maintain a database of all requests for information/reports and questions/answers to/from DoD. They did not. OSD(C) reviews all committee bills, reports, and conference language for reporting requirements, and maintains a database on these. These databases were used in the Team 3 data analysis. We planned to interview the response originators in DoD, but time did not allow this. During interviews, we were referred to other offices not originally identified in the report flow process. One example is the Washington Headquarters Service (WHS) within OSD. Interviews in these offices provided beneficial insight from outside the primary information flow. A complete list of offices and persons interviewed is detailed in Section 6 of the full report.

Professional staffers of the HASC and SASC and the Defense Subcommittee staffs of the HAC and SAC were identified as the

primary points of contact for Congressional points of view. The survey developed was used to guide the interviews.

To document the information provided by those interviewed, each team member took notes. Afterwards, one member wrote an account of what was said as a first draft. The draft was then reviewed by the others adding points, as necessary, to ensure a complete record of the interview was maintained. An historical record is available for future reference of the interviews and derived findings. The interviews are provided in Appendix A of the report.

IV. OBSTACLES/CHALLENGES

During the course of the project, numerous challenges and obstacles were encountered and workarounds implemented. The initial obstacle was a lack of time to establish an effective process and adequately pursue the agreed upon goals. It required more time than planned to schedule the various Congressional staff members and key people in DoD while the FY95 budget review was in process. Also, time did not permit interviews with the service comptrollers, Program Office respondents, and persons at OSD WHS who were responding to Senator McCain's request to reduce reporting requirements of DoD. The WHS databases were also reviewed by Team 3.

Database analysis was a second major challenge. An assumption was made that the OLAs maintained a single database of all questions posed by Congress to DoD and the DoD responses. In reality, neither Congressional staff personnel or anyone in the information pipeline maintains a single integrated database. In addition, there were considerable inconsistencies between formats used and interpretation of data put into similar fields of the databases obtained from different offices.

V. MIDCOURSE ADJUSTMENTS

Due to the obstacles and challenges encountered, Team 3 modified the flow of the learning experiment. Development of a hypothesis would normally have been done after the initial information search, but time constraints required us to make an initial hypothesis, develop a survey to confirm the hypothesis, and verify the hypothesis from data analysis, all in parallel. Data collection and interviews have not substantiated the initial hypothesis that incompatible format or lack of standardization are causes for DoD

documents not providing value added to Congressional Staff. On the contrary, the survey appears to confirm that the reports generally do offer added value.

Team 3's proposed new/modified hypotheses were:

o Lack of a single tracking system for DoD reports to Congress results in duplicative requests for information and the costly expenditure of DoD resources to provide redundant responses.

o Timeliness of reports requested by Congress is their primary complaint.

VI. DESCRIPTION AND ANALYSIS OF DATA/INFORMATION SOURCES

As many stakeholders as possible were interviewed. For the reasons discussed in the section on Obstacles/Challenges, fewer people than anticipated were interviewed. Still, substantive discussions were held with a fair representation of the primary stakeholders.

Numerous standalone databases were obtained in hard and soft copy. The databases were extensively reviewed and the derived findings are provided. Correlating the data between files yielded a lot of insight into the report tracking and requesting processes.

A considerable number of reports and other correspondence were provided by several of the people interviewed. A list of the written material is provided in the full report.

VII. FINDINGS

Report requirements are increasing. In addition, there are numerous Questions for the Record (QFRs) that DoD must respond to. Team 3 was unable to find any indication on surveys related to the number of these QFRs, their frequency, or growth/reduction in number.

Relationship between Congress and DoD mandates the need for reports and other requests for information. The authority and basis for Congress requesting reports from the Department of Defense is firmly grounded in the Constitution and is fundamental to Congress's power "to provide for the common defense...to raise and support armies...to provide and maintain a

Navy...to make rules for the Government and regulations of the land and naval forces."

Congressional reports are requested for various uses.

o to respond to constituent concerns or interests
o to answer conference committee or subcommittee QFRs
o to penalize DoD or a specific Service for non-responsiveness to a previous question or Bill language
o to reach political compromise and avoid legislative delays, or satisfy the "agenda" of various Members
o to cause DoD to do something that Congress or Staff believe would not be done otherwise
o insufficient progress by DoD on specific issues
o inconsistent information provided by DoD
o insufficient information provided by DoD
o Congressional Special Interest Item
o corroboration of Staffer inputs
o desire to "do something" on an issue
o provide legitimacy to DoD program requests
o as a "forcing function", to get the Services to reach consensus among themselves and with OSD on specific issues

Congressional Staffers feel that the response circuit is unnecessarily long. Several of the interviewees expressed the opinion that the DoD organizational structure complicated the response to report requests. These staffers contrasted the hierarchical, many-layered DoD management structure with the Congressional member-staffer, single layer relationship.

Coordination paths between Congress and DoD are cumbersome or non-existent. The current situation with respect to responding to Congressional requests for reports and other information from DoD is characterized by poor communications.

Verbal/written questions are not tracked; questions and reports are not or archived; process does not preclude duplicative requests. From the interviews conducted, it is apparent that lack of a single Congressional tracking system for reports results in duplicative requests for information and the costly expenditure of DoD resources to provide redundant responses.

In-progress status reporting is desired by Congressional Staffers. A DoD tracking system was kept in the mid-80s on issues being worked, but this directory is no longer provided.

Timeliness of reports is a major issue. Timeliness of reports requested by Congress is their primary complaint. Delinquency is greatest with OSD. The military services seem to respond in a more timely manner.

Report quality is mixed. Congress is generally satisfied with the reports, but quality varies greatly. Some reports don't answer the question. In other cases, reports are not tailored well enough for the intended audience. It was suggested that reports be written using layman's terms wherever possible.

Acquisition issues comprise approximately 45% of reports requested by Congress.

VIII. CONCLUSIONS

Congressional Reports are here to stay. Keeping Congress informed of the progress and status of reports they have requested is pivotal to improving relations. Creation of a single comprehensive system to track one-time and periodic reports, as well as Congressional questions could mitigate this, and the potential for duplicative requests.

IX. RECOMMENDATIONS

Develop a single Point of Contact (POC) through whom all Congressional requests be directed. This single POC is defined as an office, not a specific individual. A principal duty of the single POC would be able to screen questions, requests and reports for duplication or redundancy.

Products of all information requests should be kept in a single database. Existing computer technology allows for storage and manipulation of extensive amounts of data.

Provide Congress with the tracking and archival information. Not withstanding that some requests are initiated as political tools, it would help all concerned if everyone spoke from the same sheet of music. The archival information, if available to staffers, might preclude repetitive requests for information already provided. Information on current status would alert staffers to problems before

they became critical issues and would serve as a tickler file for the DoD POC.

Submit reports to Congress electronically. As an initiative under the National Performance Review, Congress should be encouraged to develop a uniform information management system. Such a system, if designed to an open architecture, would be capable of receiving information and storing information electronically. It is recognized that such a change will entail a significant cultural change.

Encourage direct contact between Congress and the offices preparing the responses. Direct communications could preclude the issues related to not understanding the question completely, or providing support data in formats not desired with the user.

As a result of Kaizen Team 3 efforts, a number of topics were determined to be worthy of future study.

PMC should develop more and varied class projects to address the perception of Congress by DoD personnel that appears to reflect an insensitivity to Congress's role. Possible alternatives are Library research, panel discussions, Capitol Hill trips, guest lecturers and research projects.

Despite inefficiencies, the less defined the project structure, the better for team formation. The design and planning of the Kaizen Project, and all of the ambiguity inherent in the start up process, made for closer team identification and interaction, ownership of the process and its execution, and the attendant responsibility for results.

Structure additional PMC studies to focus on the DoD Comptroller-Congressional Budget Office reporting process with the intent of improving the quality of this critical interaction. The Congressional Budget Office (CBO) is a primary "customer" for much of the formal program documentation to Congress. Budget analysts at CBO are trying to establish a coherent picture of programs from this documentation, which they often find is inconsistent with earlier submissions, and lacks appropriate descriptive narrative.

Additional key DSMC staff members should be made available early in the PMC Experiential Learning Process. Some "wheels

were spun" until KAIZEN started moving effectively towards meeting its goals.

SECTION 3

Final Report

FINAL REPORT

EXPERIENTIAL LEARNING PROGRAM
(PROJECT KAIZEN)
TEAM 3

CONGRESSIONAL OVERSIGHT AS IT RELATES TO
REPORT AND INFORMATION REQUESTS
NOT REQUIRED BY THE DEPARTMENT OF DEFENSE (DoD)
INSTRUCTIONS (DoD 5000 SERIES)

TEAM LEADER: COL R. LEAVITT, USMC

MEMBERS:

MR. M. BEBAR   MR. J. NOONEY
MR. S. FARNSWORTH   MR. J. PEARL
MR. D. GAGE   CAPT M. ROGERS, USN
MR. T. HOLZER   MR. P. SPECTOR

PROJECT KAIZEN

TEAM 3 FINAL REPORT

I. INTRODUCTION

This learning project grew out of a shared desire by the students
of the Defense Systems Management College (DSMC) Program
Management Course PMC 94-1 Section C to learn more about
Congressional oversight of the Department of Defense (DoD) than
is provided in the syllabused curriculum. The students chose the
Section 800 Panel work on acquisition reform as a starting point
for examining that oversight. The wide ranging impacts possible
from Congressional oversight and any reform to the DoD
acquisition area that Congress may mandate, inspired even the
less curious students of defense systems program management to
delve further into this topic.

As acquisition reform gains momentum, Congressional oversight of
DOD is an area that offers a significant opportunity for
meaningful reform. One area that could provide a large payoff is
reducing the burden that Congressional reporting requirements
place on DOD by eliminating unnecessary and redundant reports and
minimizing the number of reports that Congress requires. As the
defense budget and organization continue to downsize, any
reduction in Congressional reporting requirements could provide
an opportunity for DOD to use its shrinking resources for
improved program management while still meeting the needs of
Congress.

Due to the broadness of the topic, student research into
acquisition reform needed to be parceled into workable pieces for
the time allowed. Fortunately, the resources required for
research were readily available at the DSMC campus and in the
Washington, DC area. Based on the limited knowledge available
collectively to the students; gathered from an acquisition reform
elective, a student prepared briefing on the Section 800 Panel,
and independently researched learning objectives; three subareas
of the acquisition reform topic were chosen. The subarea chosen
by the students who formed "Kaizen Team 3" concerned <u>reports</u>
<u>requested by the Congress on a regular basis that are not</u>
<u>required by DoD instructions (DoD 5000 series)</u>.

The issues driving reform needed to be examined first, in order
to focus our understanding of the relevance of examining reports
to the Congress. It appears, that the primary issue driving
defense acquisition reform in the 1990's is the need to
transition from an organizational structure and processes
designed to support a significant national investment in defense,
to an organizational structure and processes supporting a
significantly reduced investment. This transition is influenced

2

by political and economic factors. The Congress, a core element of our political process, is constitutionally charged with providing for the armed forces. Therefore, the Congress can be considered to be the "conductor" of the political and economic "instruments" impacting defense acquisition reform.

The effort required to address an improvement to the reporting process may be quite complex however. In the "White Paper On The Department Of Defense And The Congress", prepared by the Secretary of Defense in January 1990, the growth in reporting requirements to Congress was described as follows.

> "DOD reporting requirements are so voluminous and imposed in so many different ways that compiling a comprehensive list is virtually impossible. Another measure of the reporting burden is the list of reports (variously described as studies, plans, reviews, certifications and reports, but referred to here simply as "reports") required by annual legislation and accompanying committee and conference reports compiled by DOD, most of which are not included in the Clerk's compilation. In 1970, at the height of the Vietnam War, the annual funding bills required only 36 such reports from DOD. In 1988, 719 were required, an increase of almost exactly 2000%. From 1982 to 1987 alone the number more than tripled. While the number of new requirements declined for the first time in 1989, growth resumed in the 1990 budget cycle, reaching a new high of 861. Reporting requests in the House Armed Services Committee's reported authorization bill increased by over 100% over last year even before more reports were added on the House floor."

Our Team hypothesized that an examination of reports to the Congress would be of benefit either from a reforming point of view - improving the process, or from a responsiveness point of view - responding to Congressional mandates to reform. We focused on reforming the reporting process, and established a plan for gathering information toward determining if reports could be standardized, combined, or even eliminated. Our initial premise was that some of these documents do not provide value added to the Congressional staff due to incompatible format, lack of standardization or non-responsiveness.

Our Team concentrated on the reports not required by DoD acquisition instructions (DoD 5000 series). Our general approach was to conduct research and examine the magnitude and scope documents provided by DoD to satisfy Congress during the budget approval cycle. Research was planned to identify the number, frequency and content of material submitted. We planned to analyze the document generation and submittal/approval process within DOD, including assessing the value added between the DOD source material and the reports generated for Congress. We then planned to analyze the use, need, and value of the information

requested and the customer (Congressional Staffer) satisfaction with information provided. Lastly, we planned to apply the information to develop recommendations for the revision, standardization, combination or elimination of reports.

It was required that the Team define our learning objectives that reflected this planned approach at the onset of the project. This left us exposed to inaccurately defining objectives and/or choosing inappropriate methodologies to achieve objectives. The academic process fortunately accommodated this, however, the time allocated for the learning process to evolve did not allow a refinement of learning objectives nor a change in the methodologies used for learning. This report describes the learning process as it evolved for the Team, and compiles the information gathered during the project. The report offers findings, conclusions, and recommendations based on the data collected and analyzed. Our process and experiences are described so that educators might improve the learning opportunity for future participants. Our recommendations and conclusions are based solely on our experiences in this exercise, and may only be valid within the constraints of the exercise.

II. APPROACH/EXECUTION FLOW

Our learning project, termed Project Kaizen (based on the Japanese expression referring to the concept of continuous improvement), was based on the premise that the various budget exhibits and Congressionally mandated reports included in the DOD 5000 series of instructions do not provide sufficient information for the various committees and subcommittees (e.g. HASC, SASC, HAC and SAC) to fulfill their responsibility to raise and maintain the armed services. The principal focus of Kaizen Team 3 was the annual reports and information requests from Congress that are not specifically identified in the DoD 5000 series of directives. The following provides a narrative explanation of the approach we took in methodically designing our learning experience. Our approach is represented graphically in the flow chart provided as Figure 1.

KAIZEN TEAM 3
PROCESS FLOW CHART

LEARNING CONTRACT

DOD 5000 INFO/REPORTS

POM/BUDGET INFO/EXHIBITS

CONGRESSIONAL COMMITTEES

IS INFO SUFFICIENT?

YES → NO ADDITIONAL QUESTIONS → BILL LANGUAGE ON REPORTS

NO

REQUEST FOR INFO QUESTION FOR RECORD

TEAM 3 FOCUS

INFO SEARCH

DETERMINE TRENDS

ESTABLISH HYPOTHESIS

DEVELOP SURVEY

CONDUCT INTERVIEWS

ANALYZE RESULTS

IS HYPOTHESIS CORRECT?

NO

YES

CONCLUSIONS

FINDINGS/ RECOMMENDATIONS

REPORT/ BRIEFING

Figure 1

A. INFORMATION SEARCH

Our first endeavor was to obtain any information available that would support our basic premise - that some of the information provided by DoD does not provide value added to the Congressional staff due to incompatible format, lack of standardization or non-responsiveness. We anticipated that DoD maintained historical databases of Congressional questions and report requests. This would provide us the data that could indicate primary Congressional interests. To obtain these database, we identified points of contact within OSD responsible for performing legislative liaison. This led us to the offices of legislative affairs (OLA) for the military service departments and the OSD Comptroller (OSD-C). We intended to restrict our search to the previous two fiscal years due to limited resources (time and people on Team 3).

B. DETERMINE TRENDS

Review of the data from OLA and OSD-C databases allowed us to determine if there were any trends in Congressional requests for information from year to year. It was anticipated that the trends would help us answer the following questions:

> Was there some area of interest that was not being satisfied through the multitude of required reports?

> Does Congress continue to ask the same questions year after year?

C. ESTABLISH HYPOTHESES

Our basic premise was based on our collective professional experiences. We documented our premise and our approach to confirming this premise in a learning contract (see Appendix A). By performing the trend analysis described, we anticipated being able to develop hypotheses about which reports could/should be standardized, added, or eliminated.

D. DEVELOP SURVEY

In our next step, we planned to develop a concise, impartial survey or questionnaire designed to confirm or refute the hypotheses developed through the trend analysis. The target population for the survey was planned to be primarily the staffs of the House Armed Services Committee (HASC) and the Senate Armed Services Committee (SASC) and the Defense Subcommittee staffs of the House Appropriations Committee (HAC) and Senate Appropriations Committee (SAC). The survey was intended to

provide: a form of outline or script from which to conduct actual interviews with staffers from the committees.

E. CONDUCT INTERVIEWS

It has been estimated that visual observation accounts for more than 50% of the communication process. Accordingly, our team agreed that personal interviews would be crucial to the success of our learning experience. To minimize the burden on the various Congressional staffers and DoD offices, all interviews were coordinated among the other teams and a DSMC point of contact. Team interviews were planned to target staff members from the HASC and SASC, the Defense Subcommittee staffs of the HAC and SAC, the military service departments OLAs, and OSD-C. Team interviews would allow the cross checking and substantiation of observations (verbal and non verbal).

F. ANALYZE RESULTS

Interview observations were recorded and cross- checked among interview Team members and then shared with all other members of Kaizen Team 3. This permitted follow up inquiry by team members who did not participate in the interview(s) but might be interested in specific elements of the exchange. The results were then analyzed with the intent of confirming our original hypotheses.

G. CONFIRM HYPOTHESES

Confirmed hypotheses provided the basis for developing conclusions. The conclusions, along with our findings and recommendations, provided the core of the team report and out- briefing to faculty and staff.

III. PROCESS/PROCEDURES (LOWER LEVEL)

A. DESCRIPTION of INTERVIEW STRUCTURE

The initial step in determining who would be interviewed was identifying the DoD (e.g., armed services and OSD) and Congressional stakeholders in the "Information Request/Reporting Chain" (See Figure 2). The objective was to interview all the links in that chain to gather data on the quality of the report requesting process, the way the requests are answered, and reports/information provided.

INFORMATION REQUEST/REPORTING CHAIN
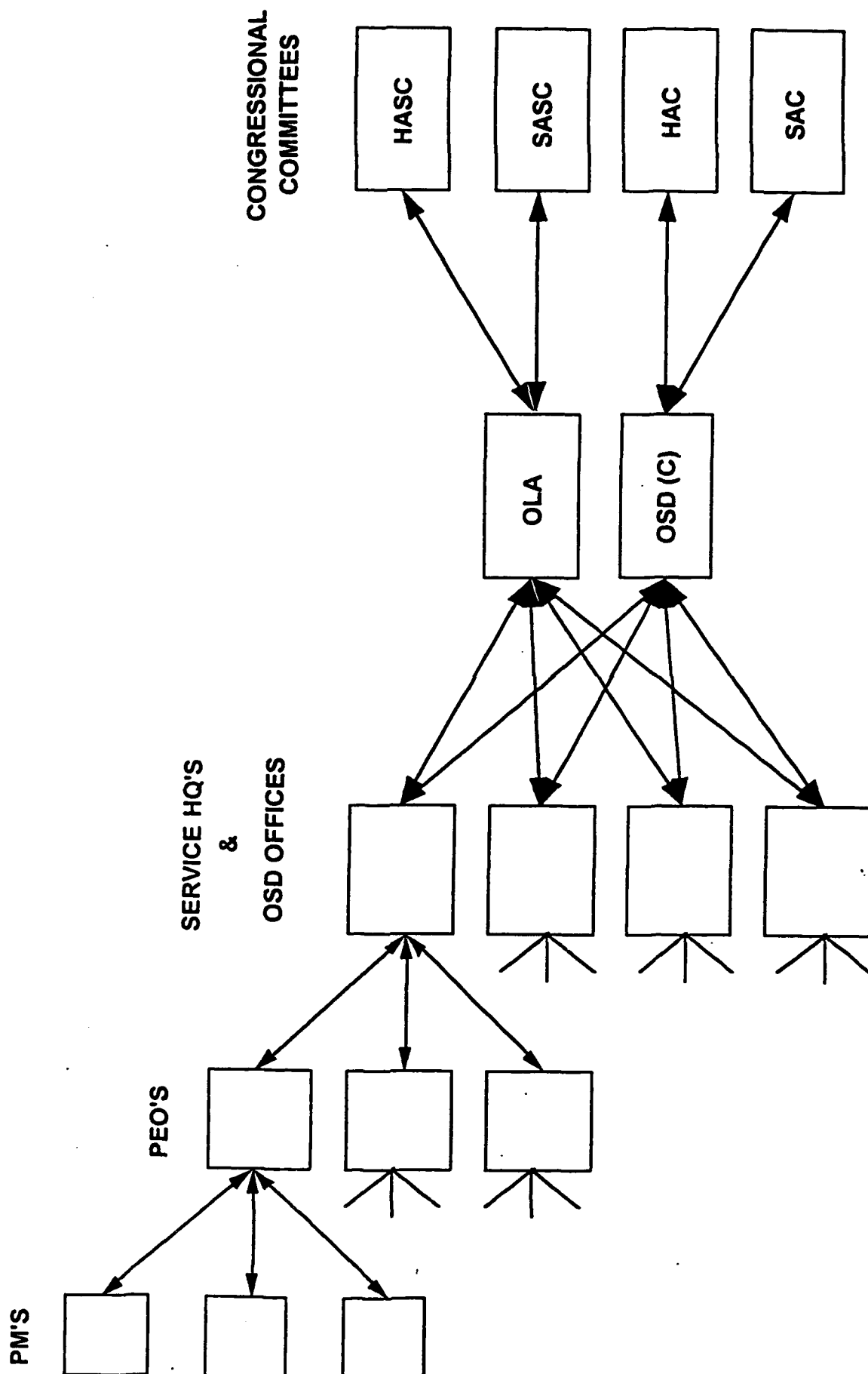
Figure 2

Professional staffers on the HASC and SASC, the Defense
Subcommittee staffs of the HAC and SAC were identified as the
primary points of contact for Congressional points of view.
While an information request usually starts with a Congressperson
(or constituent through the Member), the real work involved with
finding the answers is done by the staffers. Interviews were
also planned to be held with personnel in the services' Office of
Legislative Affairs (OLA). As the DoD liaisons, they were
thought to maintain a database of all requests for
information/reports and questions/answers to/from DoD. In
addition, the OSD Comptroller's Office (OSD-C) receives requests
from OLA and by reviewing all committee bills, reports, and
reviewing CSPAN, they pass the requests to the appropriate
service comptroller, OSD office (e.g., C^3I, A&T, PA&E), or
organization (e.g., BMDO). Requests are sent further down the
pipeline ultimately to the person(s) who drafts the response.
Our original plan called for talking with the response
originators, but time did not allow for those discussions.
During interviews, we were referred to other offices not in the
reporting chain we originally identified. Interviews in these
offices provided beneficial insight from outside the primary
information flow. A list of offices and persons interviewed is
detailed in Section VI.

Since there would only be one chance to speak with the
interviewees, team members recognized the critical need to
provide structure to the interviews. As previously indicated, a
survey was developed to help ensure as much relevant information
as possible could be obtained during the discussions (Figure 3).

PRELIMINARY SURVEY

ISSUE TO BE STUDIED:
Examine reports not mandated by DoD 5000 Series that are requested by Congress on a **regular** basis for program assessment and to support budget approval to see if they can be standardized, combined, or eliminated.

HYPOTHESIS:
Some DoD documents submitted do not provide the value added to the Congressional Staff due to incompatible format, lack of standardization, or non-responsiveness.

QUESTIONS:

1. Do the reports required by DoD 5000 Series provide all the information needed/desired? (yes/no) _____

2. Do non-DoD 5000 Series reports provide all the information needed/desired? (yes/no) _____

3. Why do you request additional reports/answers to questions?

_____

_____

_____

_____

_____

4. To what degree do reports meet your needs?   (Circle one)
   (Scale of 1 to 5, 1 = worst/5 = best)

   1   2   3   4   5

5. What specific reports do you find the most useful?

   Examples:_____

   _____

   _____

   _____

   _____

                                                    (CONTINUED)

Figure 3

6. How are these reports used?_____

_____

_____

_____

_____

_____

7. Do you have any suggestions on how to improve the existing
   reporting system?   If so, explain.

_____

_____

_____

_____

_____

_____

8. Respondent Data:

   Name_____

   Organization_____

   Office Code Designation_____

   Building/Room_____

   Phone_____

   FAX_____

While the original intent was for the interviewee to provide a written response, in practice, the survey served as the outline for the discussions and provided the focus for data collection. An additional data sheet, Information Search, was developed to record data on the questions and answers tracked by OLA (Figure 4). This form was never used since OLA (nor any one single DOD or Congressional office) does not track the requests.

As interviews were identified and scheduled, there was coordination with the other learning project Teams. During most of the interviews, members from one or both of the other teams were present. To further help the other teams, the meeting write-ups and any material provided by the interviewees was shared with the other Teams.

DSMC   PMC 94-1   SECTION C   TEAM #3
INFO SEARCH

1. TEAM 3 REF. # _____ DATE _____

2. Q/A REF. # _____ DATE _____

3. PROGRAM NAME: _____

4. SOURCE OF QUESTION: ___HASC   ___SASC   ___HAC   ___SAC   ___OTHER(_____)

5. SOURCE OF ANSWER: _____

6. ANSWER CHOP CHAIN: ___PM   ___PEO/SYSCOM   ___ SERV HQ___
                      ___OSD   ___OTHER_____

7. SYNOPSIS OF QUESTION:

8. SYNOPSIS OF ANSWER:

9. DATE OF QUESTION: _____

10. DATE OF ANSWER: _____

11. WAS THE ANSWER TIMELY?: _____

12. WAS THE ANSWER COMPLETE?: _____

13. WAS THE ANSWER CONSISTENT WITH OTHER INFORMATION PROVIDED?: _____

14. WAS THERE A FOLLOW-UP QUESTION? _____   Q/A REF #: _____   DATE: _____

15. TYPE OF FOLLOW-UP QUESTION: _____

16. IF SO, WHAT WAS IT?:

17. DID THE FOLLOW-UP ANSWER ANSWER THE FOLLOW-UP QUESTION? _____

18. OTHER INFORMATION:

Figure 4

B. CHARACTERIZATION OF THE INTERVIEW PROCESS

All individuals interviewed spoke with authority and a very good knowledge of the report request/response process. All were very frank and open, providing answers to the questions posed. Getting a clear message across was very important and the interviewees spent valuable time to ensure there were no misconceptions or mistaken impressions. Considering how busy the Congressional and OSD staff members were, they treated the discussions very seriously and there were no indications that the interviewers were being placated. Several people had very definite views and provided them freely. Most presented views that were objective, accompanied by specific examples of problems and experiences. Despite some critical positions, the underlying impressions of the reporting process were consistent with other interviewees and "common threads" could be identified.

C. RECORD OF MEETINGS AND INTERVIEWS

To document the information provided by those interviewed, each Team member took notes. Afterwards, one member wrote an account of what was said as a first draft. The draft was then reviewed by the others adding points, as necessary, to ensure a complete record of the interview was maintained. The record of the interviews provided the written foundation and substance to build the teams Findings and Conclusions and to produce Recommendations.

The same recording process was done for Team meetings to provide a general record of discussions, plans, and evaluations reached during the meetings. As a result, a historical record is available for future reference of the interviews and derived findings. The records of the interviews are provided in Appendix B, and meeting minutes are provided in Appendix C.

IV. OBSTACLES/CHALLENGES

A. LACK OF COURSE DESIGN/PROCESS IDENTIFICATION

During the course of the project, numerous challenges and obstacles were encountered and workarounds implemented. The initial challenge was focusing the scope of the Team's objectives and how the goals would be achieved. Each member had hypotheses to test which took a week to pare down to the final critical set. The initial obstacle was a lack of time to establish an effective process and adequately pursue the agreed upon goals.

Obtaining approval from the DSMC administration to do this learning project, termed Project Kaizen, began during Week 9. When the clearance from faculty was received late in Week 11, only 7 weeks remained to accomplish a lot of interviews and data

analysis. In order to complete the critical events and goals and report out by Week 18, an aggressive schedule was established and some documentation begun prior to faculty approval. Additionally, the specific process necessary to accomplish the objectives was definitized within one day. That process is depicted in Figure 1. The schedule, especially for interviews, was held and an increased effort applied to talking to as many of the stakeholders as possible.

B. CONGRESS IN SESSION

The next challenge and obstacle was getting time with the various Congressional staff members and key people in DoD while the FY95 budget review was in process. Congress was making a serious effort to complete work on the FY95 Authorization Budget. Therefore, during the three weeks available to the team for meetings, the staffers were extremely busy in meetings, hearings, conferences, and/or responding to Congressional queries. Therefore, some interviews took two weeks to schedule, but fortunately, at least one representative from each primary stakeholder's organization made at least an hour available. The team's flexibility ensured representation at each session and an extension of the Interview Phase by an additional week. Despite the adjustments, time did not permit interviews with the Service comptrollers, Program Office respondents, and persons at OSD Washington Headquarters Service (WHS) who generated some of the databases being reviewed by the team.

C. MISSING DATABASES

An assumption was made that the OLAs maintained a single database of all questions posed by Congress to DoD and the DoD responses. In reality, neither, Congressional staff personnel nor anyone in the information pipeline maintains a single integrated database. As a result, the team had no way to assess the type of (reasons for) questions generated, their frequency, or the quality of the responses. Some databases, at the OSD Comptroller and compiled by the Washington Headquarter Service (WHS), did lead to some useful data. The analysis performed is the best the team could perform in the time available. Follow-on work is identified later in this report.

D. DATABASE ANALYSIS

In addition to determining the main message conveyed from each interview, a major challenge was analyzing the databases provided. The type of data is discussed in Section VI. Even though certain databases deal with the same reports in the same fiscal year, they were created by different offices, working

independently, and resulted in considerable inconsistency between formats used and interpretation of data put into similar fields.

A prime example is the one-time "Congressional Report Request" database developed by OSD-C. Reports are tracked by the originating Bill/Committee report language and subject. Washington Headquarter Services (WHS) generated their own version of One-Time and Recurring Reports databases, but tracked requests by the enforcing law, US Code, or Bill language and subject. Often the subjects do not coincide closely enough to conduct a routine semi-automated database-to-database comparison.

An adequate database comparison/query/cross-reference software application and "expert" could not be located in time to facilitate the database analysis. Therefore, all the database evaluations were done manually. Fortunately, the same format was used in the five (5) databases provided by from OSD-C. Since the Congressional reporting requirements are voluminous, the ACAT I Programs were selected for detailed review. Unfortunately, between 677 (FY94) and 858 (FY90) individual report entries in each fiscal year listing had to be viewed to determine the acquisition program by cross checking it manually to a list of ACAT I programs as part of the segregation of ACAT I and all other program reports. Some WHS databases could not be read because their digital format could not be translated by DSMC hardware/software. In this case, hard copy of the databases were used. The entire, albeit incomplete, analysis of all databases took about 30 manhours.

V. MIDCOURSE ADJUSTMENTS

A.   REVISION OF PROCESS FLOW CHART

Due to the reasons previously described, Team 3 was forced to modify the flow of our learning experiment. The revised process flow chart is shown graphically as Figure 5 and explained as follows.

ACTUAL FLOW CHART
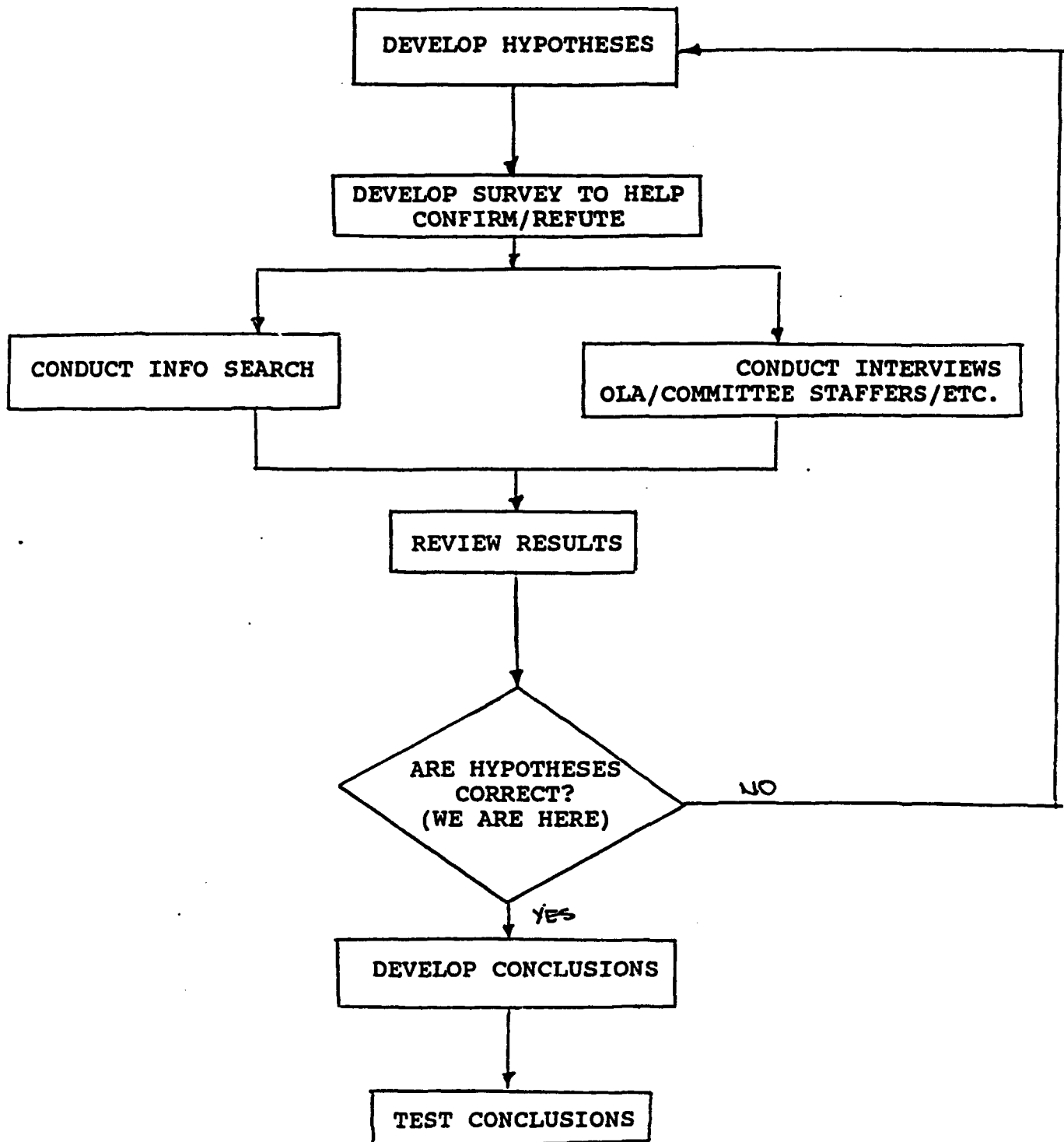
Figure 5

1.   DEVELOP HYPOTHESES

This normally would have been done after the initial information
search but delays in organizing off campus visits forced us to
make some initial hypotheses. These initial hypotheses were
actually refinements of the ones we developed as part of our
collective professional experiences at Team Kaizen's
establishment.

2.   DEVELOP SURVEY

The survey was originally developed as part of a brainstorming
session with a subset of Team 3 and further refined to its final
form (see Figure 6). Brainstorming was utilized because we did
not yet have any hard data from which to construct probing
questions. With the aid of Mr. Don Fujii and Mr Jay Gould from
the Managerial Development Department, the survey was developed
with the aim of confirming or refuting our hypotheses. The
survey did assist the interview process but interviewees did not
appear interested in completing and returning the survey.

3.   INFORMATION SEARCH AND INTERVIEWS

Due to the shortness of time for this learning experiment, we
decided to divide the team and conduct both information search
and interviews in a parallel vice serial fashion. Again, since
it was imperative to get a broad perspective of the data in flow,
all meetings were recorded in reports for team review and follow
up query.

4.   REVIEW RESULTS

Results were reviewed individually and discussed in team
meetings. The review was directed at determining if our
hypotheses were correct, incorrect, or required some revision.
As indicated in a later section of this report, our hypotheses
required some modification. Confirmation of new or modified
hypotheses should be the subject of further study because time
did not permit team three to begin the cycle (i.e., flow chart)
again.

5.   DEVELOP CONCLUSIONS

From our hypotheses, regardless of confirmation or refutation, we
have prepared some Conclusions. Parts of our hypotheses have
been confirmed while others require some modification.
Interestingly, our findings have also led to new/additional
hypotheses. Specific Conclusions are provided in a later section
of this report.

6. TEST CONCLUSIONS

Typical of any well designed experiment, results or conclusions should be tested. Time constraints do not permit further effort but the results of this learning experiment would provide a good point at which to initiate new study by the next senior section (maybe even under the guise of "reinventing government"). Their focus could be to test the conclusions that team Kaizen has provided. In support of such an endeavor, we have prepared a revised survey form (see Figure 6).

PROJECT KAIZEN TEAM 3 SURVEY

This survey is attempting to gather information on the reasons why special reports are requested by Congress in addition to those mandated by the DOD 5000 Series Instructions. Your prompt response would be appreciated.

REASONS FOR THESE REPORTS

Please check any of the reasons listed below that you believe to be correct.

_____ 1. Insufficient progress on a program.
_____ 2. Inconsistent information provided to Congress.
_____ 3. Member or staffer wants to use the information for own purposes.
_____ 4. Failure to respond to Congressional language in bill.
_____ 5. Insufficient information provided to Congress.
_____ 6. Congressional Special Interest Program.
_____ 7. To satisfy a constituent interest.
_____ 8. To obtain information on something Congress feels DOD is doing inadequately.
_____ 9. Request to support legislative action.
_____ 10. Compromise to an issue that can't be settled in Committee.
_____ 11. Corroboration of staffer answer.
_____ 12. Required by law or bill language.
_____ 13. Congress wants to do something but can't decide so they ask for a report.
_____ 14. Forcing function to get consensus among DOD and the services.
_____ 15. To provide legitimacy to DOD program requests.
_____ 16. To answer conference or committee questions for the record.
_____ 17. To penalize DOD or service for prior nonresponsiveness.
_____ 18. To clarify issues.
_____ 19. To assist Congress in looking at DOD in a broad manner without service bias.
_____ 20. Lack of awareness of previously provided data.
_____ 21. Congressional committee jurisdictional disputes.
_____ 22. GAO requests information which DOD will not provide.
_____ 23. Lack of awareness that requested report is required by DOD 5000.
_____ 24. Other _____

_____

_____

QUALITY AND TIMELINESS OF THESE REPORTS

Please indicate the quality, timeliness and responsiveness of these reports by using a number from 1 (low) to 6 (high).

_____ Quality of the reports
_____ Timeliness of the reports
_____ Responsiveness of the reports

Figure 6

If you believe the quality of these reports not to be high, please check why you believe this to be the case.

_____ Quality of reports is viewed by DOD as not important.
_____ No resources have been provided to facilitate response.
_____ Short response cycle precludes high quality response.
_____ Report answered a question, but not the one asked.
_____ Other_____

If you believe the timeliness of these reports not to be high, please check why you believe this to be the case.

_____ DOD doesn't believe that it needs to respond.
_____ Multiple layers within DOD delay responses.
_____ Central point of contact within DOD precludes direct requestor/responder communications.
_____ Timeliness viewed by DOD as not important.
_____ Other_____

If, for any reason, DOD is not responsive in a timely manner, what other source(s) would you use? _____

_____

_____

How could the exchange of information between DOD and Congress be improved?

_____
_____
_____
_____
_____
_____
_____
_____

Thank you for your cooperation.

Optional:
Name   _____
Organization _____
Job Title   _____
Phone #   _____

B. REFINEMENT OF TEAM 3 OBJECTIVES

Day to day execution of our learning experiment, as noted above, required some modification to the execution process. In review of the learning contract (see Appendix A), it became clear that it too required some revision.

1. LEARNING OBJECTIVES (REVIEW)

White Paper, supplement, and interview with Ms Nowak confirm that report numbers and frequency have been clearly increasing (in some cases exponentially) until the late 80's early 90's. Sen McCain's tasking to DoD represents Congressional recognition of this trend. McCain has put the ball back in DoD's court by asking them to identify all periodic reports whose requirement should be eliminated. It would be interesting to continue the plots provided in the White Paper to see if McCain's request has any impact on reversing the upward trend.

With regard to investigating the generation and submittal process for reports to Congress, this is probably Service unique. We haven't reviewed the internal process within the services for submitting reports to Congress other than to note that the OSD offices that track them do not in anyway modify the responses. In many instances, the OSD(C) OLA doesn't even see the report and is only interested in confirming its delivery for tracking purposes. Congressional staffers would prefer to work directly with the individuals or services rather than through chains.

The USE of congressional reports appears to satisfy one of three primary elements: to congressional responsiveness to constituent concerns; to answer conference or committee questions for the record; or to penalize DOD or a specific services for prior nonresponsiveness.

An identified primary NEED for reports is to assist Congress in looking at DOD in a very broad manner and not polarized as they feel the services do.

The VALUE of reports was surprisingly referred to as generally good. Some feel that the reports can be unnecessarily voluminous but the primary issue/complaint relative to reports was not their content but their timeliness. Congress needs some active and internal means to track their requests for information. Some argue that it is not DOD's intention or desire to make Congress's effort for oversight any easier than plowing through volumes of paper reports.

Generally, customer satisfaction with the delivered products/ reports is good as indicated above. The primary issue is with

the timeliness of the reports and lack of progress status. DOD
tracks the requests for reports through the OSD(C) OLA office but
they are reluctant to share this tracking system with Congress
because of the volatile nature of reports. That is, the
requirement or requester of a number of reports can go away so
why remind Congress (through our tracking system) that we may be
delinquent with a report.

2.   ANTICIPATED DESIGN AND METHODOLOGY (REVIEW)

Hypothesis - Data collection and interviews to date have not
substantiated that INCOMPATIBLE FORMAT or LACK OF STANDARDIZATION
as causes for DOD documents not providing value added to
Congressional Staff. On the contrary, the survey appears to
confirm that the reports generally do offer added value. The
primary culprit between DOD and Congress appears to be on the
issue of timeliness. Proposed new/modified Hypotheses:

      o Lack of a single Congressional tracking system for DOD
reports results in duplicative requests for information and the
costly expenditure of DOD resources to provide redundant
responses.

      o Timeliness of reports requested by Congress is their
primary complaint. The value of the information contained within
the reports does not appear to be questioned.

      o Methodology - No one in DOD maintains a database of
congressional questions. Consequently, our investigation has
shifted to focus on periodic and one-time reports.

While much effort was placed on developing the survey, it was
never completed and returned by interviewees. As previously
explained, this may be an area that a subsequent group could pick
up from and mass distribute to members and staffs of the primary
committees/subcommittees.

VI. DESCRIPTION AND ANALYSIS OF DATA/INFO SOURCES

A considerable amount of information has been obtained from many
sources discussed below. As will become apparent, a wide variety
of material was gathered to ensure thoroughness and completeness
to the research/investigation portion of the project. The
breadth of process helped provide a wide "polling" of the
stakeholders in the chain to best provide as complete a picture
of the DoD reporting process and opinions of their responses as
possible. This information is therefore the foundation for the
Findings, Recommendations and Conclusions in this report.

A.   INTERVIEWS

As discussed previously, as many stakeholders as possible were

24

interviewed. For the reasons discussed the Section III on
Obstacles/Challenges, fewer people than anticipated were
interviewed. Still, substantive discussions were held with a
fair representation of the primary stakeholders and others
outside the primary information flow who use the material
provided by DoD. The following is a comprehensive list of people
interviewed, their positions, and office titles.

Person	Position	Organization
Mr. Tom Dolan	Member, Executive Institute	DSMC
Mr. Wilbur Jones	Professor	DSMC
Mr. John Etherton	Professional Staffer	SASC
Mr. Jay Kimmit	Professional Staffer	SAC
Mr. Kelly Sharbel	Special Assistant	OSD Legislative Affairs
CDR Jack Deschauer	Director, Senate Affairs	OSD Legislative Affairs
Ms Nancy Nowak	Project Officer	OSD Comptrollers Office
Ms Sarah Sommerville	Director of Communications	Defense Performance Review Office
Mr. John Douglas	Professional Staffer	SASC
Mr. Steve Madey	Professional Staffer	SASC
Mr. Bill Meyers	Budget Analyst	Congressional Budget Office
Mr. Joe Drelicharz	DSMC Liaison to the HASC	DSMC
Mr. Tim Peterson	Professional Staffer	HAC
Mr. Jim White	Primary Action Officer	Washington Headquarters Service (WHS)

B. DATABASES

Numerous standalone databases were obtained in hard and soft copy
from the people listed above. A list of the databases, their
purpose, and source are below. The databases were extensively
reviewed and the derived findings are provided in various
sections of this report. Correlating the data between files
yielded a lot of insight into the report tracking and requesting
processes.

Database	Contents	Source
CRR90 through CRR 94	List of all One-Time Reports requested by Congress. There is one database for each year. In addition to the subject of the report, the database references the requesting Congressional report number, page number where the request is found, a brief description of the information requested, the date the request was passed to the appropriate action office, the point of contact, response due date, and completion date. A hard copy of the databases are found in Appendix D.	Ms Nancy Nowak, OSD (C)
RECUR	List of congressionally mandated (vice DoD 5000 required) and other reports. The database reflects requests to support the FY91 through FY94 budgets. The database is compiled by WHS from the OSD(C) provided CRR databases. Content is essentially the same as in the CRR database except RECUR identifies the specific Bill, USC Code, Statute, or other legislation requiring information be provided to Congress. Several other columns are provided but the purpose isn't completely known. A hard copy of the database is found in Appendix E.	Jim White, WHS
ONETIME	The list is a subset of RECUR containing only the One Time Request reports. A hard copy of the database is found in Appendix F.	Jim White, WHS

| Hard copy file only | The printout provides the WHS response to Sen. McCain's request to identify what annual congressionally mandated reports should be eliminated. The specific report and rationale for terminating the report is stated. The hard copy is found in Appendix G. | Jim White, WHS |

C.   REPORTS/CORRESPONDENCE

A considerable number of reports and other correspondence was provided by several of the people interviewed. A list of the written material is provided below. Some of the reports provided direction for the questions asked during the interviews. The material also helped understand the acquisition reform and information transfer process.

Report	Description	Source
White Paper on the Department of Defense and the Congress; Report to the President by the Secretary of Defense, January 1990 (Appendix H)	Study of Congressional oversight of DoD, how the current Congressional defense process is burdening defense management process and recommendations for improvement.	Wilbur Jones, DSMC
How to Re-Engineer the DoD Acquisition System (Appendix J)	A review of specific problems in the acquisition process and proposed solutions.	DSMC
Congressional Reporting Requirements, Authorization and Appropriations Committee Reports (One-Time) (Appendix K)	Graphs depicting the number of Studies/Reports requested by Congress in FY70 through FY 94	Nancy Nowak, OSD (C)

Review of Congressionally Mandated Reports, 12 Apr 94 OSD (A&M) Memo (Appendix L)	Recommendations on terminating Congressionally mandated reports which are unnecessary, redundant, or incompatible with the efficient management of DoD.	Nancy Nowak, OSD (C)
FY 94 Congressional Committee Reports (Appendix M)	List of all (one-time) reports and studies requested in FY94 Congressional Committee Reports.	Nancy Nowak, OSD (C)
FY 93 Congressional Committee Reports (Appendix M)	List of all (one-time) reports and studies requested in FY93 Congressional Committee Reports.	Nancy Nowak, OSD (C)
FY 92 Congressional Committee Reports (Appendix M)	List of all (one-time) reports and studies requested in FY92 Congressional Committee Reports.	Nancy Nowak, OSD (C)

D.   DATABASE ANALYSIS AND FINDINGS

The softcopy databases provided were studied in some detail and basic findings are identified. Since no automated means of cross-checking the databases was possible and time became limited, these findings lack the depth originally planned. The numbers in the databases consistently reflect the magnitude of the report requirements stated earlier.

The term "Report" has been used generically throughout this paper to refer to information provided to Congress. In actuality, the information requested takes various forms as dictated by the original request. The type of action required in the legislative request is predominantly a Report.

1. CONGRESSIONAL REQUIRED REPORTS (CRR91-94) AND CONSOLIDATED CONGRESSIONAL REQUIRED REPORTS (CONCRR)

Of the databases reviewed, CRR provides the most complete tracking of reports requested by Congress. See Appendix D for a

sample of the file. A key assumption made is that the reports are logged with a consistent parameterization and reporting scheme each year. This assumption should be good since the same person controlled the log in FY91-94. The currency of each year's database is not known.

CRICON1.XLS
CONSOLIDATED CRR FY91-94

FY	RPTNUM	PAGENUM	SUBJECT	ACTION	DUEDATE	ACTOFF	BRIEF	STATUS	PRPDATE
91	101-839	074	9Mile Handgun	Repro-gramming	As required	Army(P)	FY91 funding is required for acceptance testing or any other justified requirement.	10/17/91: Complete. No reprogramming is needed. Program cancelled by SecDef.	Complete
91	101-823	021	A-12 Aircraft Program- Sec. 151	Report	Prior to obligation	Navy(P)	Addresses various conference outcomes.	Program cancelled by SecDef.	Complete
91	101-384	063	A-12 Attack Aircraft	Repro-gramming	As required	Navy(P)	Transfer funds to protect production contract option.	Complete - Program cancelled	Complete
91	101-384	285-286	A-12 Facilitie	Plan	02/04/91	Navy(P)	Baldown plan for the A-12 to be incorporated by a completion plan for the C-3 force, both to address the FY93-97 timeframe.		
92	102-95	190	A-X	Repro-gramming	Soon	Navy(P)	Evolving plans.		
92	102-95	191	A-X	Plan	Prior to obligation	Navy(P)	Plans for program management and justification for any special access restriction. SecDef report		
93	102-827	181	A-X Aircraft	Results	Prior to contract	OUSD(A)	DAB final decision and strategy.	Complete 01/93	Complete
91	101-838	073	AAWS-M (Advanced Anti-Tank Weapon System-Medium)	Report	03/01/91	Army(P)	Feasibility, desirability, and cost of continuous AAWS-M production and initial Persian Gulf deployment in CY91.	Complete. Response forwarded to Congress 02/11/91.	Complete 02/11/91
92	102-311	018 - 019	Abrams Tank Program (see also S. Rpt 102-113, p.18)- Sec. 111- Sec. M	Notify	Prior to obligation	Army(P)	Milestone IIIA decision to proceed with low-rate production of the M1A2 will be delayed for more than 90 days.	09/14/92: Rpt not required unless Army initiates a tank upgrade program. Army & congress currently debating issue.	
94	103-339	063	Abrams Tank Upgrade Program	Certify	Prior to obligation	Army	Production gap would occur which would impair production base options.		
94	103-339	063	Abrams Tank Upgrade Program (see also H.Rpt 103-264, p.113)	Report	01/31/94	OUSD(A&T)	Actions recommended.		
93			ACAT I program in FY94 CRR ACAT I programs not in FY94 CRR						
91	101-823	246	Amount - Report- Sec. 2906	Report	Within 90 days after end of concerned FY	Comp(P) Const	Amount and nature of the deposits into, and the expenditures from, the account.	Complete 07/15/92. To signed by ASMIRD(A)	Complete
91	101-384	058	Additional Testing of Stealth Vehicles and Fleet Air Defense	Interim	Regular Intervals	RE(P)	Progress and results of testing.		
93	102-827	125	Advanced Amphibious Assault Vehicle (AAAV)	Plan	02/01/93	Navy/Marine Corps	Revised program plan for developing the AAAV.		
94	103-300	129 - 130	Advanced Amphibious Assault Vehicle (AAAV)	Plan	Prior to obligation	Marine Corps	Development plan and field of the AAAV and DAB review.		
92	102-311	426 - 427	Advanced Anti-Tank Weapon System-Medium (AAWS-M)	Report	03/01/92	USA(P)	Cost and effectiveness analysis.	Complete 06/01/92	Complete
92	102-95	190	Advanced Anti-Tank Weapon System-Medium	Notify	Prior to change	Army(P)	Execution of the insertion of a new test.	09/14/92: No new test planned at this time.	
92	102-60	110	Advanced Assault Weapon System-Medium	Report	11/01/91	Army(P)	Producibility and maturity of algorithm development to meet the new program schedule.	Complete 11/19/91	Complete 11/19/91
91	101-823	026 & 162	Advanced Communications Satellite Relay System - Plan- Sec. 217	Report	04/01/91	C3I(P)	Plan for a system other than the, and in place of, MILSTAR to meet program schedule.	Complete. Briefed to Congress 08/12/91	Complete 08/12/91
91	101-823	026	Advanced Communications Satellite Relay System - Transfers Within Sec. 217	Notify	Prior to transfer	C3I(P)	Transfer of funds within the restructured MILSTAR program or the alternative system.	Complete. Briefed to Congress 09/12/91	Complete 09/12/91
91	101-823	026	Advanced Communications Satellite Relay System - Transfers- Sec. 217	Notify	Prior to transfer	C3I(P)	Transfer of funds to MILSTAR (including the restructured MILSTAR program or the alternative system), SecDef report.	Complete. Briefed to Congress 11/25/91	Complete 09/12/91
93	102-466	536	Advanced Cruise Missile	Listing	04/01/93	Air Force	New cost benefit analysis concerning in-house to contractor depot support for the ACM missile program.		
93	102-530	026 - 029	Advanced Cruise Missile (ACM)	Report	09/01/92	Air Force	New cost benefit analysis concerning in-house to contractor depot support for the ACM missile program.	Complete 09/2/92.	Complete
93	102-396	539	Advanced Cruise Missile (ACM)	Report	04/15/93	Air Force	Status of ACM program.		
91	101-823	010 & 488	Advanced Cruise Missile, Limitation on Advance Procurement of - Flight Test- Sec. 131	Certify	Prior to obligation	RE(P)	Results of flight tests demonstrate that the performance meets established requirements, SecDef report.		
91	101-823	010 & 488	Advanced Cruise Missile, Limitation on Advanced Procurement of - Launch System	Report	Prior to obligation	USA(P)	Defense Acquisition Board response to acquisition program, SecDef report.		
91	101-384	110	Advanced Launch System	Review	During FY92 hearings	AF	Affordability of the ALS acquisition program.	Complete 04/19/91. Armored by testimony at the SASC Space Launch hearing with SAF/SM and BMDO-04/09/91.	Complete 04/19/91
11	101-938	111	Advanced Medium Range Air-to-Air Missile (AMRAAM)	Approval	Prior to obligation	AF	Develop upgrades for testing.	2/19/91: Complete. Line to NASC, NARC, NAC, SAC signed by BADAL and USF/BRI 04	Complete
12	102-60	083 - 084	Advanced Medium Range Air-to-Air Missile (AMRAAM)	Certify	Prior to obligation	AF	Contractors have reserved the delivery schedule and obligation of the additional $150 million is required to avoid a break in the production line.	2/14/92: Closed, SAF Terry Memo, LLW noted action decide in NAC ab5, AMRAAM	Complete

Figure 7

In order to evaluate reporting on ACAT I programs only, each CRR database was screened, segregating ACAT I program reports as well as requests for delinquent reports to a request the prior year (i.e., "reiteration" as stated in the database). The latter was identified in order to evaluate why the request was repeated (e.g., DoD disregarded the request, didn't answer the question asked, or update required). All lists were compiled creating the Consolidated CRR database. See Figure 8 for a sample of this database.

Figure 8

	TOTAL # OF REPORTS	# ACAT I PROGRAM REPORTS
FY91	676	176
FY92	734	105
FY93	658	105
FY94	676	131
Total	2744	517

Figure 9
Reporting Requirements

Notes:
i. Programs of high dollar value and visibility, such as the A-12, C-17, B-1B, B-2, had multiple report requests and in multiple years. The information requested primarily concerned program management planning, funding, and the status of major development problems.

ii. During FY91 and FY92, there are several instances when the same request appears to have gone to more than one office (i.e., "shotgunning"). A review of the originating committee report would help confirm the appearance. There is no indication of coordination between responding offices. In FY's 93-94, the majority of requests is for new information with less "shotgunning" of questions. In all FY's, there appears to be a partial consolidation of requests for the same information originating from different committees

iii. The reporting requirements are for a mix of funding, plans, requirements, status information and reiterations. Funding and status requests were the predominant focus.

iv. Reiteration of prior year requests reports is a notable cause of reporting requirements. Of 513 listed requests in FY's 91-94, there are 39 reiterated requests. There is no explanation as to why the number in FY91 & 92 is low compared with FY93 & 94. There is also no explanation as to why the report wasn't provided. The percentage of occurrence is low but interesting.

33

FY91-	4	reiterations for an FY90 report
FY92-	1	reiterations for an FY91 report
FY93-	20	reiterations for an FY92 report
FY94-	14	reiterations for an FY93 report

v. There is no obvious indication that any of the reporting requirements stem from a constituent's request through his/her Congressional representative. The requests appear to ask succinct questions, but this assumption cannot be fully verified without reviewing the actual language in the originating committee report or Public Law.

vi. The reports designated as "Complete" are predominantly in the early FY's. While there is no explanation, there are far fewer report reiterations than would seem logical given the number of outstanding reports. No judgment can be made as to whether the requester, responder, or both forgot about the requirement.

	REPORT REQUESTS	REPORTS COMPLETE
FY91	176	89 (51%)
FY92	105	46 (44%)
FY93	105	14 (13%)
FY94	131	6 (5%)
Total	517	155 (30%)

Figure 10
ACAT I Program Reports and Completions

vii. While the type of action required in the legislative request is predominantly a Report, many other types of information are requested. The number and percentage of types by FY is shown below. Clearly, Congress is looking for information on ACAT I programs from DoD.

Report Type	FY91	FY92	FY93	FY94	TOTAL
Report	64	54	51	87	256
Plan	16	10	16	13	55
Certify	23	10	14	13	60
Notify	12	9	4	13	38
Inform	4	4	4	1	13
Justification	11	3	0	0	14
Reprogramming	10	2	0	0	12
Results	5	0	1	0	6
Study	6	0	3	3	12
Other	25	13	12	1	51
Total	176	105	105	131	517

Figure 11
ACAT I Program Requested Action

2. WASHINGTON HEADQUARTERS SERVICE (WHS)RECURRING REPORTS (RECUR)

WHS told us the RECUR and ONETIME databases were created from the FY91-93 CRR databases. See Appendices E and F for samples of the files. Even so, based on a cursory check CRR and RECUR do not totally correlate. As one example, the entries under "Pub Law" relate to the CRR database's "Rpt Num" entry even though many of the CRR "Rpt Num" entries are committee report s and not a Public Law. Therefore, WHS must have used an additional source(s) to provide the Statute, US Code, or other authorization for the reporting requirement.

PUB LAW	SECTION	STATUTE	USC	OTHER AUTH	ICN	OMB CN	DOD RCS
102-1015							
102-311							
102-408							
102-966	380						
102-627							
101-923	1331						
102-1015							
101-822							
102-966							
101-923	825						
102-966							
102-95							
102-1015							
100-1002							
102-1015							
100-989							
102-1015	10b-1(a)		41 USC 10b-1				
102-352							
	1074(e)		10 USC 1074				
102-966							
	1446a		7 USC 1446a				
102-966							
102-1015	1962d-5e		42 USC 1962d-5e				
	309(6)		49 USC 309				
02-966							
	2662(e)		10 USC 2662				
102-966							

Figure 12

RPT TITLE	DESCRIP	CAT CODE	SUNSET DT	RPT FREQ	RPT LABOR	RPT DOLLS	A LABOR	A DOLLS	STATUS
BREAST CANCER RESEARCH		3200		OT	0	0	0	0	A
AUTHORITY TO OBLIGATE CERTAIN FUNDS UNDER THE HOMEOWNERS ASSISTANCE PROGRAM		4165		AN	.	0	0	0	A
ARMY ENVIRONMENTAL INSTITUTE		4170		OT	0	0	0	0	A
PROMOTION OF CIVILIAN MARKSMANSHIP		1442		BI	0	.	0	0	A
ARMY ROTC DEMONSTRATION PROJECT		1235		OT	0	0	0	0	A
ALLIED COOPERATIVE AGREEMENT STATUTES - EQUIPMENT, MUNITIONS AND TECHNOLOGIES MFGD & DVLPD BY MAJOR ALLIES		2010		AN	0	0	0	0	A
ARMAMENT RETOOLING AND MANUFACTURING SUPPORT (ARMS) INITIATIVE - DISPOSAL OF EXCESS AMMUNITION		4245		OT	0	0	0	0	A
JUSTIFICATION MATERIAL		3000		AN	0	0	0	0	A
WALTER REED ARMY INSTITUTE OF RESEARCH (WRAIR)		6015		OT	0	0	0	0	A
ACTIVITIES RELATING TO DEFENSE INDUSTRIAL BASE		3000		AN	0	0	0	0	A
ARMAMENT RETOOLING AND MANUFACTURING SUPPORT (ARMS) INITIATIVE - REVIEW		4245		OT	0	0	0	0	A
JUSTIFICATION BOOKS		7040		AN	0	0	0	0	A
ARMAMENT RETOOLING AND MANUFACTURING SUPPORT (ARMS) INITIATIVE - OBLIGATION OF FUNDS		4245		OT	0	0	0	0	A
SOF AIRCRAFT MODIFICATIONS		7040		AR	0	0	0	0	A
CRYOFRACTURE		6015		OT	0	0	0	0	A
PUBLIC SCHOOLS AND MILITARY FAMILY HOUSING		4165		AN	0	0	0	0	A
C3 TECHNOLOGY DEMONSTRATION		3000		OT	0	0	0	0	A
NEW PROJECTS; SALE OF WATER AND ELECTRIC POWER; LEASE OF POWER PRIVILEGES		4170		AR	0	0	0	0	A
DEFENSE ACCESS ROAD, POHAKALOA TRAINING AREA, HAWAII		4165		OT	0	0	0	0	A
STUDY ON RISK-SHARING CONTRACTS FOR HEALTH CARE		6000		OT	0	0	0	0	A
CHEMICAL WEAPONS DISPOSAL CONCEPT PLAN -REVISED		3145		OT	0	0	0	0	A
DAIRY PRODUCTS; AVAILABILITY THROUGH COMMODITY CREDIT CORPORATION		1338	96/12/31	BI	0	0	0	0	A
DESTRUCTION OF NONSTOCKPILE CHEMICAL MATERIAL		3145		AR	0	0	0	0	A
WATER RESOURCES PLANNING - WETLAND AREAS		4705		AR	0	0	0	0	A
COMBAT VEHICLE IMPROVEMENT PROGRAM		7045		OT	0	0	0	0	A
NATIONAL MAGNETIC LEVITATION PROTOTYPE DEVELOPMENT PROGRAM		3200		AR	0	0	0	0	A
CHEMICAL AGENT MONITORING PROGRAM - RELIABILITY AND CONSISTENCY		7045		OT	0	0	0	0	A
REAL PROPERTY TRANSACTIONS - LEASE OF RENTAL PROPERTY BY GSA FOR DOD IN EXCESS OF $200,000		4165		AR	0	0	0	0	A
DENTAL READINESS OF MEMBERS OF EARLY DEPLOYING UNITS	.	6410		OT	0	0	0	0	A

CAN_DATE	REV_RECMDN	CONRPT_NBR	CONRPT_NM	CTR_JUST	P_RPT_FREQ	REV_LABOR	REV_ALABOR	REV_DOLLS	REV_ADOLLS	LAB_SAVD
						0	0	0	0	0
						0	0	0	0	0
						0	0	0	0	0
						0	0	0	0	0
						0	0	0	0	0
						0	0	0	0	0
						0	0	0	0	0
						0	0	0	0	0
						0	0	0	0	0
						0	0	0	0	0
						0	0	0	0	0
						0	0	0	0	0
						0	0	0	0	0
						0	0	0	0	0
						0	0	0	0	0
						0	0	0	0	0
						0	0	0	0	0
94/03/23						0	0	0	0	0
95/12/31						0	0	0	0	0
						0	0	0	0	0
						0	0	0	0	0
	TR					0	0	0	0	0
						0	0	0	0	0

DOLLS SAVD	POC NAME	POC PHONE	REV DATE	RPT NBR	OPR	REMARKS
0					671	A
0	BETTY BIZZOCO	703-614-3060		87	A	
0						
0	PAUL CULLINANE	202-272-0810		644	A	
0				38	A	
0				649	A	
0	COL MATTINGLEY	703-695-0049		140	A	
0				640	A	
0	MS. P. STONE	703-695-3138		124	A	
0				645	A	
0	DAN CUNDIFF	703-756-2310		131	A	
0				642	A	
0				101	A	
0				641	A	
0	LT COL MURRAY	703-274-3663		242	A	
0				737	A	
0	MR. WASHINGTON	703-272-8861		256	A	
0	LTC LONG	703-695-1986		689	A	
0				204	A	
0				739	A	
0				270	A	
0				703	A	
0				389	A	
0				769	A	
0				470	A	
0				714	A	
0				600	A	
0				701	A	
0	MR. KENDALL TAYLOR	202-272-0515	94/04/30	492	A	
0				754	A	

Notes:

i. The database indicates which report requirements WHS believes can be terminated in response to Sen. McCain's request to DoD (See Appendix Q). There are no ACAT I Program reports identified for termination.

ii. The RECUR database lists 957 reports provided on a frequency ranging from One-Time through Bi-Annual. 401 of these are One-Time requests with the presumption being the remaining 556 must be Congressionally Mandated.

iii. All of the ACAT I programs in RECUR are listed in a CRR database but not all ACAT I programs in a CRR database are in RECUR. The reason for this is not known and should be investigated in subsequent study.

iv. WHS plans to incorporate the labor and cost to generate each report and potential savings by eliminating the report. At this time, no data is entered in these fields and no evaluation by our team. The exact relationship between the CRR and RECUR databases should be the subject of the future study. Until more can be found out on the exact nature of RECUR, no additional findings are available.

3. WASHINGTON HEADQUARTERS SERVICE ONE-TIME REPORTS (ONETIME)

ONETIME contains 396 reports that are interpreted by WHS as one-time requests and is a direct subset of RECUR. See Appendix G for a sample of the file. Why five One-Time reports listed in RECUR are not listed in ONETIME is not known. The structure and content of ONETIME is fairly consistent with RECUR.

PUB LAW	SECTION	STATUTE	USC	OTHER AUTH	ICN	OMB CN	DOD RCS	RPT TITLE	DESCRIP	CAT CODE	BUDGET DT
102-527								52 CALIBER, 155MM GUN SYSTEM		7045	
102-627								78TH INFANTRY DIVISION (EXERCISE)		3005	
102-1015								ACQUIRED IMMUNE DEFICIENCY SYNDROME (AIDS)		3200	
101-51								ACQUISITION REPORT STREAMLINING		4245	
102-627								AH-64 APACHE MODIFICATIONS		7045	
102-352								AIRFIELD SUPPORT FOR THE JOINT READINESS TRAINING CENTER, FORT POLK, LA		4165	
102-588								ALABAMA - ANNISTON ARMY DEPOT		7045	
102-1015								ALL SOURCE ANALYSIS SYSTEM (ASAS) - DEVELOPMENT ACTIVITY		7920	
102-627								ALL SOURCE ANALYSIS SYSTEM (ASAS) - TACTICAL INTELLIGENCE FUSION PROGRAM		7920	
102-627								ARMAMENT ENHANCEMENT INITIATIVE		7045	
102-1015								ARMAMENT RETOOLING AND MANUFACTURING SUPPORT (ARMS) INITIATIVE - DISPOSAL OF EXCESS AMMUNITION		4245	
102-1015								ARMAMENT RETOOLING AND MANUFACTURING SUPPORT (ARMS) INITIATIVE - OBLIGATION OF FUNDS		4245	
102-966								ARMAMENT RETOOLING AND MANUFACTURING SUPPORT (ARMS) INITIATIVE - REVIEW		4245	
102-966								ARMY BACKLOG OF FACILITY MAINTENANCE AND REPAIR		4151	
102-408								ARMY ENVIRONMENTAL INSTITUTE		4170	
102-627								ARMY MODERNIZATION STRATEGY		4155	
102-627								ARMY ROTC DEMONSTRATION PROJECT		1235	
102-1015								BRADLEY FIGHTING VEHICLE		7045	
102-1015								BREAST CANCER RESEARCH		3200	
102-966								C3 TECHNOLOGY DEMONSTRATION		3000	
102-966								CHEMICAL AGENT MONITORING PROGRAM - DESIGN AND PRODUCTION		7045	
102-966								CHEMICAL AGENT MONITORING PROGRAM - RELIABILITY AND CONSISTENCY		7045	
102-966								CHEMICAL WEAPONS DISPOSAL CONCEPT PLAN -REVISED		3145	
102-627								CLASSIFIED PROGRAMS		7000	
102-1015	2501		10 USC 2501					COMBAT VEHICLE IMPROVEMENT PROGRAM		7045	
								CONGRESSIONAL DEFENSE POLICY CONCERNING NATIONAL TECHNOLOGY & INDUSTRIAL BASE, REINVESTMENT, & CONVERSION - FACILITIES C		4160	
102-1015								CONVENTIONAL AMMUNITION DEMILITARIZATION		7045	
102-1015								CRYOFRACTURE		6015	
102-352								DEFENSE ACCESS ROAD, POHAKALOA TRAINING AREA, HAWAII		4165	
102-966								DENTAL READINESS OF MEMBERS OF EARLY DEPLOYING UNITS		6410	
102-966								DESTRUCTION OF NONSTOCKPILE CHEMICAL MATERIAL		3145	
2-408								ELECTRIC UPGRADE IN ALASKA		3000	
2-1015								ELSON LAGOON		4165	
2-527								ENGINEERING MOBILITY DEVELOPMENT		3000	
2-966								ENVIRONMENTAL BIOTECHNOLOGY INITIATIVES		2000	
								EVALUATION OF ALTERNATIVE TECHNOLOGIES		7045	

Figure 13

ONETIME.DBF
SAMPLE

Page 2

RPT FREQ	RPT LABOR	RPT DOLLS	A LABOR	A DOLLS	STATUS	CAN DATE	REV RECMDN	COMRPT NBR	COMRPT MM	CTR JUST	P RPT FREQ	REV LABOR	REV ALABOR

ONETIME.DBF
SAMPLE

REV DOLLS	REV ADOLLS	LAB SAVD	DOLLS SAVD	POC NAME	POC PHONE	REV DATE	RPT NBR	OPR	REMARKS
0	0	0	0				590	A	
0	0	0	0				591	A	
0	0	0	0				596	A	
0	0	0	0	MR. CHRISTLE	703-695-5166		228	A	
0	0	0	0				612	A	
0	0	0	0				626	A	Complete 02/16/93. Ltr signed by DASAR,L&E.
0	0	0	0				628	A	
0	0	0	0				629	A	
0	0	0	0				630	A	
0	0	0	0				639	A	
0	0	0	0				640	A	
0	0	0	0				641	A	
0	0	0	0				642	A	
0	0	0	0				643	A	
0	0	0	0				644	A	
0	0	0	0				647	A	
0	0	0	0				649	A	
0	0	0	0				670	A	
0	0	0	0	LTC LONG	703-695-1986		671	A	
0	0	0	0				689	A	
0	0	0	0				700	A	
0	0	0	0				701	A	
0	0	0	0				703	A	
0	0	0	0				710	A	
0	0	0	0				714	A	
0	0	0	0				465	A	
0	0	0	0				732	A	
0	0	0	0				737	A	
0	0	0	0				739	A	
0	0	0	0				754	A	
0	0	0	0				759	A	
0	0	0	0				771	A	
0	0	0	0				776	A	
0	0	0	0				781	A	
0	0	0	0				782	A	
0	0	0	0				790	A	

Since the size of ONETIME is considerably less than the combined size of the FY91 to 94 CRR databases, the exact makeup of ONETIME with respect to CRR is uncertain. CRR is suppose to contain all One-Time Requests. Therefore, CRR and ONETIME should be the same size. Until more can be found out on the exact nature of ONETIME, no additional findings are available.

VII. FINDINGS

A. REPORT REQUIREMENTS ARE INCREASING.

The scope and magnitude of Congressional reporting requirements levied on the Department of Defense (DoD) was well summarized in the White Paper on the Department of Defense and the Congress, Report to the President by the Secretary of Defense, dated January 1990. This report stated:

"Most of the Department's recurring reports are also designed to assist Congress in its annual budget review. The growth in reporting requirements tracked in an annual compilation of 'Reports Required by Congress' by the Clerk of the House is striking. The Defense Department recently passed the President as the largest producer of reports to Congress, and many of the Presidential reports are actually prepared by DoD. Between 1980 and 1988 DoD requirements grew by 224%, far faster than any other part of the government, and nearly three times the average growth of other agencies."

The burden that reporting requirements impose on DoD has not gone unnoticed by Congress. On September 17, 1993, Senator John McCain of Arizona wrote to then Secretary of Defense Les Aspin (Appendix N) about reducing the burden Congressional reporting requirements place on DoD, and the need to eliminate unnecessary and redundant reports. In this letter, Senator McCain referred to an amendment to the FY 1994 Defense Authorization Act which required the Secretary of Defense to submit a list to Congress of all reports required of DoD as of 30 April 1994 which are judged to be unnecessary or incompatible with efficient management of DoD. OSD responded to Senator McCain on October 4, 1993 and indicated that the Directorate for Information Operations and Reports (DIOR) would respond to the tasking. As of the date of this KAIZEN report, the DIOR report has been issued in draft form, and recommends deletion of approximately 100 reports.

In addition to these reporting requirements, there are numerous Questions for the Record (QFRs) to which DoD must respond to. Team 3 was unable to find any information related to the number of these QFRs, their frequency, or growth/reduction in number. The Service Office of Legislative Affairs (OLAs) maintain paper files of questions routed to their Service offices, but no automated database is available to analyze the number of questions, the sources of questions, the consistency of replies, etc.

B. CONGRESSIONAL AUTHORITY OVER DOD MANDATES THE NEED FOR REPORTS AND OTHER REQUESTS FOR INFORMATION.

The authority and basis for Congress requesting reports from the Department of Defense is firmly grounded in the Constitution and is fundamental to Congress's power "to provide for the common defense...to raise and support armies...to provide and maintain a Navy...to make rules for the Government and regulations of the land and naval forces." In fact, as pointed out in an interview with SASC staffers, the philosophy of funding the military goes back to pre-colonial days.

The English Monarchy "owned" the military and enacted taxes to fund the military without coordination of Parliament. Our Congress did not like this approach and decided that they would control the military budget. The formulation of the DoD budget is a core requirement of Congress. The SASC staffers suggested that the matter of reports should be considered by DoD as a public service, since the reports are providing information for the public record. A great deal of this information does, in fact, benefit the public through increased understanding of DoD programs.

As a result of the authority derived from the Constitution, there is an unavoidable interaction between the Executive and Legislative Branches of government with respect to the DoD budget that does not exist with other Executive Branch agencies. In this regard, polarization/competition between the Services and between the Services and Congress is truly counter-productive. All participants should work together, taking into account the fact that Congress's views are different from the Services. Some of the reports requested are in fact aimed at getting the Services to work together to jointly address an issue and provide a consolidated response/solution to that issue.

C. CONGRESSIONAL REPORTS ARE REQUESTED FOR WIDELY VARYING USES.

Interviewees were fairly consistent in defining several primary uses for reports requested by Congress, as follows:

o to respond to constituent concerns or interests

o to answer conference committee or subcommittee Questions for the Record (QFRs)

o to call to account DoD or a specific Service for non-responsiveness to a previous question or Bill language

o to reach political compromise and avoid legislative delays or satisfy the "agenda" of various Members

o to cause DoD to do something that Congress or Staff believe would not be done otherwise

45

In an interview with SASC Staff, the above reasons for Congressional reports were elaborated on. The "political dimension" demands that constituent concerns be addressed by the Members of Congress. Members need to show that they have looked into a problem brought to them by a constituent to show they are "doing something". Constituent concerns can be addressed by either mandating something into law or through report language. Report language is directive in nature, but not law, although in practice DoD treats it as such. 50-60% of the time, through negotiations with the Members, the concerns can be addressed by having DoD prepare a report. In some instances, the Professional Staff may already have the answer, but the Member won't be satisfied without a report to show the constituent.

Other staffers indicated that DoD reports are also used to give credence to staffer arguments. The staffer does not have the resources to generate the data to support a position - hence a report requirement is sent to DoD. Staffers are aware of the burden reports place on DoD but feel an alternative to a report e.g., direct testimony or enactment into law, could be worse. In all cases, Professional Staffers have to balance the Member's needs with the demand for reports. This is handled through a negotiation process among the Staffer, Armed Services Committee, and the Member.

Interviewees identified the following additional uses for Congressional reports:

- o insufficient progress by DoD on specific issues
- o inconsistent information provided by DoD
- o insufficient information provided by DoD
- o Congressional Special Interest Item
- o corroboration of Staffer inputs
- o desire to "do something" on an issue
- o provide legitimacy to DoD program requests
- o as a "forcing function", to get the Services to reach consensus among themselves and with OSD on specific issues

D. CONGRESSIONAL STAFFERS BELIEVE THAT THE RESPONSE PATH IS UNNECESSARILY LONG.

Several of the interviewees expressed the opinion that the DoD organizational structure complicated the response to report requests. These staffers contrasted the hierarchical, many-layered DoD management structure with the Congressional member-staffer single layer relationship. The review, approval and centralized coordination of responses precludes direct requester-responder communication. On the other hand, the interviewee in DIOR said there was no policy that specifically precluded the action agency or officer from dealing directly with the requesting staffer on the nature of the request. DIOR passes Congressional taskers onto the Service Comptrollers who attempt to consolidate common or duplicative questions at their level before passing on to action agencies.

In an interview with one HAC staffer, it was observed that direct communication between staffers and personnel responsible for responding to questions has taken place on occasion, primarily for the purposes of clarification of the intent of the question. This staffer also noted that this practice was generally frowned upon by political appointees in the chain of command.

In another interview with a SASC Staffer, it was noted that often, personalities get in the way of providing information between DoD and the SASC Staff/Members and interpreting that information. He expressed the opinion that for one-time reports, the SASC requester should be permitted to work directly with the DoD Action Officer to ensure the right data in the right format is provided. Finally, it was suggested that there should be better communication and coordination between the SASC and DoD to ensure that requests are properly answered in a timely and responsive manner. The right question has to be asked to get the right answer; once this is done, the responses can usually be done fairly quickly.

From the Senate's viewpoint, overall high-level coordination through a single point of contact is lacking. The SAC Professional Staff felt that there should be a DoD person responsible for linking requests from various Congressional sources, who would work with the various requesters, to find a single "common" report that would satisfy everyone's needs. The need to have the person responsible for preparing the report interface directly with the requester was emphasized repeatedly.

E. COORDINATION PATHS BETWEEN CONGRESS AND DOD ARE CUMBERSOME OR NON-EXISTENT.

The current situation with respect to responding to Congressional requests for reports and other information from DoD is characterized by poor communications. As indicated earlier, the lack of direct requester to responder dialogue only aggravates the situation.

With respect to communications channels, the SASC staff routes requests via the Office of Legislative Affairs and the Appropriations Committee routes via the OSD Comptroller. In an interview with a Special Assistant to OSD Legislative Affairs, it was stated that the OSD Comptroller usually gets involved in correspondence with Congress, but Legislative Affairs gets tickled by the Hill when reports are late. The OSD Comptroller has its own OLA and that office is responsible for tracking all reports (periodic and those required by language). A coordinated OSD position is put together in Legislative Affairs.

F. VERBAL/WRITTEN QUESTIONS ARE NOT TRACKED; QUESTIONS AND REPORTS ARE NOT ARCHIVED; PROCESS DOES NOT PRECLUDE DUPLICATIVE REQUESTS.

From the interviews conducted, it is apparent that lack of a single

47

Congressional tracking system for reports results in duplicative requests for information and the costly expenditure of DoD resources to provide redundant responses.

The interview with DIOR disclosed that Congress does not have any reports control system for the reports that they have requested. Congress may, in fact, request status on a report that was cancelled in Conference Committee, or not know what specific report they want. The DIOR interviewee recommended that the action agency send their responses to all applicable committees unless specific guidance is provided, in order to preclude redundant requests. It was also noted that nobody is comparing questions that come in to the reports submitted to see if duplication occurs, or if the report could be expanded to eliminate duplicative reporting requirements. Verbal questions are not tracked at all. The SASC Staff interview confirmed that the SASC does not track report requests.

During an interview with one HAC Professional Staffer, it was acknowledged that providing reports in digital format, and other programmatic information on a computer database, would be beneficial. However there is a generalized cultural issue with respect to full realization of computer-based information management systems. A key factor bearing on this issue is that reports and responses to other requests are not digitized and put on any type of computer database system to facilitate access and automated data search.

G.   IN-PROGRESS STATUS REPORTING IS DESIRED BY CONGRESSIONAL STAFFERS.

The interview with SASC Staff identified that the SASC needs visibility into the status of requests being worked by DoD. (This is probably true of the other committees as well). A DoD tracking system in the mid-80s was kept on issues being worked and the SASC would get a periodic directory on report preparation status, but this directory has not been provided for several years. SASC Staff recommended that an "implementation" schedule and efforts required by SASC and DoD to answer a request should be provided and worked.

H.   TIMELINESS OF REPORTS IS A MAJOR ISSUE.

Late submission of reports requested by Congress was the primary complaint of those interviewed. However, DIOR staff noted that effort is always made to send an interim report if the final will be late and not make the requested deadline. This interviewee also stated that delinquency is worst with OSD; the Services seem to respond in a more timely manner.

SASC staffers interviewed noted that in some cases, a SASC Member doesn't care when a report isn't submitted while in other cases, DoD must be forced to submit a report. (This relates to Finding #3 regarding the reasons for the report.) If a SASC Member feels the original request is rendered meaningless, they won't press the issue

unless the Member does. In other cases, such as use of funds by Federally Funded Research and Development Centers (FFRDCs), the SASC felt the information was very important in order to answer some critical questions. In that instance, DoD had to be intimidated into providing a report, which was five months late.

A SAC Professional Staffer noted that staffers have a short coordination chain and don't understand that the review/approval chain in DoD to get a report out is much longer. (See Finding D.)

In the interview with HAC Staff, it was conceded that sometimes unrealistic dates are placed on requests; more reasonable time frames need to be set. In some cases, political considerations delay the issuance of DoD reports.

I.   REPORT DEADLINES AND SCOPE COULD BE NEGOTIABLE.

DIOR noted that report delinquency often occurs as a result of unrealistic report deadlines. Reports are requested to be completed prior to committee hearings (budget submission and markup periods), which leaves little time for an adequate response from the action agency. This is compounded when there are no resources provided to complete the task.

In the interview with SASC Staff, the tendency to set unrealistic deadlines on reports was discussed. This is partly due to the one-layer organization of Congress. Congress doesn't have a full appreciation for the multiple levels of review within DoD. In many cases, the unrealistic deadlines and lack of resources drive DoD to be late or to do a minimal job on the report. It was suggested in this interview that DoD should advise Congress of the costs involved in preparing reports, and tell Congress in advance if a report will be late rather than allow expectations of a report to continue until the due date and not receive it.

SAC Staff corroborated many of the same points as the SASC Staff. It was recommended that DoD and Congress should agree to realistic dates and have an appreciation for what the DoD effort will be to answer requests --- on an exception basis, Congress might provide some funding for major reports. Without realistic dates and funding, both DoD and Congress run the risk of "shooting themselves in the foot" to fulfill requests.

The HAC Staffer also stated that timeliness problems were sometimes created by unrealistic completion dates. On the other hand, there are instances where reports that should be easy to prepare are provided late. He also noted that the individuals in DoD who recognize that reports are needed in a timely manner are not always keyed into the fact that the response is late. In some cases, lateness of reports is driven by the political aspects of the subject. One example is a report requested by Congress on Reserve National Guard airlift aircraft procurement. This report, which had a due date of January

49

1994, has yet to be provided by DoD and its impact may be adverse for DoD during the markup process.

J.   REPORT QUALITY IS MIXED.

DIOR staff stated that the feedback from Congress is that they are generally satisfied with reports provided, but would still like a better overall response.

In one interview with SASC Staff, it was stated that most reports aren't felt to be very good, although the good reports are successful in getting at the issue. These interviewees noted that some reports tend to tell as little as possible, consist mostly of "fluff" or say virtually nothing. However, the issue of report value is not considered to be a big issue by the Senate, however, since Staff can call DoD and request that someone come over to the Hill to discuss the particular question. Another SASC Staffer stated that generally, responses from DoD have been clear and responsive and the SASC is getting what they need.

One SAC Staffer stated that in general, responses to requests are responsive, but not every report that comes in is useful to the Appropriations Committee and the quality of the reports varies. This staffer noted that the quality of the budget backup books has matured and recommended that material provided should focus on program execution data - budget, actual costs, execution milestones, etc. In this way, the Staff can compare the estimated vs. negotiated costs, planned vs. actual expenditures, contract award dates (actual vs. planned), and other program milestones to see if all the information makes sense.

In the interview with a Special Assistant to OSD Legislative Affairs it was indicated that most reports are considered to be very complete and factual; an example cited was the report on the Persian Gulf War, which fills an entire bookshelf. This interviewee recommended that consideration be given to sending the reports electronically, which would allow rapid keyword searches to focus on areas of interest. Until digital transfer is possible, it was recommended that a keyword index be provided in reports to facilitate data searches. It was also recommended that DoD consider an approach used by the Congressional Research Service (CRS), where a number of reports with varying levels of detail are provided on complex subjects.

Finally, on the issue of quality of reports, the HAC Staffer interviewed stated that quality varies greatly. Some reports don't answer the question; in some instances this is due to the question not being properly stated. In other cases, reports are not tailored well enough for the intended audience; understanding of the reports is greatly influenced by the capabilities of the Professional Staff and most staffers are generalists rather than specialists in a particular field. It was recommended that reports be written using layman's

50

terms wherever possible.

K. ACQUISITION ISSUES COMPRISE APPROXIMATELY 45% OF REPORTS REQUESTED BY CONGRESS.

One insight gained in the interview with DIOR is that acquisition related issues comprise about 45% of the requested reports. Given the extensive requirements for documentation on acquisition programs required under DoD 5000 series directives, it may be inferred that perhaps "5000 reports" could be streamlined or otherwise simplified or combined to provide information that could be more readily accessed and understood.

L. INDUSTRIAL BASE AND CRITICAL TECHNOLOGY PLAN REPORTS ARE DELINQUENT.

One of the SASC Professional Staff interviewees stated that with respect to Industrial Base studies, DoD has been asked to provide an assessment and a plan many times. Nothing has been received to date except letters indicating that the request is being worked -- the plan is needed.

This same staffer also referred to the Critical Technology Plan report requested by Congress. The SASC feels that DoD views the report as unnecessary while the SASC sees the report as a necessary "management tool" within DoD. SASC feels that the plan will force a better management process in DoD -- DoD will have to look at the long-term investment strategies and planning to set priorities in support of the process. This plan might, in fact, also help to prevent "earmarks" by the Appropriations Committee by demonstrating that programs such as Manufacturing Technology (MANTECH) and university research are part of an overall strategy. If the SASC had confidence that DoD was looking at a process for smartly spending these resources, the SASC would be less reluctant to provide the funding. If a good plan were developed that the Congress and DoD could reach some agreement on, the potential for a long-term budget plan could then be established to better secure the future funding and support for that plan (a more stable budget). The feeling here is that DoD would be "absolutely more successful" if this plan were provided and supported by the Congress.

M. SAR REPORTS ARE VERY HELPFUL.

The SAC Professional Staff feels that SAR reports are very helpful. These reports provide updates from the previous budget submit, which may be up to a year earlier. SARs, for example, are used as indicators of how a program is doing; how well FY95 might go based on progress against the FY94 plan and help validate last year's FY95 estimate. Attention should be focused on program execution data, including contract award price vs. estimate programmed and to see if money is being used "... for purposes for which appropriated". The quality of the SAR reports was said to vary widely.

N. SUMMARY OBSERVATIONS

Although the reporting process offers many opportunities for automation/digitization, such modernization may only benefit the process on the DoD side. For the DoD there could be benefits to report generation, data consistency, report tracking, and communication between the various components contributing the report. The Congress, on the other hand, deals primarily with succinct pieces of information. There may be occasions when a Congressional staff member needs to gather data to support a position, however, these occasions are rare. For the most part, the Congress expects the "grunt work" to be done by the DoD, such that the Congress is presented with technically correct and valid information. The reality is that the political process frequently distorts the data gathering (DoD side) or cause misinterpretation of the information generated (Congressional side). Process automation will have little impact on the political process. Automation may only help the DoD avoid generating politically influenced information, it will have very little, if any, impact on the Congressional political processes.

VIII. CONCLUSIONS

Congressional Reports are here to stay. Keeping Congress informed of the progress and status of reports they have requested could be pivotal to improving relations. Without a single comprehensive system to track one-time and periodic reports as well as Congressional questions, the existence of and potential for duplicative requests will continue to dog DOD.

We need to strive for a greater degree of access and openness between DOD and Congress. But this must be the desire of the President and Executive Branch. Direct communication between Congressional staff and the Program Office (at least the PEO) could help relieve the reams of reports, requests for reports, Questions for the Record and the resources required to generate and track them all.

Project Kaizen Team 3 conclusions were presented to the DSMC Faculty via briefing on 27 May 94 (Appendix P).

IX. RECOMMENDATIONS

A. ASSIGN A SINGLE POINT OF CONTACT

The first recommendation is the development of a single Point of Contact (POC) through whom all Congressional requests be directed. This single POC is defined as an office, not a specific individual. A principal duty of the single POC would be able to screen questions, requests and reports for duplication or redundancy. The POC would be able to develop an understanding of the specific informational needs of the different staffs. This knowledge base could assist in preparation of a better product for submittal by DoD. It is also recommended that the POC maintain a digitized archival record of the

answer, information or report submitted to Congress. The archive would ensure continuity ac::ss further information requests and responses, explain seeming inconsistencies in subsequent reporting requirements, and allow DoD to accurately examine the effectiveness, cost and extent of information support to Congress.

B.   DEVELOP A SINGLE "REPORTS" DATABASE

The second recommendation is that the tracking and products of all information requests be kept on a single database. Existing computer technology allows for storage and manipulation of extensive amounts of data. The use of relational database techniques would allow effective and cohesive storage of files with the capability to access only necessary files during data manipulation. The use of state-of-the-art open architecture would maximize the effectiveness of this database. In relation to acquisition, the use of a common management system that would provide sufficient levels of program indenture and reporting in 5000 series formats could be highly effective. Such a system would be able to provide technical, financial, programmatic and historical perspectives for a given program. Several such programs are under development. Efforts should be combined into developing a single management system that meets joint service needs and would speak to the DoD POC's database. Such a system could significantly reduce the time necessary to prepare and submit reports for chop. If the system was integral to acquisition management, not only could the tedious paper flow be reduced, but the system would provide near real time information on program cost, schedule and performance. As a subset of this recommendation, it is further recommended that Congress be provided with the tracking and archival information. Not withstanding that some requests are initiated as political tools, it would help all concerned if everyone spoke from the same sheet of music. The archival information, if available to staffers, might preclude repetitive requests for information already provided. Infcrmation on current status would alert staffers to problems before they became critical issues and would serve as a tickler file for the DoD POC.

C.   SUBMIT REPORTS ELECTRONICALLY

The third recommendation is that all reports be submitted to Congress electronically. As an initiative under the National Performance Review Congress should be encouraged to develop a uniform information management system. Such a system, if designed to an open architecture, would be capable of receiving information and storing information electronically. This would reduce time required to get the information into the hands of the right staffer. This would increase the amount of time for the response on the DoD side and still ensure that the response was submitted on time. It is recognized that such a change will entail a significant cultural change.

D.   ENCOURAGE OPENNESS

The last recommendation is that more openness and direct contact

between Congress and the offices preparing the responses be encouraged. We clearly recognize that Congress is not part of DoD's chain of command, and direct requests may not be to the advantage of the Department. Several Department personnel interviewed have addressed the fact that it seems that a question may be floated across several offices. If the answers are not always fully "in synch" then the program may become a target. It is not our recommendation for full and open direct communications, but rather that DoD should use electronic communications, where the request is directed to the POC, with the appropriate chain of command receiving informational copies of the correspondence. The use of mailing lists in an electronic mail should make this feasible. It would provide the initial alert to the personnel responsible for preparing the response while giving them needed extra time for preparation. Requests for information or Questions for the Record submitted to Legislative Liaisons could also be directed to the POC electronically. With all concerned offices part of the network, information flow could be expedited, and important issues given every extra minute available for a quality product.

X. RECOMMENDATIONS FOR FUTURE/FURTHER STUDY

As a result of Kaizen Team 3 efforts, a number of issues were determined to be worthy of future study. They are assembled here in non-prioritized order to encourage use and expansion by subsequent PMC classes.

Finding #1:   There is a perception of Congress by DOD personnel that appears to reflect an insensitivity to Congress's role and responsibility to raise and maintain an army.

Recommendation #1: PMC should develop more and varied class projects to address this issue, such as Library research, panel discussions, Capitol Hill trips, guest lecturers and research projects. In particular, the Capitol Hill trip should be scheduled earlier to help sensitize PMC students to issues between DoD and Congress.

Finding #2:   Kaizen Team 3 efforts to set up meetings with congressional staffers and OLA personnel were hampered by conflicts with scheduled legislative hearings.

Recommendation #2: Projects which potentially require interfaces with congressional staff should be planned around legislative hearings.

Finding #3:   The design and planning of the Kaizen Project, and all of the ambiguity inherent in the start up process, made for closer team identification and interaction, ownership of the process and its execution, and the attendant responsibility for results.

Recommendation #3: Despite inefficiencies, the less defined the project structure, the better for team formation.

Finding #4:   The Congressional Budget Office (CBO) is a primary
"customer" for much of the formal program documentation to Congress.
Budget analysts at CBO are trying to establish a coherent picture of
programs from this documentation, which they often find is
inconsistent with earlier submissions, and lacks appropriate
descriptive narrative.

Recommendation #4:   Structure additional PMC studies to focus on the
DoD Comptroller-Congressional Budget Office reporting process with the
intent of improving the quality of this critical interaction.

Finding #5:   In the short time available to execute Kaizen, during
PMC 94-1 the flow-path (s) of Congressional requests for information
from the originator to the source and the associated response flow was
not documented.

Recommendation #5:   Map the appropriate information flow paths as part
of PMC follow on efforts.

Finding #6:   The data bases obtained by Kaizen Team#3 did not
include those Congressional "special" requests for information that
were received via. phoncon, memo etc. These could be far more
voluminous than those already identified.

Recommendation #6:   Develop a plan and a strategy to identify all of
the subject "special" requests for information and put them into a
data base.

Finding #7:   There apparently is no existing system for tracking all
congressional requests for information as well as the supplied
responses.

Recommendation #7:   Initiate a design effort for a proto-typical
Request/Response Tracking System (RRTS) and supply to potential users
for evaluation.

Finding #8:   It appears that Congressional staff work, as well as
that of DOD could be reduced if a digital database containing
appropriate information consistently requested by congress was
established ie. DAES, SAR, UCRs, RDDS etc. and used to generate
requested reports. Conceptually, if a consistency between responses
could be maintained, many questions could be avoided.

Recommendation #8:   Initiate design for a proto-typical digital data
report generation system.

Finding #9:   Some "wheels were spun" until KAIZEN started moving
effectively towards meeting its goals.

Recommendation #9:   Additional key DMSC staff members should be made
available early in the PMC Experiential Learning Process.

Appendices

A.   Learning Contract

B.   Interview Minutes

C.   Meeting Minutes

D.   CRR90 through CRR 94 Databases

E.   RECUR Database

F.   ONETIME Database

G.   WHS Response to Sen. McCain's Request

H.   White Paper on Department of Defense and the Congress; Report to the President by the Secretary of Defense, January 1990

J.   How to Re-Engineer the DoD Acquisition System

K.   Congressional Reporting Requirements, Authorization and Appropriations Committee Reports (One-Time)

L.   Review of Congressionally Mandated Reports, 12 Apr 94, OSD (A&M) Memo

M.   FY 92-94 Congressional Committee Reports

N.   Sen. McCain's Request to DoD

P.   Final Report Briefing, Team 3, 27 May 94

REPORT DOCUMENTATION PAGE

Form Approved
OMB No. 0704-0188

1a. REPORT SECURITY CLASSIFICATION	1b. RESTRICTIVE MARKINGS
Unclassified	

2a. SECURITY CLASSIFICATION AUTHORITY	3. DISTRIBUTION / AVAILABILITY OF REPORT
	"A" distribution for public release;
2b. DECLASSIFICATION / DOWNGRADING SCHEDULE	distribution unlimited.

4. PERFORMING ORGANIZATION REPORT NUMBER(S)	5. MONITORING ORGANIZATION REPORT NUMBER(S)
Defense Systems Management College TR 3-94	

6a. NAME OF PERFORMING ORGANIZATION	6b. OFFICE SYMBOL (If applicable)	7a. NAME OF MONITORING ORGANIZATION
Defense Sys Mgmt College		Same as 6a.

6c. ADDRESS (City, State, and ZIP Code)	7b. ADDRESS (City, State, and ZIP Code)
9820 Belvoir Rd, Ste G38 Ft. Belvoir, VA 22060-5565	Same as 6c.

8a. NAME OF FUNDING / SPONSORING ORGANIZATION	8b. OFFICE SYMBOL (If applicable)	9. PROCUREMENT INSTRUMENT IDENTIFICATION NUMBER

8c. ADDRESS (City, State, and ZIP Code)	10. SOURCE OF FUNDING NUMBERS			
	PROGRAM ELEMENT NO.	PROJECT NO.	TASK NO.	WORK UNIT ACCESSION NO.

11. TITLE (Include Security Classification)

Project Kaizen:Review of the Oversight by Congress of DoD Acquisition Programs..

12. PERSONAL AUTHOR(S)
Section C, Defense Systems Management College PMC 94-1

13a. TYPE OF REPORT	13b. TIME COVERED	14. DATE OF REPORT (Year, Month, Day)	15. PAGE COUNT
Technical Report	FROM _____ TO _____		

16. SUPPLEMENTARY NOTATION

17. COSATI CODES			18. SUBJECT TERMS (Continue on reverse if necessary and identify by block number)
FIELD	GROUP	SUB-GROUP	

19. ABSTRACT (Continue on reverse if necessary and identify by block number)

The purpose of this project was to review the oversight by Congress of DoD acquisition programs with the aim of continuous improvements. Three teams were developed and each team a learning contract was developed outlining the team's planned objectives. Team 1 analyzed the pending legislation in the House and Senate concerning acquisition reform to determine potential impacts on DoD. Team 2 examined the recurring formal oversight documentation required by Congress. Team 3 examined the one-time reports required by law and committee language.

20. DISTRIBUTION / AVAILABILITY OF ABSTRACT	21. ABSTRACT SECURITY CLASSIFICATION
☑ UNCLASSIFIED/UNLIMITED ☐ SAME AS RPT. ☐ DTIC USERS	Unclassified

22a. NAME OF RESPONSIBLE INDIVIDUAL	22b. TELEPHONE (Include Area Code)	22c. OFFICE SYMBOL
Sylvia Nance	(703) 805-2376	

DD Form 1473, JUN 86   Previous editions are obsolete.   SECURITY CLASSIFICATION OF THIS PAGE