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The Honorable Sen. Eric Schmitt
SASC
387 Russell Senate Office Building
Washington, DC 20510

Subj: Amend NDAA to Revoke DFARS Earned Value Management System Clause

Dear Hon. Sen. Eric Schmitt:

I am not your constituent but request that you complete the unfinished business of your fellow Missourian, Ike Skelton. The issues that you raised at the SASC hearing on the Final Report of the PBBE Reform Commission (Final Report) were also his issues. Your words follow.

1. What can be done to enhance the transparency and accountability here with DoD's ...acquisition to both Congress and to the public?
2. (Regarding) major acquisition programs that have either gone completely off the rails...continuing over time and over budget, like the F-35, that is 10 years late and 80 percent over budget, I wonder if the PPBE reform could be a way to address...those fundamental issues.

Chairman Skelton's markup of the NDAA for FY 2011 included my recommendation that would increase transparency and accountability. I also supported Sen. McCain's oversight of the F-35 program and his acquisition reform goal. Please take up their gauntlet and act on my recommendations. The recommendations also apply to the Required Assessments and Findings in Section X of the Final Report and to SASC Senate Report 118-188, NDAA for FY 2025.

Skelton's Markup

NDAA for FY 2011, Section 864. (b)(4), called for a review to consider whether measures of quality and technical performance should be included in any earned value management system (EVMS).

PBBE Final Report - Section X

Section X – Required Assessments and Findings, also addressed EVMS. Excerpts follow:

I. Performance Measures Within the DoD

Section 1004 of the NDAA for FY 2022 requires an assessment of the Department's timelines, mechanisms, and systems for monitoring the DoD's program and budget execution, including the Department's use of performance metrics.

For example, the Department frequently uses obligation and expenditure metrics to assess budget execution. However, these metrics provide information only on the pace of spending, not on the value received for the expenditure. In the acquisition arena, the Department has developed EVM systems that purport to assess expenditures against established delivery

benchmarks. However, ***EVM systems have long been criticized as easily manipulated and inadequate to the task.***

NDA for FY 2025, S. Rept. 118-188

The SASC Senate Report 118-188, NDA for FY 2025 [to accompany S. 4638], Updates to EVMS requirements (sec. 823), July 8, 2024, confirms that ***EVM has limited value*** to smaller projects. The Report also "recognizes the ***burden it (EVM) places on small businesses and non-traditional defense contractors*** that must make significant internal investments to create a compliant EVM system.

The Remedy

The remedy for the preceding issues is in my letter to Dep. Sec. Hicks, Subj: Commission on the National Defense Strategy Final Report, dated July 31, 2024.

Excerpts:

Yesterday, the SASC hearing on the Final Report of the Commission on the National Defense Strategy and the Report provided compelling reasons to implement my recommendations to:

1. Repeal the DFARS EVMS clause
2. Implement outcome-based metrics, and
3. Integrate digital engineering (DE), systems engineering, and program management.

Completed Action

I requested that USD(A&S) LaPlante direct the Defense Acquisitions Regulations Council (DARC) Director to place on hold a DFARS case that would remove the EVMS requirement for software contracts and subcontracts. The DFARS EVMS clause should be completely revoked. The recommendation and rationale are in the letter, Subj: Place DFARS EVMS Case on Hold and Go the Whole Hog, dated June 2, 2024.

The DARC Director placed the case on hold on August 7 "pending statutory amendment to section 827 of the NDA for FY 2024."

Your Actions

Please work with Dr. LaPlante to amend the NDA for FY 2025 to enact the statutory statements needed to revoke the DFARS EVMS clause and then replace EVM with "Something of Value." Consider working with Rep. Adam Smith on a bi-partisan, bi-cameral basis. He wants to complete "a freaking product at the end of the day." "Something of Value" is described in my white paper, "Earned Value Management: "When you come to a fork in the road...", dated July 25, 2024, and in another white paper on the DE ecosystem.

The referenced letters and white papers may be downloaded from www.pb-ev.com at the Acquisition Reform and White Paper tabs.



Paul J. Solomon

CC:

Hon. Kathleen Hicks, USD Hon. David L. Norquist, NDIA
Hon. Jack Reed, Chair, SASC Hon. Andrew Hunter, AF Asst. Sec. for AT&L
Hon. Adam Smith, HASC Hon. Carlos Del Toro, Secretary of the Navy
Hon. Nickolas Guertin (ASN RD&A)
Hon. Robert J. Wittman, HASC Hon. Heidi Shyu, (USD(R&E))
Hon. Donald Norcross, HASC Hon. Elizabeth Warren, SASC
Hon. Glenn Grothman, House Committee on Oversight and Accountability
Anthony Capaccio, Bloomberg News
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