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June 16, 2025

The Honorable John Phelan
Office of the Secretary of the Navy
1000 Navy Pentagon
Washington, DC 20350

Subj: SON Phelan's Commitments at Senate and House Hearings

Dear Hon. Secretary of the Navy Phelan:

This letter augments those that I had sent to your predecessor, SON Del Toro, and to Sec. Def. Hegseth, as follows:

Hegseth, Subj: Comments on Phelan Hearing and To Do List for Feinberg and Phelan, date March 10, 2025.

Del Toro, Subj: Holding Companies and Individuals Accountable for Reporting Poor Performance, dated 4/11/24.

It reiterates commitments that you made in your responses to Advance Policy Questions (APQ) at your confirmation hearing and adds statements made at the HASC hearing on June 11, 2025. You stated to the HASC, "we must first ensure that the Department of the Navy is accountable to the American taxpayer." Likewise, the taxpayers hold you accountable to succeed. I hope that my recommendations will contribute to your success.

Phelan Responses to APQs

Your APQ commitments were supportive to the following, recommended strategic objectives and implementation tactics to fix the acquisition process.

Strategic **objectives** to transform the acquisition of weapon systems.

1. Hold contractors and DoD program managers **accountable** for **outcomes**.
2. Tear down NDIA's **barrier** to entry facing non-traditional defense contractors.
3. Eliminate regulations that increase costs and enable false reporting.
4. Institutionalize digital engineering (**DE**).

Implementation Tactics

1. Compliance requirements and reviews divert a program manager's focus from the product to the process. Reward real engineering, not financial engineering.
3. Real-time, automated status reports that are based on Authoritative Sources of Truth. Replace botched metrics with outcome-based metrics.

Phelan Hearing Advance Policy Questions (Excerpts)		
Objective	Question	Response

Outcomes, Accountability	<p>The GAO’s report “Navy Shipbuilding, Increased Use of Leading Design Practices Could Improve Timeliness of Deliveries” May 2, 2024, (GAO–24–105503) recommended...</p> <p>If confirmed, what other options would you explore for improving lead ship performance?</p>	<p>I would explore options to ensure critical systems are matured before integration to reduce design and construction risks.</p> <p>Strengthening contractor accountability and incentives for meeting cost and schedule goals will also drive improvements in lead ship performance.</p>
Barrier	<p>How will you ensure that rapid acquisition pathways are not inundated with unnecessary or unwarranted bureaucratic processes?</p>	<p>If confirmed, I will scrutinize any barriers to these novel and promising pathways, and will continue to streamline processes. I am also supportive of the Forged Act’s efforts to apply these same improvements to the ways in which DON conducts oversight of Major Capability Acquisition programs and eliminate obstacles that impede these rapid acquisition pathways.</p>
Barrier	<p>What steps, if any, would you take to improve the Navy’s ability to do business with nontraditional defense contractors?</p>	<p>If confirmed, I look forward to working with industry, defense innovation organizations, and Congress to knock down barriers to entry with respect to doing business with the DON.</p>
DE	<p>The GAO’s report “Navy Shipbuilding, Increased Use of Leading Design Practices...”</p> <p>If confirmed, what other options would you explore for improving lead ship performance?</p>	<p>Leveraging digital ship design tools and advanced manufacturing techniques would streamline processes and reduce costly delays.</p>

Phelan Commitments to HASC

Foster an Adaptive, Accountable and Innovative Warfighter Culture.

“Fixing broken procurement processes...By applying proven business strategies and techniques, we can eliminate inefficiencies, reduce waste, and ensure that we deploy resources where they will have the most significant impact.”

Planning, Programming, Budgeting and Execution (PPBE) Reform

“If we’re going to rebuild a lethal, responsive, and accountable military, our budget process must work for warfighters—not bureaucrats.”

Promoting Individual Accountability

We will secure the best value for the taxpayer and ensure excellence in contract performance remains a central part of our business culture. I vow to use every means necessary to accomplish this. While we look forward to building closer and more collaborative relationships with industry, accountability remains a key priority.

I am here to demand excellence. That means fair partnerships built on transparency, performance, shared risk and value. It is time contractors know: the era of excuses and no accountability is over.

Contractor Accountability and PPBE Reform

Your statements on accountability are repeated:

1. Strengthening contractor accountability and incentives for meeting cost and schedule goals will also drive improvements in lead ship performance.
2. ...transparency, performance, shared risk and value. It is time contractors know: the era of excuses and no accountability is over.

The DFARS Earned Value Management System (EVMS) clause must be eliminated if contractors are to be held accountable to deliver a product that works within cost and schedule constraints. EVMS reports of cost and schedule performance are not based on progress towards completing a product but on the “quantity of work performed.” The Final Report of the Legislative Commission on PPBE Reform, March 6, 2024, states that EVM systems purport to assess expenditures against established delivery benchmarks but have long been criticized as *easily manipulated and inadequate to the task*. The PPBE Report also called for metrics that provide information on the value received. The Commission stated that “the status quo is insufficient to the demands and realities of today’s strategic and technological environment” and argued for a “Need for Change.” The Final Report included Recommendation 7: Improve understanding of private sector practices.

The Section 809 Advisory Panel Report, in 2018, concluded “EVM has been required on most large software programs but has not prevented cost, schedule, or performance issues.”

So, Secretary Phelan, please implement the recommendations in my letters and white papers regarding EVM and outcome-based metrics. That includes getting statutory authority to eliminate the EVMS clause and a like revision to OMB policy.

Yours truly,



Paul Solomon

CC:

Hon. Pete Hegseth, Sec. Def.	Hon. Dep. Sec. Def. Stephen Feinberg
Hon. Glen Grothman, HOAC	Hon. Adam Smith, HASC
Hon. Mike Rogers, HASC	Hon. Tom Cole, HAC
HASC Hon. Under Secretary of Defense for Acquisition and Sustainment Michael Duffey	
Hon. Robert J. Wittman, HASC	Hon. Donald Norcross, HASC
Hon. Ro Khana, HASC	Hon. Jim Jordan, HCOA
Hon. Roger Wicker, SASC	Hon. Joni Ernst, SASC
Hon. Elizabeth Warren, SASC	Hon. Pat Harrigan, HASC
Hon. Troy Meink, Sec. of the Air Force	
Hon. Dan Driscoll, Sec. of the Army	
DOGE	Hon. Emil Michael, USD(R&E)
Shelby Oakley, GAO	Honorable Ken Calvert (HAC)
Jon Sindreu, WSJ	Anthony Capaccio, Bloomberg News