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ACQUISITION TECHNOLOGY AND LOGISTICS
DEPARTMENT OF DEFENSE

before the

HOUSE ARMED SERVICES COMMITTEE
UNITED STATES HOUSE OF REPRESENTATIVES

on

HUMAN CAPITAL MANAGEMENT: A HIGH RISK AREA FOR THE
DEPARTMENT OF DEFENSE

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Chairman McKeon, Ranking Member Smith, and Members of the Committee: My name is Keith Charles. I am the Director of Human Capital Initiatives, directly responsible to the Honorable Ashton B. Carter, Under Secretary of Defense for Acquisition, Technology, and Logistics, for providing leadership and management on all Department-wide matters for the defense acquisition workforce. Thank you for the invitation to appear before you today. I am pleased to be here with an important colleague from the Department, Mr. Pat Tamburrino, Deputy Assistant Secretary of Defense for Civilian Personnel Policy.

My prior experience includes working in NASA on the Space Shuttle program, being responsible for developing the federal budget for four years in the 1980s, and working in the private sector. My prior work in DoD included establishing the first Acquisition Corps in DoD in the Army, the predecessor to the

program implemented by the Defense Acquisition Workforce Improvement Act. My return to the Department of Defense in March 2011 is indeed an honor and I look forward to serving the nation by strengthening not only today's acquisition workforce, but strategically ensuring the readiness of the future acquisition workforce. We must not only address the immediate acquisition workforce challenges and risks, but we must also make hard decisions now to strategically ensure readiness of the smaller mid-career acquisition workforce who will succeed the larger senior workforce in executing the same major responsibilities in the 5 – 10 year horizon.

A vital element of effective and continuously improving acquisition outcomes is a talented, highly qualified, experienced, and sufficiently sized acquisition workforce. While significant human capital actions have been taken to reduce acquisition workforce risk, that is, to rebuild and improve the acquisition workforce, significant effort remains as Secretary Panetta and Under Secretary Carter lead efforts to maintain a strong national defense while improving our discipline in managing taxpayer resources. The Department must increase its buying power and deliver on efficiency and affordability imperatives while modernizing and resetting our military force. The Department must maintain a core acquisition capability and continuously improve acquisition outcomes to ensure our warfighters always have the decisive edge. To achieve these imperatives, the Department must have a high-quality military and civilian acquisition workforce and appropriately use talent of Federally Funded Research and Development Centers (FFRDCs) and contractor support.

Downsizing during the 1990's was followed by fluctuations in workforce size between 1998 and 2008 from approximately 146,000 to a low of 126,000 in

2008. The Department began efforts to rebuild the government defense acquisition workforce in April 2009. Since 2009, DoD leadership reversed the decline by establishing and filling “new capacity” positions. To date, 8,600 positions have been filled under this workforce improvement initiative. Targeted growth strategy, to mitigate workforce and acquisition risk, includes strengthening in-house capability and capacity to ensure effective systems engineering, test, program management, contracting, cost estimating, and contract pricing. Another element of the Department’s approach, which further mitigates risk, is growing contract management capacity of the Defense Contract Management Agency and the capacity of the Defense Contract Audit Agency. This additional capacity will improve the Department’s oversight capability and help ensure we get what we pay for, ferret out waste, and more aggressively combat contract fraud. DoD intends to complete targeted workforce growth which is initially funded for up to three years by the Defense Acquisition Workforce Development Fund. The Department has taken steps within its Programming, Planning, Budgeting and Execution System process to sustain the growth long-term. Efforts will also continue to ensure inherently governmental functions are performed by government personnel. Further in-sourcing will be on a case-by-case basis, after careful consideration of whether a function is inherently governmental, is a critical need, and/or benefit demonstrated by a cost-benefit analysis. Getting the acquisition mission accomplished is a Total Force effort. Appropriate contractor support will continue as a key element of effectively executing the acquisition mission. As part of the Total Force mix, DoD benefits from Federally Funded Research and Development Centers (FFRDCs). FFRDCs are a source of unique capabilities in many areas where the government cannot attract and retain personnel in sufficient depth and numbers. FFRDCs operate in the public interest, free from organizational conflicts of interest, and can therefore assist DoD in ways that industry and for-profit

contractors cannot. Our FFRDCs maintain long-term capability in core competencies in domains that continue to be of great importance to the Department, such as analysis, engineering, acquisition support, and research & development. FFRDCs are a vital component of support to the overall acquisition workforce. Other vital support comes from University Affiliated Research Centers (UARCs). UARCs are strategic DoD research centers associated with a university. UARCs provide an effective conduit for capturing diverse university-based engineering and technology capabilities that are essential to DoD. They advance DoD operations via application of leading edge research, development or engineering in specific domains and maintain core competencies in those domains for the benefit of all DoD Components and Agencies.

In parallel with strategic sizing and reshaping of the size of the acquisition workforce, other efforts are underway to improve workforce quality, talent management, and succession planning. Efforts include strengthening certification requirements to increase emphasis on producing an experienced and qualified workforce. Other quality efforts include increased opportunities for leadership and professional development, increasing acquisition training capacity, updating workforce competency requirements models, and conducting competency assessments to inform leadership on workforce capability and gaps. Creating and sustaining a high-quality acquisition workforce includes developing high-quality acquisition leaders, with leadership development focus throughout the career lifecycle. The Air Force and Navy have engaged universities to provide significant acquisition workforce leadership and development programs. The Army has partnered with the Defense Acquisition University (DAU) on the Senior Service College Fellowship – a program designed to prepare Army civilians for higher levels of leadership responsibility. The Department has significantly expanded its

portfolio of DAU executive and leadership courses available at the mid and senior grade levels for both civilian and military. DAU has also deployed training for acquisition members supporting contingency operations and others, not formally part of the acquisition workforce, who develop requirements and serve as contracting officer representatives.

The Department is improving the acquisition workforce certification process with greater emphasis on experience and qualifications. For example, the engineering certification experience requirement was expanded from four to eight years. Leadership established cost estimating as a separate career path with increased education, training, and experience requirements and eight years of experience are now required to achieve Level III certification. These updated requirements reflect strong leadership emphasis on improved quality. Other quality initiatives under consideration include focus on how to improve development of talent after certification. While major investments in training are focused on early career certification, additional effort is needed to continue strengthening the mid-career workforce. Our goal is to have a workforce that is both fully certified to today's standards and also fully qualified to perform their duties as acquisition professionals. Our "certification-to-qualification" initiative will provide a critical fourth dimension to certification – on-the-job demonstration of mastery of functional competencies. This type of additional development effort for the mid-career workforce contributes to the objectives of the "recertification" requirement established by the Fiscal Year 2011 National Defense Authorization Act.

One of the greatest opportunities and imperatives is to ensure the success of our mid-career and newly hired professionals. We must strengthen the smaller

mid-career acquisition workforce and ensure they have the capacity, capability, and experience-readiness to be acquisition leaders and take on major acquisition responsibilities performed today by a much larger senior, retirement eligible or near retirement eligible workforce. We can strengthen the mid-career workforce by making sure it has an adequate size to succeed in key and other critical acquisition positions now held by senior career acquisition workforce members. We can also strengthen the mid-career workforce by providing opportunities for master practitioners in the senior workforce to coach and mentor. We must increase the use of coaching and mentoring by master practitioners of the senior workforce. Increased coaching and mentoring will allow them to give back to the profession by accelerating the preparation and productivity of up and coming mid-career professionals who will fill the shoes of the much larger senior career workforce. This program can also help provide for increased upward mobility for the mid-career workforce. We must ensure a mid-career development program that ensures currency, builds on the early career certification program, and creates the “masters” in our acquisition profession.

We must also engage the newly hired workforce in meaningful acquisition work as part of the acquisition team. We must help them develop the expertise and experience necessary for DoD acquisition and personal success. This includes equipping supervisors and employees with excellent tools and “key experience” opportunities. We must support the DoD components and their local organizations in their deliberate efforts to develop their workforce.

Our “next chapter” of workforce initiatives will reflect completion of rebuilding workforce size/capacity and add emphasis on increasing experience, qualifications, and readiness of workforce members to effectively lead and manage

the 21st century acquisition mission. We will develop an updated workforce program master plan which will reflect updated priorities, such as the qualifications and readiness of the mid-career workforce. As part of this plan, we will review all initiatives using our Department-wide governance process and update estimates of use of the Defense Acquisition Workforce Development Fund, which is essential and must be judiciously used. We appreciate the support of this committee on the President's proposed Fiscal Year 2012 budget request to continue the acquisition workforce improvement program. We also appreciate this committee's support of the President's proposal to revise 10 U.S.C. 1705 to create a consistent 3 year availability of all funds credited to the development fund. Mixing funds with different availability periods (e.g., one year and three years) adds significant complexity to management and execution of the fund. The House appropriations reduction of \$200,000,000 to the President's FY12 budget request for DAWDF appropriations will cause a shift in the source of funding needed to DoD's statutory-based internal collection process – in effect, an undistributed reduction in the FY 2012 O&M accounts. DoD will judiciously use available funding.

The Department's collective efforts to strengthen the acquisition workforce represent a sound and effective approach to reducing risk. In addition to completing growth, the next chapter of efforts will focus on strengthening the mid-career workforce and ensuring a qualified workforce. This focus further strengthens our workforce improvement and risk mitigation strategy and continues progress and support of statutory workforce requirements. GAO found that DoD's April 2010 plan addressed five of the statutory reporting requirements, partially addressed another ten, and did not address one which required input on new legislative proposals. Competency model updates and initial assessments of the

acquisition workforce continue and most career fields will be completed in Fiscal Year 2011. Competency assessment information will be used to better inform workforce gap strategies and initiatives.

In conclusion, I believe the Department has taken decisive action to address human capital risk by rebuilding and strengthening the acquisition workforce. However, we must learn from the past and follow-through with a strategy that continuously builds and maintains a core, high-quality acquisition workforce. Acquisition is a core function of good government and national security. We must increase our buying power and deliver on efficiency and affordability imperatives while modernizing and resetting our military force. We must always ensure that our warfighters have the products and services they need to maintain a decisive edge. To achieve these imperatives, the nation and the Department must have a high-quality acquisition workforce.

Thank you for this opportunity and I welcome your questions.