

From: paul solomon  
Sent: Thursday, May 14, 2015 8:33 AM  
To: Taylor, Eric (McCain)  
Subject: RE: Proposed mark up of NDAA 2016

Eric,

Thanks for your response. I understand that ending sequestration is a high priority.

However, the administrative costs of earned value and related program “controls” consume 5-9% of the costs on development programs that have EVMS requirements. That money is wasted. Worse yet, the information provided is not only invalid, it is misleading.

Paul

From: Taylor, Eric (McCain) [mailto:Eric\_Taylor@mccain.senate.gov]  
Sent: Thursday, May 14, 2015 5:13 AM  
To: paul solomon  
Subject: RE: Proposed mark up of NDAA 2016

Paul,

Thank you for your e-mail. While I can't talk specifics you will find numerous changes regarding acquisition reform in this year's Defense Authorization bill. While it is by no means the final say in the matter, the Senator continues to push forward reforms that will save money and create a more responsive approach to acquisition. After ending sequestration, acquisition reform is the Senator's second highest priority. Please continue to share your insights with us as we move forward in the months ahead.

Very Respectfully,

Eric L. Taylor

Defense Legislative Fellow

Senator John McCain (R-AZ)

241 Russell Senate Office Building

Washington, DC 20510

(202)224-2235

From: paul solomon [mailto:paul.solomon@pb-ev.com]

Sent: Thursday, May 14, 2015 12:25 AM

To: Taylor, Eric (McCain)

Subject: Proposed mark up of NDAA 2016

Dear Mr. Taylor,

Please ignore the earlier email which had a typo. Instead discuss the following with Sen. McCain.

I read that Sen. McCain is marking up NDAA for FY 2016.

Please ask him to consider a mark up regarding earned value management (EVM). He may be interested to know that there has been no improvement in the validity or utility of EVM since WSARA. In my opinion, contractors continue to take advantage of weaknesses in the current regulations and fail to provide useful information to Program Managers.

The purpose of EVM is stated in Office of Management and Budget Circular No. A-11, Planning, Budgeting, Acquisition and Management of Capital Assets, Section 300-5:

Performance-based acquisition management should be:

- \* Based on based on the EVMS Standard and
- \* Measure progress towards milestones
- Cost
- Capability to meet specified requirements
- Timeliness
- Quality

However, there are no contractual requirements for measuring progress towards milestones for meeting requirements and quality.

#### WSARA

WSARA directed DoD to provide recommendations to improve EVM and its implementation, to discuss merits of possible alternatives, and to submit a plan for possible improvements.

In the WSARA House/Senate conference report, Sen. Collins stated that the GAO observed that contractor EVM reporting lacks consistency and leads to inaccurate data and faulty application of the EVM metric. "In other words, garbage in, garbage out." Sen. Collins concluded that "With improved EVM data quality, both the government and the contractor will be able to improve program oversight, leading to better acquisition outcomes."

#### DoD Assessment in Response to WSARA

The DoD's response to WSARA was the report, DoD Earned Value Management: Performance, Oversight,

and Governance (DoD Report). Its findings and recommendations include:

- Inaccurate EVM status data provided by vendors
- Use Technical Performance Measures (TPM)
- Integrate Systems Engineering with EVM

With regard to linking EVM to TPMs, the report stated that:

1. EV process is reliable and accurate only if
  - TPMs are identified and associated with completion of appropriate work packages
  - Quality of work must be verified
  - Criteria must be defined clearly and unambiguously
2. If good TPMs are not used:
  - Programs could report 100 percent of earned value even though behind schedule in validating requirements, completing the preliminary design, meeting weight targets, or delivering software releases that meet the requirements.
3. Program Manager ensures that the EVM process measures the quality and technical maturity of technical work products instead of just the quantity of work performed

#### Quality Gap

ANSI/EIA-748 focuses only on the work scope and ignores the product scope (technical baseline). It also fails to link earned value with technical performance or quality (Quality Gap). The federal acquisition regulations that impose ANSI/EIA-748 have no requirements for reporting technical performance as a basis for earned value. Consequently, contractors may report progress based only on the quantity of work performed, not the quality of the system being designed and tested.

#### Proposed Mark Up

Please consider the following mark up:

“DoD’s submitted a report in response to WSARA that recommended the use of technical performance measures with appropriate work packages and integrating systems engineering with earned value management. DoD is directed to submit a follow-up report to

1. Assess whether current acquisition regulations include contractual requirements for measuring progress towards milestones for meeting specified requirements and quality.

2. Assess the extent to which the F-35 Program Manager ensures that the EVM process measures the quality and technical maturity of technical work products instead of just the quantity of work performed.
3. Assess whether the F-35 Contract Performance Reports are consistent with the progress assessments of the Director of OT&E with regard to software development.
4. Provide objectives and plans to improve the acquisition regulations with regard to earned value management, if appropriate.

Please call me if you have any questions.

Paul Solomon

818-212-8462