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July 24, 2025

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

Subj: ADM Caudle's Testimony at SASC Hearing and Your Commitments

Dear Hon. Secretary of the Navy Phelan:

At the SASC hearing today, ADM Caudle said "the integration of all the systems, the timely delivery of all that, and the turnkey ability of that ship, once it's ready, needs to be tightened up."

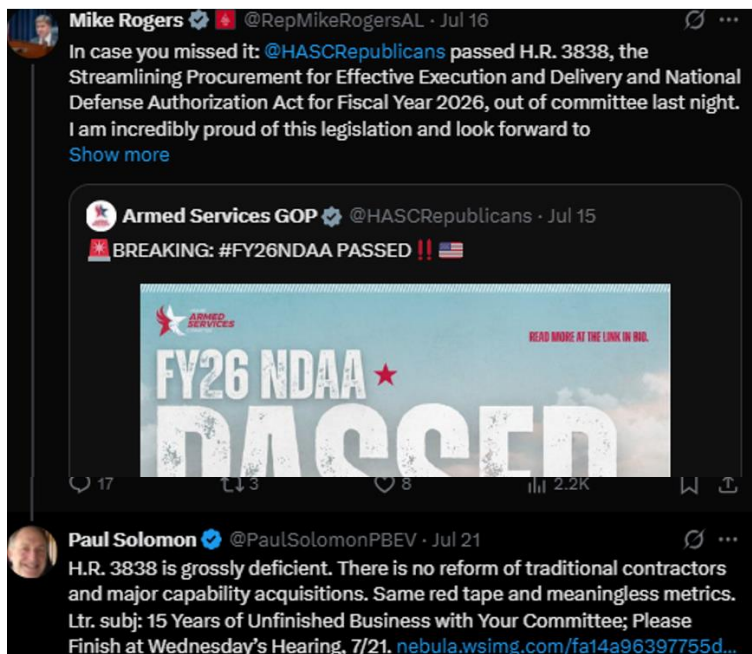
At the Senate Appropriations Committee on June 24, you committed to implement better business practices, including:

- Fix broken procurement processes.
- Eliminate inefficiencies, reduce waste, and ensure that we deploy resources where they will have the most significant impact.

There is a statutory impediment to achieving those objectives, the statute that requires the DFARS Earned Value Management (EVM) clause. Although that requirement has been eliminated for nontraditional defense contractors, it remains for traditional contractors. Neither the SPEED Act nor the FoRGE Act provide needed statutory relief. Consequently, a new capability may be demonstrated by a nontraditional contractor and appear technically mature. However, that outcome will be futile without "the integration of all the systems, the timely delivery of all that, and the turnkey ability of that ship, once it's ready."

Unless the EVM clause is eliminated, the old rules, process, and red tape will apply to major capability acquisitions and traditional contractors. Metrics based on the quantity of work performed, not the product, will be submitted to the program manager. You and ADM Caudle will have obscured situational awareness of cost, schedule, and technical performance. How can you hold program managers and contractors accountable for outcomes if there are no outcome-based metrics from the digital engineering ecosystem?

The following tweet, with my response and referenced letter, summarize my recommendations.



Please coordinate with Chairmen Wicker and Rogers to fix the NDAA for FY 2026 during conference. Otherwise, we are stuck with more Nunn-McCurdy breaches and in incapable Navy.

Yours truly,

Paul Solomon

CC:

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| Hon. Glen Grothman, HOAC | Hon. Adam Smith, HASC |
| Hon. Mike Rogers, HASC | Hon. Ken Calvert , HAC |
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