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The Honorable Ken Calvert Chair, Defense Appropriations Subcommittee House Appropriations Committee 2205 Rayburn Building Washington, D.C. 20515

Subj: Yet Another Program Management Failure and Flawed Earned Value Metrics

Dear Hon. Chairman Calvert:

Thanks for being so blunt at the hearing on May 6. Yes, the Defense Acquisition system is broken, and urgent action is needed to address these problems. However, the Executive Order that you cited directs yet another review of the antiquated defense acquisition process and its burdensome regulations. A review and recommendation will not be sufficient to fix the problems. Only you, with colleagues in the HASC and SASC, can initiate the necessary fix.

That's because the DFARS regulation that enables contactors and DoD program managers to report false, misleading cost and schedule performance and to avoid awareness of a Nunn-McCurdy breach is required by statute. The regulation is the DFARS Earned Value Management System (EVMS) clause that requires contractors to be compliant with the EVMS Standard, EIA-748 guidelines.

I have proposed fixes to the broken system since 2007. My first letter was to House Oversight Committee Chairman Henry Waxman, Subj: Award Fees and Contract Oversight, June 22, 2007. I also published articles in DoD publications since 2001. These efforts have been futile because:

- 1. The National Defense Industrial Association (NDIA), traditional defense contractors, and other beneficiaries of the status quo, such as consultants and software vendors, have obstructed constructive change to the EVMS clause when applied to major capability acquisitions.
- 2. The NDIA has failed to make any substantial changes to EIA-748 and its focus on the quantity of work performed, not quality. It is silent on the capabilities and features of the product.

My previous letters to you (September 19 and October 1, 2024) cited failing Navy programs and flawed EVM metrics. I alleged that your assessment of the Navy's flawed metrics and lack of transparency is systemic in DoD and that one root cause is the DFARS EVMS clause.

Now, the Air Force B-52 Radar Modernization Program has incurred a Nunn-McCurdy breach. EVM again failed to provide sufficient early warning of cost and schedule problems requiring corrective action.

About twenty years ago, I performed joint EVM compliance reviews with DCMA of a predecessor Raytheon program, the Multi-Platform Radar Technical Insertion Program. Nabil Yacoub of DCMA and I found overstated cost and schedule performance based on the "percent complete" of the budgeted tests. There was no accounting for failed tests and rework/retesting. This common malpractice is permissible per the EIA-748 guidelines.

In my email to Sen. Wicker, I requested that he markup the NDAA for FY 2026 to rescind FAR Subpart 34.2- EVMS. Please join with Sen. Wicker, Rep. Smith (who expressed the need for "a freaking product that works at the end of the day") and others to finally kill off EIA-748.

NDIA and GAO guides contain false claims that the use of EVM in compliance with EIA-748 guidelines is a widely accepted "Best Practice." However, the authors of those guides were working for DoD, other federal agencies, or were consultants. There were no representatives from the commercial world which shuns EIA-748.

Regarding the freaking product, it is interesting that the Air Force brought in Shay Assad to oversee the B-52 radar and engine programs. In 2009, I wrote two letters to Mr. Assad regarding "deficiencies in the quality of EVM implementation and reporting" and provided recommendations for integrating technical performance with EVM. I advised that effective EVM implementation should objectively measure progress towards the plan to develop the functional, allocated, and product baseline and to implement the product baseline.

Today, I advocate measuring progress towards developing the product but not towards the quantity of work completed. This metric is also needed in the digital engineering ecosystem.

Yours truly,

Paul J. Solomon

CC:

Hon. Pete Hegseth, USD Hon

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Hon. Mike Rogers, HASC

Hon. Robert J. Wittman, HASC

Hon. Ro Khana, HASC

Hon. Roger Wicker, SASC

Hon. Elizabeth Warren, SASC

Jon Sindreu, WSJ

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Hon. Jim Jordan, HCOA

Hon. Joni Ernst, SASC

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Anthony Capaccio, Bloomberg News