

# McCain Introduces the Defense Acquisition Reform Act of 2007

Washington, D.C. (May 22, 2007)—U.S. Senator John McCain (R-Ariz.) today submitted the following statement for the Congressional Record regarding the Defense Acquisition Reform Act of 2007:

“Mr. President, I am introducing this omnibus defense acquisition reform bill today to highlight the scope and urgent need for meaningful reform in how the Pentagon procures its biggest and most expensive weapons systems.

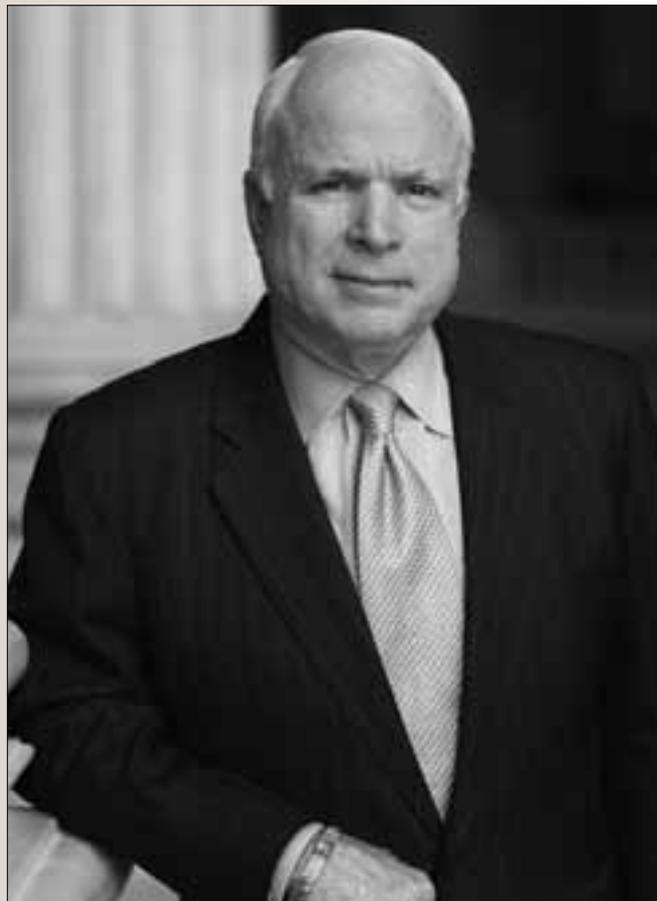
“Defense acquisition policy has been a major issue ever since President Eisenhower first warned the Nation, in 1961, about the military-industrial complex. As Operation Ill Wind in the 1980s and the Boeing Tanker Lease scandal just a few years ago have taught us, Eisenhower’s comments apply with equal force today.

“Despite the lessons of the past, the acquisition process continues to be dysfunctional. In the 110th Congress, major acquisition policy issues have arisen in some of the biggest defense programs, including the Navy transformational program, Littoral Combat Systems (“LCS”) and the Air Force’s second largest acquisition program, Combat Search and Rescue Vehicle Replacement Program (“CSAR-X”).

“We can do much to ensure that taxpayers’ dollars are spent wisely in developing, testing and acquiring major defense systems. By increasing transparency and accountability and maximizing competition, meaningful acquisition reform can provide the taxpayer with the best value; minimize waste, fraud, and abuse; and, perhaps most importantly, help guarantee that the US maintains the strongest, most capable fighting force in the world. That is what this legislative proposal is all about.

“Our colleagues in the House Armed Services Committee have already taken considerable steps in this area, which I applaud. It is my intention to offer this acquisition package to the defense authorization bill this week. The defense bill which we will be considering this week in the Committee on Armed Services totals more than \$650 billion. That’s serious money.

“As stewards of the taxpayers’ dollars, we must assure the public that we are buying the best programs for our servicemen and women at the best price for the



Senator John McCain (R-Ariz.)

taxpayer. I have already highlighted critical weapon systems with key acquisition problems. If we continue to buy weapon systems in an ineffective and inefficient manner so that costs continue to go up or the deployment of the system is delayed, it will only hurt the soldier, sailor, airman, or Marine in the field.

“The reason for this is quite simple. First, it does not take an economics degree to understand that the higher that costs of a weapon system unexpectedly go up, the fewer of them we can buy. A prime example is the F-22 Raptor. The original requirement was for 781 jet fighters, now we can only afford 183. In addition, without fundamental reforms such as I have proposed in this bill, we will continue to buy weapon systems in an ineffective manner, which usually results in long delays and unexpected cost growth, as requirements, acquisition policy and resources never get in synch.

“Mr. President, one aspect of how the Pentagon buys the biggest weapons systems that my proposal ad-

dresses head-on is the “requirements process,” that is, the process by which the Pentagon defines the weapon system it wants to procure. All too often, costly requirements, many of which are unrelated to what the unified commands say they need, are piled on to these programs irresponsibly—without regard to the bottom-line. Just as egregious is the tendency to drop requirements that the warfighter has said they need—which sometimes justified the system in the first instance.

“There is an emerging consensus that one way of addressing these, and related, problems is by integrating processes, that is, aligning the acquisition, resources, and requirements spheres of the procurement process in a way that provides the necessary accountability and agility for the Pentagon to make sound judgments on its defense investments. Historically, each sphere has been stove-piped and allowed to operate independently in a way that has produced poor cost-, scheduling-, and performance-outcomes—to the detriment of both the taxpayer and the warfighter.

“Elements of this legislative proposal that provide for “integrated processes” include (1) having the Service Chiefs help oversee acquisition management decisions; (2) standing-up a “tri-chair committee” (so-called because it will be headed by the primary players in the acquisition, resources, and requirements communities) that can help make enterprise-wide investment decisions more powerfully and with greater agility than any other procurement-related organization currently within the Pentagon; (3) increasing the membership of the Pentagon’s main requirements-setting body to include leadership from all three spheres; and (4) setting out guidelines that, when coupled with certain provisions currently under law, can help the Pentagon better manage unexpected cost growth.

“Other elements of this proposal address particular structural problems in major weapons procurement that Congress has observed over the last few years. One such provision restricts the Services from entering into multiyear contracts irresponsibly when buying weapons. Buying weapons under a multiyear contract restricts Congress’ ability to exercise appropriate oversight. If Congress bought these items under a series of annual contracts, there would be a meaningful opportunity for it to annually review the programs’ progress. For this reason, using multiyear contracts should be limited to only the best performing and most stable programs. The approach provided for under this legislative proposal would help to ensure that.

“Other elements of this proposal would help rein in abuses in how the government pays award fees and require defense contractors to maintain a robust internal ethics compliance program that can help maintain effective oversight of defense programs.

“In developing this reform package, I have pulled the “best of the best,” that is, the best, most powerful ideas which enjoy the broadest consensus among some of the most respected experts, whose ideas have been ventilated in public hearings and reports over the last three years, including the Defense Acquisition Performance Assessment Report (a.k.a. the DAPA or the Kadish Report); the Center for Strategic International Studies’ (CSIS) Beyond Goldwater-Nichols Report; the Section 804 Report from the Under Secretary of Defense for Acquisition, Technology and Logistics; a number of reports and analyses from the Government Accountability Office and the Congressional Research Service; and others. Some of the elements of this package also institutionalize good ideas that the Pentagon has informally put in place recently.

“Mr. President, acquisition reform of a bureaucracy as large as the Pentagon does not happen overnight. That is why we need to act now. Our defense spending has doubled in the last decade, from \$350 billion to \$650 billion. Every American I talk to as I cross the country understands that we need to spend as much as necessary for national defense. However, how much is enough? Taxpayers also expect that we spend his or her hard-earned tax dollars in a sound and cost-effective manner. We have not been fulfilling that expectation. We need to. This proposed legislation sets us on that course.

“Chairman Levin and I have discussed the need for greater oversight in the Senate Armed Services Committee and the common goal of producing concrete results on acquisition reform this year. I look forward to working with Chairman Levin to fully adopt this acquisition package this week and also working with his capable staff in taking comprehensive steps, similar to what our House colleagues have done, to assure that we buy weapon systems at the best price and field them as soon as practicable.

“Mr. President, I ask unanimous consent that the complete text of the bill be printed at the conclusion of my statement. Thank you. I yield the floor.”