

Defense News

By: Joe Gould | March 19, 2019

Reject defense reforms, federal workers urge Congress

WASHINGTON — Federal workers told Congress this week that defense acquisition reform proposals billed as cutting red tape for the Pentagon to buy trailblazing commercially available items would “result in large unnecessary costs,” and they are [urging](#) lawmakers to reject them.

The opposition by the American Federation of Government Employees, which counts 300,000 Pentagon employees in its ranks, to recommendations from the congressionally mandated Section 809 Panel means lawmakers will have multiple arguments to chew on as they decide which of the panel’s many reform proposals to include in the annual defense policy bill. The Section 809 Panel’s two-year effort yielded a 2,000-page report that was [finalized](#) in January.

AFGE’s national president, J. David Cox Sr., argued in a six-page [letter](#) to the House and Senate Armed Services committees dated March 15 that the panel’s proposed “dynamic marketplace framework” and other recommendations would line the pockets of defense contractors and only appear as well-reasoned reforms and streamlining of regulations.

“Nothing could be further from the truth,” Cox said in the letter. “This would, while increasing contracting profits, predictably decrease funds that otherwise could have been targeted toward compelling needs such as military readiness, support to our uniformed volunteers and their families, and the replacement of aging war-fighting equipment.”

Cox argued the panel hadn’t made the operational case for the proposal and that buying commercial might thwart the military’s interoperability goals and introduce more cyber vulnerabilities. He said the panel had been made up of former industry and procurement officials who were “biased solely to give expanding procurement opportunities to the private sector” and lacked representation from the “total force management communities.”



[How the Pentagon's fear of risk is stifling innovation](#)

Innovation-minded players in the defense world say rigid regulations and a risk-averse culture pose a challenge for Congress.

By: Joe Gould

In a statement to Defense News, the Section 809 Panel’s chairman, David Drabkin, offered a defense to Cox’s letter.

Drabkin said the proposed dynamic marketplace framework “is not about industry dictating requirements to DoD” but rather helping the Department of Defense “do business with small, innovative, and non-traditional companies, while increasing competition and transparency.”

Sign up for our Early Bird Brief

Get the defense industry’s most comprehensive news and information straight to your inbox

Enter a valid email address

Thanks for signing up!

[For more newsletters click here](#)

Fear of missing out?

Sign up for the Early Bird Brief, the defense industry’s most comprehensive news and information, straight to your inbox.

Thanks for signing up.

By giving us your email, you are opting in to the Early Bird Brief.



Because DoD funds far less research and development than the private sector, the department “must improve its ability to harvest that [privately funded] innovation and technological superiority,” he added.

"The Section 809 Panel found that the Department of Defense's acquisition system needs to be put on a war footing to deliver capabilities to the warfighter inside the turn of our near-peer competitors and non-state actors," Drabkin said. "[To] obtain and maintain technological dominance over our near-peer competitors ... will require DoD to become smarter on private-sector pricing practices, conducting market research, and understanding value rather than focusing on cost."

The panel's recommendations come amid widening acknowledgement that the [divide](#) between the Pentagon and Silicon Valley puts the U.S. at a geo-strategic disadvantage. In recent months, Joint Chiefs Chairman Gen. Joseph Dunford repeatedly [said](#) it's a problem that American tech giants do not want to work with the U.S. military.

The 809 Panel's proposed framework would separate defense-unique development and replace what it saw as unwieldy commercial buying procedures with new procedures for "readily-available capabilities," capabilities that are "readily available with customization" and for truly defense-unique procurements. The panel also recommended systems be grouped and managed as "portfolios" overseen by "portfolio acquisition executives."



[Former Symantec boss takes over the Defense Innovation Unit](#)

"My fundamental view is we are in a technology race. We didn't ask to be in this, but we're in it," the new DIU head warns.

By: Aaron Mehta

Cox warned that changing the definition of commercial items this way would make it easier for contractors to avoid providing truthful cost and pricing data, as required by law. The portfolio management model, he said, would give the acquisition community greater authority to determine requirements and reprogram money across portfolios, at the expense of the military departments and Congress.

Cox also accused the 809 Panel has attempted to weaken cost-accounting standards, or CAS, that govern defense contractors in favor of nebulous "commercial accounting standards and practices" — though Drabkin said the panel offered no such recommendation.

In his letter, Cox also argued the 809 Panel's recommendation that a requirement for the DoD to conduct a service contract inventory must stay strong to produce a detailed contract services budget. The "\$194 billion spent annually on contract services has to a great degree become the [Defense] Department's slush fund," he said.

Here, Drabkin argued, the panel's recommendations — one was that "Congress should direct DoD to develop and propose a Services Contracting Reporting and Analysis System as a replacement for the existing [Inventory of Contracts for Services] requirements" — were in agreement with AFGE.