Paul Solomon
3307 Meadow Oak Drive
Westlake Village, CA 91361
Paul.solomon@pb-ev.com

January 13, 2023

The Honorable Tammy Duckworth
Chairman, Senate Armed Services Committee
524 Hart Senate Office Building
Washington, DC 20510

Subject: Acquisition Reforms on DoD Major Acquisitions and Software Development

Dear Chairman Duckworth:

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████████████████████ The recommendations support your focus on improving oversight and accountability across the government. They provide solutions that make our government more transparent and accountable to the people it serves.

Prior Recommendation on EVMS

████████████████████ my contention that the current DoD program management policy and regulations, including the use of an Earned Value Management System standard (EVMS) that is required by DFARS, fails to provide DoD program managers with valid, accurate contract performance reports and an early warning of pending cost overruns.

I had proposed solutions to the EVMS issue to former HASC Chair Ike Skelton and SASC Chair McCain, As a result of my work with Andrew Hunter, Chair Skelton marked up NDAA for FY 2011, Sections 864 a, b, and c. The provision required DoD to:
- Review acquisition guidance, including DoD Instruction 5000.02, to "consider whether measures of quality and technical performance should be included in any EVM system.
- Submit a report to the Armed Services Committees.

Subsequent to the report, DoD revised its *guidance* to cover measures of quality and technical performance, However, DFARS lacks a *requirement* for contractors to base reported earned value on quality or technical performance. So they don't.

I proposed specific remedies to Sen. McCain in 2011 to address the following:

The two most important deficiencies are:

> 1. Contractors are able to overstate progress and understate final costs (called Estimate at Completion or EAC) by basing earned value on the quantity of work performed, not on technical performance or quality.
> 2. Contractors routinely use "Management Reserve" (MR) as a slush fund for additional budget to compensate for poor planning, to reduce reported cost overruns, and to provide additional budget for tests and rework to designs that fail to meet technical performance or quality objectives.

As a result of my continuing support, including analyses of cost overruns on the F-35 program, the Senator sent me the attached letter of appreciation in March 2015.

Recent Recommendations to HASC Chair Adam Smith on Software Design and Testing

Recently, I have been addressing software development issues. See attached letter to Chair Smith, Subj: "NDAA Software Delivery Provision Omits Industry Best Practices Regarding Minimum Viable Product or Capability," dated Dec. 24, 2022.

Request for Acquisition Reform

Please consider taking appropriate oversight or legislative actions to improve oversight and accountability of DoD major acquisitions and other software-intensive programs.

Respectfully,

Paul J. Solomon