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The Honorable Pete Hegseth
Secretary of Defense
1010 Defense Pentagon
Washington, DC 20301-1010

Subj: Comments on Phelan Hearing and To Do List for Feinberg and Phelan

Dear Hon. Secretary of Defense Hegseth:

This is a follow-up to a letter that I sent to you after the Feinberg confirmation hearing and to another letter to former SON Del Toro. I also cite my letter to Rep. Calvert and his “frank conversation about the Navy’s program management failures, flawed use of metrics, and lack of transparency” and to Sen. Wittman. Please forward this letter to Phelan and Feinberg so they can get jump starts in their new jobs.

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

Excerpts:

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.

Please lead DoN to develop effective management controls to replace Earned Value Management System (EVMS) and then establish the right balance of incentives and disincentives to ensure that program managers receive accurate, timely reporting of significant cost or schedule variances.

Calvert, Subj: Pull Down the Curtain on Program Management Failures and Flawed Metrics, 9/19/24

Excerpts:

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.” ...your assessment of the Navy’s flawed metrics and lack of transparency is systemic in DoD. One root cause is the DFARS 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.

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.”

Feinberg, Subj: Acquisition Reform Strategic Objectives and Tactics. 1/26/25

Excerpts:

Please consider adopting the strategic objectives and tactics herein 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.

Problem

DoD does not acquire weapon systems that work and are completed on time and under cost. Federal statutes, regulations, and DoD policy provide incentives that reward deceptive practices and failure, not successful outcomes.

Phelan’s and Feinberg’s Responses to APQs at Confirmation Hearings

Both nominees responded to Advance Policy Questions (APQ) at their hearings. Their commitments were supportive to the recommended strategic objectives and implementation tactics above. Mr. Phelan’s responses and commitments follow.

Phelan Hearing Advance Policy Questions (Excerpts)		
Objective	Question	Response
Outcomes, Accountability	The GAO’s report “Navy Shipbuilding, Increased Use of Leading Design Practices Could Improve Timeliness of Deliveries” May 2, 2024, (GAO–24–105503) recommended... If confirmed, what other options would you explore for improving lead ship performance?	I would explore options to ensure critical systems are matured before integration to reduce design and construction risks. Strengthening contractor accountability and incentives for meeting cost and schedule goals will also drive improvements in lead ship performance.

Barrier	How will you ensure that rapid acquisition pathways are not inundated with unnecessary or unwarranted bureaucratic processes?	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.
Barrier	What steps, if any, would you take to improve the Navy's ability to do business with nontraditional defense contractors?	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.
DE	The GAO's report "Navy Shipbuilding, Increased Use of Leading Design Practices... If confirmed, what other options would you explore for improving lead ship performance?	Leveraging digital ship design tools and advanced manufacturing techniques would streamline processes and reduce costly delays.

This letter and the cited letters are posted on my website, www.pb-ev.com, at the "Acquisition Reform" tab. The following white papers (at the White Papers tab) provide detailed implementation plans to achieve your objectives.

- "Outcome-based Metrics + SE = Integrated Program Management"
- "Common Sense Project Management: "When you come to a fork in the road..."
- "Integrating the Embedded Software Path, Model-Based Systems Engineering, MOSA, and Digital Engineering with Program Management"

The "Common Sense" paper includes open deficiencies in the acquisition process that were reported by DoD to the HASC and SASC in 2009. The NDIA, the steward and author of the EVMS standard, EIA-748, has never made constructive changes to the EIA-748 guidelines. The guidelines are substantially the same as the 1967 guidelines, then called Cost/Schedule Control Systems Criteria.

Although NDIA favors less DCMA compliance oversight, I believe that that it will recommend retaining the DFARS EVMS clause. The regulation protects the franchise of the traditional contractors, consultants, and software vendors. The regulation, DCMA's successful compliance reviews, and counterproductive incentives keep funds and fees flowing. For those contractors that manipulate the numbers or just take advantage of the loopholes and ambiguities in EIA-748 to deceive, the regulation perpetuates their license to steal.

Please incorporate my recommendations into "to do lists" for Mr. Feinberg and Mr. Phelan and connect with Mr. Vought to develop an OMB remedy. I believe that you will get bi-lateral agreement from the HASC and SASC to fix the statutes.

Yours truly,



Paul Solomon

CC:

Hon. Steven Moran, USD

Hon. Tammy Duckworth, SASC

Hon. Glen Grothman, HOAC

Hon. Adam Smith, HASC

Hon. Ken Calvert, HAC

Hon. Mike Rogers, HASC

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

DOGE

Jon Sindreu, WSJ

Anthony Capaccio, Bloomberg News