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The Honorable Steven J. Morani
PTDO OUSD(A&S)
1010 Defense Pentagon
Washington, DC 20301-1010

Subj: How NDIA and DCMA Weasel Worded the EIA-748 EVMS Standard and DCMA Manual

Dear PTDO OUSD(A&S) Morani:

I previously provided arguments and evidence that EVMS compliance reviews and surveillance were ineffective. Even if DCMA concluded that the contractor was compliant with EVMS requirements, there is no assurance that the contractor's reports contain valid, not manipulated, information that can be used to develop insight and influence the contractor's technical, cost, schedule contractual performance.

My letter to DCMA Director, Gen. Masiello, Subj: DCMA EVMS Compliance Procedures and Metrics Ignore Technical Performance Measurement, Third Request, June 9, 2024, included the following excerpts:

"Both the DCMA EVMS compliance procedures and the DCMA EVMS Compliance Metrics (DECM) are silent on technical performance. Consequently, there is no assurance that the DCMA EVMS Center can accomplish its mission of "assessing contractor effectiveness which provides stakeholders with expectations of future performance and potential impacts on individual contractors and/or programs."

My letter to former HASC Chair McKeon, 9/13/11, Subj: Defense Acquisition Reform, is still valid. "Even if a DCMA compliance review determines that a contractor is compliant with the guidelines, the **loopholes** enable a contractor to overstate progress and understate final costs. Consequently, a DCMA compliance review can provide false assurance to the Program Manager. This is like relying on Standard & Poor's "no risk" ratings of mortgage-backed securities before the financial collapse."

Finally, please take corrective actions to implement *DCMA-MAN 2303-01, Surveillance*. more effectively.

Loopholes, Weasel Words, and Catch-22

The loopholes in EAI-748 are complemented and buttressed by the comforting, weasel words in DCMA Manual 2301-01 Contractor Business Systems, SECTION 5: EARNED VALUE MANAGEMENT SYSTEM.

Excerpt:

An acceptable EVMS, complies with the guidelines in EIA-748 as prescribed in DFARS 252.234-7002. By maintaining effective management control systems **and integrated technical**, schedule, **and** cost planning processes, an acceptable EVMS provides the Government a measure of

confidence that the contractor's data is verifiable and can be relied upon when making program and contract decisions.

DCMA's crafty use of the weasel word, "**and**," is like NDIA's use of the word "**or**" to avoid the integration of technical performance or quality with cost and schedule performance. Notice the "Catch-22." Yes, it is true that "maintaining effective management control systems **and** integrated technical, schedule, and cost planning processes...contractor's data is verifiable and can be relied upon." Unfortunately, unscrupulous contractor's do not integrate technical performance. They don't have to and DCMA doesn't care. So, contractors may ignore technical performance/quality and report only the *quantity* of work performed in the **SOW**.

EVM: "...easily Manipulated and Inadequate to the Task" (a)



EIA-748 Enables Easy Manipulation:

4 legs of the stool to fool:

1. Measure work (SOW), not technical performance (Product)
2. % Complete Earned Value Technique with "90% Rule"
3. Rework not planned (Budget from MR)
4. Deferred Functionality not Accounted For

(a) Commission on PLANNING, PROGRAMMING, BUDGETING AND EXECUTION
Report finding: "EVM systems have long been criticized as..."



Please take immediate steps to terminate counterproductive DCMA EVMS surveillance. It is not required by statute or regulation. Then get rid of the DFARS EVMS clause and implement the other acquisition reforms that I recommended.

Yours truly,

A handwritten signature in blue ink that reads "Paul J. Solomon".

Paul Solomon

CC:

Hon. Pete Hegseth, USD

Hon. Glen Grothman, HOAC

Hon. Ken Calvert, HAC

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Hon. Roger Wicker, SASC

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Anthony Capaccio, Bloomberg News