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The Honorable Ken Calvert
Defense Subcommittee Chairman
2205 Rayburn Building
Washington, D.C. 20515

Subj: Pull Down the Curtain on Program Management Failures and Flawed Metrics

Dear Hon. Chairman Calvert:

At today's subcommittee hearing on the Navy's shipbuilding programs, you stated, "The Navy's system of keeping metrics and reporting facts is murky and flawed at best-misleading at worst." You led a "frank conversation about the Navy's program management failures, flawed use of metrics, and lack of transparency."

Unfortunately for the taxpayer and the warfighter, your assessment of the Navy's flawed metrics and lack of transparency is systemic in DoD. One root cause is the DFARS Earned Value Management System (EVMS) clause. As stated in my letter to SON Del Toro, dated April 11, 2024:

The current defense industrial ecosystem has insufficient and defective program management controls. These defects enable contractors to submit false or misleading status reports and estimates at completion (EAC)...the defective system, called EVMS, is one root cause of the recently disclosed systemic delays to our marquee shipbuilding programs. I expressed that concern in the letter to Vice Chair Wittman, Subj: Systemic Shipbuilding Delays, Congressional Defense Modernization Caucus, and Earned Value, dated April 8.

I agree with you that "it's time to pull down the curtain altogether." So, what is behind the curtain?

Let's examine the false claims provided in the *SUPSHIP Operations Manual (SOM)*, 14 January 2021. The excerpts that follow sound assuring but, in practice, enable the flawed use of metrics and a lack of transparency:

- EVM has proven its value over many years.
- Compliant EVMS provides the Program Manager (PM) and SUPSHIP with valid cost, schedule, and technical progress information needed for effective decision-making, risk management, and contract administration.
- The Estimates at Completion (EAC) should be the most likely estimate of the total costs for all authorized program efforts and should be time-phased in accordance with the expected completion dates on program schedules.

Behind the curtain is the EVMS Standard, EIA-748, which is required by DFARS. EIA-748 is maintained and defended by the NDIA Integrated Program Management Committee. As I wrote to Secretary Del Toro and Vice Chair Wittman, the guidelines in EIA-748 perpetuate the following:

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..."

"Use Outcome-based Metrics that Work to Build a Product that Works" (not a SOW)

The PBBE Final Report cited criticism that EVMS can be easily manipulated and inadequate to the task.

What you can do

Please read my letter to USD (Comptroller)/CFO Michael McCord, Subj: PBBE Recommendations Regarding Output-based Performance Metrics, dated August 29. Then collaborate with Comptroller McCord, Sen. Wittman, USD LaPlante, Rep. Adams (who wants a "a freaking product that works at the end of the day") to revoke the DFARS EVMS clause and then replace EVM with "Something of Value."

Cited documents may be downloaded from www.pb-ev.com at the Acquisition Reform and White Paper tabs.

Yours truly,

Handwritten signature of Paul J. Solomon

Paul J. Solomon
CC:

USD (Comptroller)/CFO Michael McCord

Hon. Bill LaPlante (USD)

Hon. Adam Smith, HASC

Hon. Andrew Hunter, AF Asst. Sec. for AT&L

Hon. Carlos Del Toro, Secretary of the Navy

Nickolas Guertin (ASN RD&A) Honorable David L. Norquist, NDIA
Hon. Robert J. Wittman, HASC Hon. Heidi Shyu, (USD(R&E))
Hon. Donald Norcross, HASC Hon. Rep. Julia Brownley
Anthony Capaccio, Bloomberg News
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