Defense Acquisition Workforce Development Fund (DAWDF)

Report to Congress

Public Law No. 110-181
Section 852

Office of the Secretary of Defense
January 2009
Forward

The Department of Defense (DoD) hereby submits to the Congress the status of the Defense Acquisition Workforce Development Fund pursuant to Section 852 of the National Defense Authorization Act for FY 2008, Public Law No. 110-181. Section 852 directed the establishment of the DoD Acquisition Workforce Development Fund and further required that the Military Departments and Defense Agencies remit funding to the Secretary of Defense for crediting to the Fund. The amount remitted is based on the total amount expended by the DoD for contract services, other than services relating to Research, Development, Test and Evaluation, and those relating to Military Construction. The requirement is codified in Title 10, United States Code, Section 1705, paragraph f.

The Defense Acquisition Workforce Development Fund, hereafter known as the “Fund,” establishes dedicated funding for workforce initiatives identified by previous acquisition reform reports. The Fund provides resources to execute initiatives to achieve the goals of the Department’s Human Capital Strategy Plans (HCSP) and enables the DoD to recruit, train, and retain an acquisition workforce that can capably perform its mission. The Department is prepared to reduce its dependencies on contractor support, and expand and develop its professional acquisition workforce. These combined efforts will lead to improved acquisition outcomes.

Since the passage of the law in January 2008, the Under Secretary of Defense, Acquisition, Technology, and Logistics (USD/AT&L), the Military Departments and Defense Agencies, hereafter referred to as the “Components,” worked to develop the administrative and operational structure of the Fund. The timetable for developing the operational structure was driven by the need to develop a structure, process, management oversight, and procedures for the Components to use in order to receive resources from the Fund. The Department first focused on the various administrative actions. These actions began with the establishment of the Fund through the funding allocation process. Next, the Department developed the process used to credit the Fund, as well as the oversight and management processes and controls. Lastly, the Department developed and executed the vetting process by which the Components are to receive funding for their respective acquisition workforce development initiatives.

During fiscal year 2008, priorities were established based on eleven principal focus areas. These areas concentrate on expanding:

- component training capacity and student throughput;
- student travel funding for mandated certifications;
- recruitment and retention of interns, journeymen, highly qualified experts; and
- training capacity, infrastructure, and student throughput.

All FY 2008 initiatives have been approved by the Chairman of the Fund Steering Board in accordance with its oversight role. As the amount remitted to the Fund in FY 2008 remains available for expenditure for two additional years, the funds remitted to the Components will continue to execute in FY 2009 and FY 2010.
Table of Contents

Forward

Executive Summary

Annual Report on the Operations of the DAWDF

Section 1: Funding Status of Defense Acquisition Workforce Development Fund

Section 2: FY 2008 Execution Plan

Section 3: Conclusion

Appendix: Line Item Descriptions (and applicable Major Category)
Executive Summary

Purpose: This is the first annual report on the establishment and operation of the Department of Defense's Acquisition Workforce Development Fund pursuant to Section 852 of the National Defense Authorization Act (NDAA) for FY 2008, Public Law No. 110-181. Section 852, paragraph f, requires the Secretary of Defense to submit a report on the operation of the Fund, and that each report will include, for the fiscal year covered by such report, the following:

(1) Amounts remitted to the Secretary for crediting to the Fund by each Component to include a statement of the amounts credited to the Fund for such fiscal year;

(2) A description of the expenditures made from the Fund including the purpose of the expenditures;

(3) A description and assessment of improvements in the Department's acquisition workforce resulting from such expenditures;

(4) Recommendations for additional authorities to fulfill the purpose of the Fund; and

(5) The balance remaining in the Fund at the end of such fiscal year.
Section 1: Funding Status of the Defense Acquisition Workforce Development Fund

Status: FY 2008 NDAA Section 852 Paragraph f requires DoD to report on the status of the Defense Acquisition Workforce Development Fund in five areas.

Section 852 Paragraph (f)(1) A statement of the amounts remitted to the Secretary for crediting to the Fund for such fiscal year by each military department and Defense Agency, and a statement of the amounts credited to the Fund for such fiscal year.

<table>
<thead>
<tr>
<th>Component</th>
<th>Remitted as of 9/30/08 ($000)</th>
<th>Remitted On 10/30/08 ($000)</th>
<th>Total Remitted FY 2008 ($000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Army</td>
<td>$49,190</td>
<td>$49,190</td>
<td>$98,380</td>
</tr>
<tr>
<td>Navy</td>
<td>$60,480</td>
<td>$0</td>
<td>$60,480</td>
</tr>
<tr>
<td>Air Force</td>
<td>$30,280</td>
<td>$30,280</td>
<td>$60,560</td>
</tr>
<tr>
<td>Defense Agencies</td>
<td>$29,240</td>
<td>$50</td>
<td>$29,290</td>
</tr>
<tr>
<td>Total</td>
<td>$169,190</td>
<td>$79,520</td>
<td>$248,710</td>
</tr>
</tbody>
</table>

Table 1-1. Remissions by Component ($000)

Section 852 Paragraph (f)(2) A description of the expenditures made from the Fund (including expenditures following a transfer of amounts in the Fund to a military department or Defense Agency) in such fiscal year, including the purpose of such expenditures.

In August 2008, the Fund Steering Board Chair approved the FY 2008 execution plans and initiatives submitted by the Components. The Steering Board approved an initial FY 2008 allocation of $29,200,000 for the Army, Air Force, Defense Contracting Management Agency (DCMA), Defense Agencies, and Defense Acquisition University (DAU) initiatives. The initiatives focused on recruiting and hiring interns, journeyman, and highly qualified experts; expanding training capacity and infrastructure, hiring additional instructors, and virtual learning technology; and increasing student throughput to certification classes. Descriptions of these initiatives and expenditure plans are described in Section 2.
## Table 1-2. Description of Expenditures Made from the Fund

Section 852, Paragraph (f)(3) A description and assessment of improvements in the Department of Defense acquisition workforce resulting from such expenditures.

**Recruiting and Hiring:** The Department will invest $149,082,000 for recruiting and hiring initiatives from the FY 2008 allocation. The majority of the investment ($111,148,000) targets recruiting and hiring of journeymen and interns. These two elements represent 75 percent of the total amount allocated in FY 2008 for this category; and 44 percent of the overall total FY 2008 allocation. The Fund provides resources to leverage and expand existing hiring programs to initially fill gaps created by an increased level of retirement-eligible employees and turnover of personnel.

The $111,148,000 allocated to the Components for hiring of interns and journeymen is as follows:
- Army $33,722,000
- Navy $14,076,000
- Air Force $27,624,000
- Defense Agencies $35,726,000
The intern initiative is the largest funded line item under the Fund. The Department's goal is to hire approximately 1,200 interns per year across the enterprise. Therefore, of the total investment in recruiting and hiring, $83,288,000 was allocated from the Fund for the recruitment and hiring of interns. The Department's investment strategy will lead to approximately 3,600 interns on board by FY 2011. The 3,600 interns resourced by the Fund are counted outside the DoD's manpower funded baseline, as reflected in the Planned/Budgeted Civilian Full-time Equivalent and Military End Strength (PB23) document. The 3,600 interns represent a three percent net effective size increase above the PB23 funded DoD acquisition workforce baseline and will need to be transferred to the Agency's funded permanent rolls when they graduate.

Additionally, $27,860,000 was allocated from the Fund to hire 362 Journeymen. Journeymen are experienced professionals brought on board for a temporary period of time to initially fill immediate needs and gaps in acquisition experience.

The recruiting and hiring of interns and journeymen initiative will impact many of the Components within the Department. For example, in FY 2008 the DCMA intern program will be allocated $19,803,000 or 76.5 percent of its total FY 2008 budget. DCMA plans to bring on board 300 interns during FY 2009. In FY 2010, DCMA will bring an additional 300 interns on board thereby increasing the total number of interns to 600. Although most of the Components have instituted an intern program, the need for a robust intern program at DCMA is noteworthy as the organization has the highest average age (50.1 years) for its civilian acquisition workforce among the Components.

The remaining $37,934,000 is targeted by Components for recruiting incentives, outreach programs, and hiring of Highly Qualified Experts (HQEs). Incentives such as bonuses and Student Loan Repayments pay high dividends in attracting qualified collegiate candidates. Outreach programs target the private sector to showcase the opportunities for growth and success as a member of the Department's Acquisition Workforce. Selective recruiting of HQEs provides a unique bridging opportunity for mentoring and training of the new workforce members, and the prospect of capitalizing on the individual's professional experience.

Training and Development: The Department will invest $67,519,000 in training and development resources from the FY 2008 allocation. This represents 26.6 percent of the total FY 2008 allocation and will provide $33,519,000 to Components (50 percent of the FY 2008 training investment); and $34,000,000 to DAU (50 percent). The $33,519,000 allocated to the Components is as follows:

- Army $13,093,000
- Navy $10,800,000
- Air Force $6,524,000
- Defense Agencies $3,102,000

Of the $34,000,000 allocated to DAU, approximately $2,400,000 (seven percent) is provided to the Components for student travel.
This investment addresses previously unmet and documented training requirements. One of the Department's priorities is to improve certification levels. The Department must expand existing training capacity to meet current and future annual Component demand. Certification training requirements have exceeded DAU's training capacity. Today, only 54 percent of the acquisition workforce meets or exceeds their position certification requirements. This funding will enable closing the certification gap and producing a more qualified workforce. It will also provide capacity to meet future training demand resulting from increased hiring of interns, journeymen and other training requirements.

Some examples of new and expanded training include evolving expeditionary training, Contracting Officer Representative (COR) training, international cooperation training; expanded senior level program management training; new curricula development for high impact, emerging acquisition needs and other job enhancing learning assets. Training capacity is being added by the Components to address leadership and Component-specific skill/competency requirements.

Retention and Recognition: The Department will invest $24,350,000 in recognition and retention incentives from the FY 2008 allocation. These two elements represent 9.6 percent of the total FY 2008 allocation. Of this total, $18,559,000 (76.2 percent) is allocated for recognition and retention incentives (student loan repayment, tuition assistance, retention bonuses, etc.); and $5,791,000 (23.8 percent) is allocated primarily for Component career broadening and academic degree programs, which also promotes retention.

The $24,350,000 allocated to the Components is as follows:
- Army $9,148,000
- Navy $8,500,000
- Air Force $4,500,000
- Defense Agencies $2,202,000

The Department is implementing a robust employee retention and talent management strategy to retain acquisition employees with expert knowledge in critical and skill shortage areas. These employees include individuals filling Key Leadership Positions (KLPs) such as program managers (specifically those in ACAT I and ACAT II programs), engineers, contracting officers, life cycle logisticians, cost estimators, and other personnel possessing special expertise that is hard to find or retain.

Section 852, Paragraph (f)(4): Recommendations for additional authorities to fulfill the purpose of the Fund.

As the Department looks toward to FY 2009, it does propose a modest change in the authorities for which 852 funds may be expended. Currently, the language states "(5) Prohibition on Payment of Base Salary of Current Employees. - Amounts in the Fund may not be used to pay the base salary of any person who was an employee of the
Department as of the date of the enactment of the National Defense Authorization Act for Fiscal Year 2008." The Department proposes that the law be amended to allow funding for newly hired employees (inside of DoD), who are brought on board for the express purpose of supporting the mission objectives of the 852 Fund. If granted, this authority will allow highly competent individuals, who were DoD employees as of January 28, 2008 (and therefore ineligible for hiring consideration), to apply and compete for positions supporting the acquisition workforce.

Section 852, Paragraph (f)(5) A statement of the balance remaining in the Fund at the end of such fiscal year.

The Fund balance at the end of FY 2008 was $9,712,000. Plans for execution of the remaining and subsequent additional FY 2008 monies are described in Section 2.
Section 2: FY 2008 Execution Plan

The Service and Component Acquisition Executives prioritized their FY 2008 initiatives based upon compelling needs aligned within the three Section 852 statutory categories. The funding for FY 2008 acquisition workforce initiatives was set at $253,740,000 for the three major categories:

- Recruiting and Hiring $149,082,000
- Training and Development $67,519,000
- Recognition and Retention $24,350,000

Funding in the amount of $12,789,000 was established for emerging and transformational workforce initiatives.

The FY 2008 funding emphasizes recruiting and hiring, allowing the Department to address workforce turnover; specifically the impending departure of retirement-eligible employees. The funding also provides increased training capacity to address current unmet and documented certification training shortfalls, and enterprise-unique training demands. The resources will enable partnership expansions with other academic institutions and training organizations. These retention incentives provide an important tool in maintaining critical expertise while developing the next generation of acquisition professionals.

Funding for workforce initiatives was distributed to the Components for execution beginning in August 2008. The FY 2008 initiatives were reviewed by the Fund Working Group and Fund Steering Board, and approved by the Fund Steering Board Chair after a series of "due diligence" reviews. During this first year of the Fund, special emphasis was placed on structure, process, oversight and accountability. Table 2-1 shows the Component allocations for FY 2008 funds by line item.

<table>
<thead>
<tr>
<th>Line Item</th>
<th>FY08 Allocation Execution Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$4,623</td>
</tr>
<tr>
<td>2</td>
<td>$67,519,000</td>
</tr>
<tr>
<td>3</td>
<td>$24,350,000</td>
</tr>
<tr>
<td>Total</td>
<td>$253,740,000</td>
</tr>
</tbody>
</table>

Table 2-1. FY 2008 Allocation by Component
Section 3: Conclusion

In establishing the Fund, the Department took a methodical, deliberate and collaborative approach. The Department focused on linking its Defense Acquisition Workforce Development mission imperatives and goals with the major categories of Section 852 to ensure the Department had produced a successful acquisition workforce rebuilding plan.

The FY 2008 resources provided to the Components from the Fund culminate a seven month due-diligence effort. Recruiting and hiring interns and journeyman are critical first steps for long term and sustained growth. To train and develop this growing force, the Department must ensure sufficient training capacity is available to meet the demand to grow the force and achieve the professional development necessary for successful acquisition outcomes.

In summary, the FY 2008 efforts focused on developing the structure of the Fund, management and oversight, the processes and procedures by which resources are remitted to the Department for subsequent crediting to the Fund. During this initial establishment, there was extensive Department and Component collaboration that preceded the first distribution of funds; namely, to ensure that the mission imperatives and goals were supported and the objectives met. While progress and achievement was deliberately measured, the processes and structure were thoroughly developed for the overall successful establishment and management of the Fund. These efforts resulted in the approval of the FY 2008 plan for execution.
Appendix: Line Item Descriptions
(and applicable Major Category)

Line Item 1: Training Enhancement and Capacity Expansion. (Training and Development)

Initiatives in this line item will provide additional throughput, curriculum development and other learning support to meet previously unmet demand. There is a gap between the Components' demand for certification and assignment-specific training and the capacity of the Defense Acquisition University to provide training. In addition, the Components have identified unique requirements that will be funded.

Line Item 2: Comprehensive Acquisition Workforce and Student Information System. (Training and Development)

Initiatives in this line item will provide a single clearinghouse for workforce data, the statutorily mandated workforce management information system, and a commercial best-in-class student information system. The objective is to drive standardization, integrate systems, build transparency, improve data quality, and ensure a comprehensive workforce analysis capability. This will enable strategic workforce planning and decision making capability. This line item will ensure current, accurate and transparent information is available on the Defense acquisition workforce for acquisition leaders.

Line Item 3: Competency Management and Assessments. (Training and Development)

Initiatives in this line item will provide a standardized competency management program, validated competency models for all career fields, tools to produce individual development plans, the ability to determine training needs, and support for human capital planning. The Department is committed to an enterprise competency management and workforce assessment capability. This will improve the Department’s ability to appropriately identify workforce skill gaps, requirements, and needed learning assets.

Line Item 4: Workforce Planning Pilot Program. (Training and Development)

This pilot program within the Air Force is being worked with the Office of Personnel Management to develop a human capital architecture that includes interview tools, occupational questionnaires, and job previews. If successful, it has the potential to enable acquisition centers to deploy competency-based tools and create organization specific recruitment and retention strategies. A key outcome will be tailored succession plans that will help acquisition organizations transition from their current state to their forecasted "to be" mission.
Line Item 5: Retention and Recognition Incentives. (Retention and Recognition)

Initiatives in this line item will retain high performers with critical skills and in key leadership positions and improve retention in positions that are in short supply through incentives and programs designed to make a career in DoD acquisition more attractive. The forecasted loss of corporate knowledge and expertise has the potential to significantly impact the ability of the acquisition workforce to carry out its mission of achieving successful acquisition outcomes.

Line Item 6: Career Broadening and Academic Programs. (Recognition and Retention)

Initiatives in this line item will provide developmental assignments, rotations, programs at academic institutions, training outside one’s current specialization, and opportunities to acquire joint and interagency experience. The legacy career structure for civilian employees has emphasized depth over breadth, which results in a "silo" framework that inhibits the broader perspective needed to manage complex acquisition programs. A more attractive career structure, which will improve retention in the acquisition workforce, is one that provides breadth of experience, training and education.

Line Item 7: Intern Programs. (Recruiting and Hiring)

Initiatives in this line item will: 1) recruit, hire and develop interns to be better qualified at the point of migration into the acquisition workforce; and 2) augment the current workforce in numbers above the currently programmed levels. Seventy-three percent of the current Defense acquisition workforce is in the Baby Boomer and Traditional generations and 18 percent (20,000 civilians) are eligible for full retirement. At the same time, there are skill and competency areas within the current workforce that have too few people and need to be built up.

Line Item 8: Recruiting Incentives. (Recruiting and Hiring)

Initiatives in this line item seek to attract qualified applicants in such critically needed areas such as Science, Technology, Engineering, and Mathematics (STEM), minority applicants, and recent college graduates. This complements other hiring initiatives by enabling DoD to more effectively hire high demand talent. Hiring incentives include first-duty-station Permanent Change of Station (PCS) moves, hiring bonuses, student-loan reimbursement, tuition assistance, scholarships, and SCEP (formerly Co-op) programs.

Line Item 9: Outreach Programs. (Recruiting and Hiring)

Initiatives in this line item will deliberately market the DoD acquisition community as an employer of choice. It is a DoD goal to maintain a diverse, capable, and ready civilian
and military workforce, which this line item will support. According to the Gallup poll conducted for the Council for Excellence in Government, DoD is one of the most attractive brand names in the federal government. However, the acquisition community needs to be more active in reaching out to prospective employees. A preferred approach is to leverage federal, DoD Personnel and Readiness, and Component programs to improve the supply of quality candidates.

Line Item 10: Journeyman Hiring Programs. (Recruiting and Hiring)

Initiatives in this line item will target experienced employees, such as retiring military and seasoned industry candidates. Workforce analysis indicates a need for mid-career hires to complement our intern initiatives and to ensure strong bench strength to fill senior and executive positions as retirement-eligible employees depart the workplace.

Line Item 11: Hiring Expert Knowledge – Highly Qualified Experts (HQE). (Recruiting and Hiring)

Initiatives in this line item are to hire temporary employees for up to five years. In many cases, there is a need for people with special expertise who are already at a senior level and are recognized experts in an acquisition field or related discipline. HQEs are hired under a special hiring authority granted by Congress. This line item complements other hiring initiatives.