

GAO

United States General Accounting Office

Report to Congressional Committees

April 1996

# ACQUISITION MANAGEMENT

## Fiscal Year 1995 Waivers of Acquisition Workforce Requirements



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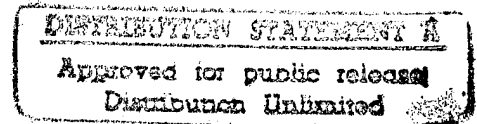
National Security and  
International Affairs Division

B-271073

April 15, 1996

The Honorable Strom Thurmond  
Chairman  
The Honorable Sam Nunn  
Ranking Minority Member  
Committee on Armed Services  
United States Senate

The Honorable Floyd Spence  
Chairman  
The Honorable Ronald Dellums  
Ranking Minority Member  
Committee on National Security  
House of Representatives



The Defense Acquisition Workforce Improvement Act (10 U.S.C. 1701 et seq.) was enacted on November 5, 1990. The act was intended to professionalize the acquisition workforce of the Department of Defense (DOD) by establishing specific requirements for education, training, and experience that were to take effect over a 3-year period, beginning October 1991. The act permits DOD officials to waive specific qualification requirements if (1) unusual circumstances justify a waiver or (2) an individual's qualifications obviate the need for meeting the requirements. Also, it required that, through 1998, our office annually report on DOD's compliance with the act's waiver provisions.<sup>1</sup> This is our fifth report on waivers; one additional report covers DOD's overall implementation of the act (see list of GAO related reports at the end of this report).

In conjunction with the waivers, we obtained information on DOD's use of fulfillments as authorized by an amendment to the act. Fulfillments enable individuals to receive credit when they have the required competencies instead of taking training courses.

## Background

The quality and professionalism of DOD's acquisition workforce have been issues 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 Review reported many of the same

<sup>1</sup>P.L. 104-66, Dec. 21, 1995, repealed this reporting requirement for fiscal years 1996 through 1998. Therefore, this report on the fiscal year 1995 waivers will be our final report under the act.

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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 requires the Secretary of Defense to (1) establish specific education, training, tenure, and experience requirements for its acquisition workforce, which is comprised of 11 career areas; (2) provide training and education to meet these requirements; (3) establish a management structure along with policies and regulations for implementing the act's provisions; and (4) enhance civilian opportunities to progress to senior acquisition positions. (See app. I for specific requirements of the act and app. II for the listing of acquisition-related career areas.)

Fiscal year 1994 was the first year all the act's provisions were in effect. DOD reported that 114,380 personnel, 86 percent of whom were civilians, were subject to the requirements of the act at the end of fiscal year 1995.

The act also requires each of the services to establish an acquisition corps consisting of senior civilian and military personnel who meet specific education, experience, and training requirements. According to DOD officials, of the 114,380 personnel covered by the acts' requirements, 21,626 are the senior acquisition personnel comprising the services' acquisition corps. Roughly 73 percent of the corps' personnel are civilian. Individuals appointed to critical acquisition positions must (1) be members of the acquisition corps and (2) be assigned to and remain in these positions for a minimum 3-year tenure.

The National Defense Authorization Act for Fiscal Year 1993 authorized the use of fulfillment standards as a substitute to the act's training requirements. The Secretary of Defense developed fulfillment standards in January 1993 to include a formal process for determining whether an individual has demonstrated competence in the areas of the mandatory training courses. The fulfillment standards are effective retroactively to November 5, 1990, and cease to be in effect on October 1, 1997.

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## Results in Brief

During fiscal year 1995, the military services and DOD agencies granted 233 waivers for 231 individuals not meeting the training, education, tenure, or experience requirements, compared to fiscal year 1994, when 63 waivers were granted. Of the waivers granted, 83 percent (194 of 233) were for individuals not meeting the tenure requirements (i.e., not serving the

required 3-year term in critical acquisition positions due to retirement, promotion, reassignment, or downsizing). Fiscal year 1995 was the first time that tenure waivers outnumbered all other types of waivers.

Of the 39 waivers that were not related to tenure requirements, 13 (33 percent) were for membership in the acquisition corps. By comparison, 18 individuals received waivers for corps membership in fiscal year 1994. Waivers for acquisition experience decreased by 58 percent. Only one waiver was granted for the required Program Management Course and no fulfillment waivers were granted.

## Waivers Approved

Table 1 summarizes the waivers approved by each service and other DOD agencies and lists the reasons for these waivers.

**Table 1: Summary of Waivers Approved for Fiscal Year 1995**

Reason for waiver	Army	Navy	Air Force	DOD agencies	Total
Acquisition experience	2	1	3	1	7
Tenure	14	33	140	7	194
Critical acquisition position	0	2	12	0	14
Acquisition corps qualifications	0	8	0	5	13
Contracting position requirements	0	3	0	1	4
Program Management Course	0	1	0	0	1
<b>Total</b>	<b>16</b>	<b>48</b>	<b>155</b>	<b>14</b>	<b>233</b>

For the first time, tenure waivers are the predominant type of waiver. According to the act, individuals not serving their full 3-year tenure requirement in a critical acquisition position must be granted a waiver. Eighty-three percent (194) of all waivers were for individuals not meeting tenure requirements. The Air Force granted 72 percent (140) of the 194 tenure waivers. Of the total tenure waivers granted throughout the entire DOD acquisition workforce,

- 54 percent (105) were for reassignment,
- 13 percent (26) were for retirement,
- 6 percent (12) were for promotion, and
- 26 percent (51) were for other reasons.

Consistent with prior fiscal years, the majority of fiscal year 1995 tenure waivers were for reassignment. The Air Force granted 59 percent (62) of the tenure reassignment waivers. The Navy ranked a distant second in

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granting 29 tenure reassignment waivers, followed by the Army with 8 and other DOD agencies with 6 waivers.

The Air Force granted 34 tenure waivers to individuals who left the service by using the Voluntary Separation Incentive Pay or the Voluntary Early Retirement Authority. These waivers were granted because of the current downsizing efforts in the federal government. At the time these individuals decided to use the early out incentive option, they were occupying critical acquisition positions. None of the tenure waivers approved by the Army, the Navy, or DOD agencies cited this reason for the waiver.

The Air Force was also the only service to grant waivers to individuals who participated in a specific development program, exempting 17 civilian personnel classified as "top rung" from the 3-year tenure requirement for individuals who occupied critical acquisition positions. These individuals are viewed as being top performers and more likely to advance up the management career ladder.

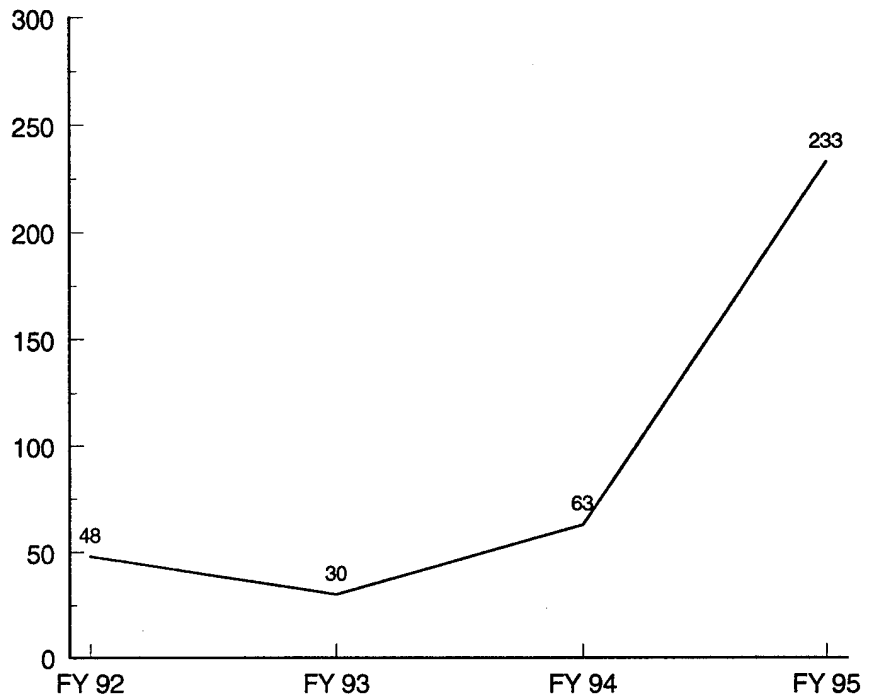
In fiscal year 1995, waivers for acquisition experience declined from 12 granted in fiscal year 1994 to 7, or by 58 percent. Only one waiver was granted for the required Program Management Course, while none were granted for this course in fiscal year 1994. By contrast, DOD granted a total of 33 such waivers for fiscal years 1992 and 1993. This trend, if maintained, may indicate that effective implementation and oversight of this provision of the act have been achieved (i.e., individuals needing the course are being identified in a timely manner, the Defense Acquisition University has established a sufficient number of courses, and courses are made available as scheduled). Waivers granted for not meeting the act's requirements for contracting officer positions declined 60 percent from 10 to 4. However, waivers for individuals not meeting all requirements of the act but serving in critical acquisition positions or as members of the acquisition corps increased 50 percent from 18 to 27.

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## Significant Overall Increase in Waivers Approved

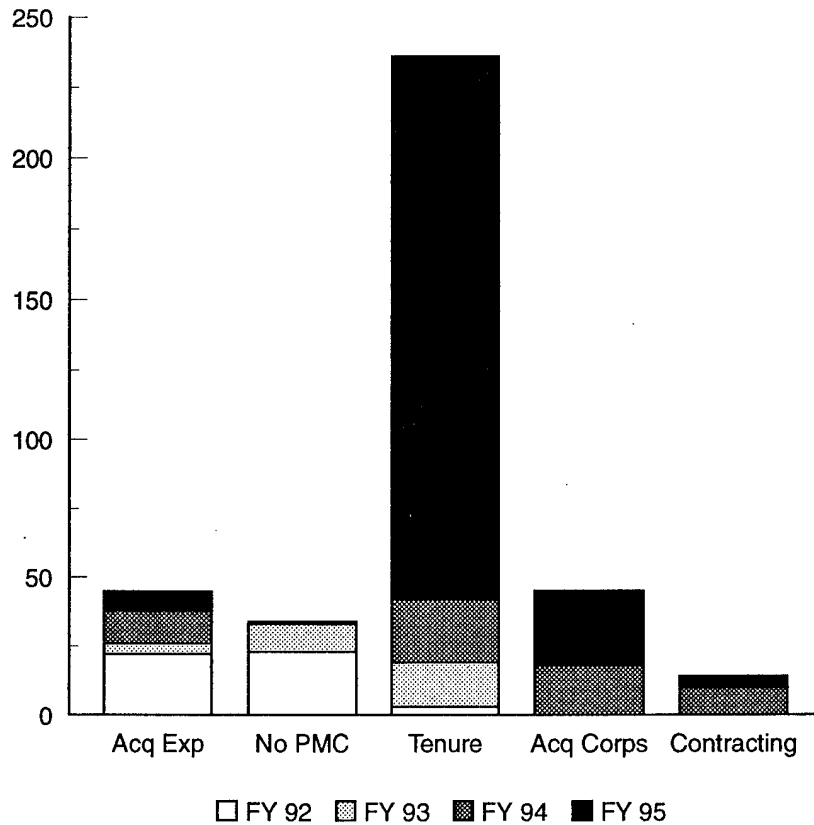
The increase in the number of tenure waivers granted from fiscal years 1993 through 1995 is the specific reason the total number of waivers increased 400 percent since first reported in 1992 (see fig. 1). Tenure waivers increased 840 percent (from 23 to 194) for that period. However, because (1) prior to October 1, 1993, the tenure requirement applied only to program and deputy program managers and (2) increasing turbulence in the acquisition workforce is occurring due to acquisition reform and downsizing, it is too soon to ascertain if this increase will be sustained.

**Figure 1: Waivers Approved From Fiscal Years 1992 Through 1995**



Although the number of tenure waivers increased significantly, the numbers of other types of waivers declined. For example, waivers granted for lack of acquisition experience and the Program Management Course, predominant in fiscal year 1992, were at seven and one, respectively, in fiscal year 1995 (see fig. 2).

**Figure 2: Reasons for Acquisition Corps Waivers**



Note: Acq Exp—Acquisition experience; No PMC—Needs Program Management Course; Acq Corps—Acquisition corps qualifications; and Contracting—Contracting position requirements.

DOD officials believe that in today's acquisition environment, which is characterized by downsizing and reorganization, tenure waivers are becoming an ever increasing administrative burden and affect flexibility in managing the acquisition workforce. During fiscal year 1995, DOD requested legislative relief from the 3-year tenure requirement because it believed that tenure requirements should apply to only certain key acquisition positions (i.e., program managers, deputy program managers, program executive officers, all flag/general officers, and senior executive service) rather than to all critical acquisition positions. According to DOD officials, if the requested legislative relief had already been granted,

roughly 80 percent of fiscal year 1995 tenure waivers would have been unnecessary and the remaining waivers would have provided more useful information for decisionmaking regarding the key acquisition positions. Such legislative relief was not approved.

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## Fulfillments

Fulfillment means that the training requirement has been satisfied through other means, such as experience. Individuals seeking fulfillment approvals must submit fulfillment packages to the authorized approval authority. DOD's Office of the Director of Acquisition Education, Training, and Career Development tracks fulfillments for two courses: the Program Management 301 Course and the Information Resources Management 302 Course. Unlike fiscal year 1994 when four fulfillment waivers were granted, no fulfillments were approved for these two courses in fiscal year 1995.

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## Agency Comments

In commenting orally on a draft this report, DOD generally agreed with the information in this report.

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## Scope and Methodology

Our review covered the Departments of the Army, the Navy, and the Air Force; the Office of the Secretary of Defense; and the other DOD agencies. We obtained documents on the fiscal year 1995 waivers and fulfillments from the Office of the Director, Acquisition Education, Training, and Career Development Policy with the Office of the Secretary of Defense. 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.

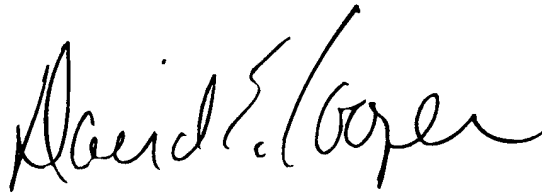
We performed our review between August 1995 and January 1996 in accordance with generally accepted government auditing standards.



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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) 512-4383 if you or your staff have any questions concerning this report. Major contributors to this report were Johnetta Gatlin-Brown, Rae Ann Sapp, Clifton E. Spruill, and Myra Watts.

A handwritten signature in black ink that reads "David E. Cooper". The signature is written in a cursive style with a large, sweeping initial "D".

David E. Cooper  
Associate Director,  
Defense Acquisition Issues



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## Abbreviations

DOD Department of Defense




# Defense Acquisition Workforce Improvement Act

Starting	Specific Requirements
10/1/91	Program managers (newly appointed) <ul style="list-style-type: none"> <li>— Program Management Course (or a comparable course),</li> <li>— 8 years of acquisition experience (2 in a systems program office or similar organization for major defense acquisition program),</li> <li>— 6 years of acquisition experience for significant nonmajor programs, and</li> <li>— 4 years in the position or complete the first major milestone of the program and sign a written agreement to remain during the period.</li> </ul>
10/1/91	Deputy program managers <ul style="list-style-type: none"> <li>— Program Management Course (or a comparable course) and</li> <li>— 6 years of acquisition experience.</li> </ul>
10/1/92	Program executive officers <ul style="list-style-type: none"> <li>— Program Management Course (or a comparable course),</li> <li>— 10 years of acquisition experience (4 years in a critical acquisition position), and</li> <li>— previous program manager or deputy program manager.</li> </ul>
10/1/92	General and flag officers and civilian equivalents (before being assigned to a critical acquisition position), <ul style="list-style-type: none"> <li>— 10 years of acquisition experience (4 years in a critical acquisition position) and</li> <li>— Program Management Course (or a comparable course).</li> </ul>
10/1/92	Senior contracting officials (before being assigned to a critical acquisition position) <ul style="list-style-type: none"> <li>— 4 years contracting experience.</li> </ul>
10/1/93	Any person assigned to a critical acquisition position shall be assigned to the position for not fewer than 3 years. Contracting officers <ul style="list-style-type: none"> <li>— all mandatory contracting courses,</li> <li>— 2 years contracting experience, and</li> <li>— Baccalaureate degree with 24 semester hours in business disciplines (or passed an equivalency exam).</li> </ul>
10/1/93	All services <ul style="list-style-type: none"> <li>— establish an acquisition corps and</li> <li>— establish a management information system.</li> </ul>

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# Acquisition Positions Requiring Designation by the Act

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- (1) Program management.
  - (2) Systems planning, research, development, engineering, and testing.
  - (3) Procurement, including contracting.
  - (4) Industrial property management.
  - (5) Logistics.
  - (6) Quality control and assurance.
  - (7) Manufacturing and production.
  - (8) Business, cost estimating, financial management, and auditing.
  - (9) Education, training, and career developing.
  - (10) Construction.
  - (11) Joint development and production with other government agencies and foreign countries.
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**Appendix II  
Acquisition Positions Requiring Designation  
by the Act**

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**Appendix II  
Acquisition Positions Requiring Designation  
by the Act**

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# Related GAO Reports

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Defense 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).

Acquisition Management: Implementation of the Defense Acquisition Workforce Improvement Act (GAO/NSIAD-93-129, Apr. 26, 1993).

DOD Acquisition: Fiscal Year 1993 Waivers to Acquisition Workforce Requirements (GAO/NSIAD-94-92, Feb. 16, 1994).

Acquisition Management: Waivers to Workforce Training, Education, and Experience Requirements (GAO/NSIAD-95-88, Feb. 1, 1995).