

Recommendation 27: Improve resourcing, allocation, and management of the Defense Acquisition Workforce Development Fund (DAWDF).

Problem

DoD faces three primary challenges with the operation of DAWDF: defining the most efficient approach for its operational funding, determining the proper method for allocating DAWDF, and addressing the ongoing management of DAWDF by Human Capital Initiatives (HCI). Collectively, failure to address these challenges undermines DAWDF's purpose of recruiting, training, and retaining acquisition personnel with necessary skills to properly perform their mission and ensure DoD receives the best value for the taxpayers.¹

DAWDF has experienced resourcing changes since its establishment in 2008. Initially, it was a multiyear fund resourced by a *tax* imposed on the amount spent by DoD on contract services (labelled as a *credit* in the statute). It later changed to a multiyear fund resourced by expired, unobligated funds, and in 2019, has been changed to an appropriation with 2-year availability.² These funding changes have contributed to a growing sense of uncertainty by DAWDF users about its reliability and maintenance.³ These changes have substantially reduced the flexibility of DAWDF to address its intended purpose. This uncertainty over DAWDF's sources creates risk of its decreased use, and threatens its existence at the current funding level of \$400 million. Resourcing, allocation, and management of DAWDF must be improved to ensure the defense AWF benefits from its full use.

Background

DAWDF was established in the FY 2008 NDAA to provide funds for the "recruitment, training, and retention of acquisition personnel of the Department of Defense" to ensure "the acquisition workforce has the capacity, in both personnel and skills, needed to properly perform its mission, provide appropriate oversight of contractor performance, and ensure the Department receives the best value for the expenditure of public resources."⁴ The intent was to address the shortfall of trained and certified acquisition workforce personnel that defined the post-Cold War era in the 1990s and early 2000s.⁵ The overreliance on contractors during this time of acquisition workforce drawdown (at its lowest 126,000 personnel) contributed to a sense of unease in Congress regarding workforce-mix imbalance and subsequent critical acquisition skills gaps.⁶ Some analysts believed the reduction in acquisition

¹ Section 852 of FY 2008 NDAA, Pub. L. No. 110-181 (2008). Defense Acquisition Workforce Development Fund, 10 U.S.C. § 1705.

² Section 852 of FY 2008 NDAA, Pub. L. No. 110-181 (2008). OMB, *Budget of the U.S. Government, FY 2019, Appendix: Detailed Budget Estimate by Agency, Department of Defense—Military*, 244.

³ GAO, *Defense Acquisition Workforce: Improved Processes, Guidance, and Planning Needed to Enhance Use of Workforce Funds*, GAO-12-747R, June 20, 2012, 2, accessed May 9, 2018, <https://www.gao.gov/assets/600/591766.pdf>.

⁴ Section 852 of FY 2008 NDAA, Pub. L. No. 110-181 (2008).

⁵ Moshe Schwartz, Kathryn Frances, and Charles V. O'Connor, CRS, *The Department of Defense Acquisition Workforce: Background, Analysis, and Questions for Congress*, July 29, 2016, accessed May 9, 2018, <https://fas.org/sgp/crs/natsec/R44578.pdf>. From the report summary page: "Between FY1989 and FY1999 the acquisition workforce decreased nearly 50% to a low of 124,000 employees. This decline is attributable in large part to a series of congressionally mandated reductions between FY1996 and FY1999. These cuts reflected Congress's then-view that the acquisition workforce size was not properly aligned with the acquisition budget and the size of the uniformed force."

⁶ GAO, *Defense Acquisition Workforce: DoD Has Opportunities to Further Enhance Use and Management of Development Fund*, GAO-17-332, March 2017, 3, accessed May 8, 2018, <https://www.gao.gov/assets/690/683748.pdf>.

personnel had a negative effect on acquisition outcomes.⁷ Subsequent congressional reforms aimed to improve AWF quality through training and certification, while increasing the number of personnel to adequately support warfighter needs.⁸ As envisioned by Congress, DAWDF would allow DoD to grow and develop acquisition workforce quality in ways not possible under existing budgets and annual budget constraints. Congress intended DAWDF to provide flexibility for recruitment, training, and retention initiatives; engender creativity; and make DoD an employer of choice in what is an increasingly competitive talent market.⁹

Since DAWDF's establishment, DoD has obligated more than \$3.5 billion to initiatives supported by the fund.¹⁰ Additionally, DAWDF has allowed DoD to develop a professional workforce defined by an increase in bachelor's and graduate degrees, improved certification levels, and expanded DAU's capacity to provide in-person and online training.¹¹ With the initial priority of growing the AWF complete, DoD has turned its focus to using DAWDF for sustaining the workforce through training, development, and retention, which requires a stable source of funds to align DoD workforce sustainment priorities with workforce outcomes.¹²

DAWDF's original structure—a multiyear fund resourced by a combination of credits and direct appropriations—allowed workforce development continuity. This structure offered immediate relief by boosting the AWF by 10,000 new positions in the first 3 years of DAWDF.¹³ Multiyear availability maximized strategic support that would allow DoD to build complex, innovative programs to sustain the AWF long term.

There are three ways DAWDF can be funded according to 10 U.S.C. § 1705, Department of Defense Acquisition Workforce Development Fund:

⁷ Moshe Schwartz, Kathryn A. Frances, and Charles V. O'Connor, CRS, *The Department of Defense Acquisition Workforce: Background, Analysis, and Questions for Congress*, July 29, 2016, accessed May 9, 2018, <https://fas.org/sgp/crs/natsec/R44578.pdf>.

⁸ Two of the most significant reforms during this time were the Defense Acquisition Workforce Improvement Act (DAWIA) in 1990 and The Clinger Cohen Act in 1996 that both addressed definitions of the acquisition workforce as well as a framework for training and certification. For further discussion, see GAO, *Acquisition Workforce: Agencies Need to Better Define and Track the Training of Their Employees*, GAO-02-737, July 2002, accessed May 9, 2018, <https://www.gao.gov/assets/240/235272.pdf>.

⁹ DoD, *DoD Acquisition Workforce Strategic Plan, FY 2016 – FY 2021*, 3, accessed May 9, 2018, http://www.hci.mil/docs/DoD_Acq_Workforce_Strat_Plan_FY16_FY21.pdf.

¹⁰ GAO, *Defense Acquisition Workforce: DoD Has Opportunities to Further Enhance Use and Management of Development Fund*, GAO-17-332, March 2017, accessed May 8, 2018, <https://www.gao.gov/assets/690/683748.pdf>.

¹¹ DoD OUSD(AT&L), *Department of Defense Acquisition Workforce Development Fund, FY 2015 Annual Report to Congress*, April 2016, accessed May 9, 2018, http://www.hci.mil/docs/Policy/Reports%20to%20Congress/FY15_DAWDF_Annual_Report_to_Congress.pdf. In particular, certification levels improved from 86 percent in FY 2008 to 96 percent in FY 2015, the number of people with Bachelor's degrees or higher increased from 77 percent in FY 2008 to 84 percent in FY 2015. The number of individuals with a graduate degree increased from 29 percent in FY 2008 to 38 percent in FY 2015.

¹² "Workforce Metrics," OUSD(A&S) HCI, accessed March 22, 2018, <http://www.hci.mil/about/workforce-metrics.html>. The general makeup of the 165,275 acquisition personnel workforce is 15,493 military acquisition personnel and 149,782 civilian acquisition personnel. GAO, *Defense Acquisition Workforce: DoD Has Opportunities to Further Enhance Use and Management of Development Fund*, GAO-17-332, March 2017, 9, accessed May 8, 2018, <https://www.gao.gov/assets/690/683748.pdf>.

¹³ John A. Ausink et al, *Air Force Management of the Defense Acquisition Workforce Development Fund, Opportunities for Improvement*, RAND Corporation (2016), 5, accessed May 9, 2018, https://www.rand.org/content/dam/rand/pubs/research_reports/RR1400/RR1486/RAND_RR1486.pdf. DoD OSD, *Defense Acquisition Workforce Development Fund (DAWDF): FY 2009 Annual Report to Congress*, August 2010, iii, accessed May 9, 2018, <http://www.hci.mil/docs/Policy/Reports%20to%20Congress/5a.%20FY09%20DAWDF%20Annual%20Report%20to%20Congress.pdf>. Section 852 of the FY 2008 NDAA, Pub. L. No. 110-181 (2008).

- **Credits to the fund.** This approach involves crediting DAWDF with an amount equal to the applicable percentage for a fiscal year of all amounts expended by DoD for contract services funding by Operations and Maintenance (O&M) appropriations, other than research and development and military construction.¹⁴
- **Appropriations.** This approach uses appropriations, available for obligation for 1 fiscal year in the year for which they were appropriated.¹⁵
- **Transfers of expired unobligated funds.** During the 3-year period following expiration of the obligation period for appropriations to DoD for research, development, test and evaluation; procurement; or operation and maintenance, DoD may transfer such funds to DAWDF to the extent provided in appropriations acts.¹⁶

There is evidence DAWDF has improved the defense acquisition workforce, and AWF stakeholders indicated that DAWDF is vital to the development of their workforce.¹⁷ DAWDF's original source of funding by credits and remittances was plagued by lengthy delays in the reallocation process inherent in collecting a tax on contract services funding by O&M funds, and compromised vital initiatives.¹⁸ DAWDF users submitted credits to the DoD Comptroller to meet the \$500,000,000 baseline, then those credits were reallocated as a lump sum to HCI, which in turn reallocated the credits based on requirements submitted to HCI for workforce initiatives.¹⁹ GAO found the DoD Comptroller delayed sending out remittance notices and allowed Military Components to delay remitting funds to DAWDF, resulting in the Military Components not completing remitted credit funds within the time frames required by DoD for any year that credit funding process was used.²⁰ Within this model, it took the Comptroller up to 24 months to distribute the funds to HCI, which then had to further distribute the funds to each of the Services and the 4th Estate.²¹ As GAO reported:

For example, the notice of fiscal year 2013 was sent in June 2013 and required components to remit credits by October 2013. However, the remittance process was not completed until September 2014, or 11 months past the required deadline. Similarly, for fiscal year 2014, the remittance process was not completed until May 2016, or 24 months after DoD submitted its written determination of the amount of DAWDF funding required for the fiscal year – the initiation of the funding process.²²

¹⁴ Section 852 of the FY 2008 NDAA, Pub. L. No. 110-181 (2008).

¹⁵ GAO, *Defense Acquisition Workforce: DoD Has Opportunities to Further Enhance Use and Management of Development Fund*, GAO-17-332, March 2017, 4, accessed May 8, 2018, <https://www.gao.gov/assets/690/683748.pdf>.

¹⁶ Ibid.

¹⁷ DoD OUSD(AT&L), *Department of Defense Acquisition Workforce Development Fund, FY 2015 Annual Report to Congress*, April 2016, accessed May 9, 2018, http://www.hci.mil/docs/Policy/Reports%20to%20Congress/FY15_DAWDF_Annual_Report_to_Congress.pdf. AWF stakeholders, communication with Section 809 Panel, from September 2017 to April 2018.

¹⁸ GAO, *Defense Acquisition Workforce: DoD Has Opportunities to Further Enhance Use and Management of Development Fund*, GAO-17-332, March 2017, 4, accessed May 8, 2018, <https://www.gao.gov/assets/690/683748.pdf>.

¹⁹ Ibid, 11-12.

²⁰ Ibid.

²¹ Ibid.

²² Ibid, 12.

Congressional action improved DAWDF funding by authorizing DoD to transfer expired, unobligated funds for 3 years following their obligation expiration date.²³ This approach fundamentally changed how DAWDF was used, reducing the funding time from 24 months to 2. Changing how DAWDF was resourced decreased the risk of cancelling crucial recruitment and retention initiatives such as the Student Loan Repayment Plan (SLRP) and increased engagement with DAWDF. Availability of expiring-year monies enabled more expedient fund distribution, yet DAWDF's multiyear aspect resulted in large sums of money that appeared unobligated but were considered by the Military Components and Defense Agencies as obligated strategically over 3 years to sustain long-term recruitment, training, and retention initiatives.²⁴ This perception of large sums of *sitting* money made Congress uneasy and gave the impression DAWDF far exceeded what the Military Components and Defense Agencies required to develop the AWF. For example, the 2012 and 2017 GAO reports were triggered by Congress's unease with large unobligated balances.²⁵ Consequently, the appropriators have developed a draft positing DAWDF be changed to an appropriation with 2-year availability, with the support of the DoD Comptroller.²⁶

From 2008 to 2011 the president of DAU was responsible for the day-to-day management of DAWDF. In 2011, AT&L established HCI, which assumed responsibility for DAWDF management. The director, a member of the Senior Executive Service appointed by then AT&L, "provides leadership and facilitates an integrated team effort with the Defense Acquisition Career Managers (DACMs) and acquisition Functional Leaders (FLs)" and "assists in the execution of statutory workforce responsibilities and acquisition workforce strategic planning, policy, and programs, to include DAWDF."²⁷ Since 2011, HCI has been responsible for developing processes to better facilitate funding DAWDF initiatives, as well as developing metrics for measuring program execution rates. For example, the *DAWDF Desk Operating Guide*, provides much-needed guidance on use of DAWDF.²⁸ The joint governance forums of the Senior Steering Board (SSB), the Workforce Management Group (WMG), and the Functional Integrated Product Team (FIPT) support HCI's management of DAWDF.

- **Senior Steering Board (SSB)** comprises the USD(AT&L) as the SSB Chair, Component Acquisition Executives (CAEs) of the Military Departments, Defense Contract Management Agency (DCMA), Defense Logistics Agency (DLA), Defense Contract Audit Agency (DCAA), Functional Leaders (FLs), the USD (Personnel and Readiness), the Director of HCI, and the

²³ Ibid, 10. Pub. L. No. 113-76, div. C, tit VIII, § 8094. 10 U.S.C. § 1705(d)(3).

²⁴ DACMs and Defense Agencies, communications with Section 809 Panel, September 2017 to April 2018.

²⁵ The following quotes provide further context for why Congress was so alarmed by DAWDF management that they triggered a GAO report. "Congress was reducing the amount requested by DoD for the fund by \$200 million, in part because the fund had large unobligated balances that it had carried over for the past several years." GAO, *Defense Acquisition Workforce: Improved Processes, Guidance, and Planning Needed to Enhance Use of Workforce Funds*, GAO-12-747R, June 20, 2012, 2, accessed May 9, 2018, <https://www.gao.gov/assets/600/591766.pdf>. "Given the continued level of carry over funds that DoD reported to Congress – \$875 million at the beginning of fiscal year 2016 – you asked us to review DoD's execution of DAWDF." GAO, *Defense Acquisition Workforce: DoD Has Opportunities to Further Enhance Use and Management of Development Fund*, GAO-17-332, March 2017, 11-12, accessed May 8, 2018, <https://www.gao.gov/assets/690/683748.pdf>.

²⁶ OMB, *An American Budget: Budget of the U.S. Government, FY 2019*, accessed May 10, 2018, <https://www.whitehouse.gov/wp-content/uploads/2018/02/budget-fy2019.pdf>.

²⁷ DoD, *DoD Acquisition Workforce Strategic Plan, FY 2016 – FY 2021*, 9, accessed May 9, 2018, http://www.hci.mil/docs/DoD_Acq_Workforce_Strat_Plan_FY16_FY21.pdf.

²⁸ DoD, *OUSD(AT&L) Human Capital Initiatives Defense Acquisition Workforce Development Fund Desk Operating Guide Version 1.0 August 2016*, accessed June 25, 2018, <http://www.secnav.navy.mil/rda/workforce/Documents/DAWDF-Desk-Operating-Guide.pdf>.

President of DAU).²⁹ The purpose of this senior governance forum is to provide “strategic direction and oversee execution of the AWF program.” SSB is meant to meet quarterly.

- **Workforce Management Group (WGM)** comprises representatives of the SSB and serves as the “primary forum for reviewing elements of the AWF program to ensure integration of enterprise requirements and that supporting initiatives are aligned with strategic workforce goals and resources.” WGM is meant to meet quarterly.
- **Functional Integrated Product Team (FIPT)** oversees development of various acquisition career fields by ensuring there is adequate and relevant training and resources.³⁰

HCI’s management of the fund also includes outreach efforts, advocating for DAWDF as an intermediary between DoD and Congress.

Discussion

DAWDF’s resourcing has implications for both its management and execution. Its evolution to an annual appropriation has the potential to undermine the initiatives DAWDF was intended to support. The combination of how DAWDF has been resourced and changes to the means by which it is resourced have caused execution challenges and contributed to a negative perception of how DAWDF is used. In particular, DAWDF’s initial scope, defined mainly by what it was not to be used for, made the fund appear amorphous to its users. The FY 2008 NDAA stipulated the statutory restrictions for DAWDF:

- The funds may be used to recruit, train, and retain only acquisition personnel in Acquisition Professional Development Program coded positions.
- Funds may be provided to contractors only for the purpose of providing training to DoD employees.
- DAWDF funds may not be used for the base salary of someone who has been in the DoD acquisition workforce since January 28, 2008, unless that person has had a break in such employment of more than 1 year.³¹

Language in the FY 2017 NDAA aimed at increasing DAWDF’s scope. The amended language included providing advanced training for DoD employees; developing acquisition tools and methodologies; performing research on acquisition policies and best practices; and supporting human capital and talent management of the acquisition workforce, including benchmarking studies, assessments, and requirements planning.³² DoD’s increased demand for ways in which DAWDF can be used demonstrates how fundamental DAWDF is to AWF development. How DAWDF is resourced is at the crux of how this demand can be translated into high-quality initiatives that have repeatedly and

²⁹ The recent AT&L split has not yet been updated to indicate changes to SBB; therefore, this paper uses the original terminology, but acknowledges the split has occurred.

³⁰ DoD, *DoD Acquisition Workforce Strategic Plan, FY 2016 – FY 2021*, 10, accessed May 9, 2018, http://www.hci.mil/docs/DoD_Acq_Workforce_Strat_Plan_FY16_FY21.pdf.

³¹ Section 852 of FY 2008 NDAA, Pub. L. No. 110-181 (2008). Defense Acquisition Workforce Development Fund, 10 U.S.C. § 1705.

³² Section 854 of FY 2017 NDAA, Pub. L. No. 114-328 (2016).

empirically demonstrated they improve the AWF. DAWDF's financing mechanisms and its structure must be maximized to suit its original and expanded purpose.

Multiyear availability of DAWDF allows the following acquisition workforce development outcomes not attainable using a 1-year fund:

- Increased ability to implement initiatives that cross the fiscal year (for example, the SLRP, temporary duty (TDY), and Talent Management Programs) that require a higher level of effort, studies, and assessments. This approach provides continuity in the face of continuing resolutions.
- Increased engagement as a result of the stability a multiyear fund provides.
- Increased ability to conduct complex and innovative pilot programs that are of a quality to makes them likely to be accepted.
- Flexibility to submit and approve quality training opportunities later in the fiscal year to meet urgent needs of the command or meet evolving acquisition requirements, facilitated by multiyear funding.

DoD's management of DAWDF can be improved by implementing program management practices. Changes in how DAWDF is resourced affects DoD's management of the fund and presents. Overall, DAWDF is managed by a Joint Governance Forum comprising an SSB, a WMG, and FLs. For the purpose of the Section 809 Panel's research on DAWDF, analysis focuses only on SSB and WMG.

Case Study: Air Force Materiel Command Contracting

Problem

AFMC's contracting workforce needs a pipeline of high-caliber trainees/interns sufficient to offset annual manpower attrition.

Background

The Air Force Materiel Command (AFMC) contracting workforce comprises approximately 3400 civilians and 450 military members across six centers and 30 duty locations.³³ Each year, the command receives a stream of contracting trainees/interns that graduate at the journeyman level. The Air Force COPPER CAP program provides AFMC with trainees/interns that it funds through a central salary account and from DAWDF, yet the annual allocation of these assets consistently falls short of AFMC's needs. Other than a very limited pool of military contracting professionals who separate from active duty each year, there are very few experienced government contracting professionals in the local labor markets. Consequently, to cover the shortfall in COPPER CAP trainees/interns, AFMC must convert locally-funded journeyman level positions to developmental trainee/intern positions and use their own local civilian salary budget. This degrades the effectiveness of the AFMC contracting workforce because the Centers' contracting manpower requirements assume that the locally-funded positions are filled with at least experienced, journeyman level employees versus trainees/interns. In addition to DAWDF paying the salary of a portion of the contracting

³³ Air Force Materiel Command Directorate of Contracting, email to Section 809 Panel, May 11, 2018.

Case Study: Air Force Materiel Command Contracting

trainees/interns AFMC needs each year, it also is leveraged to recruit and hire high caliber trainee/intern candidates by funding student loan re-payments, targeted recruiting trips to universities, job fairs, and professional events, and relocation incentives. Center O&M is an alternate funding source AFMC may use for these recruiting and hiring incentives, but competing priorities generally prevent using O&M funds.

Requirements

To stay ahead of the attrition rate, AFMC requires 250-300 funded trainees/interns each year.³⁴ Ideally, these would all be funded via the central salary account or DAWDF, so that AFMC contracting can operate at full strength with all their locally-funded positions filled by experienced employees. In FY 2018 AFMC received only 85 of 270 requested trainees/interns and have requested 279 trainees/interns for FY 2019.³⁵ Due to continuing budget constraints on the central salary account, the command anticipates a comparable or higher shortfall in trainees/interns in FY 2019 and needs DAWDF-funded trainees/interns to offset as much of the shortfall as possible to mitigate the need to encumber locally-funded positions with trainees/interns versus experienced contracting professionals. AFMC also requires continued funding for recruiting and hiring incentives.

What DAWDF Makes Possible³⁶

- Recruitment at universities, job fairs, and professional events.
- Robust pool of high-quality intern/trainee candidates.
- Incentives such as the SLRP to attract high-quality candidates and offset noncompetitive government salaries.
- Relocation initiatives to attract high-caliber candidates in hard-to-fill positions.

Senior Steering Board

SSB is responsible for policy and oversight decisions regarding DAWDF initiatives.³⁷ SSB operates by providing strategic direction for, and overseeing execution of, the acquisition workforce program; ensuring that funds allocated to the AWF program are aligned with DoD's Human Capital Strategic Plan; and by holding board meetings called by the chair.³⁸

SSB is organized as follows:

- USD(AT&L) – SSB Chair
- Director, HCI – SSB Executive Secretary
- SAEs of the Military Departments
- Director, Defense Contract Management Agency
- Director, Defense Logistics Agency
- Director, Defense Contract Audit Agency

³⁴ Ibid.

³⁵ Ibid.

³⁶ Ibid.

³⁷ DoD, *Defense Acquisition Workforce Management Group (WMG) Charter*, July 2011, 2, accessed May 9, 2018, [http://www.hci.mil/docs/Policy/Guidance%20Memoranda/23.%20WMG%20Charter%20\(July%202029,%202011\).pdf](http://www.hci.mil/docs/Policy/Guidance%20Memoranda/23.%20WMG%20Charter%20(July%202029,%202011).pdf).

³⁸ Defense Acquisition Workforce Education, Training, Experience, and Career Development Program, DoDI 5000.66, 29 (2017).

- Functional Leaders
- USD (Personnel & Readiness)
- President, Defense Acquisition University
- Others, as the USD(AT&L) considers appropriate.³⁹

SSB is vital to DAWDF management, as it ensures strategic direction is prioritized and given across the enterprise. It is also an important source of support and guidance for HCI to allocate funding aligned with DoD's goals for its acquisition workforce. Without a functioning SSB, HCI risks managing DAWDF in a way that fails to maximize its purpose and exposes it to the risk of additional funding changes. AWF stakeholders stated that in the early years of DAWDF, SSB met regularly and meaningfully engaged under the leadership of what was then USD(AT&L) to determine the strategic priorities for DAWDF.⁴⁰ Stakeholders said meetings no longer occur and have been replaced with what were described as *update briefs*.⁴¹ AWF stakeholders indicated SSB meetings have not focused on setting strategic priorities for about 8 years. One DoD official explained there has been no need for strategic planning because every successfully submitted initiative has received funding. Another DoD official indicated that clear guidance from SSB would support higher execution rates for DAWDF.⁴²

AWF stakeholders perceive FLs' contributions are ascribed more merit than those of other meeting participants.⁴³ Stakeholders indicated they saw this situation as a type of *bottom up* approach to setting the strategic priorities for HCI.⁴⁴ This approach seems to lead to prioritizing funds based on the *strongest functional in the room* perspective as opposed to a more strategic acquisition enterprise perspective. A long-term management approach by SSB is most beneficial to the fund, including adequate time to set strategic priorities for DAWDF.

Workforce Management Group (WMG)

WMG is the support function to SSB in the Joint Governance Forum framework. It comprises the following:

- Director, HCI – Chair
- DACMs
- FLs
- President, DAU
- Others, as the Director, HCI considers appropriate

WMG is tasked with providing assistance, oversight, and review of the AWF program to SSB to integrate enterprise initiatives and cross-functional issues and to advise on workforce matters.⁴⁵ It is

³⁹ Ibid. AWF stakeholders indicated to the Section 809 Panel that "Others" include the DACMs.

⁴⁰ AWF stakeholders, communication with Section 809 Panel, January 2018.

⁴¹ AWF stakeholders, meetings with Section 809 Panel, from February to March 2018.

⁴² DoD official, communication with Section 809 Panel, February 26, 2018.

⁴³ Section 809 Panel communication with AWF stakeholders, series of meetings from September 2017 to April 2018.

⁴⁴ Ibid.

⁴⁵ Defense Acquisition Workforce Education, Training, Experience, and Career Development Program, DoDI 5000.66, 29 (2017).

also tasked with communicating career field certification changes before implementation.⁴⁶ WMG was designed to meet 2 weeks ahead of SSB meetings to present any issues that could be resolved by SSB in terms of determining AWF strategic priorities. The consistency and quality of WMG meetings fall below the standard of its tasking. Although DoD's Acquisition Workforce Strategic Plan FY 2016–FY 2021 indicates WMG is the “primary forum for reviewing elements of the AWF program to ensure integration of enterprise requirements and that supporting initiatives are aligned with strategic workforce goals and resources,”⁴⁷ AWF stakeholders confirmed these meetings as being inconsistent and akin to “2-hour long PowerPoint meetings where no problems or issues are discussed.”⁴⁸ They further conveyed a sense of unilateral decision-making by HCI versus a conversation between HCI and organizations using DAWDF. According to stakeholder feedback, WMG meetings can provide a valuable forum through which to communicate with the SSB on desired guidance for strategic priorities in relation to their workforce, and also as a forum in which to resolve problems or issues at the operational level.⁴⁹ The infrequency and quality of WMG meetings cause the group to fall short of its original purpose, ultimately undermining DAWDF management.

Allocation of the Fund

Once DAWDF has been resourced (by whichever method), the Comptroller releases the funds to HCI, and the HCI director allocates the funds. Given the fund's history, HCI works to manage DAWDF in a way that protects against resourcing changes. As a result, HCI's current allocation model seeks to ensure there are funds available to pay critical requirements such as salaries or crucial retention initiatives (such as SLRP) should a gap in funding occur. The model relies on allocating 75 percent of an initiative's funding up front and withholding the remaining 25 percent until the initiative's midyear review with HCI. This model was intended to mitigate risk posed when DAWDF was resourced by credits.⁵⁰ Under previous legislation, DAWDF was not subject to funding shortfalls caused by continuing resolutions (CRs) or fiscal year ends because it was a multiyear fund. Although retaining 25 percent of funds may have helped bridge fiscal gaps, this model exacerbates an already problematic funding structure under which setting aside funds contributes to congressional perception that DAWDF monies largely go unobligated. Although HCI's Annual Reports to Congress indicate only .0069 percent of funds have expired of the \$3.7 billion obligated to DAWDF in the past 10 years, HCI's current allocation model furthers the misconception funds are not used.⁵¹

Acquisition workforce stakeholders indicated the timing of the split percentage allocation model does not align with the midyear review in which program execution is reviewed by HCI and decisions are made about allocating the remaining 25 percent. When programs are not being executed successfully, HCI has authority to reassign the 25 percent allocation to another DAWDF initiative. In practice, this allocation model often leaves the Military Component or Defense Agency with a gap in funding

⁴⁶ Ibid.

⁴⁷ DoD, *DoD Acquisition Workforce Strategic Plan, FY 2016 – FY 2021*, 10, accessed May 9, 2018, http://www.hci.mil/docs/DoD_Acq_Workforce_Strat_Plan_FY16_FY21.pdf.

⁴⁸ DoD officials, communication with Section 809 Panel, April 2, 2018.

⁴⁹ DoD officials, outreach meetings conducted by Section 809 Panel, from September 2017 to March 2018.

⁵⁰ GAO, *Defense Acquisition Workforce: DoD Has Opportunities to Further Enhance Use and Management of Development Fund*, GAO-17-332, March 2017, accessed May 8, 2018, <https://www.gao.gov/assets/690/683748.pdf>.

⁵¹ “Policy,” HCI, Office of the Under Secretary of Defense for Acquisition and Sustainment, accessed June 7, 2018, <http://www.hci.mil/policy.html>.

between the full execution of its first distribution of 75 percent and the remaining 25 percent. This situation leaves some DAWDF users uncertain about the fund's stability and skeptical about DAWDF's ability to deliver a steady source of funding for vital workforce initiatives. According to one DoD official, when the 25 percent allocation is reallocated to another program it may stifle communication between HCI and DoD.⁵² AWF stakeholders said this instinct to restrict communication with HCI stems from the perception that HCI makes unilateral decisions in these situations.⁵³

Midyear Reviews and Execution Reviews

HCI midyear reviews are intended to evaluate program execution against the 75 percent allocation and to allow an opportunity to discuss execution issues and share best practices. At these meetings, DAWDF recipients present to HCI what their program has achieved to date. AWF stakeholders indicate that although having a midyear review offers an opportunity for discussing problems and to discuss how initiatives fit into the overall strategic priorities of the workforce, the midyear review has instead become a brief financial execution review.⁵⁴ AWF stakeholders said the biweekly execution reviews, at which programs are reviewed by HCI, are phone conferences at which stakeholders simply state the numbers relevant to their programs.⁵⁵ Although participants are encouraged to raise issues during these phone meetings, AWF stakeholders indicated this format, with numerous stakeholders present, fails to foster meaningful engagement about strategic priorities against initiatives.⁵⁶ The format of both the midyear review and the biweekly and monthly execution reviews hinder the opportunity to align DoD's strategic workforce goals with DAWDF's strategic priorities, undermining how DAWDF is managed.

Human Capital Initiatives

HCI was tasked with assisting in "carrying out all statutory powers, functions, and duties of the Secretary of Defense with respect to the AWF, including all DoD-wide AWF strategic planning, policy, and programs, as well as direction, overseeing, budgeting central resources of, and evaluating the AWF Program."⁵⁷ Under the "What We Do" section of its website, HCI translates this tasking as workforce development, DAWDF, AcqDemo, and the Defense Acquisition Workforce Awards.⁵⁸ Staffed with eight people, HCI is a small operation that manages a wide portfolio providing vital support to the defense AWF.

Shifting DAWDF management from DAU to HCI allowed DAWDF to have *one voice* representing all DoD organizations, one official stated.⁵⁹ Because DAU is a major DAWDF beneficiary—receiving approximately 20 percent of DAWDF monies to deliver certification training to the AWF—having HCI manage DAWDF mitigates perceived conflict of interest. AWF stakeholders indicated that HCI is a vital advocate for DAWDF with Congress and other government agencies such as GSA, and ensures

⁵² DoD officials, communication with Section 809 Panel, April 2, 2018.

⁵³ Ibid.

⁵⁴ Outreach meetings with DoD officials, conducted by Section 809 Panel, from September 2017 to March 2018.

⁵⁵ Ibid.

⁵⁶ Ibid.

⁵⁷ Defense Acquisition Workforce Education, Training, Experience, and Career Development Program, DoDI 5000.66, 8 (2017).

⁵⁸ "What We Do," OUSD(A&S) HCI, accessed May 9, 2018, <http://www.hci.mil/what-we-do/Workforce-Development.html>.

⁵⁹ DoD officials, communication with Section 809 Panel, April 2, 2018.

reporting requirements are met.⁶⁰ HCI also provides value by ensuring DAWDF funds do not get used for anything other than DoD workforce development. HCI could benefit from additional resources to carry out its charter, to include its additional responsibility of managing the AcqDemo program (which, in another section of this *Volume 2* report, the Section 809 Panel recommends should be made permanent and expanded to the entire AWF). At a minimum, HCI should invest in additional resources, including at least one staff member in addition to the HCI Director. That staff member must have financial management experience and be capable of providing data analytics support.

In 2017 GAO recommended HCI improve its data collection and subsequent data reporting by adopting federal internal control standards. This recommendation was based on GAO finding a lack of processes to verify data collected by HCI on DAWDF recipients, and HCI not having complete and accurate data to meet reporting requirements.⁶¹ Although DoD responded to GAO that improved processes were being adopted to address this issue, HCI's continued need for resources, to include a data analyst, indicate that further support is required to enable DoD to fully and accurately collect data on DAWDF.

Conclusions

DAWDF should be resourced and managed as a multiyear fund from expiring-year, unobligated dollars, to be no less than \$450 million on an annual basis. Multiyear funding provides flexibility and strategic, innovative workforce development opportunities that are not always possible under a 1-year appropriation. Comparative analysis of the various DAWDF funding approaches over the past 10 years shows that when DAWDF is funded by expired funds with multiyear availability, DoD can execute almost all of its funding. At its most stable period in 2016, DAWDF executed 96 percent of available funds.⁶² This multiyear funding approach allows DAWDF initiatives to be resilient to unanticipated events such as sequestration, hiring freezes, and continuing resolutions (CRs). In turn, this resiliency provides stability and continuity in execution. In 2017, GAO found the use of expired funds contributed to DAWDF's stability.⁶³ Recent changes in funding approach place DAWDF at a disadvantage. When DoD managed its workforce with 1-year appropriations pre-DAWDF, the AWF was not able to meet the challenges it faced. The logic behind DAWDF was to provide a framework in which to inject flexibility and innovation in developing a professional workforce. Multiyear availability supported this goal by allowing strategic, long-term AWF planning and development. Stabilizing the size of the workforce appears to be the first step in this long-term plan. Reducing DAWDF to a 1-year appropriation constrains workforce development with exposure to issues such as CRs, sequestration, and budget cuts; disrupts recruitment and retention initiatives; and works against DAWDF's intended purpose.

⁶⁰ Ibid.

⁶¹ GAO, *Defense Acquisition Workforce: DoD Has Opportunities to Further Enhance Use and Management of Development Fund*, GAO-17-332, March 2017, 24, accessed May 8, 2018, <https://www.gao.gov/assets/690/683748.pdf>.

⁶² DoD OUSD(AT&L), *Department of Defense Acquisition Workforce Development Fund, FY 2016 Annual Report to Congress, January 2017*, accessed May 9, 2018, http://www.hci.mil/docs/Policy/Reports%20to%20Congress/FY16_DAWDF_Annual_Report_to_Congress.pdf.

⁶³ GAO, *Defense Acquisition Workforce: DoD Has Opportunities to Further Enhance Use and Management of Development Fund*, GAO-17-332, March 2017, 26, accessed May 8, 2018, <https://www.gao.gov/assets/690/683748.pdf>.

DAWDF stability is derived both from how the fund is resourced and how it is managed, the latter of which can, to a degree, mitigate risks imposed by the former. To maximize the usefulness of DAWDF, its structure and management must be stable and retain the confidence of its users. This stability should be derived from active SBB direction and multiyear availability resourced with expired unobligated funds.

Fundamental changes to DAWDF's current management approach—the Joint Governance Forum and HCI's allocation and management of DAWDF—are necessary. Despite changes regarding how DAWDF has been resourced and managed in the past 10 years, at no time in the funds' history until 2017 have there been insufficient funds for DAWDF initiatives. The challenge of having to prioritize initiatives against the substantial decrease of DAWDF has exposed structural weaknesses in how DAWDF is managed. Current DAWDF management practices are insufficiently robust to withstand the pressure now being leveraged on DAWDF by Congress and DoD Comptroller.

Despite DoD outlining enhancements to its execution reviews, HCI has not improved alignment of initiatives and improved staffing to indicate a clear alignment between DoD's Acquisition Workforce Strategic Plan and DAWDF funding. As cited in GAO's 2017 report on the use and management of DAWDF, these issues remain unresolved.⁶⁴ DAWDF management must be fully supported by the SSB, WMG, and by adequate staffing of HCI. The strategic direction SSB provides to HCI is crucial to HCI's implementation and execution of DAWDF. Without consistent engagement regarding how DoD's strategic AWF goals align to how DAWDF initiatives are prioritized by SSB, DAWDF's use cannot be maximized. Full engagement by SSB, including clear and precise direction as to the strategic priorities of DAWDF, must also be a consistent agenda item. At the operational level of DAWDF, WMG must be empowered to translate SSB's strategic priorities into day-to-day execution of DAWDF at the Military Component and Defense Agency level. To empower WMG, the format of the WMG meetings must enable discussion of strategic priorities as a consistent agenda item. For HCI to have the support to conduct these reviews and for support in data collection, HCI crucially needs additional personnel. HCI should add an individual with experience and qualifications in financial management. This individual could be either a member of staff or the director. If not the director, this individual should lead the midyear and biweekly execution reviews alongside the HCI director. A fund of DAWDF's size and complexity must be supported by the knowledge and experience of complex financial management. Additionally, HCI needs additional support from program managers and data analysts.

DoD's allocation of DAWDF must allow execution of initiatives without the risk of gaps imposed by the midyear review or other structural risks such as 1-year appropriation. Moving to a 100 percent allocation will allow the components to implement their strategic workforce plans amidst DAWDF's structural constraints and changes in resourcing. HCI should revoke funds for nonperforming initiatives at their midyear review.

These recommendations reinforce the purpose of the SSB and WMG as members of the Joint Governance Forum for robust management of DAWDF. Without consistent, clear, and precise strategic direction, DAWDF's current existence at \$400 million is at risk. By providing a strong framework from

⁶⁴ Ibid, 24.

which discussions can occur at the operational and tactical level of fund implementation, DAWDF can be maximized.

Implementation

Legislative Branch

- Establish DAWDF as a permanent, multiyear fund and require it be resourced by expiring, unobligated funds at a level of no less than \$450 million.

Executive Branch

- Provide HCI with additional personnel who possess financial management qualifications and experience.
 - Require the HCI director and/or the deputy director (a new billet would be required for this position) to have financial management qualifications and experience.
 - Require that midyear and biweekly DAWDF execution reviews be led by someone with financial management qualifications and experience.
- Rewrite the *DoD Strategic Workforce Plan FY 2016–FY 2012* to clearly align AWF goals with how DAWDF should be used, applying a bottom-up approach similar to that used as the basis of the *DoD 2008 Strategic Workforce Plan*.
- Require the USD(AS) and USD(RE) to serve as the SSB cochairs.
 - Issue strategic guidance on the uses of DAWDF consistent with the SSB approved Strategic Workforce Plan.
 - Require SSB to approve and review the annual DAWDF budget.
- Structure WMG to be led at the OSD level by both the Assistant Secretary for Acquisition and the Assistant Secretary for Research and Engineering and with the director of HCI serving as executive secretary.
 - Require each Military Service to provide a principal military or civilian acquisition deputy to represent the respective Military Service on WMG.
- Implement federal internal control standards for data collected to inform HCI's annual review.
- Allocate 100 percent of DAWDF monies to Military Services and DoD agencies once HCI receives them from the Comptroller.
- Improve and standardize DAWDF initiative management at HCI level.
 - Provide transparent access to DAWDF financial status for major DAWDF recipients including, for example, total funds received, total funds distributed by component, and total funds distributed by line item. These data should be presented as of a report DAWDF users can easily access.

- Formalize the DAWDF initiative approval process *decision framework* to align with DoD acquisition workforce strategic goals.
- Improve and standardize management of DAWDF initiatives at the Military Service and Defense Agency level.
 - Develop a framework for comparing potential effect of DAWDF proposals to goals set forth in the DoD *Acquisition Workforce Strategic Plan*.
 - Develop metrics to measure return on investment of DAWDF proposals against DoD *Acquisition Workforce Strategic Plan* goals.
 - Formalize and document DAWDF fund manager processes across the Military Services and Defense Agencies using the Army’s model of initiative progress as a standard for best practice.

Implications for Other Agencies

- There are no cross-agency implications for this recommendation.