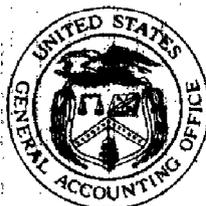


February 1994

DOD ACQUISITION

Fiscal Year 1993

Waivers to Acquisition Workforce Requirements





United States
General Accounting Office
Washington, D.C. 20548

150670

National Security and
International Affairs Division

B-247174

February 16, 1994

The Honorable Sam Nunn
Chairman, Committee on Armed Services
United States Senate

The Honorable Ronald V. Dellums
Chairman, Committee on Armed Services
House of Representatives

On November 5, 1990, the Defense Acquisition Workforce Improvement Act (10 U.S.C. 1701 et seq.) was enacted to address public and congressional criticism of the Department of Defense's (DOD) management of its acquisition programs. The intent of the act is to professionalize DOD's acquisition workforce. The act imposes education, training, and experience requirements, which take effect over a 3-year period, beginning in October 1991.

The act permits DOD officials to waive specific qualification requirements pertaining to program managers and other acquisition personnel. It also requires that, through 1998, we annually report on DOD's compliance with the act's waiver provisions. This is our third report required by the act.¹

Background

The quality and professionalism of DOD's acquisition workforce has been an issue for over 30 years. In 1986, the President's Blue Ribbon Commission on Defense Management (the Packard Commission) described the DOD acquisition workforce as "undertrained, underpaid, and inexperienced." In July 1989, DOD's Defense Management Review² reported many of the same problems and recommended a series of specific management initiatives to improve the acquisition process and more effectively manage DOD resources.

The Defense Acquisition Workforce Improvement Act is designed to improve the effectiveness and quality of DOD's acquisition workforce, which is composed of 11 functional career fields, such as program management, contracting, and logistics. Specifically, the act (1) establishes

¹Defense Management: Implementation of the Defense Acquisition Workforce Improvement Act (GAO/NSIAD-92-97, Jan. 31, 1992); Acquisition Management: Waivers to Acquisition Workforce Training, Education, and Experience Requirements (GAO/NSIAD-93-128, Mar. 30, 1993).

²On the basis of the Packard Commission findings, the President directed the Secretary of Defense to review DOD's management and develop a plan to fully implement the Commission's recommendations. In response, the Secretary established the Defense Management Review in February 1989.

a management and career development structure headed by the Director of Acquisition Education, Training, and Career Development Policy, in the Office of the Secretary of Defense; (2) establishes qualification standards and assignment period requirements for the acquisition workforce; (3) requires the establishment of an acquisition corps, which consists of a group of selected senior civilian employees (GS-13 and above) and military personnel (O-4 and above) from the acquisition workforce; and (4) requires the designation of critical acquisition positions, which are generally to be filled by civilians in grades GS-14 or above or military personnel in grades O-5 and above. Membership in an acquisition corps is a prerequisite for future appointments to critical acquisition positions.

Qualification requirements for acquisition personnel are not new. Since 1987, program managers have been required by law to complete the Defense System Management College's program management course or a comparable course. Since 1990, program managers and general or flag officers have been required to have 8 years experience in the acquisition, support, and maintenance of weapon systems, including at least 2 years in a procurement command. The current act expands upon these provisions by including other acquisition disciplines and more stringent experience requirements.

The effective dates for the act's qualification requirements are staggered from 1991 through 1993. Beginning October 1, 1991, the act required that newly appointed program managers of major and significant nonmajor defense acquisition programs

- complete the program management course (or an equivalent course) at the Defense Systems Management College,
- possess acquisition experience: at least 8 years for major defense programs (2 of which are in a systems program office or similar organization) and at least 6 years for significant nonmajor programs, and
- agree to a tenure requirement that they remain in their position until the completion of the first major milestone closest in time to the date they have served 4 years and sign a written agreement to remain on active duty (or in federal service) during this period.

Beginning October 1, 1992, deputy program managers must have 6 years of acquisition experience and, along with program executive officers, have attended the program management course. In addition, before being assigned as a program executive officer and before general and flag officers and civilian equivalents are assigned to a critical acquisition

position, they must have 10 years experience in acquisition positions. Four years of this experience must have been in a critical acquisition position. Senior contracting officials must have 4 years experience in contracting in order to fill a critical position in contracting.

Beginning October 1, 1993, specific qualification requirements went into effect for contracting officers. They must have (1) completed all mandatory contracting courses; (2) gained at least 2 years of contracting experience; and (3) received a baccalaureate degree with at least 24 semester hours in business disciplines, or passed an equivalency exam along with additional requirements established by the Secretary of Defense. In addition, each service must have established an acquisition corps, and individuals serving in critical acquisition positions must be corps members.

According to DOD policy, waivers to the above qualification requirements may be granted by the service secretary or his or her designee if (1) unusual circumstances justify the waiver or (2) the individual's qualifications obviate the need for meeting the standards.

Results in Brief

During fiscal year 1993, the military services granted a total of 30 waivers for 26 individuals—3 fewer than fiscal year 1992. Most of the waivers were for program managers. No waivers were granted for contracting officers. As in fiscal year 1992, DOD agencies did not grant any waivers in fiscal year 1993.

There were some significant differences between the fiscal year 1992 and 1993 waivers.

Compared to fiscal year 1992, the documentation provided to support the waivers contained less information regarding the unusual circumstances that existed or the individuals qualifications that obviated the need for meeting the standards. However, the Director of Acquisition Education, Training, and Career Development stated that his office reviews the documentation to assure compliance with the act.

Waivers Issued

During fiscal year 1993, the military services granted a total of 30 waivers for 26 individuals (23 program managers, a deputy program manager, a program executive officer, and a general officer). No waivers were granted for contracting officers. Ten of the 30 waivers granted were for

individuals, both military and civilian, who lacked the required program management course. Four waivers were for individuals lacking the required acquisition experience, and 16 waivers were for those who did not meet the tenure requirement. Twenty-two (85 percent) of the 26 individuals receiving waivers were military personnel, 7 of whom were general officers. As in fiscal year 1992, DOD agencies did not grant any waivers in fiscal year 1993. Table 1 summarizes the waivers approved by each service.

Table 1: Summary of Waivers Approved for Fiscal Year 1993

Reason waiver was needed	Army	Navy	Air Force	Total
No program management course	2	4	4	10
Insufficient acquisition experience	3	1	0	4
Did not fulfill tenure	3	6	7	16
Total	8	11	11	30

Three fewer waivers were granted in fiscal year 1993 compared to fiscal year 1992, even though the act's requirements expanded in fiscal year 1993 to include specific qualification requirements for contracting officers. Data were not available on the proportion of waivers granted in fiscal year 1992.

There were some significant differences between the fiscal year 1992 and 1993 waivers. For example, in fiscal year 1992, 3 of the 33 waivers granted were for not completing the tenure requirement. In fiscal year 1993, waivers to the tenure requirement accounted for 16 of the 30 waivers granted. In fiscal year 1992, the Army issued a disproportionately higher number (about 70 percent) of the waivers. As shown in table 1, waivers were more evenly distributed among the services in fiscal year 1993. Also in fiscal year 1992, the majority of waivers were for general officers, whereas in 1993 the majority were for field grade officers.

Waivers to Program Management Course

The primary explanation for granting the 10 waivers to the program management course was that the individuals were otherwise qualified based on education and/or experience. Four waivers were for civilians; six were for military officers, four of whom were general officers. Program management course waivers decreased from fiscal year 1992, when they accounted for a majority of the waivers issued.

The high number of program management course waivers in fiscal year 1992 reflected an increased demand for the course—a demand that was created by the act's requirement. This demand, coupled with the course's limited availability at the Defense Systems Management College in Virginia, led to a sizable backlog. To help reduce the course backlog, the Office of the Under Secretary of Defense declared in August 1992 that the Naval Post Graduate Course in California would also satisfy the program management course requirement. This decision allows former and future graduates to fulfill the course requirement. Like the program management course in Virginia, this course offers instruction in a variety of acquisition issues, including financial, technical, life-cycle, and contract management.

Waivers to Acquisition Experience

As shown in table 1, three Army waivers and one Navy waiver were granted to individuals who lacked the required acquisition experience. All four waivers were given to military officers, two of whom were general officers.

In contrast to fiscal year 1992, individuals waived in fiscal year 1993 came closer to meeting the experience requirement. For example, some individuals waived in 1992 had no acquisition experience at all; others lacked several years of experience. In 1993, only one individual had a significant shortfall in experience—49 months. Two other individuals lacked only 3 and 6 months of experience, respectively. The fourth waiver was for a program executive officer who did not have the requisite program manager/deputy program manager experience.

Tenure Waived

Sixteen waivers were granted to individuals who failed to fulfill the tenure requirements. Five of these waivers were for people retiring, and three were for those being promoted. Eight individuals were being reassigned. The waiver justification data did not explain why these reassignments were necessary.

Waiver Justifications Reviewed

The act requires a written rationale for each waiver. The written rationales provided in fiscal year 1992 contained more specific information about the education and experience qualifications of individuals receiving waivers than those provided in fiscal year 1993. In some cases, the waiver justifications did not contain detailed information on the unusual circumstance or the individual's qualifications. The Director of Acquisition Education, Training, and Career Development stated that his office

screens the waivers submitted from the services and follows up when necessary to ensure that they are consistent with the requirements of the act.

Agency Comments

In commenting on a draft of this report, DOD generally concurred with the report. However, DOD pointed out that new provisions susceptible to waivers have been added each year and therefore comparisons between the years are of limited value. We believe that a comparison of waivers between fiscal years adds perspective to the number of waivers granted and indicates the impact of added provisions. Also, waiver comparisons between fiscal years can identify potential problems or trends that may require explanation and/or management attention.

DOD also stated that the information provided on the waiver forms meets the requirements of the act. DOD noted that the waiver forms indicate that the waiver was granted either because of unusual circumstances or that a determination was made by an authorized official that the individual's qualifications obviated the need to meet the requirements. We believe having a signed waiver form represents the minimum compliance with the law that calls for a written rationale for each waiver. DOD's comments are reprinted in their entirety in appendix I.

Scope and Methodology

Our review covered the Departments of the Army, Navy, and Air Force; the Office of the Under Secretary of Defense; and the other DOD agencies. We obtained the 1993 waiver documentation from officials in the Office of the Director, Acquisition Education, Training, and Career Development. For those waivers submitted and approved, we assessed the justification for the waivers using criteria contained in the act; DOD Instruction 5000.52, Defense Acquisition Education, Training, and Career Development Program, dated October 25, 1991; and the Under Secretary of Defense's October 25, 1991, policy memorandum, which was superseded by DOD Instruction 5000.58, "Defense Acquisition Workforce," dated January 14, 1992.

This review was conducted between June and December 1993 in accordance with generally accepted government auditing standards.

We are sending copies of this report to the Secretaries of Defense, the Army, the Navy, and the Air Force and to other interested congressional committees. We will also make copies available to others upon request.

Please contact me at (202) 512-4587 if you or your staff have any questions concerning this report. Major contributors to this report are listed in appendix II.

A handwritten signature in cursive script, appearing to read "David E. Cooper".

David E. Cooper
Director, Acquisition Policy, Technology
and Competitiveness Issues

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Abbreviations

DOD Department of Defense

Comments From the Department of Defense



ACQUISITION AND
TECHNOLOGY

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28 JAN 1994

Mr. David E. Cooper
Director, Acquisition Policy, Technology
and Competitiveness Issues
National Security and International Affairs Division
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Cooper:

This is the Department of Defense (DoD) response to the General Accounting Office (GAO) draft report "DOD ACQUISITION: Fiscal Year 1993 Waivers to Acquisition Workforce Requirements," dated January 6, 1994 (GAO Code 705037 / OSD Case 9597). The DoD generally concurs with the report.

While the DoD agrees that differences exist in the waivers issued for FY 1992 and FY 1993, it should be recognized that new provisions susceptible to waivers have been added each year since passage of the *Defense Acquisition Workforce Improvement Act*. Therefore, any comparison of waivers between the years is of limited value. Further, the waiver forms are designed to provide sufficient information to ensure full compliance with the Act--in fact, the forms provide a level of detail greater than that required. The forms submitted each year have provided sufficient information to assess the waiver justification. The Department continues to support the goals of the *Defense Acquisition Workforce Improvement Act* and has fully implemented its provisions.

The detailed DoD comments on the report findings are attached. Additional technical comments have been separately provided to the GAO staff. The DoD appreciates the opportunity to comment on the draft report.

Colleen A. Preston
Deputy Under Secretary of Defense
(Acquisition Reform)

Attachment



(GAO CODE 705037) OSD CASE 9597

"DOD ACQUISITION: FISCAL YEAR 1993 WAIVERS TO
ACQUISITION WORKFORCE REQUIREMENTS"
DEPARTMENT OF DEFENSE COMMENTS

FINDINGS

* **FINDING A: Qualification Requirements for Acquisition Personnel.** The GAO observed that the quality and professionalism of the DoD acquisition workforce had been an issue for over 30 years. The GAO explained that, in 1986, the President's Blue Ribbon Commission on Defense Management (known as the Packard Commission) described the DoD acquisition workforce as "undertrained, underpaid, and inexperienced." The GAO further observed that, in July 1989, the DoD Defense Management Review found many of the same problems and recommended a series of specific management initiatives to improve the acquisition process and more effectively manage DoD resources.

The GAO noted that the Defense Acquisition Workforce Improvement Act is designed to improve the effectiveness and quality of the DoD acquisition workforce, which is composed of 11 functional career fields--such as program management, contracting, and logistics. The GAO pointed out that the Act (1) established a management and career development structure headed by the Director of Acquisition Education, Training and Career Development Policy, in the office of the Secretary of Defense, (2) established qualification standards and assignment period requirements for the acquisition workforce, (3) required the establishment of an acquisition corps, which consists of a group of selected senior civilian employees (GS-13 and above) and military personnel (O-4 and above) from the acquisition workforce, and (4) required the designation of critical acquisition positions--positions that are generally to be filled by civilians in grades GS-14 or above or military personnel in grades O-5 and above. The GAO noted that membership in an acquisition corps is a prerequisite for future appointments to critical acquisition positions. The GAO also pointed out that qualification requirements for acquisition personnel are not new.

Attachment

Appendix I
Comments From the Department of Defense

Now on pp. 2-3.

The GAO indicated that, since 1987, program managers had been required by law to complete the Defense System Management College program management course or a comparable course and additional levels of education and training are now required for various acquisition positions. The GAO noted that waivers to the qualification requirements of the Act may be granted by the Service Secretary or his or her designee if (1) unusual circumstances justify the waiver or (2) the individual's qualifications obviate the need for meeting the standards. (pp. 1-3/ GAO Draft Report)

DOD RESPONSE: Concur.

* **FINDING B: Waivers Issued.** The GAO observed that, during FY 1993, a total of 30 waivers were granted for 26 individuals (23 program managers, a deputy program manager, a program executive officer, and a general officer). The GAO noted that no waivers were granted for contracting officers. The GAO further noted that ten of the 30 waivers granted in FY 1993 were for individuals, both military and civilian, who lacked the required program management course. The GAO also noted that, of those 30 waivers, four waivers were for individuals lacking the required acquisition experience, and 16 waivers were for those who did not meet the tenure requirement. The GAO determined that 22 (85 percent) of the 26 individuals receiving waivers were military personnel--seven of whom were general officers. The GAO pointed out that, like FY 1992, DoD agencies did not grant any waivers in FY 1993. The GAO also pointed out that three less waivers were granted in FY 1993 compared to FY 1992, even though the Act's requirements expanded in FY 1993 to include specific qualification requirements for contracting officers. The GAO indicated that data was not available on the proportion of waivers granted in FY 1992.

The GAO found that there were some significant differences between the FY 1992 and 1993 waivers. The GAO observed that last year, the Army issued a disproportionately higher number (about 70 percent) of the waivers; however, the waivers for FY 1993 were more evenly distributed among the Services. The GAO also observed that, in FY 1992, the majority of waivers were for general officers--whereas, in FY 1993, the majority were for field grade officers. The GAO reported that, according to DoD officials, the general officers waived in 1992 were considered the best officers for the job, even though they lacked the acquisition experience required by the Act. The GAO also noted that the Services are attempting to ensure that high potential officers do get the acquisition experience required for such positions. The GAO pointed out that the primary explanations for granting the waivers were, as follows:

Appendix I
Comments From the Department of Defense

- Ten waivers to the program management course were granted because the individuals were otherwise qualified based on education and/or experience. (The GAO noted that an increased demand for the course created by the requirements of the Act led to a sizable course backlog.)
- Four waivers to acquisition experience were granted to military officers--two of whom were general officers--who lacked the required acquisition experience. (The GAO pointed out that, in contrast to FY 1992, the individuals waived in FY 1993 came closer to meeting the experience requirement--only one individual had a significant shortfall in experience--i.e., 49 months.)
- Sixteen waivers were granted to individuals who failed to fulfill the tenure requirements of the Act--five for individuals retiring, three for those being promoted, and eight for individuals being re-assigned. (The GAO noted that the waiver justification data did not explain why the re-assignments were necessary.) (pp. 4-6/GAO Draft Report)

Now on pp. 3-5.

DOD RESPONSE: Concur. It should be recognized, however, that prior to FY 1995 comparison of waivers for different years are not valid. Since passage of the Defense Acquisition Workforce Improvement Act, new provisions susceptible to waivers have been added each year. Therefore, since the baseline of waivable provisions is different each year, comparisons between the years are of limited value.

* **FINDING C: Waiver Justifications Reviewed.** The GAO pointed out that the Act requires a written rationale for each waiver. The GAO concluded that the written rationales provided in FY 1992 contained more specific information about the education and experience qualifications of individuals receiving waivers than those provided in FY 1993. The GAO asserted that, in some cases, the waiver justifications did not contain detailed information on the unusual circumstance or the individual's qualifications. According to the GAO, the Director of Acquisition Education, Training and Career Development stated that his office screens the waivers submitted from the Services and follows-up when necessary to ensure that they are consistent with the requirements of the Act. (p. 6/GAO Draft Report)

Now on pp. 5-6.

DOD RESPONSE: Concur. The DoD agrees that waiver justifications submitted during FY 1992 contained more specific information about individual qualifications than those for

Appendix I
Comments From the Department of Defense

FY 1993. It should be recognized, however, that the FY 1993 waiver justifications contain adequate information to ensure compliance with the *Defense Acquisition Workforce Improvement Act*. Specifically, Section 1737(c)(1) states that a waiver "...may be granted only when unusual circumstances justify the waiver or if the Secretary concerned (or official to whom the waiver authority is delegated) determines that the individual's qualifications obviate the need for meeting education, training, and experience requirements..." The waiver forms are designed to provide that information. Additionally, the forms provide a level of detail greater than what is required by statute. The GAO, therefore, had sufficient information to exercise its responsibility to identify instances where a waiver was not properly granted.

* * * * *

RECOMMENDATIONS

· NONE

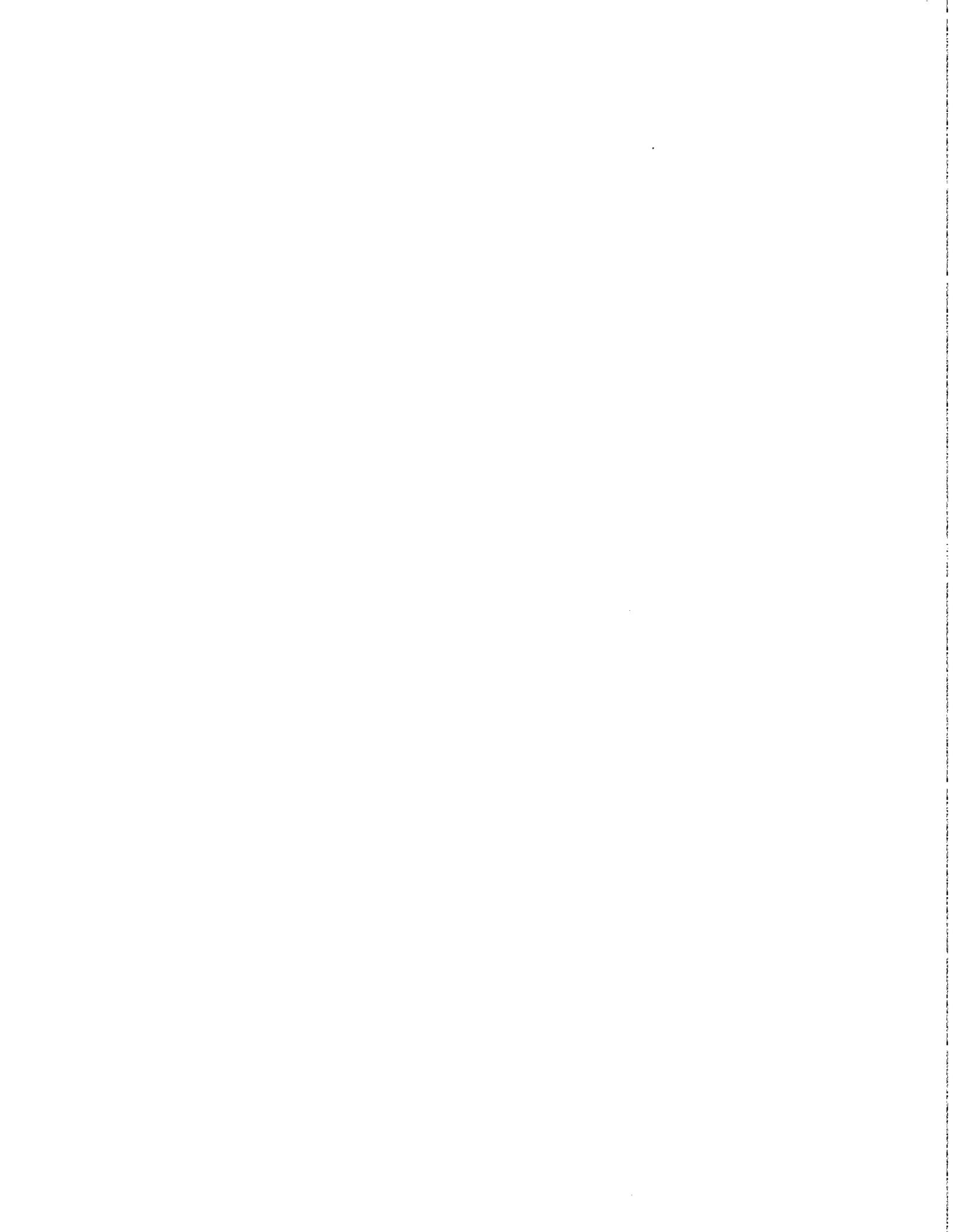
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