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Mr. Russell Vought
Director
The Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Subj: Recommendations to Improve Program/Project Management and Achieve the President's Management Agenda

Dear Mr. Vought:

I have read the President's Management Agenda (PMA) and am pleased that the Administration appreciates important contributions from citizens. I have previously sent recommendations to Ms. Weichert and am providing updated recommendations to:

1. Reduce the accumulated regulatory burden.
2. Improve management of major acquisitions.

This letter augments those that were submitted, since 2009, to the following leaders in OMB, DOD, Congress, and President-elect Trump, as follows:

Letters to Ms. Weichert:

- Subj: Improve Training for Program and Project Management and New Voluntary Consensus Standard (VCS) for Earned Value Management, (EVM), 12/4/19
- Subj: Additional Justification to Replace EVM System Standard in OMB *Capital Programming Guide*, 12/14/19
- Subj: Recommendations to Improve Program Management and EVM, 12/16/19

Letter to Mr. Mulvaney: Subj: Project Management of High Risk DoD Acquisitions, 1/17/18

Letter to President-elect Trump: Subj: DOD Acquisition Reform - Under Budget and Ahead of Schedule, 11/13/16

Letter to HASC Chairman Smith: Subj: Request for Defense Acquisition Reform and GAO Investigation, 12/19/19

Letter to Mr. Fahey: Subj: New PMI Standard for EVM: Comparison with EIA-748 and Recommendations to Reduce Costs of DCMA EVM System (EVMS) Compliance Reviews, 12/9/19

Letter to Mr. Zients (OMB): Subject: Section 302 of the Weapon System Acquisition Reform Act (EVM), 12/13/09

What's Old?

As pointed out in the PMA, CAP Goal 11:

“Yet major acquisitions often fail to achieve their goals because many Federal managers lack the program management and acquisition skills required to successfully manage and integrate large and complex acquisitions into their projects. These shortcomings are compounded by complex acquisition rules that reward compliance over creativity and results.”

As pointed out in my letter to Mr. Zients in 2009:

1. Government agencies still do not receive accurate measures of progress towards milestones for cost, timeliness, capability to meet specified requirements, and quality, as required by Section 300.5, OMB Circular No. A-11, Part 7, Planning, Budgeting, Acquisition, and Management of Capital Assets.
2. Agencies use EVM for based on EIA-748, (EVMS), to obtain timely information regarding the progress of capital investments. However, there is a serious deficiency in EVMS. The deficiency enables a contractor to be compliant with the EVMS guidelines yet fail to report valid performance towards meeting a program's cost, schedule, and technical objectives. EVMS does not provide sufficient guidance to link reported earned value with progress towards meeting the quality or technical performance requirements of the customer (Quality Gap). Instead, The EIA-748 guideline enables contractors to choose *not* to link EV to technical performance. So, they don't.

DOD submitted a report to Congress, required by the Weapon System Acquisition Reform Act of 2009 entitled, “DOD EVM: Performance, Oversight, and Governance.” The report concludes that the utility of EVM has declined to a level where it does not serve its intended purpose. It also included recommendations for corrective actions. Two of the recommendations are:

1. The program manager should ensure that the EVM process measures the quality and technical maturity of technical work products instead of just the quantity of work performed.
2. Systems Engineering and EVM should be integrated, not stove-piped

Eleven years later, EVM data used for decision-making on major acquisitions is still inaccurate and misleading and crucial recommendations have not been implemented.

What's New?

Since my last letter to Ms. Weichert, there have been two, transforming events:

1. DOD issued DoDD 5000.01, Defense Acquisition System (DAS), which included a new policy.
 - k. Employ Performance-Based Acquisition Strategies.”

“Performance-based strategy” means a strategy that supports an acquisition approach structured around the **results to be achieved** as opposed to the **manner by which the work is to be performed.**”

2. The House version of the NDAA for FY 2021, H. R. 6395, includes Section 1745-Requirements Relating to Program and Project Management (P/PM). It revises the U.S. Code, Sec. 503(c)(1)(D), Standards for P/PM. The provision, if passed, will require the OMB to adopt government-wide standards, policies, and guidelines for P/PM for executive agencies that are “**in accordance with standards accredited by the American National Standards Institute (ANSI).**”

If passed, this provision will be tantamount to superseding the following two provisions of the PMIAA which currently require OMB to:

- Adopt and oversee implementation of government-wide standards, policies, and guidelines for P/PM for executive agencies;
- Establish standards and policies for executive agencies *consistent with widely accepted standards for P/PM planning and delivery*;

My letter to Chairman Smith cited the GAO report, GAO-20-44, subj: Improving Program Management, dated December 2019. GAO corroborates my assertion that PMI documents for project management and EVM are **approved by ANSI.**

In contrast, EIA-748

- Was approved by the Society of Automotive Engineers (SAE), not ANSI
- Think about the SAE grade of your motor oil. Capital acquisitions that cost over \$100 M should be governed by a higher standard. Taxpayers deserve a higher standard.

Reduce the Accumulated Regulatory Burden and Costs

OMB has an opportunity to reduce the regulatory burden on contractors as well as oversight costs by taking an interim step, prior to replacing EIA-748. Details are included in my letter to Mr. Fahey.

Conclusion of Previous EVM Recommendations

EIA-748 is a mid-20th Century relic. It is no longer a VCS because it is ineffective and impractical. It does not meet the statutory requirements of the PMIAA. It is recommended that the *Capital Programming Guide* and federal regulations be updated to cite the PMI documents, *ANSI/PMI 19-006-2019 in concert with PMBOK® Guide*, instead of OMB-developed standards. Finally, the PMI documents should also be used as a source to develop core P/PM training.

Current Recommendations to OMB:

The following recommendations, if implemented, will fill the VCS vacuum, help to close the GAO findings, and help to meet legislative requirements::

(1) Adopt the VCSs for P/PM from the PMI, including *ANSI/PMI 19-006-2019* in concert with *PMBOK® Guide*, instead of OMB-developed standards and

(2) Replace EIA-748 in the *Capital Programming Guide* with *ANSI/PMI 19-006-2019* in concert with *PMBOK® Guide*.

(3) Revise the 5-year strategic plan for implementing the PMIAA to include these recommendations.

This letter and cited letters may be downloaded from www.pb-ev.com at the “Acquisition Reform” tab.

Please contact me for additional information or support.

A handwritten signature in blue ink that reads "Paul J. Solomon" with a long horizontal flourish extending to the right.

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