

August 3, 2017

# Reorganizing the Defense Acquisition System

Rhys McCormick and Andrew Hunter

On Tuesday (August 1), the Department of Defense (DoD) submitted [a report](#) to Congress outlining its plans for realigning the organizational structure of the defense acquisition system to address concerns about securing U.S. technological superiority as required by the FY2017 National Defense Authorization Act (NDAA). Specifically, this report outlined how the authorities and responsibilities of the current Office of the Under Secretary of Defense for Acquisition Technology and Logistics (USD(AT&L)) would be devolved to two new positions: under secretary of defense for research and engineering (USD(R&E)) and under secretary of defense for acquisition and sustainment (USD(A&S)).

## Q1: What was the impetus behind the changes to AT&L mandated in the 2017 NDAA?

**A1:** Concerned with the United States' ability to maintain technological superiority over potential adversaries, Congress sought ["to reestablish an USD R&E in the Office of Secretary of Defense with a central mission of leading technology innovation at DoD."](#) Prior to the creation of the USD(AT&L) in the 1980s, the USD(R&E) oversaw the broader defense acquisition system. In their capacity as USD(R&E), the leadership of Dr. Harold Brown, Dr. William Perry, and others eventually led to development of ground-breaking technologies such as stealth, precision strike, and communications, command, control and intelligence (C3I). In Congress's view, AT&L had structurally grown too large to focus on both delivering "game changing" technology and management of the defense acquisition system processes. To that end, Congress mandated that AT&L be devolved into two separate, but connected, organizations with the USD(R&E) focused on delivering new technologies while the USD(A&S) focused more on the management and sustainment of the defense acquisition system.

## Q2: How did DoD propose structuring the new USD(R&E)?

**A2:** The mandate of the new USD(R&E) is setting the technology vision for the department, to solve critical war-fighting problems, and to delivery technology solutions faster. DoD proposed that the new office of the USD(R&E) be organized under three lines of operation: (1) The Strategic Intelligence Analysis Cell; (2) an assistant secretary of defense (ASD) for research and technology; and (3) an ASD for advanced capabilities.

The Strategic Intelligence Analysis Cell would be a wholly new organization focused on assessing both adversaries and the United States' capabilities and vulnerabilities, as well as identifying potential technology and emerging threats. This Strategic Intelligence Analysis Cell would report directly to the USD(R&E) and would help guide investments across the organization. While new, the functions of the Strategic Intelligence Analysis Cell closely resemble the role that Defense Advanced Research Projects Agency (DARPA) war games played in creating the foundational assumptions that would later guide the development of the Second Offset Strategy.

The ASD for research and technology would focus on the "strategic technical direction" of DoD investments, particularly early stage research and developments. In that role, this new office would be responsible for managing and coordinating the developmental efforts of the DoD laboratories and broader technical community. The new ASD for advanced capabilities would focus on delivering technologies to war fighters through prototyping and experimentation. In addition to its prototyping and experimentation responsibilities, this office would be responsible for managing open architecture/cybersecurity policy and standards, as well as management of nontraditional rapid acquisition pathways.

In addition to these three major themes, the Defense Science Board and the Missile Defense Agency would report directly to the new USD(R&E).

### **Q3: What's happening with DARPA, SCO, and DIU(X)?**

**A3:** Under the current acquisition structure, the various innovation organizations operating outside of the traditional acquisition reporting system have disparate reporting structures. For example, the Defense Advanced Research Projects Agency currently reports to the ASD(R&E), the Strategic Capabilities Office (SCO) reports to the deputy secretary of defense, and the Defense Innovation Unit Experimental (DIU(X)) reports directly to the secretary of defense. Under the current proposed realignment, these three offices would all be moved under the general purview of the USD(R&E), but report directly to the ASDs, not the new USD. (DARPA would report to the ASD (research & technology) while SCO and DIUx would report to the ASD (advanced capabilities).) However, the report does note that the USD(R&E) may elect to change the reporting relationships upon taking office in 2018.

### **Q4: How did DoD propose structuring the new USD(A&S)?**

**A4:** The mandate for the USD(A&S) is to focus on achieving effectiveness and efficiency in delivering new capability and logistical support and sustainment to war fighters. Whereas the new USD(R&E) office proposed creating a number of new offices, the USD(A&S) largely absorbed a number of existing AT&L offices. As currently proposed, three ASDs would report to the USD(A&S): ASD(Acquisition), ASD(Sustainment), and ASD(Nuclear, Chem, Bio). Under these ASDs, the number of deputy assistant secretaries of defense (DASD) reporting would be consolidated as compared to today's AT&L structure.

**Q5: How will these offices work together?**

**A5:** Given the need for the technology vision established by the USD(R&E) to be implemented in programs overseen by the USD(A&S), it will be critical for these officials to work closely together and stay closely aligned. This is particularly true since program execution has been delegated to the military services, who will need clear, consistent guidance from these two offices in order to align their efforts with the technology and innovation vision being established at OSD.

**Q6: When does the realignment go into effect?**

**A6:** The dissolution of USD(AT&L) and subsequent creation of USD(R&E) and USD(A&S) will not go into effect until February 1, 2018. At that time, the current USD(AT&L), Ellen Lord, will move into the USD(A&S) role, while a nominee for USD(R&E) will need to be named and confirmed by the U.S. Senate. In looking at potential nominees for USD(R&E), it is likely that candidates will be in a similar mold to Dr. Harold Brown and Dr. William Perry: an imaginative defense leader with scientific and technical background, knowledge, and working experiences.

*Rhys McCormick is a research associate with the Defense-Industrial Initiatives Group at the Center for Strategic and International Studies (CSIS) in Washington D.C. Andrew Hunter is director of the CSIS Defense-Industrial Initiatives Group and senior fellow in the CSIS International Security Program.*

***Critical Questions*** is produced by the Center for Strategic and International Studies (CSIS), a private, tax-exempt institution focusing on international public policy issues. Its research is nonpartisan and nonproprietary. CSIS does not take specific policy positions. Accordingly, all views, positions, and conclusions expressed in this publication should be understood to be solely those of the author(s).

© 2017 by the Center for Strategic and International Studies. All rights reserved.