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**Utilization of Middle Tier for Acquisition: Speeding
Operational Capabilities to the War Fighter**

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Utilization of Middle Tier for Acquisition: Speeding Operational Capabilities to the War Fighter

Philip S. Antón, PhD—is the Chief Scientist of the Acquisition Innovation Research Center (AIRC) in the Systems Engineering Research Center (SERC) led by the Stevens Institute of Technology. He assesses DoD needs and envisions and develops innovative applied research, modeling, and piloting to facilitate application to DoD practices, policies, and workforce development. Prior to AIRC, Antón was a Senior Information Scientist at the RAND Corporation for 23 years. From 2011–2016, Antón directed Acquisition Policy Analysis for USD(AT&L). His PhD and MS are in information and computer science from UC Irvine, specializing in computational neuroscience and artificial intelligence. His BS in engineering is from UCLA. [panton@stevens.edu]

Carlo Lipizzi, PhD—is an AI/ML and Data Science professional bridging academia and the private sector. He serves as an Associate Professor at the Stevens Institute of Technology. He is the Associate Chair for Corporate and Continuing Studies in the Department of Systems and Enterprises and Director for the Center for Complex Systems and Enterprises. He spent over 25 years in industry as a consultant, entrepreneur and executive. Lipizzi holds a PhD in systems engineering from Stevens, an executive management degree from IMD and a master's in mathematics from the University of Rome. [clipizzi@stevens.edu]

Douglas J. Buettner, PhD—is the AIRC Deputy Chief Scientist at the Stevens Institute of Technology and is an Adjunct Assistant Professor for the University of Utah's Systems Engineering Program. His doctoral research at the University of Southern California's Viterbi School of Engineering examined issues with DoD software-acquisition strategies, identifying acquisition optimizations. His research is found in Acquisition Games and Software Defects: Dynamics of the Software Developer's Dilemma. Buettner has BS and MS degrees in physics, with a minor in atmospheric science from Oregon State University, and his PhD from USC is in astronautical engineering. [dbuettne@stevens.edu]

Abstract

The Department of Defense's (DoD's) Middle Tier of Acquisition (MTA) authority was established by Congress to streamline rapid prototyping and rapid fielding of operational capabilities. The House Armed Services Committee (H.R. 118-125) asked how much MTA programs have produced operational capabilities versus conducting research and development (R&D) for prototypes. This paper provides the results of our research using the DoD's Defense Acquisition Visibility Environment (DAVE), Federal Procurement Data System (FPDS) and the Defense Logistics Agency (DLA) Business Directory for company Commercial and Government Entity (CAGE) codes or the company name in online database searches to provide answers to their questions.

Introduction

This paper summarizes analysis performed for the Under Secretary of Defense for Acquisition and Sustainment (USD[A&S]) to inform a report to the U.S. House Committee on Armed Services that measures and quantifies the use of Middle Tier Acquisition (MTA) authorities across the Department of Defense (DoD). The analysis was requested in House Report 118-125 (pp. 254–255), accompanying H.R. 2670—the House version of the National Defense Authorization Act (NDAA) for Fiscal Year 2024. The directive requested information on the production value of MTAs to “inform Congress on what is being fielded at a speed of relevance through both authorities at the Department.” Congress noted that its most critical interests are

- *The production [basis] demonstrating what is actually being purchased; and*
- *The technology-focused enterprises to ensure the data [are not] skewed by contracts that are used for food or landscaping, for example.*



For MTAs, Congress specified that the DoD's report include

- (1) data on the production ... MTA contracts across the Department by service and by product-type;*
- (2) what products and services the Department is procuring using ... MTAs. We will also show which of those MTAs are using OTAs [Other Transaction Authorities];*
- (3) composition of the entities the Department is [contracting] with using...MTAs, including size (revenue and employees), type (filing status), geography, and industry;*
- (4) data on the trends in defense MTA obligations by service and buyer for the past 5 years;*
- (5) data on the competition for production ... MTA contracts for each fiscal year beginning with fiscal year 2018; and*
- (6) data on trends in ... MTA production contracts transitions to programs of record.*

Background on MTAs

Congress created the MTA authority in the fiscal year (FY) 2016 NDAA, Section 804. This statute directed the USD(A&S)—in consultation with the Comptroller of the DoD and the Vice Chairman of the Joint Chiefs of Staff—to provide guidance for a “middle tier” of acquisition programs to be completed in 2–5 years, including authority for rapid prototyping and rapid fielding. Rapid prototyping is for “use of innovative technologies to rapidly develop fieldable prototypes to demonstrate new capabilities and meet emerging military needs.” Rapid fielding provides for “the use of proven technologies to field production quantities of new or upgraded systems with minimal development required.” (See the 2016 NDAA, Public Law 114–92—Nov. 25, 2015, Section 804, codified in the Statutory Notes and Related Subsidiaries provided under Chapter 221 Front Matter of Title 10, U.S. Code, Release Point 118-41, as amended.)

Data Sources and Analytical Approach

Three primary data sources were used to answer Congress' questions:

- (1) **MTA budget data** from records within the DoD's Defense Acquisition Visibility Environment (DAVE). The data were extracted on March 29, 2024, providing past actual appropriations and proposed FY 2024 appropriations from the President's Budget (PB) request to Congress. Note that FY 2024 data were requested instead of actual appropriations. Most of the FY 2018–2023 budget data reflects prior actuals reported in future PB requests. These are in then-year (TY; unadjusted for inflation) dollars for each FY. These data informed
 - a. RDT&E; Procurement; O&M, MILPERS, and MILCON
 - b. MTA budgets by military service or component
 - c. Transitions to Programs of Record
- (2) **MTA contract data** from the Federal Procurement Data System (FPDS; fpds.gov) using contract numbers from DAVE for MTAs. The FPDS contract data are very comprehensive, and the MTA data from DAVE indicated which contracts are for MTA programs, allowing Defense Pricing, Contracting and Acquisition Policy (DPCAP) to pull those contract data from FPDS. Combined, these data inform
 - a. Products and services procured (through Product and Services Codes or PSCs)



- b. Contractors (e.g., state, industry, type [filing status])
 - c. Competition nature of each contract
- (3) **Company data** from the Defense Logistics Agency (DLA) Business Directory. Company data was obtained using either the Commercial and Government Entity (CAGE) codes or the company name for the company data required for the report. Several sources we searched to try and find information about a company's number of employees, revenue, and type were used based on availability of the data in each source. The North American Industry Classification System (NAICS) was used from the contract or these online sources if not available in the DAVE data. The information search was completed between June and July of 2024.
- a. SAM.gov was used for company type/filing status (private, subsidiary, etc.) and profit structure if the company could be found in that database.
 - b. Mergent Online™ which provides information on international and domestic companies including Dun & Bradstreet's private company database was used to find the number of employees and revenue and provided a company's type/filing status (private, subsidiary, etc.) and profit structure if the company was not found in SAM.gov.
 - c. ZoomInfo was used in cases where these other two databases did not have any information.
 - d. General use of Google searches was our last resort to find information missing in these three databases.

As rapid prototyping generally focuses on the Research, Development, Test and Evaluation (RDT&E) of prototypes with little to no leave-behind operational capabilities, our analysis took the simplifying assumption that rapid prototyping MTA programs are RDT&E with no production and fielding of operational capabilities. In contrast, rapid fielding MTA programs focus on production and delivery of capabilities, so this analysis assumes that rapid fielding MTA programs as a whole are (either by count or by dollar value) production even though there may be elements of RDT&E in those programs.

When using budget data, this analysis treated dollars in the RDT&E appropriation category as not producing and fielding capabilities. In contrast, this analysis treats Procurement dollars as all contributing to production and fielding of capabilities. In some cases, when rapid fielding MTA program budgets also included Operations and Maintenance (O&M), Military Personnel (MILPERS), and Military Construction (MILCON) appropriations, the analysis also included these as production and fielding.

Results

MTA Counts by Type: Prototyping or Fielding

From FY 2018–2024, the DoD had 228 MTA programs across six components (see [Table 1](#)).

Each MTA is designated as either a rapid prototyping or a rapid fielding effort (but not both). The breakdown of those MTA between rapid prototyping and rapid fielding is provided in [Table 2](#). Overall, 39% (almost 2 out of 5) of DoD MTAs from FY 2018 onward are for rapid fielding (i.e., our measure for count of production MTA programs) rather than prototyping (i.e., RDT&E by program counts). Sixty percent of rapid fielding MTAs are in U.S. Special Operations Command (USSOCOM), with another 26% in the Department of the Air Force.



In terms of contract counts, these MTAs issued an increasing number of contracts from FY 2018 to 2021, after which the number of contracts per FY began to decrease (see [Table 1](#)).

Table 1. Number of DoD MTA Programs and Contracts (FY 2018–2024)
(DoD DAVE: MTA programs and contracts in PB 2018–2024)

Component	# of MTA Programs	# of MTA Contracts by FY						
		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Air Force	65	26	43	60	60	60	39	20
Army	39	6	16	29	36	50	50	44
Navy	35	3	25	32	45	45	50	39
DCSA	1	0	2	2	2	0	0	0
Space Force	15	4	4	6	7	13	14	14
USSOCOM	73	8	19	20	29	93	75	67
TOTALS	228	47	109	149	179	261	228	184

Table 2. Number of MTA Programs by Rapid Prototyping or Rapid Fielding (FY 2018–2024)
(DoD DAVE: MTA programs in PB 2018–2024)

Component	Rapid Prototyping	Rapid Fielding	Rapid Prototyping	Rapid Fielding
Air Force	42	23	65%	35 %
Army	31	8	79%	21 %
Navy	30	5	86%	14 %
DCSA	1	0	100%	0%
Space Force	15	0	100%	0%
USSOCOM	20	53	27%	73 %
TOTALS	139	89	61%	39 %

MTAs That Utilize Other Transactions (OTs)

The overall percentage of MTA programs using OTs or some other contracting approach (non-OTA) contracts from DAVE is provided as a chart in [Figure 1](#). The breakdown by percentage of MTA programs by component that are identified as OT agreements and non-OTA contracts from DAVE is listed in [Table 3](#). Almost half (by count) of MTAs utilize OTs for contracting.

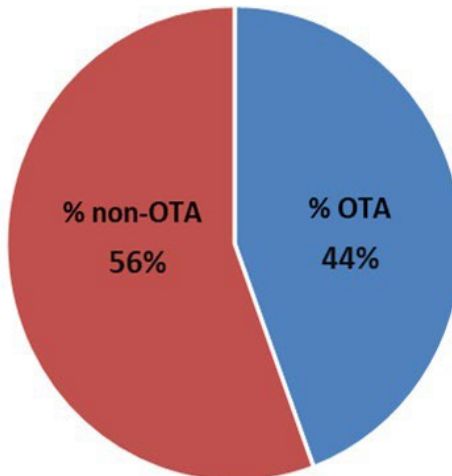


Figure 1. Percentage of DoD MTA Programs Using OTA Agreements
(MTA Activities for PB 2018–2024 [extracted from DoD DAVE]. Based on MTA data where contract type is specified.)

Table 3. MTA Use of OTs or Non-OTA Contracting by Component
(MTA Activities for PB 2018–2024 [extracted from DoD DAVE])

Component	OTs	Non-OTA	% OTs	% Non-OTA
Air Force	11	59	16%	84%
Army	40	17	70%	30%
Navy	15	15	50%	50%
DCSA	1	0	100%	0%
Space Force	12	8	60%	40%
USSOCOM	n/a	n/a	n/a	n/a
TOTALS	79	99	44%	56%

Note: Total OTs versus non-OTA contracts where the contract type is specified in DAVE. USSOCOM data were not yet available at the time of the data extraction from DAVE for this analysis.

Service and Product Type of MTAs

Product and Service Codes (PSCs)¹ were used to answer Congress’ first question on “MTA contracts across the Department by service and by product-type.”

MTA service and product-type information was extracted from DAVE and FPDS, then correlated according to the contract number, CAGE code and program identifier. [Table 4](#) provides the breakdown of product service codes by OT agreements where service codes were found. [Table 5](#) provides the breakdown of product service codes by non-OTA contracts where service codes were found.

OTA contracting actions by then-year (TY) dollars ([Table 4](#)) are dominated by R&D for Defense (categories AC or AD; over 61%) and a mix of military systems and components (33%).

¹ [Product and Service Code Manual | Acquisition.GOV](#)

Non-OTA contracting actions by TY dollars ([Table 5](#)) are dominated by production of fixed-wing aircraft, engines, and components (40% by spend), plus another 11% for other military products. Just under 40% were for defense R&D services and the balance in other R&D and services.

MTA Contractor Demographics

Geography. Table 4 shows the number of MTA contracts by state or country of the contractor (entities). In a simple count of contract award numbers, California, Virginia, and Maryland had the higher number of contracts. Note, however, that these are numbers of contracts, not dollars, so they do not necessarily reflect the total size of the MTA activities per state. This demographic analysis used MTA CAGE Code information from the DoD's DAVE system together with a search of DLA's CAGE Search capability when the code was included with the contract information and was found by DLA's website search (see the Appendix of Buettner et al. [2024] for the full list of DLA results). When the CAGE code did not identify a company, and DAVE included a company name for the supplier, DLA was also searched by the company name. In at least one case, this identified an error in the DAVE database that was corrected in Buettner et al. (2024), Table 12.

Table 4. Number of MTA Contracts or Funding by U.S. State or Country

(President's Budget Request from DoD's DAVE data system for FY2024 correlated with FPDS contract information and DLA CAGE Code search)

State	# Contracts	State	# Contracts	State or Country	# Contracts
AL	4	KS	1	OH	5
AR	1	LA	3	OK	2
AZ	2	MA	9	PA	4
CA	27	MD	14	SC	2
CO	7	MI	5	TX	6
DC	1	MN	1	UT	3
FL	9	MO	3	VA	21
GA	5	MS	1	WA	3
HI	1	NH	5	WI	1
IA	1	NJ	4	France	1
IL	2	NV	2	Norway	1
IN	4	NY	4		

Note: This analysis only includes entities (corporate division or government) for which we have CAGE codes from DAVE. These are contract numbers, not dollars, so they do not reflect the size of the MTA actions per state. The appendix information only lists the companies and their CAGE identified business location.

Numbers of Employees. Figure 2 uses data on the number of corporate employees for the 158 different business entities with MTA contracts. Our analysis used corporate numbers of employees as site specific employee numbers were not always available or there were conflicting results from the online databases searched.



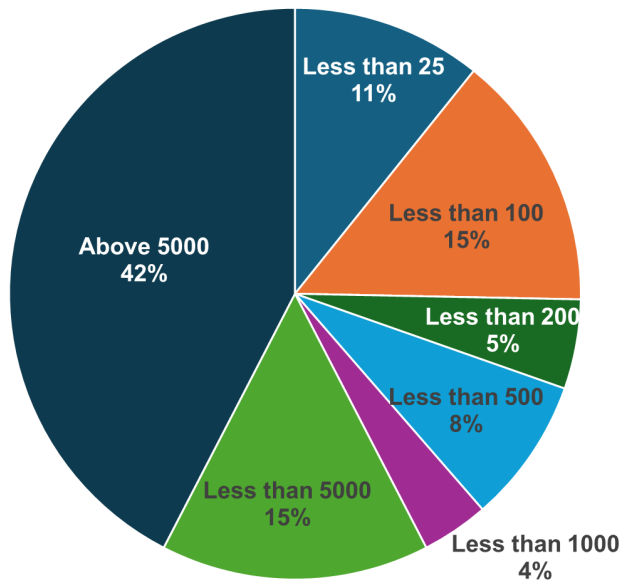


Figure 2. Number of Employees at MTA Contracted Companies (FY 2018–2024)
(Merchant Online™ and ZoomInfo searches of the entity names)

Note: This analysis only includes entities (corporate division or government) for which we have CAGE codes from DAVE. If a company has multiple divisions identified by a unique CAGE code (two examples are Boeing and Lockheed Martin), each division of the parent company is counted separately but uses the parent company's values. MTA contracts given to the Combat Capabilities Development Command (CCDC) Armaments Center and the Department of the Army U.S. Army Electronics Command Night Vision Laboratory are not included in this analysis.

Revenue. Figure 3 uses corporate revenue data available in online databases for the 158 different business entities with MTA contracts. Our analysis used corporate revenue data as site specific data were not always available or there were conflicting results from the online databases searched.

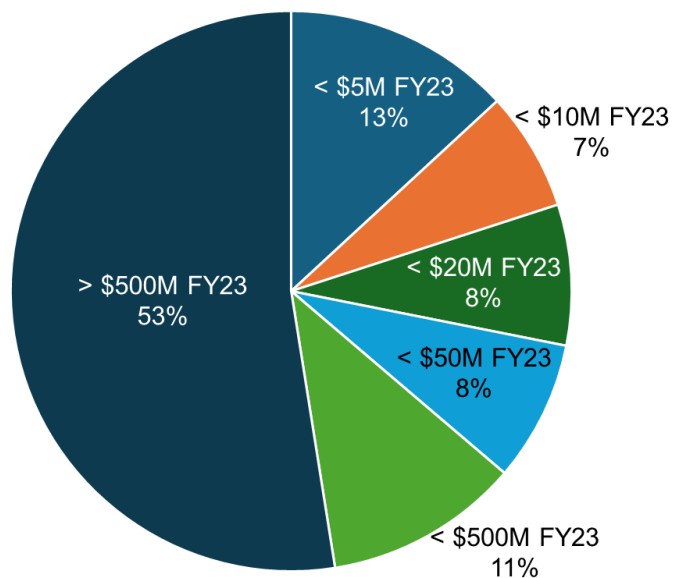
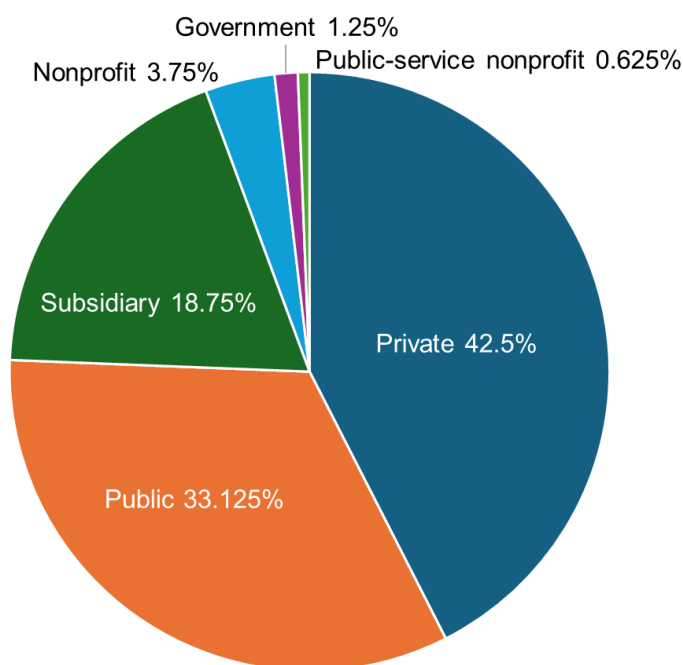


Figure 3. FY23 Revenue of MTA Contracted Companies (FY 2018–2024)
(Merchant Online™ and ZoomInfo searches of the entity names)

Note: This analysis only includes entities (corporate division or government) for which we have CAGE codes from DAVE. If a company has multiple divisions identified by a unique CAGE code (two examples are Boeing and Lockheed Martin), each division of the parent company is counted separately but uses the parent company's revenue values. MTA contracts given to the Combat Capabilities Development Command (CCDC) Armaments Center and the Department of the Army U.S. Army Electronics Command Night Vision Laboratory are not included in this analysis.

Filing Status. Figure 4 uses corporate revenue data available in online databases for the 160 different entities with MTA contracts. Our analysis used corporate revenue data as site specific data were not always available or there were conflicting results from the online databases searched.

Figure 4. Filing Status of MTA Contracted Companies (FY 2018–2024)
(SAM.gov, Merchant Online™ and ZoomInfo searches of the entity names)



Note: This analysis only includes entities (corporate division or government) for which we have CAGE codes from DAVE. If a company has multiple divisions identified by a unique CAGE code (two examples are Boeing and Lockheed Martin), each division of the parent company is counted separately but uses the parent company's revenue values.

Entity Specific Industry. Table 5, providing the NAICS codes and their descriptions, was derived (for the most part) from DAVE; however, when the NAICS was not available, the Merchant Online™ and ZoomInfo databases or Google searches were used to identify the parent company and their service offerings. The NAICS codes were then categorized as *Manufacturing*, *Technical Services*, *Purchasing* (for example, wholesale distribution of a product), *Research and Development* and *Other* (which represents the National Security NAICS code). The categories are provided below the table in Figure 5.

Table 5. Industry Types from NAICS Code

(NAICS codes derived [for the most part] from DAVE; when the NAICS was not available, basic database or Google searches were used to identify the parent company and their service offerings.)

(NAICS) Description	#	%
(541330) Engineering Services	16	10.00%
(334511) Search, Detection, Navigation, Guidance, Aeronautical, and Nautical System and Instrument Manufacturing	11	6.88%
(334220) Radio and Television Broadcasting and Wireless Communications Equipment Manufacturing	10	6.25%
(336413) Other Aircraft Parts and Auxiliary Equipment Manufacturing	10	6.25%
(336411) Aircraft Manufacturing	8	5.00%
(541511) Custom Computer Programming Services	8	5.00%
(541712) Research and Development in the Physical, Engineering, and Life Sciences (except Biotechnology)	7	4.38%
(541715) Research and Development in the Physical, Engineering, and Life Sciences (except Nanotechnology and Biotechnology)	7	4.38%
(541611) Administrative Management and General Management Consulting Services	5	3.13%
(541990) All Other Professional, Scientific, and Technical Services	5	3.13%
(334111) Electronic Computer Manufacturing	4	2.50%
(336414) Guided Missile and Space Vehicle Manufacturing	4	2.50%
(541512) Computer Systems Design Services	4	2.50%
(811219) Other Electronic and Precision Equipment Repair and Maintenance	4	2.50%
(332994) Small Arms Manufacturing	3	1.88%
(336992) Military Armored Vehicle, Tank, and Tank Component Manufacturing	3	1.88%
(518210) Computing Infrastructure Providers, Data Processing, Web Hosting, and Related Services	3	1.88%
(541710) Research and Development in the Physical, Engineering, and Life Sciences	3	1.88%
(GOVT) Defense and Research	2	1.25%
(332311) Prefabricated Metal Building and Component Manufacturing	2	1.25%
(334290) Other Communications Equipment Manufacturing	2	1.25%
(334413) Semiconductor and Related Device Manufacturing	2	1.25%
(334519) Other Measuring and Controlling Device Manufacturing	2	1.25%
(336611) Ship Building and Repairing	2	1.25%
(511210) Software Publishers	2	1.25%
(611420) Computer Training	2	1.25%
(315228) Men's and Boys' Cut and Sew Other Outerwear Manufacturing	1	0.63%
(315990) Apparel Accessories and Other Apparel Manufacturing	1	0.63%
(332992) Small Arms Ammunition Manufacturing	1	0.63%
(333120) Construction Machinery Manufacturing	1	0.63%
(334210) Telephone Apparatus Manufacturing	1	0.63%
(334412) Bare Printed Circuit Board Manufacturing	1	0.63%



(NAICS) Description	#	%
(334515) Instrument Manufacturing for Measuring and Testing Electricity and Electrical Signals	1	0.63%
(334516) Analytical Laboratory Instrument Manufacturing	1	0.63%
(335999) All Other Miscellaneous Electrical Equipment and Component Manufacturing	1	0.63%
(336211) Motor Vehicle Body Manufacturing	1	0.63%
(336412) Aircraft Engine and Engine Parts Manufacturing	1	0.63%
(336992) Defense and Vehicle Manufacturing	1	0.63%
(423450) Medical, Dental, and Hospital Equipment and Supplies Merchant Wholesalers	1	0.63%
(423720) Plumbing and Heating Equipment and Supplies (Hydronics) Merchant Wholesalers	1	0.63%
(423910) Sporting and Recreational Goods and Supplies Merchant Wholesalers	1	0.63%
(423990) Other Miscellaneous Durable Goods Merchant Wholesalers	1	0.63%
(441227) Motorcycle, ATV, and All Other Motor Vehicle Dealers	1	0.63%
(443120) Computer and Software Stores	1	0.63%
(483111) Deep Sea Freight Transportation	1	0.63%
(517110) Wired Telecommunications Carriers	1	0.63%
(531330) Military and Aerospace Equipment and Military Weapons (MAE&MW)	1	0.63%
(541519) Other Computer Related Services	1	0.63%
(541620) Environmental Consulting Services	1	0.63%
(541720) Research and Development in the Social Sciences and Humanities	1	0.63%
(561611) Investigation Services	1	0.63%
(561920) Convention and Trade Show Organizers	1	0.63%
(611512) Flight Training	1	0.63%
(611699) All Other Miscellaneous Schools and Instruction	1	0.63%
(928110) National Security	1	0.63%

Note: This analysis only includes entities (corporate division or government) for which we have CAGE codes from DAVE. If a company has multiple divisions identified by a unique CAGE code (two such examples are Boeing and Lockheed Martin), each division of the parent company is counted separately but uses the division's NAICS for the contract if available from DAVE.



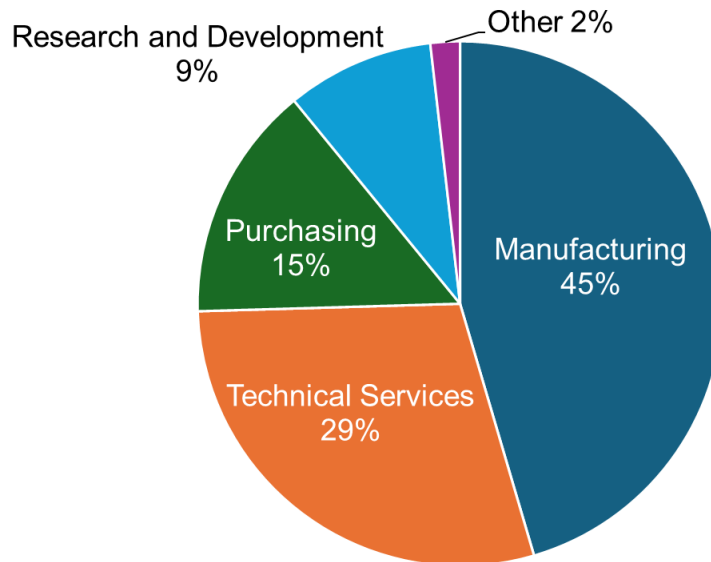


Figure 5. Industry Types of MTA Contracted Companies (FY 2018–2024)

Trends in MTA Spending by Military Service and Component

Budget appropriations were used as a surrogate for contract obligations because it allowed the separation of those obligations not only by military service or component but also by appropriation category, allowing a quantified measure of the dollars and relative percentages of total spending on procurement and related operational categories (O&M and MILCON) compared to prototyping (RDT&E).

Table 6 provides the overall dollar distribution of MTA across appropriations categories using MTA PB data from DAVE. Figure 6 plots these data and shows the trends.

Over time, the fraction of Procurement appropriations rather than RDT&E (prototyping) has been increasing. When combined with O&M and MILCON, the percentages have been running in the high teens to the upper twenties. It is too early to tell if this trend is beginning to flatten or will continue to increase.

The trends by military service or component are provided in Figures 7–10. The service trends are discussed after each graph.

Table 6. MTA President Budgets by Appropriation Categories (FY 2018–2024)

(President's Budget [PB] Request from DoD's DAVE data system)

Appropriations (TY \$, M)	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Subtotal Acquisition	\$1,467	\$3,991	\$7,837	\$10,077	\$12,949	\$15,380	\$12,186
Total RDT&E	\$1,421	\$3,275	\$6,695	\$7,281	\$9,542	\$12,611	\$9,596
Total Procurement	\$46	\$716	\$1,142	\$2,796	\$3,063	\$2,769	\$2,591
Total MILCON	-	-	-	-	\$344	-	-
Subtotal O&S	\$100	\$117	\$127	\$127	\$568	\$567	\$497
Total O&M	\$100	\$117	\$127	\$127	\$334	\$333	\$263
Total MILPERS	-	-	-	-	\$234	\$234	\$234
TOTAL	\$1,567	\$4,108	\$7,964	\$10,204	\$13,517	\$15,947	\$12,683
% of Total for Procurement	3%	17%	14%	27%	23%	17%	20%
% of Total for Procurement, MILCON, and O&M	9%	20%	16%	29%	28%	19%	23%



Note: FY 2024 are requested dollars instead of actual appropriations. Most of the FY 2018–2023 are actuals reported in future PB requests. These are in TY dollars (unadjusted for inflation). OT agreements are actual obligations; there is an overlap in OTs and MTAs. We did not test for statistical significance of the trends in FY 2021–2024.

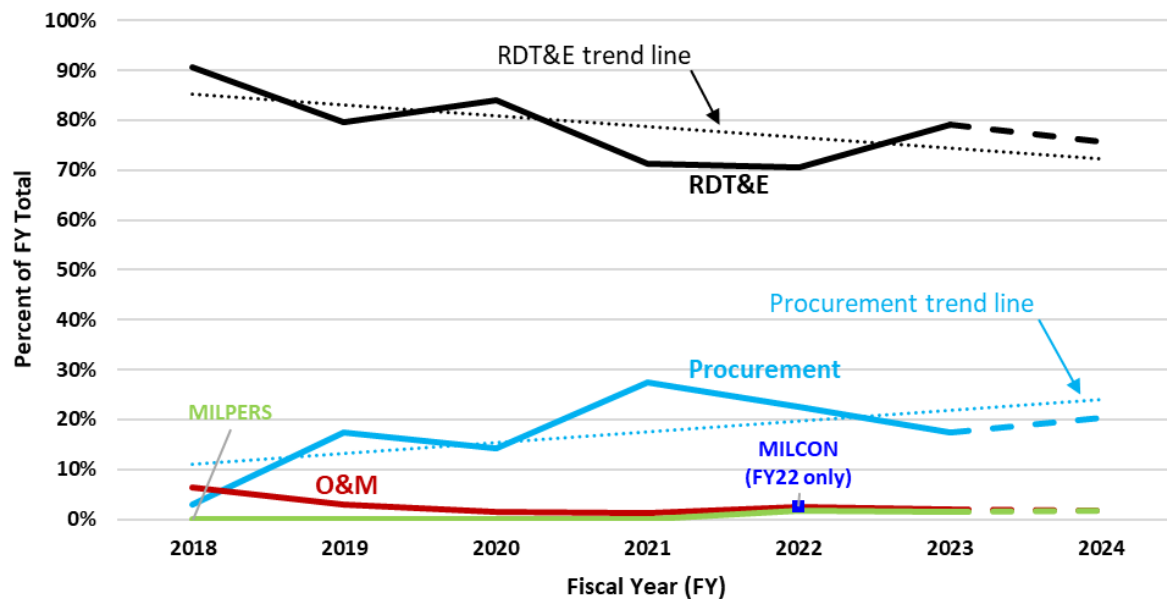


Figure 6. Appropriation Category Percentage of Total MTA Funding (FY 2018–2024)
(President's Budget [PB] Request from DoD's DAVE data system)

Note: FY 2024 values are requested (not actual) appropriations. Most FY 2018–2023 values are actuals as reported in subsequent PBs. The R^2 (amount of variation explained by the trend line) is 42% for RDT&E trend line and 37% for the Procurement trend line.

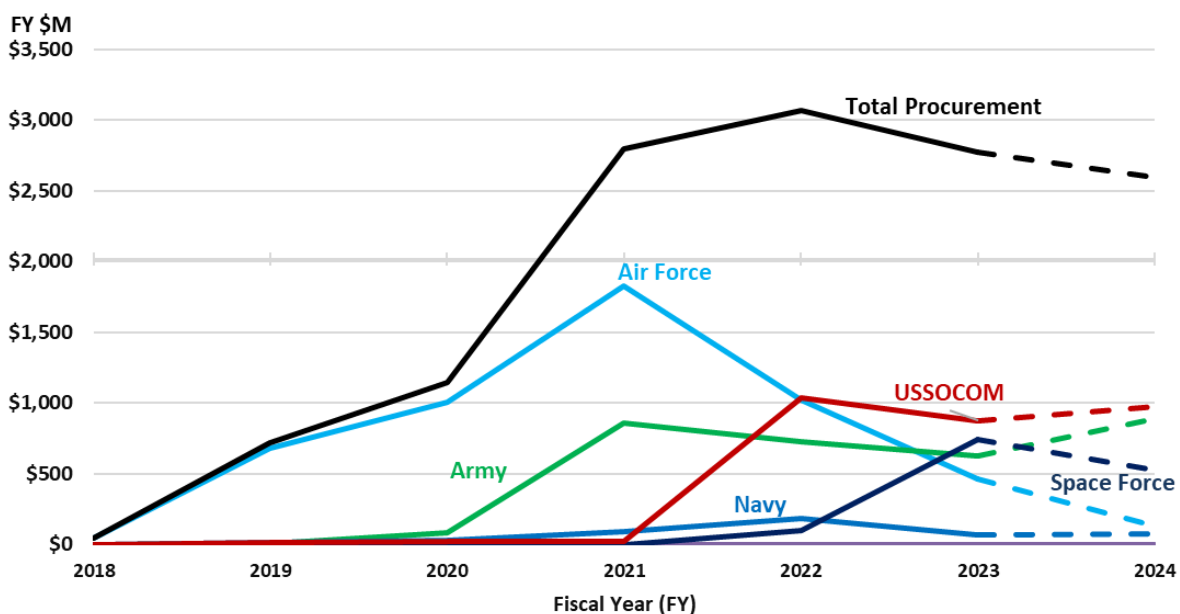


Figure 7. MTA Procurement Appropriations by Component (FY 2018–2024; TY \$,M)
(President's Budget [PB] Request from DoD's DAVE data system)



NOTE: FY 2024 values are requested (not actual) appropriations. Most FY 2018–2023 values are actuals as reported in subsequent PBs.

Figure 7 shows that the Air Force had the highest use of MTAs Procurement appropriations. It steadily increased from FY 2018 through FY 2021 but has decreased significantly since the FY 2021 peak. The Army increased in FY 2021 and has remained at about the same level since then. USSOCOM increased their use in FY 2022 and has remained at about that level since then. Relatively speaking, the Navy has a very modest use of MTA Procurement appropriations over the entire period with a peak in FY 2022.

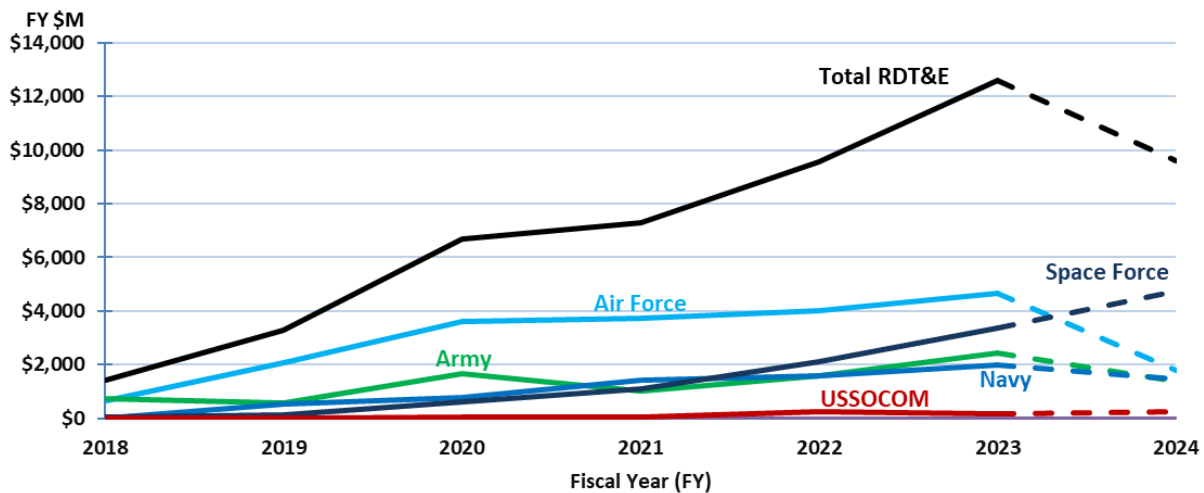


Figure 8. MTA RDT&E Appropriations by Component (FY 2018–2024; TY \$,M)
(President's Budget [PB] Request from DoD's DAVE data system)

Note: FY 2024 values are requested (not actual) appropriations. Most FY 2018–2023 values are actuals as reported in subsequent PBs.

Figure 8 shows an initial increasing trend by all the services, with the Air Force having the most significant use of MTAs for RDT&E. However, in FY 2023, the Air Force spent less than the Space Force, which had a gradual increase over FY 2018–2024.

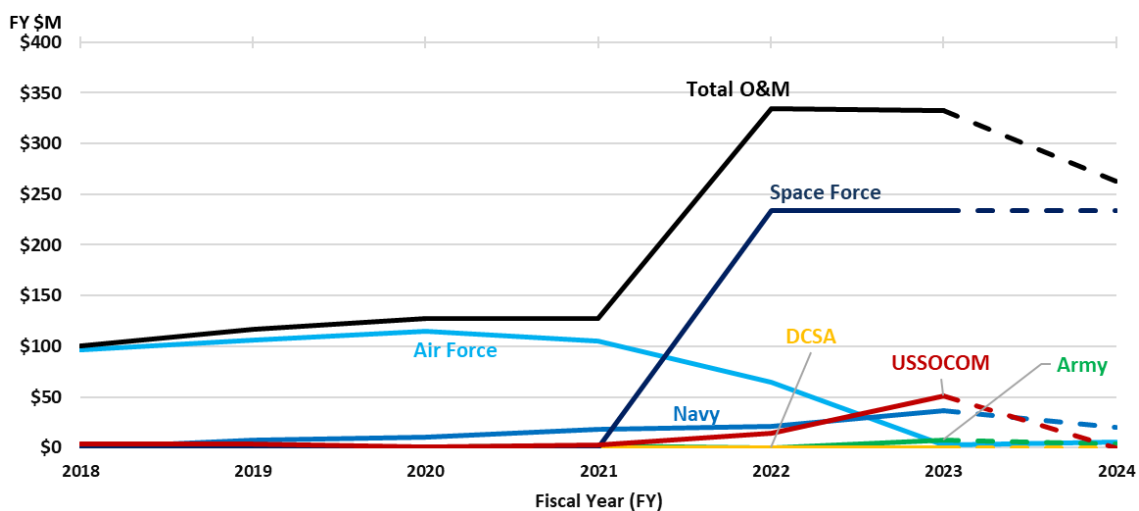


Figure 9. MTA O&M Appropriations by Component (FY 2018–2024; TY \$,M)
(President's Budget [PB] Request from DoD's DAVE data system)

NOTE: FY 2024 values are requested (not actual) appropriations. Most FY 2018–2023 values are actuals as reported in subsequent PBs.

Figure 9 shows a steady use of MTAs for O&M by the Air Force, but starting in FY 2020, there has been a steady decreasing trend to a very low proposed level in FY 2024. The Space Force, on the other hand, has outpaced all the other services combined in the use of MTAs for O&M starting in FY 2022.

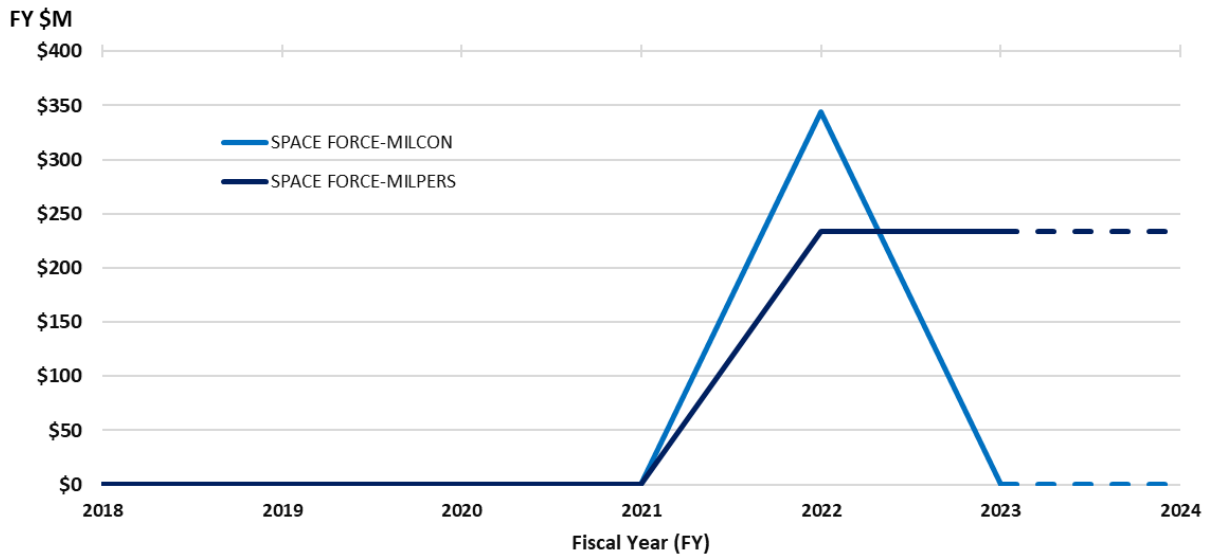


Figure 10. MTA MILCON & MILPERS Appropriations by Component (FY 2018–2024; TY \$,M)
(President's Budget [PB] Request from DoD's DAVE data system)

Note: FY 2024 values are requested (not actual) appropriations. Most FY 2018–2023 values are actuals as reported in subsequent PBs.

Figure 10 shows the use of MTAs for MILCON and MILPERS by the Space Force, the only service doing so. The MILCON use was only for a single year, FY 2022. Also, starting in FY 2022, they have consistently been using MTA MILPERS appropriations at the same rate.

Transitions to Programs of Record

Figure 11 shows the overall transition or restructured percentage of MTA Activities to programs of record. Table 7 provides the transition status by service. Overall, about three-fifths (59%) of MTAs from FY 2018–2024 remain active, while about a third (31%) have transitioned to programs of records or are about to be transitioned.

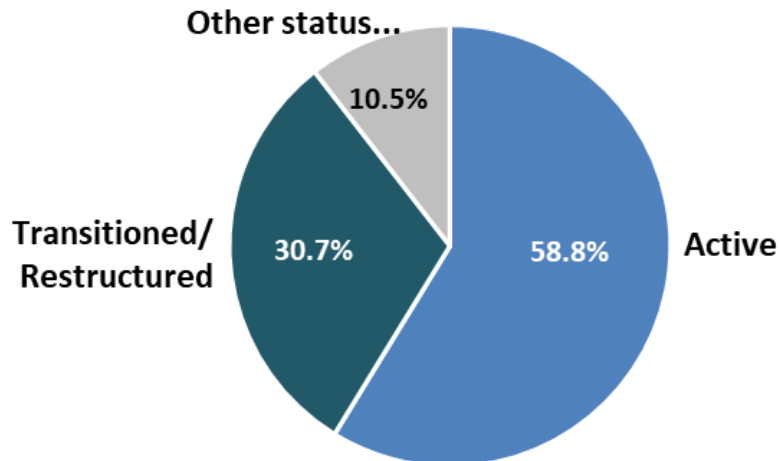


Figure 11. Transition Status of MTA Programs
(PB Request from DoD's DAVE data system)

Table 6. Transition Status of MTA Programs by Military Service or Component

Component	Active	Transitioned/ Restructured	Terminated	Residual Capability	Pre-Decisional	FOC/FD
Air Force	37%	45%	12%	2%	2%	3%
Army	79%	21%	0%	0%	0%	0%
Navy	71%	17%	6%	0%	3%	3%
DCSA	0%	100%	0%	0%	0%	0%
Space Force	67%	20%	0%	0%	13%	0%
USSOCOM	60%	32%	7%	1%	0%	0%
TOTALS	58.8%	30.7%	6.6%	0.9%	1.8%	1.3%

(President's Budget [PB] Request from DoD's DAVE data system)

Note: The TOTALS line displays the total for the column in fractions of a percent to ensure the chart in Figure 13 sums to 100%.

Discussion

The DoD's Middle Tier of Acquisition (MTA) authority was established by Congress to streamline rapid prototyping and rapid fielding of operational capabilities. The House Armed Services Committee (H.R. 118-125) asked how much MTA programs have produced operational capabilities versus conducting research and development (R&D) for prototypes. Across all MTA programs from FY 2018–2024, about two out of five (by count) are rapid fielding programs (i.e., producing and fielding products) rather than rapid prototyping (i.e., conducting R&D). The fraction of MTA appropriations going to procurement rather than R&D (prototyping) has been increasing. When combined with O&M and MILCON, the percentages have been running from 16%–29%. It is too early to tell if this trend is beginning to flatten or will continue to increase. About three-fifths (59%) of MTAs from FY 2018–2024 remain active, while about a third (31%) have transitioned or are about to be transitioned to programs of records.

In terms of companies funded by MTAs, we found that just over a third (39%) of these contracts that had recorded CAGE codes went to small businesses. In close alignment with the fractions for small businesses, just over a third (36%) had revenue less than \$50 million (FY 2023), over half (53%) of the contractors had revenue exceeding \$500 million (FY 2023), and another 11% had revenue exceeding \$50 million (FY 2023). Most of the companies receiving



these contracts filed as a private corporation (~43%), approximately 33% were publicly traded companies, with about 19% being identified as a subsidiary of another company, and 5% of the remaining companies were nonprofits, and two were government entities (about 1%). Less than half (45%) of the companies identified as manufacturing of a product, less than a third (29%) provided technical services, 15% of the companies sold a product, while R&D made up 9%, and one NAICS was simply “National Security” for 2% of the entities.

Conclusions

The DoD has generally experienced growth in the use of MTAs and the use of MTAs for fielding capabilities for our warfighters. MTA use for procurement of capabilities is an upward trend across all of FY 2018–2024. Procurement peaked in FY 2022 but may be flattening or decreasing; future years of data are needed to determine if this is a statistically significant trend. MTA use for RDT&E by FY funding steadily increased through FY 2023. As percentages, the overall trend in the percentages of RDT&E and Procurement across the total funding shows RDT&E declining, while Procurement initially increased but has recently plateaued.

The DoD continues the data collection and reporting requirements described in this paper to update policy and guidance on the use of MTAs and their use of OT agreements, where less than 50% of MTAs use OTs. Further analysis would be needed to obtain data from additional sources to assess contractor size (revenue and employees), and additional data correlations would be needed to assess contractor filing status.

Acronyms and Abbreviations

AIRC	Acquisition Innovation Research Center
CAGE	Commercial and Government Entity
DAVE	Defense Acquisition Visibility Environment
DoD	Department of Defense
DLA	Defense Logistics Agency
DPCAP	Defense Pricing, Contracting, and Acquisition Policy
FD	Final Deployment
FOC	Full Operational Capability
FPDS	Federal Procurement Data System
FY	Fiscal Year
MTA	Middle Tier of Acquisition
NAICS	North American Industry Classification System
NDAA	National Defense Authorization Act
O&M	Operation and Maintenance
OT	Other Transaction
OTA	Other Transaction Authority
PB	President’s Budget
PSC	Product and Service Code
R&D	Research and Development
RDT&E	Research, Development, Test, and Evaluation
SERC	Systems Engineering Research Center



TY	Then-Year (dollars unadjusted for inflation)
UARC	University-Affiliated Research Center
USD	Under Secretary of Defense
USD(A&S)	Under Secretary of Defense for Acquisition and Sustainment
USSOCOM	U.S. Special Operations Command

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The views, findings, and conclusions in this document are solely those of the authors and do not necessarily reflect the views or positions of the U.S. Government (including the DoD or any other government personnel) or the Stevens Institute of Technology.

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DEPARTMENT OF DEFENSE MANAGEMENT
NAVAL POSTGRADUATE SCHOOL
555 DYER ROAD, INGERSOLL HALL
MONTEREY, CA 93943

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