

114TH CONGRESS
1ST SESSION

H. R. 1597

To reform the acquisition system of the Department of Defense, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 25, 2015

Mr. THORNBERRY (for himself and Mr. SMITH of Washington) introduced the following bill; which was referred to the Committee on Armed Services, and in addition to the Committees on Small Business, Science, Space, and Technology, and Oversight and Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To reform the acquisition system of the Department of Defense, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Agile Acquisition to
5 Retain Technological Edge Act”.

6 **SEC. 2. TABLE OF CONTENTS.**

7 The table of contents for this Act is as follows:

Sec. 1. Short title.

Sec. 2. Table of contents.

Sec. 3. Sense of Congress on the desired tenets of the defense acquisition system.

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Sec. 101. Amendments to Department of Defense Acquisition Workforce Development Fund.

Sec. 102. Dual-track military professionals in operational and acquisition specialties.

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Sec. 106. Independent study of implementation of defense acquisition workforce improvement efforts.

TITLE II—WEAPON SYSTEMS ACQUISITION AND RELATED MATTERS

Sec. 201. Sense of Congress on the desired characteristics for the weapon systems acquisition system.

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Sec. 205. Modification to requirements relating to determination of contract type for major defense acquisition programs and major systems.

Sec. 206. Required determination before Milestone A approval or initiation of major defense acquisition programs.

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TITLE III—SERVICES CONTRACTING AND RELATED MATTERS

Sec. 301. Examination and guidance relating to oversight and approval of services contracts.

TITLE IV—INFORMATION TECHNOLOGY ACQUISITIONS AND RELATED MATTERS

Sec. 401. Streamlining of requirements relating to defense business systems.

TITLE V—INDUSTRIAL BASE MATTERS

Sec. 501. Codification and amendment of Mentor-Protege Program.

Sec. 502. Amendments to data quality improvement plan.

Sec. 503. Notice of contract consolidation for acquisition strategies.

Sec. 504. Clarification of requirements related to small business contracts for services.

Sec. 505. Review of Government access to intellectual property rights of private sector firms.

- Sec. 506. Modifications to the Small Business Innovative Research Program and the Small Business Technology Transfer Program.
- Sec. 507. Extension of defense research and development rapid innovation program.

TITLE VI—REPEAL OR REVISION OF REPORTING REQUIREMENTS

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TITLE VII—PLANNING, BUDGETING, CONTRACTING, OVERSIGHT,
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- Sec. 701. Additional responsibility for Director of Operational Test and Evaluation.
- Sec. 702. Report on linking and streamlining requirements, acquisition, and budget processes within Armed Forces.
- Sec. 703. Required review of acquisition-related functions of the Chiefs of Staff of the Armed Forces.
- Sec. 704. FAR Council membership for Administrator of Small Business Administration.
- Sec. 705. Independent study of matters related to bid protests.
- Sec. 706. Procurement of commercial items.
- Sec. 707. Amendment relating to multiyear contract authority for acquisition of property.
- Sec. 708. Use of recent prices paid by the Government in the determination of price reasonableness.
- Sec. 709. Codification of other transaction authority for certain prototype projects.
- Sec. 710. Amendments to certain acquisition thresholds.
- Sec. 711. Revision of method of rounding when making inflation adjustment of acquisition-related dollar thresholds.
- Sec. 712. Repeal of requirement for stand-alone manpower estimates for major defense acquisition programs.

1 **SEC. 3. SENSE OF CONGRESS ON THE DESIRED TENETS OF**
2 **THE DEFENSE ACQUISITION SYSTEM.**

3 (a) FINDINGS.—Congress finds the following:

4 (1) The Committee on Armed Services of the
5 House of Representatives held a series of hearings
6 in 2013, 2014, and 2015 gathering testimony from
7 key acquisition leaders and experts. It is clear that
8 the acquisition reform efforts of the last 50 years
9 continue to founder because they fail to address the
10 motivational and environmental factors in which

1 they must be implemented. The acquisition system,
2 though frustrating to all, is in one sense in equi-
3 librium. The acquisition system provides enough
4 benefits to proponents and opponents to continue,
5 with only minor changes, despite its shortcomings.

6 (2) The Department of Defense still has too
7 many defense acquisitions and services chasing too
8 few dollars. Consequently, there remains a vast dif-
9 ference between the budgeting plans of the Depart-
10 ment and the reality of the cost of its systems or the
11 services it acquires. To keep programs alive, the De-
12 partment develops and Congress accepts fragile ac-
13 quisition strategies that downplay technical issues
14 and assume only successful outcomes from high-risk
15 efforts. As a result, the Department often ends up
16 with too few weapons, with performance that falls
17 short, that are difficult and costly to maintain, deliv-
18 ered late at too high a cost. We have limited insight
19 into the services acquired or what services need to
20 be acquired in the future. Furthermore, the conven-
21 tional acquisition process is not agile enough for to-
22 day's demands. Finally, the Department of Defense
23 continues to struggle with financial management and
24 auditability, affecting its ability to control costs, en-

1 sure basic accountability, anticipate future costs and
2 claims on the budget, and measure performance.

3 (3) Too often today, all stakeholders in the De-
4 partment of Defense, Congress, and industry, accept
5 that—

6 (A) for the acquisition process, success is
7 defined as maximizing technical performance or
8 protecting organizational interests, without re-
9 gard to funding disruptions and delivery delays
10 of needed capability or services to the
11 warfighter; and

12 (B) the acquisition process is—

13 (i) reactive, meaning issues are ad-
14 dressed late and at great cost only after
15 problems are realized;

16 (ii) plodding, meaning the bureau-
17 cratic processes are sclerotic and cum-
18 bersome;

19 (iii) opaque, meaning that limiting in-
20 formation is necessary to protect pro-
21 grams; and

22 (iv) traditional, meaning that cus-
23 tomary approaches and suppliers are pre-
24 ferred over perceived risk of new or unique
25 concepts and vendors.

1 (4) Today, the United States is at a cross-
2 roads, and if changes to the acquisition system are
3 not made soon, the trend of fewer and more costly
4 systems and services that fall short of the needs of
5 the Armed Forces will continue. Congress, the De-
6 partment of Defense, contractors, and the American
7 people all have a stake in making positive changes.
8 Each plays a role in contributing to the current sys-
9 tem. Each gains benefits from that system, but each
10 is frustrated by it as well.

11 (5) The acquisition improvement effort of the
12 Committee on Armed Services of the House of Rep-
13 resentatives proposes a different approach from pre-
14 vious efforts by seeking to improve the environment
15 (i.e., statutes, regulations, processes, and culture)
16 driving acquisition decisions in the Department of
17 Defense, industry, and Congress. The Committee
18 has solicited input from industry and the Depart-
19 ment of Defense, as well as others in Congress, and
20 will continue to do so. The Committee recognizes
21 that there are no “silver bullets” that can imme-
22 diately fix the current acquisition system in a holis-
23 tic and long-standing manner. Therefore, the reform
24 effort will be an ongoing and iterative process that
25 will result in legislation not only this year, but will

1 be embedded in the Committee’s annual and regular
2 work.

3 (b) SENSE OF CONGRESS ON THE TENETS OF AN IM-
4 PROVED ACQUISITION SYSTEM.—It is the sense of Con-
5 gress that all stakeholders in the acquisition system—the
6 Department of Defense, Congress, and industry—should
7 be governed by the following tenets:

8 (1) SUCCESS.—Success in the acquisition sys-
9 tem means the timely delivering of affordable and ef-
10 fective military equipment and services.

11 (2) PROACTIVE.—The acquisition system should
12 be proactive, meaning—

13 (A) the system should recognize that devel-
14 opment and acquisition problems can occur; and

15 (B) officials at all levels should be empow-
16 ered to solve problems and reduce risks by sur-
17 facing issues early and honestly and taking ac-
18 tion to resolve them.

19 (3) AGILE.—The acquisition system should be
20 agile, meaning that needed program adjustments
21 should be proposed and adjudicated quickly.

22 (4) TRANSPARENT.—The acquisition system
23 should be transparent, meaning that—

1 (A) all decisionmakers should be given use-
2 ful, relevant, credible, and reliable information
3 when making commitments;

4 (B) Government and industry communica-
5 tion should be clear and open; and

6 (C) the Department of Defense should
7 produce auditable financial management state-
8 ments.

9 (5) INNOVATIVE.—The acquisition system
10 should be innovative, meaning that barriers should
11 be removed that preclude companies from under-
12 taking defense business or officials from proposing
13 new approaches.

14 **TITLE I—WORKFORCE DEVELOP-**
15 **MENT AND RELATED MAT-**
16 **TERS**

17 **SEC. 101. AMENDMENTS TO DEPARTMENT OF DEFENSE AC-**
18 **QUISITION WORKFORCE DEVELOPMENT**
19 **FUND.**

20 (a) PERMANENT EXTENSION OF FUND.—Section
21 1705(d)(2) of title 10, United States Code, is amended—

22 (1) in subparagraph (C), by striking “of an
23 amount as follows:” and all that follows through the
24 end, and inserting “of an amount of not less than
25 \$500,000,000.”; and

1 (2) in subparagraph (D), by striking “an
2 amount that is less than” and all that follows
3 through the end, and inserting “an amount that is
4 less than \$400,000,000”.

5 (b) PERMANENT EXTENSION OF EXPEDITED HIRING
6 AUTHORITY.—Section 1705(g) of such title is amended—

7 (1) by striking paragraph (2);

8 (2) by striking “AUTHORITY.—” and all that
9 follows through “For purposes of” in paragraph (1)
10 and inserting “AUTHORITY.—For purposes of”;

11 (3) by striking “(A)” and inserting “(1)”; and

12 (4) by striking “(B)” and inserting “(2)”.

13 (c) CLARIFICATION OF ACQUISITION WORKFORCE
14 COVERED.—Section 1705(g) of such title, as amended by
15 subsection (c), is further amended by striking “acquisition
16 workforce positions” and inserting “of positions in the ac-
17 quisition workforce, as defined in subsection (h),”.

18 **SEC. 102. DUAL-TRACK MILITARY PROFESSIONALS IN**
19 **OPERATIONAL AND ACQUISITION SPECIALI-**
20 **TIES.**

21 (a) REQUIREMENT FOR SERVICE CHIEF INVOLVE-
22 MENT.—Section 1722a(a) of title 10, United States Code,
23 is amended by inserting after “military department)” the
24 following: “, in collaboration with the Chief of Staff of the
25 Army, the Chief of Naval Operations, the Chief of Staff

1 of the Air Force, and the Commandant of the Marine
2 Corps (with respect to the Army, Navy, Air Force, and
3 Marine Corps, respectively),”.

4 (b) DUAL-TRACK CAREER PATH.—Section 1722a(b)
5 of such title is amended—

6 (1) by redesignating paragraphs (2) and (3) as
7 paragraphs (3) and (4), respectively;

8 (2) in paragraph (1), by inserting “single-
9 track” before “career path”; and

10 (3) by inserting after paragraph (1) the fol-
11 lowing new paragraph (2):

12 “(2) A dual-track career path that attracts the
13 highest quality officers and enlisted personnel and
14 allows them to gain experience in and receive credit
15 for a primary career in combat arms and a func-
16 tional secondary career in the acquisition field in
17 order to more closely align the military operational,
18 requirements, and acquisition workforces of each
19 armed force.”.

20 **SEC. 103. PROVISION OF JOINT DUTY ASSIGNMENT CREDIT**
21 **FOR ACQUISITION DUTY.**

22 Section 668(a)(1) of title 10, United States Code, is
23 amended—

24 (1) by striking “or” at the end of subparagraph
25 (D);

1 (2) by striking the period at the end of sub-
2 paragraph (E) and inserting “; or”; and

3 (3) by adding at the end the following new sub-
4 paragraph:

5 “(F) acquisition matters addressed by military
6 personnel and covered under chapter 87 of this
7 title.”.

8 **SEC. 104. REQUIREMENT FOR ACQUISITION SKILLS ASSESS-**
9 **MENT BIENNIAL STRATEGIC WORKFORCE**
10 **PLAN.**

11 (a) REQUIREMENT.—Section 115b(b)(1) of title 10,
12 United States Code, is amended—

13 (1) by redesignating subparagraph (D) as sub-
14 paragraph (E);

15 (2) in subparagraph (C), by striking “and” at
16 the end; and

17 (3) by inserting after subparagraph (C) the fol-
18 lowing:

19 “(D) new or expanded critical skills and
20 competencies needed by the existing civilian em-
21 ployee workforce of the Department to address
22 new acquisition process requirements estab-
23 lished by law or policy during the four years
24 preceding the year of submission of the plan;
25 and”.

1 (b) CONFORMING AMENDMENTS.—Section 115b of
2 such title is further amended—

3 (1) in subparagraph (E) of subsection (b)(1), as
4 redesignated by subsection (a)(1), by striking “(C)”
5 and inserting “(D)”;

6 (2) in paragraph (2) of subsection (b), in the
7 matter preceding subparagraph (A), by striking
8 “(1)(D)” and inserting “(1)(E)”; and

9 (3) in paragraph (2)(A) of each of subsections
10 (c), (d), and (e), by striking “through (D)” and in-
11 serting “through (E)”.

12 **SEC. 105. MANDATORY REQUIREMENT FOR TRAINING RE-**
13 **LATED TO THE CONDUCT OF MARKET RE-**
14 **SEARCH.**

15 (a) MANDATORY MARKET RESEARCH TRAINING.—
16 Section 2377 of title 10, United States Code, is amended
17 by adding at the end the following new subsection:

18 “(d) MARKET RESEARCH TRAINING REQUIRED.—
19 The Secretary of Defense shall provide mandatory train-
20 ing for members of the armed forces and employees of the
21 Department of Defense responsible for the conduct of
22 market research required under subsection (c). Such man-
23 datory training shall, at a minimum—

1 “(1) provide comprehensive information on the
2 subject of market research and the function of mar-
3 ket research in the acquisition of commercial items;

4 “(2) teach best practices for conducting and
5 documenting market research; and

6 “(3) provide methodologies for establishing
7 standard processes and reports for collecting and
8 sharing market research across the Department.”.

9 (b) **INCORPORATION INTO MANAGEMENT CERTIFI-**
10 **CATION TRAINING MANDATE.**—The Chairman of the
11 Joint Chiefs of Staff shall ensure that the requirements
12 of section 2377(d) of title 10, United States Code, as
13 added by subsection (a), are incorporated into the require-
14 ments management certification training mandate of the
15 Joint Capabilities Integration Development System.

16 **SEC. 106. INDEPENDENT STUDY OF IMPLEMENTATION OF**
17 **DEFENSE ACQUISITION WORKFORCE IM-**
18 **PROVEMENT EFFORTS.**

19 (a) **REQUIREMENT FOR STUDY.**—Not later than 30
20 days after the date of the enactment of this Act, the Sec-
21 retary of Defense shall enter into a contract with an inde-
22 pendent research entity described in subsection (b) to
23 carry out a comprehensive study of the strategic planning
24 of the Department of Defense related to the defense acqui-
25 sition workforce. The study shall provide a comprehensive

1 examination of the Department's efforts to recruit, de-
2 velop, and retain the acquisition workforce with a specific
3 review of the following:

4 (1) The implementation of the Defense Acquisi-
5 tion Workforce Improvement Act (including chapter
6 87 of title 10, United States Code).

7 (2) The application of the Department of De-
8 fense Acquisition Workforce Development Fund (as
9 established under section 1705 of title 10, United
10 States Code).

11 (3) The effectiveness of professional military
12 education programs, including fellowships and ex-
13 changes with industry.

14 (b) INDEPENDENT RESEARCH ENTITY.—The entity
15 described in this subsection is an independent research en-
16 tity that is a not-for-profit entity or a federally funded
17 research and development center with appropriate exper-
18 tise and analytical capability.

19 (c) REPORTS.—

20 (1) TO SECRETARY.—Not later than one year
21 after the date of the enactment of this Act, the inde-
22 pendent research entity shall provide to the Sec-
23 retary a report containing—

24 (A) the results of the study required by
25 subsection (a); and

1 (B) such recommendations to improve the
2 acquisition workforce as the independent re-
3 search entity considers to be appropriate.

4 (2) TO CONGRESS.—Not later than 30 days
5 after receipt of the report under paragraph (1), the
6 Secretary of Defense shall submit such report, to-
7 gether with any additional views or recommendations
8 of the Secretary, to the congressional defense com-
9 mittees.

10 **TITLE II—WEAPON SYSTEMS AC-**
11 **QUISITION AND RELATED**
12 **MATTERS**

13 **SEC. 201. SENSE OF CONGRESS ON THE DESIRED CHARAC-**
14 **TERISTICS FOR THE WEAPON SYSTEMS AC-**
15 **QUISITION SYSTEM.**

16 (a) FINDINGS.—Congress makes the following find-
17 ings:

18 (1) CURRENT SITUATION.—Despite significant
19 and repeated attempts at acquisition reform, the De-
20 partment of Defense still experiences case after case
21 of expensive weapon system acquisition failures. The
22 Department of Defense has a track record of too
23 many cancellations, schedule slippages, cost over-
24 runs, and failures to deliver timely solutions to the
25 requirements of the Armed Forces. This situation is

1 unacceptable. For example, according to the Final
2 Report of the 2010 Army Acquisition Review, be-
3 tween 1996 and 2010, the Army expended approxi-
4 mately \$1 billion to \$3 billion annually on two dozen
5 programs that were eventually cancelled. No military
6 service and no type of weapon acquisition has been
7 immune.

8 (2) PROBLEMS IN ALL PHASES OF ACQUISI-
9 TIONS.—

10 (A) Despite detailed weapon acquisition
11 processes and procedures, there is only limited
12 discipline in starting programs. Many programs
13 begin without a solid foundation. They have too
14 many requirements deemed “critical”, which
15 are driven by too many organizations and indi-
16 viduals. Approved requirements are often set
17 with only a limited understanding of the tech-
18 nical feasibility of achieving them. The resulting
19 compromises of good program management and
20 engineering judgment that allow the programs
21 to proceed are the “spackle” of the acquisition
22 system that covers up the risks and enables the
23 system to operate.

24 (B) As these weapon systems proceed into
25 engineering and manufacturing development,

1 they often encounter development problems
2 leading to cost growth, schedule delay, and per-
3 formance reductions. Industry and Government
4 officials frequently respond by taking additional
5 development risks to resolve basic performance
6 issues by reducing the time to analyze and as-
7 sess development results, overlapping key devel-
8 opment efforts, and reducing testing. The De-
9 partment of Defense and Congress disrupt the
10 planned funding of stable programs to find re-
11 sources for troubled programs or to fund
12 across-the-board spending cuts. Funding insta-
13 bility is the inevitable price that programs pay
14 for survival because funding disruptions actu-
15 ally keep more programs alive.

16 (C) Finally, these weapons are often
17 rushed into production only to encounter pro-
18 duction problems, and are fielded with many
19 unknowns or deficiencies leading to significantly
20 reduced quantities and force structure reduc-
21 tions. The warfighter faces the challenge of op-
22 erating weapons with poor reliability, high
23 maintenance demands, reduced performance,
24 and many capability shortfalls.

25 (b) SENSE OF CONGRESS.—

1 (1) IN GENERAL.—It is the sense of Congress
2 that, in accordance with the tenets described in sec-
3 tion 3, to improve weapon system acquisitions, the
4 Department of Defense, Congress, and industry
5 should develop an acquisition system characterized
6 by highly disciplined program initiation coupled with
7 agile program execution and balanced oversight, as
8 described in paragraphs (2), (3), and (4).

9 (2) HIGHLY DISCIPLINED PROGRAM INITI-
10 ATION.—An acquisition system characterized by
11 highly disciplined program initiation means that pro-
12 grams do not begin engineering development until
13 firm requirements are matched to a flexible acquisi-
14 tion strategy structured to develop militarily useful
15 capability that can be delivered in a relevant period
16 of time with available technologies, funding, and
17 management capacity. Such a highly disciplined pro-
18 gram initiation includes—

19 (A) a workforce with smart requirements
20 setters and expert buyers, with the knowledge,
21 skills, and experience to successfully plan for
22 and execute highly complex acquisitions;

23 (B) requirements that are well-defined,
24 technically feasible, and affordable;

1 (C) acquisition strategies that are designed
2 to minimize time to market of militarily useful
3 capability, with the program concerned being
4 structured so that—

5 (i) lower-risk, technically mature ca-
6 pabilities are matched to delivering capa-
7 bility to the warfighter in the near term,
8 while remaining requirements are aligned
9 and resources are programmed to support
10 integration into later increments to meet
11 the requirements of the Armed Forces;

12 (ii) capabilities are approved for an
13 increment only when their developmental
14 risks have been appropriately reduced; and

15 (iii) increments are planned to com-
16 plete engineering and manufacturing devel-
17 opment in a reasonable period of time;

18 (D) a science and technology development
19 enterprise that is responsive to the acquisition
20 process before engineering and manufacturing
21 development begins, and sufficiently resourced
22 to reduce risks and enable programs to make
23 smart decisions without losing critical funds;
24 and

1 (E) redtape reduction in order to free up
2 program and Department officials to focus on
3 their mission of defining an executable program
4 and understanding and addressing risks.

5 (3) AGILE PROGRAM EXECUTION.—An acquisi-
6 tion system characterized by agile program execution
7 means a system in which acquisition speed and flexi-
8 bility to make trade-offs are balanced with the need
9 to achieve desired technical performance. Such agile
10 program execution includes—

11 (A) program managers and program offi-
12 cials who are expert buyers and negotiators who
13 anticipate problems, negotiate solutions, and
14 are empowered to manage;

15 (B) a preference for fixed price develop-
16 ment, with program initiation laying the foun-
17 dation in which fixed price contracting is the
18 appropriate contract type for product develop-
19 ment;

20 (C) program managers who avoid increas-
21 ing program risk by resisting the addition of
22 new requirements or the reduction of develop-
23 mental activities;

24 (D) empowering program managers and
25 senior decisionmakers to make decisions easily

1 in order to move forward with capabilities that
2 mature quickly, cancel those that encounter
3 greater difficulties than expected, and trade-off
4 or reduce requirements to maintain cost and
5 schedule;

6 (E) enabling program managers to focus
7 on overcoming execution challenges and deliv-
8 ering success rather than concentrating on com-
9 pliance with reporting, certifications, and other
10 redtape; and

11 (F) senior decisionmakers who have knowl-
12 edge of demonstrated performance as programs
13 proceed through development, with robust de-
14 velopmental testing occurring before committing
15 to production for operational use as a basis for
16 decisionmaking.

17 (4) **BALANCED OVERSIGHT.**—An acquisition
18 system characterized by balanced oversight means
19 that the focus is on ensuring discipline initiating
20 programs and that appropriate adjustments are
21 made during development, so that programs have
22 the best chance to succeed. Such balanced oversight
23 includes—

24 (A) involvement by decisionmakers early to
25 ensure that an understanding of trade-offs,

1 risks, and needs are considered, resourced, and
2 validated, and that agreement is reached be-
3 tween the executive and legislative branches;

4 (B) acceptance by decisionmakers that
5 complex weapon system developments are inher-
6 ently risky and require expertise and flexibility
7 to manage effectively;

8 (C) conscious decisions by decisionmakers
9 regarding where to accept risk, while ensuring
10 that risk mitigation plans are resourced (with
11 time, funding, alternatives, and competent gov-
12 ernment and contractor officials);

13 (D) measuring and monitoring by decision-
14 makers of the right factors, such as technology
15 maturation progress and systems engineering
16 during risk reduction, development cost growth
17 during engineering and manufacturing develop-
18 ment, and reliability growth during system
19 demonstration;

20 (E) work by Congress and the Department
21 of Defense, once a program has begun, to re-
22 solve issues by considering trade-offs among
23 cost, schedule, and performance necessary to
24 best support the warfighter; and

1 (F) congressional understanding of risks
2 and efforts to mitigate such risks even if they
3 are through non-traditional means or other
4 technological advances.

5 **SEC. 202. REVISION TO DUTIES OF THE DEPUTY ASSISTANT**
6 **SECRETARY OF DEFENSE FOR DEVELOP-**
7 **MENTAL TEST AND EVALUATION AND THE**
8 **DEPUTY ASSISTANT SECRETARY OF DEFENSE**
9 **FOR SYSTEMS ENGINEERING.**

10 Section 139b of title 10, United States Code, is
11 amended—

12 (1) in subsection (a)(5)—

13 (A) in subparagraph (B), by striking “re-
14 view and approve or disapprove” and inserting
15 “advise in writing the milestone decision au-
16 thority regarding review and approval of”; and

17 (B) in subparagraph (C), by inserting “in
18 order to advise relevant technical authorities for
19 such programs on the incorporation of best
20 practices for developmental test from across the
21 Department” after “programs”; and

22 (2) in subsection (b)(5)—

23 (A) in subparagraph (B), by striking “re-
24 view and approve” and inserting “advise in

1 writing the milestone decision authority regard-
2 ing review and approval of”; and

3 (B) in subparagraph (C), by inserting “in
4 order to advise relevant technical authorities for
5 such programs on the incorporation of best
6 practices for systems engineering from across
7 the Department” after “programs”.

8 **SEC. 203. ACQUISITION STRATEGY REQUIRED FOR EACH**
9 **MAJOR DEFENSE ACQUISITION PROGRAM**
10 **AND MAJOR SYSTEM.**

11 (a) CONSOLIDATION OF REQUIREMENTS RELATING
12 TO ACQUISITION STRATEGY.—

13 (1) NEW TITLE 10 SECTION.—Chapter 144 of
14 title 10, United States Code, is amended by insert-
15 ing after section 2431 the following new section:

16 **“§ 2431a. Acquisition strategy**

17 “(a) ACQUISITION STRATEGY REQUIRED.—There
18 shall be an acquisition strategy for each major defense ac-
19 quisition program and each major system approved by a
20 Milestone Decision Authority.

21 “(b) RESPONSIBLE OFFICIAL.—For each acquisition
22 strategy required by subsection (a), the Under Secretary
23 of Defense for Acquisition, Technology, and Logistics is
24 responsible for issuing and maintaining the requirements
25 for—

1 “(1) the content of the strategy; and

2 “(2) the review and approval process for the
3 strategy.

4 “(c) CONSIDERATIONS.—(1) In issuing requirements
5 for the content of an acquisition strategy for a major de-
6 fense acquisition program or major system, the Under
7 Secretary shall ensure that—

8 “(A) the strategy clearly describes the proposed
9 business and technical management approach for the
10 program or system, in sufficient detail to allow the
11 Milestone Decision Authority to assess the viability
12 of the proposed approach;

13 “(B) the strategy contains a clear explanation
14 of how the strategy is designed to be implemented
15 with available resources, such as time, funding, and
16 management capacity; and

17 “(C) the strategy considers the items listed in
18 paragraph (2).

19 “(2) Each strategy shall, at a minimum, consider the
20 following:

21 “(A) An approach that delivers required capa-
22 bility in increments, each depending on available ma-
23 ture technology, and that recognizes up front the
24 need for future capability improvements.

1 “(B) Acquisition approach, including industrial
2 base considerations in accordance with section 2440
3 of this title.

4 “(C) Risk management, including such methods
5 as competitive prototyping at the system, subsystem,
6 or component level, in accordance with section
7 2431b of this title.

8 “(D) Business strategy, including measures to
9 ensure competition at the system and subsystem
10 level throughout the life-cycle of the program or sys-
11 tem in accordance with section 2337 of this title.

12 “(E) Contracting strategy, including—

13 “(i) contract type and how the type se-
14 lected relates to level of program risk in each
15 acquisition phase;

16 “(ii) how the plans for the program or sys-
17 tem to reduce risk enable the use of fixed-price
18 elements in subsequent contracts and the tim-
19 ing of the use of those fixed price elements;

20 “(iii) market research; and

21 “(iv) consideration of small business par-
22 ticipation.

23 “(F) Intellectual property strategy in accord-
24 ance with section 2320 of this title.

1 “(G) International involvement, including for-
2 eign military sales and cooperative opportunities, in
3 accordance with section 2350a of this title.

4 “(H) Multi-year procurement in accordance
5 with section 2306b of this title.

6 “(I) Integration of current intelligence assess-
7 ments into the acquisition process.

8 “(d) REVIEW.—(1) Subject to the authority, direc-
9 tion, and control of the Under Secretary of Defense for
10 Acquisition, Technology, and Logistics, the Milestone De-
11 cision Authority shall review and approve, as appropriate,
12 the acquisition strategy for a major defense acquisition
13 program or major system at each of the following times:

14 “(A) Milestone A approval.

15 “(B) The decision to release the request
16 for proposals for development of the program or
17 system.

18 “(C) Milestone B approval.

19 “(D) Each subsequent milestone.

20 “(E) Review of any decision to enter into
21 full-rate production.

22 “(F) When there has been—

23 “(i) a significant change to the cost of
24 the program or system;

1 “(ii) a critical change to the cost of
2 the program or system;

3 “(iii) a significant change to the
4 schedule of the program or system; or

5 “(iv) a significant change to the per-
6 formance of the program or system.

7 “(G) Any other time considered relevant by
8 the Milestone Decision Authority.

9 “(2) If the Milestone Decision Authority revises an
10 acquisition strategy for a program or system, the Mile-
11 stone Decision Authority shall provide notice of the revi-
12 sion to the congressional defense committees.

13 “(e) DEFINITIONS.—In this section:

14 “(1) The term ‘major defense acquisition pro-
15 gram’ has the meaning provided in section 2430 of
16 this title.

17 “(2) The term ‘major system’ has the meaning
18 provided in section 2302(5) of this title.

19 “(3) The term ‘Milestone A approval’ means a
20 decision to enter into technology maturation and
21 risk reduction pursuant to guidance prescribed by
22 the Secretary of Defense for the management of De-
23 partment of Defense acquisition programs.

24 “(4) The term ‘Milestone B approval’ has the
25 meaning provided in section 2366(e)(7) of this title.

1 “(5) The term ‘Milestone Decision Authority’,
2 with respect to a major defense acquisition program
3 or major system, means the official within the De-
4 partment of Defense designated with the overall re-
5 sponsibility and authority for acquisition decisions
6 for the program or system, including authority to
7 approve entry of the program or system into the
8 next phase of the acquisition process.

9 “(6) The term ‘management capacity’, with re-
10 spect to a major defense acquisition program or
11 major system, means the capacity to manage the
12 program or system through the use of highly quali-
13 fied organizations and personnel with appropriate
14 experience, knowledge, and skills.

15 “(7) The term ‘significant change to the cost’,
16 with respect to a major defense acquisition program
17 or major system, means a significant cost growth
18 threshold, as that term is defined in section
19 2433(a)(4) of this title.

20 “(8) The term ‘critical change to the cost’, with
21 respect to a major defense acquisition program or
22 major system, means a critical cost growth thresh-
23 old, as that term is defined in section 2433(a)(5) of
24 this title.

1 “(9) The term ‘significant change to the sched-
2 ule’, with respect to a major defense acquisition pro-
3 gram or major system, means any schedule delay
4 greater than six months in a reported event.

5 “(f) SUBMISSION TO CONGRESSIONAL COMMIT-
6 TEES.—Upon request by the chairman or ranking member
7 of the Committee on Armed Services of the Senate or the
8 House of Representatives, the Secretary of Defense shall
9 submit to the committee the most recently approved acqui-
10 sition strategy for a major defense acquisition program or
11 major system. The strategy shall be submitted in unclassi-
12 fied form but may include a classified annex.”.

13 (2) CLERICAL AMENDMENT.—The table of sec-
14 tions at the beginning of such chapter is amended
15 by inserting after the item relating to section 2431
16 the following new item:

“2431a. Acquisition strategy.”.

17 (b) ADDITIONAL AMENDMENTS.—

18 (1) Section 2350a(e) of such title is amended—

19 (A) in the subsection heading, by striking
20 “DOCUMENT”;

21 (B) in paragraph (1), by striking “the
22 Under Secretary of Defense for” and all that
23 follows through “of the Board” and inserting
24 “opportunities for such cooperative research

1 and development shall be addressed in the ac-
2 quisition strategy for the project”; and

3 (C) in paragraph (2)—

4 (i) in the matter preceding subpara-
5 graph (A)—

6 (I) by striking “document” and
7 inserting “discussion”; and

8 (II) by striking “include” and in-
9 serting “consider”;

10 (ii) in subparagraph (A), by striking
11 “A statement indicating whether” and in-
12 serting “Whether”;

13 (iii) in subparagraph (B)—

14 (I) by striking “by the Under
15 Secretary of Defense for Acquisition,
16 Technology, and Logistics”; and

17 (II) by striking “of the United
18 States under consideration by the De-
19 partment of Defense”; and

20 (iv) in subparagraph (D), by striking
21 “The recommendation of the Under Sec-
22 retary” and inserting “A recommendation
23 to the Milestone Decision Authority”.

1 (2) Section 803 of the Bob Stump National De-
2 fense Authorization Act for Fiscal Year 2003 (Pub-
3 lic Law 107–314; 10 U.S.C. 2430 note) is repealed.

4 **SEC. 204. REVISION TO REQUIREMENTS RELATING TO RISK**
5 **MANAGEMENT IN DEVELOPMENT OF MAJOR**
6 **DEFENSE ACQUISITION PROGRAMS AND**
7 **MAJOR SYSTEMS.**

8 (a) RISK MANAGEMENT AND MITIGATION REQUIRE-
9 MENTS.—

10 (1) IN GENERAL.—Chapter 144 of title 10,
11 United States Code, is amended by inserting after
12 section 2431a (as added by section 203) the fol-
13 lowing new section:

14 **“§ 2431b. Risk management and mitigation in major**
15 **defense acquisition programs and major**
16 **systems**

17 “(a) REQUIREMENT.—(1) There shall be a risk man-
18 agement and mitigation strategy for each major defense
19 acquisition program or major system.

20 “(2) The Secretary of Defense shall ensure that the
21 initial acquisition strategy (required under section 2431a
22 of this title) approved by the Milestone Decision Authority
23 and any subsequent revisions include the following:

1 “(A) A comprehensive strategy for managing
2 and mitigating risk (including technical, cost, and
3 schedule risk) during each of the following periods:

4 “(i) The period preceding engineering
5 manufacturing development, or its equivalent.

6 “(ii) The period preceding initial produc-
7 tion.

8 “(iii) The period preceding full-rate pro-
9 duction.

10 “(B) An identification of the major sources of
11 risk in each of the periods listed in subparagraph
12 (A).

13 “(3) In the case of a program or system with separate
14 increments of capabilities that require Milestone Decision
15 Authority approval to begin or proceed, paragraphs (1)
16 and (2) shall apply to each increment.

17 “(b) STRATEGY TO MANAGE AND MITIGATE
18 RISKS.—(1) The comprehensive strategy to manage and
19 mitigate risk included in the acquisition strategy for pur-
20 poses of subsection (a)(2)(A) shall identify each individual
21 risk and the risk management and mitigation activities to
22 address each risk. For the mitigation activities identified,
23 the strategy shall note whether they require cost and
24 schedule margins and need to be included in funding re-
25 quests.

1 “(2) The comprehensive strategy shall include the
2 role and extent of the following:

3 “(A) Prototyping (including prototyping at the
4 system, subsystem, or component level and competi-
5 tive prototyping, where appropriate) and, if proto-
6 typing at either the system, subsystem, or compo-
7 nent level is not used, an explanation of why it is
8 not appropriate.

9 “(B) Modeling and simulation, the areas that
10 modeling and simulation will assess, and identifica-
11 tion of the need for development of any new mod-
12 eling and simulation tools in order to support the
13 comprehensive strategy.

14 “(C) Technology demonstrations and decision
15 points for disciplined transition of planned tech-
16 nologies into programs or the selection of alternative
17 technologies.

18 “(D) Multiple design approaches.

19 “(E) Alternative designs, including any designs
20 that meet requirements but do so with reduced per-
21 formance.

22 “(F) Phasing of program activities or related
23 technology development efforts in order to address
24 high risk areas as early as feasible.

1 “(c) DEFINITIONS.—In this section, the terms ‘major
2 defense acquisition program’ and ‘major system’ have the
3 meanings provided in section 2431a of this title.”.

4 (2) CLERICAL AMENDMENT.—The table of sec-
5 tions at the beginning of such chapter is amended
6 by inserting after the item relating to section 2431a,
7 as so added, the following new item:

“2431b. Risk management and mitigation in major defense acquisition programs
and major systems.”.

8 (b) REPEAL OF SUPERSEDED PROVISION.—Section
9 203 of the Weapon Systems Acquisition Reform Act of
10 2009 (10 U.S.C. 2430 note) is repealed.

11 **SEC. 205. MODIFICATION TO REQUIREMENTS RELATING TO**
12 **DETERMINATION OF CONTRACT TYPE FOR**
13 **MAJOR DEFENSE ACQUISITION PROGRAMS**
14 **AND MAJOR SYSTEMS.**

15 (a) DETERMINATION OF CONTRACT TYPE.—Section
16 2306 of title 10, United States Code, is amended by add-
17 ing at the end the following new subsection:

18 “(i) REQUIRED ELEMENTS OF GUIDANCE RELATING
19 TO CONTRACT TYPE.—(1) The Secretary of Defense shall
20 ensure that the guidance of the Department of Defense
21 relating to major defense acquisition programs, major sys-
22 tems, and major automated information systems includes
23 a requirement that the acquisition strategy required under

1 section 2431a of this title for such a program or system
2 includes—

3 “(A) a separate identification of the contract
4 type for each acquisition phase of the program or
5 system; and

6 “(B) a justification of the contract type identi-
7 fied.

8 “(2) The contract type identified in accordance with
9 paragraph (1)(A) may be—

10 “(A) a fixed-price type contract (including a
11 fixed-price incentive contract); or

12 “(B) a cost-type contract (including a cost-plus-
13 incentive-fee contract).

14 “(3) The guidance referred to in paragraph (1) shall
15 require that the justification for the contract type selected
16 explain—

17 “(A) how the level of program risk in each ac-
18 quisition phase relates to the contract type selected;

19 “(B) how the use of incentives (especially cost
20 incentives) in the contract, if any, supports the pro-
21 gram or system objectives during each acquisition
22 phase; and

23 “(C) how the plans for the program or system
24 to reduce risk enable the use of fixed-price elements
25 in subsequent contracts.

1 “(4) The guidance shall also specify that the use of
2 contracts with target costs, target profits or fees, and
3 profit or fee adjustment formulas can be an appropriate
4 contract type.”.

5 (b) REPEAL.—Section 818 of the John Warner Na-
6 tional Defense Authorization Act for Fiscal Year 2007
7 (Public Law 109–364; 10 U.S.C. 2306 note) is amended
8 by striking subsections (b), (c), (d), and (e).

9 **SEC. 206. REQUIRED DETERMINATION BEFORE MILESTONE**
10 **A APPROVAL OR INITIATION OF MAJOR DE-**
11 **FENSE ACQUISITION PROGRAMS.**

12 (a) DETERMINATION RATHER THAN CERTIFICATION
13 REQUIRED.—Subsection (a) of section 2366a of title 10,
14 United States Code, is amended—

15 (1) in the subsection heading, by striking “CER-
16 TIFICATION” and inserting “WRITTEN DETERMINA-
17 TION REQUIRED”; and

18 (2) in the matter preceding paragraph (1), by
19 striking “certifies” and inserting “determines, in
20 writing,”.

21 (b) SUBMISSION OF WRITTEN DETERMINATION TO
22 CONGRESS.—Subsection (b) of such section is amended to
23 read as follows:

24 “(b) SUBMISSION TO CONGRESS.—At the request of
25 any of the congressional defense committees, the Secretary

1 of Defense shall submit to the committee an explanation
2 of the basis for a determination made under subsection
3 (a) with respect to a major defense acquisition program,
4 together with a copy of the written determination. The ex-
5 planation shall be submitted in unclassified form, but may
6 include a classified annex.”.

7 (c) REPEAL OF UNUSED DEFINITIONS.—Subsection
8 (c) of such section is amended—

9 (1) by striking paragraphs (2) and (4); and
10 (2) by redesignating paragraphs (3), (5), (6),
11 and (7) as paragraphs (2), (3), (4), and (5), respec-
12 tively.

13 (d) CLERICAL AMENDMENTS.—

14 (1) SECTION HEADING.—The heading of section
15 2366a of title 10, United States Code, is amended
16 to read as follows:

17 **“§ 2366a. Major defense acquisition programs: deter-**
18 **mination required before Milestone A ap-**
19 **proval”.**

20 (2) TABLE OF SECTIONS.—The table of sections
21 at the beginning of chapter 139 of such title is
22 amended by striking the item relating to section
23 2366a and inserting the following new item:

“2366a. Major defense acquisition programs: determination required before
Milestone A approval.”.

1 **SEC. 207. REQUIRED CERTIFICATION AND DETERMINATION**
2 **BEFORE MILESTONE B APPROVAL OF MAJOR**
3 **DEFENSE ACQUISITION PROGRAMS.**

4 (a) DETERMINATION REQUIRED IN ADDITION TO
5 CERTIFICATION.—Subsection (a) of section 2366b of title
6 10, United States Code, is amended—

7 (1) in the subsection heading, by striking “CER-
8 TIFICATION” and inserting “CERTIFICATION AND
9 DETERMINATION REQUIRED”;

10 (2) by redesignating paragraph (4) as para-
11 graph (5); and

12 (3) by striking “(3) further certifies that—”
13 and inserting the following:

14 “(3) further certifies that the technology in the
15 program has been demonstrated in a relevant envi-
16 ronment, as determined by the Milestone Decision
17 Authority on the basis of an independent review and
18 assessment by the Assistant Secretary of Defense
19 for Research and Engineering, in consultation with
20 the Deputy Assistant Secretary of Defense for De-
21 velopmental Test and Evaluation;

22 “(4) determines, in writing, that—”.

23 (b) SUBMISSION OF WRITTEN DETERMINATION TO
24 CONGRESS.—Subsection (c) of such section is amended by
25 adding at the end the following new paragraph:

1 “(3) At the request of any of the congressional de-
2 fense committees, the Secretary of Defense shall submit
3 to the committee an explanation of the basis for a deter-
4 mination made under subsection (a)(4) with respect to a
5 major defense acquisition program, together with a copy
6 of the written determination. The explanation shall be sub-
7 mitted in unclassified form, but may include a classified
8 annex.”.

9 (c) NATIONAL SECURITY WAIVER.—Subsection (d) of
10 such section is amended—

11 (1) in paragraph (1), by striking “certification
12 requirement” and inserting “certification and deter-
13 mination requirements”; and

14 (2) in paragraph (2)—

15 (A) in the matter preceding subparagraph
16 (A) and in subparagraph (A), by inserting
17 “waiver” before “determination” each place it
18 appears; and

19 (B) in subparagraph (B), by striking “cer-
20 tification components” both places it appears
21 and inserting “certification and determination
22 components”.

23 (d) CONFORMING AMENDMENTS.—Section 2366b of
24 title 10, United States Code, is further amended—

1 (1) in subsection (b)(1), by striking “paragraph
2 (1) or (2) of subsection (a)” and inserting “para-
3 graph (1), (2), or (3) of subsection (a)”;

4 (2) in subsection (d)(1), by striking “paragraph
5 (1), (2), or (3) of subsection (a)” and inserting
6 “paragraph (1), (2), (3), or (4) of subsection (a)”;
7 and

8 (3) in subsection (d)(2)(B), by striking “para-
9 graphs (1), (2), and (3) of subsection (a)” and in-
10 sserting “paragraphs (1), (2), (3), and (4) of sub-
11 section (a)”.

12 (e) CLERICAL AMENDMENTS.—

13 (1) SECTION HEADING.—The heading of section
14 2366b of title 10, United States Code, is amended
15 to read as follows:

16 **“§ 2366b. Major defense acquisition programs: certifi-
17 cation and determination required before
18 Milestone B approval”.**

19 (2) TABLE OF SECTIONS.—The table of sections
20 at the beginning of chapter 139 of such title is
21 amended by striking the item relating to section
22 2366b and inserting the following new item:

“2366b. Major defense acquisition programs: certification and determination re-
quired before Milestone B approval.”.

1 **TITLE III—SERVICES CON-**
2 **TRACTING AND RELATED**
3 **MATTERS**

4 **SEC. 301. EXAMINATION AND GUIDANCE RELATING TO**
5 **OVERSIGHT AND APPROVAL OF SERVICES**
6 **CONTRACTS.**

7 Not later than September 15, 2015, the Under Sec-
8 retary of Defense for Acquisition, Technology, and Logis-
9 ties shall—

10 (1) complete an examination of the decision au-
11 thority related to acquisition of services; and

12 (2) develop and issue guidance to improve capa-
13 bilities and processes related to requirements devel-
14 opment and source selection for, and oversight and
15 management of, services contracts.

16 **TITLE IV—INFORMATION TECH-**
17 **NOLOGY ACQUISITIONS AND**
18 **RELATED MATTERS**

19 **SEC. 401. STREAMLINING OF REQUIREMENTS RELATING TO**
20 **DEFENSE BUSINESS SYSTEMS.**

21 (a) IN GENERAL.—

22 (1) REVISION.—Section 2222 of title 10,
23 United States Code, is amended to read as follows:

1 **“§ 2222. Defense business systems: business process**
2 **reengineering; enterprise architecture;**
3 **management**

4 “(a) DEFENSE BUSINESS SYSTEMS GENERALLY.—
5 The Secretary of Defense shall ensure that each covered
6 defense business system developed, deployed, and operated
7 by the Department of Defense—

8 “(1) supports efficient business processes that
9 have been reviewed, and as appropriate revised,
10 through business process reengineering;

11 “(2) is integrated into a comprehensive defense
12 business enterprise architecture; and

13 “(3) is managed in a manner that provides visi-
14 bility into, and traceability of, expenditures for the
15 system.

16 “(b) ISSUANCE OF GUIDANCE.—

17 “(1) SECRETARY OF DEFENSE GUIDANCE.—
18 The Secretary shall issue guidance to provide for the
19 coordination of, and decisionmaking for, the plan-
20 ning, programming, and control of investments in
21 covered defense business systems.

22 “(2) SUPPORTING GUIDANCE.—The Secretary
23 shall direct the Deputy Chief Management Officer of
24 the Department of Defense, the Under Secretary of
25 Defense for Acquisition, Technology, and Logistics,
26 the Chief Information Officer, and the Chief Man-

1 agement Officer of each of the military departments
2 to issue and maintain supporting guidance, as ap-
3 propriate, for the guidance of the Secretary issued
4 under paragraph (1).

5 “(c) GUIDANCE ELEMENTS.—The guidance issued
6 under subsection (b)(1) shall include the following ele-
7 ments:

8 “(1) Policy to ensure that the business proc-
9 esses of the Department of Defense are continuously
10 reviewed and revised—

11 “(A) to implement the most streamlined
12 and efficient business processes practicable; and

13 “(B) to enable the use of commercial off-
14 the-shelf business systems with the fewest
15 changes necessary to accommodate require-
16 ments and interfaces that are unique to the De-
17 partment of Defense.

18 “(2) A process to establish requirements for
19 covered defense business systems.

20 “(3) Mechanisms for the planning and control
21 of investments in covered defense business systems,
22 including a process for the collection and review of
23 programming and budgeting information for covered
24 defense business systems.

1 “(4) Policy requiring the periodic review of cov-
2 ered defense business systems that have been fully
3 deployed, by portfolio, to ensure that investments in
4 such portfolios are appropriate.

5 “(d) DEFENSE BUSINESS ENTERPRISE ARCHITEC-
6 TURE.—

7 “(1) BLUEPRINT.—The Secretary, working
8 through the Deputy Chief Management Officer of
9 the Department of Defense, shall develop and main-
10 tain a blueprint to guide the development of inte-
11 grated business processes within the Department of
12 Defense. Such blueprint shall be known as the ‘de-
13 fense business enterprise architecture’.

14 “(2) PURPOSE.—The defense business enter-
15 prise architecture shall be sufficiently defined to ef-
16 fectively guide implementation of interoperable de-
17 fense business system solutions and shall be con-
18 sistent with the policies and procedures established
19 by the Director of the Office of Management and
20 Budget.

21 “(3) ELEMENTS.—The defense business enter-
22 prise architecture shall—

23 “(A) include policies, procedures, business
24 data standards, business performance measures,
25 and business information requirements that

1 apply uniformly throughout the Department of
2 Defense; and

3 “(B) enable the Department of Defense
4 to—

5 “(i) comply with all applicable law, in-
6 cluding Federal accounting, financial man-
7 agement, and reporting requirements;

8 “(ii) routinely produce verifiable,
9 timely, accurate, and reliable business and
10 financial information for management pur-
11 poses; and

12 “(iii) integrate budget, accounting,
13 and program information and systems.

14 “(4) INTEGRATION INTO INFORMATION TECH-
15 NOLOGY ARCHITECTURE.—(A) The defense business
16 enterprise architecture shall be integrated into the
17 information technology enterprise architecture re-
18 quired under subparagraph (B).

19 “(B) The Chief Information Officer of the De-
20 partment of Defense shall develop an information
21 technology enterprise architecture. The architecture
22 shall describe a plan for improving the information
23 technology and computing infrastructure of the De-
24 partment of Defense, including for each of the major

1 business processes conducted by the Department of
2 Defense.

3 “(e) DEFENSE BUSINESS COUNCIL.—

4 “(1) REQUIREMENT FOR COUNCIL.—The Sec-
5 retary shall establish a Defense Business Council to
6 provide advice to the Secretary on developing the de-
7 fense business enterprise architecture, reengineering
8 the Department’s business processes, and require-
9 ments for defense business systems. The Council
10 shall be chaired by the Deputy Chief Management
11 Officer and the Chief Information Officer of the De-
12 partment of Defense.

13 “(2) MEMBERSHIP.—The membership of the
14 Council shall include the following:

15 “(A) The Chief Management Officers of
16 the military departments, or their designees.

17 “(B) The following officials of the Depart-
18 ment of Defense, or their designees:

19 “(i) The Under Secretary of Defense
20 for Acquisition, Technology, and Logistics
21 with respect to acquisition, logistics, and
22 installations management processes.

23 “(ii) The Under Secretary of Defense
24 (Comptroller) with respect to financial

1 management and planning and budgeting
2 processes.

3 “(iii) The Under Secretary of Defense
4 for Personnel and Readiness with respect
5 to human resources management pro-
6 cesses.

7 “(f) APPROVALS REQUIRED FOR DEVELOPMENT.—

8 “(1) INITIAL APPROVAL REQUIRED.—The Sec-
9 retary shall ensure that a covered defense business
10 system program cannot proceed into development
11 (or, if no development is required, into production or
12 fielding) unless the appropriate approval official (as
13 specified in paragraph (2)) approves the program by
14 determining that the covered defense business sys-
15 tem concerned—

16 “(A) supports a business process that has
17 been, or is being as a result of the acquisition
18 program, reengineered to be as streamlined and
19 efficient as practicable consistent with the guid-
20 ance issued pursuant to subsection (b), includ-
21 ing business process mapping;

22 “(B) is in compliance with the defense
23 business enterprise architecture developed pur-
24 suant to subsection (d) or will be in compliance
25 as a result of modifications planned;

1 “(C) has valid, achievable requirements;
2 and

3 “(D) is in compliance with the Depart-
4 ment’s auditability requirements.

5 “(2) APPROPRIATE OFFICIAL.—For purposes of
6 paragraph (1), the appropriate approval official with
7 respect to a covered defense business system is the
8 following:

9 “(A) In the case of a system of a military
10 department, the Chief Management Officer of
11 that military department.

12 “(B) In the case of a system of a Defense
13 Agency or Defense Field Activity or a system
14 that will support the business process of more
15 than one military department or Defense Agen-
16 cy or Defense Field Activity, the Deputy Chief
17 Management Officer of the Department of De-
18 fense.

19 “(C) In the case of any system, such offi-
20 cial other than the applicable official under sub-
21 paragraph (A) or (B) as the Secretary des-
22 ignates for such purpose.

23 “(3) ANNUAL CERTIFICATION.—For any fiscal
24 year in which funds are expended for development
25 pursuant to a covered defense business system pro-

1 gram, the Defense Business Council shall review the
2 system and certify (or decline to certify as the case
3 may be) that it continues to satisfy the requirements
4 of paragraph (1). If the Council determines that cer-
5 tification cannot be granted, the chairman of the
6 Council shall notify the appropriate approval official
7 and the acquisition Milestone Decision Authority for
8 the program and provide a recommendation for cor-
9 rective action.

10 “(4) OBLIGATION OF FUNDS IN VIOLATION OF
11 REQUIREMENTS.—The obligation of Department of
12 Defense funds for a covered defense business system
13 program that has not been certified in accordance
14 with paragraph (3) is a violation of section
15 1341(a)(1)(A) of title 31.

16 “(g) RESPONSIBILITY OF MILESTONE DECISION AU-
17 THORITY.—The Secretary shall ensure that, as part of the
18 defense acquisition system, the requirements of this sec-
19 tion are fully addressed by the Milestone Decision Author-
20 ity for a covered defense business system program as ac-
21 quisition process approvals are considered for such system.

22 “(h) ANNUAL REPORT.—Not later than March 15 of
23 each year from 2016 through 2020, the Secretary shall
24 submit to the congressional defense committees a report

1 on activities of the Department of Defense pursuant to
2 this section. Each report shall include the following:

3 “(1) A description of actions taken and planned
4 with respect to the guidance required by subsection
5 (b) and the defense business enterprise architecture
6 developed pursuant to subsection (d).

7 “(2) A description of actions taken and planned
8 for the reengineering of business processes by the
9 Defense Business Council established pursuant to
10 subsection (e).

11 “(3) A summary of covered defense business
12 system funding and covered defense business sys-
13 tems approved pursuant to subsection (f).

14 “(4) Identification of any covered defense busi-
15 ness system program that during the preceding fis-
16 cal year was reviewed and not approved pursuant to
17 subsection (f) and the reasons for the lack of ap-
18 proval.

19 “(5) Identification of any covered defense busi-
20 ness system program that during the preceding fis-
21 cal year failed to achieve initial operational capa-
22 bility within five years after the date the program
23 received Milestone B approval.

1 “(6) For any program identified under para-
2 graph (5), a description of the plan to address the
3 issues that caused the failure.

4 “(7) A discussion of specific improvements in
5 business operations and cost savings resulting from
6 successful covered defense business systems pro-
7 grams.

8 “(8) A copy of the most recent report of the
9 Chief Management Officer of each military depart-
10 ment on implementation of business transformation
11 initiatives by such military department in accordance
12 with section 908 of the Duncan Hunter National
13 Defense Authorization Act for Fiscal Year 2009
14 (Public Law 110–417; 122 Stat. 4569; 10 U.S.C.
15 2222 note).

16 “(i) DEFINITIONS.—In this section:

17 “(1)(A) DEFENSE BUSINESS SYSTEM.—The
18 term ‘defense business system’ means an informa-
19 tion system that is operated by, for, or on behalf of
20 the Department of Defense, including any of the fol-
21 lowing:

22 “(i) A financial system.

23 “(ii) A financial data feeder system.

24 “(iii) A contracting system.

25 “(iv) A logistics system.

1 “(v) A planning and budgeting sys-
2 tem.

3 “(vi) An installations management
4 system.

5 “(vii) A human resources manage-
6 ment system.

7 “(viii) A training and readiness sys-
8 tem.

9 “(B) The term does not include—

10 “(i) a national security system; or

11 “(ii) an information system used ex-
12 clusively by and within the defense com-
13 missary system or the exchange system or
14 other instrumentality of the Department of
15 Defense conducted for the morale, welfare,
16 and recreation of members of the armed
17 forces using nonappropriated funds.

18 “(2) COVERED DEFENSE BUSINESS SYSTEM.—

19 The term ‘covered defense business system’ means a
20 defense business system that is expected to have a
21 total amount of budget authority, over the period of
22 the current future-years defense program submitted
23 to Congress under section 221 of this title, in excess
24 of the threshold established for the use of special

1 simplified acquisition procedures pursuant to section
2 2304(g)(1)(B) of this title.

3 “(3) COVERED DEFENSE BUSINESS SYSTEM
4 PROGRAM.—The term ‘covered defense business sys-
5 tem program’ means a defense acquisition program
6 to develop and field a covered defense business sys-
7 tem or an increment of a covered defense business
8 system.

9 “(4) ENTERPRISE ARCHITECTURE.—The term
10 ‘enterprise architecture’ has the meaning given that
11 term in section 3601(4) of title 44.

12 “(5) INFORMATION SYSTEM.—The term ‘infor-
13 mation system’ has the meaning given that term in
14 section 11101 of title 40.

15 “(6) NATIONAL SECURITY SYSTEM.—The term
16 ‘national security system’ has the meaning given
17 that term in section 3542(b)(2) of title 44.

18 “(7) MILESTONE DECISION AUTHORITY.—The
19 term ‘Milestone Decision Authority’, with respect to
20 a defense acquisition program, means the individual
21 within the Department of Defense designated with
22 the responsibility to grant milestone approvals for
23 that program.

24 “(8) BUSINESS PROCESS MAPPING.—The term
25 ‘business process mapping’ means a procedure in

1 which the steps in a business process are clarified
 2 and documented in both written form and in a flow
 3 chart.”.

4 (2) CLERICAL AMENDMENT.—The table of sec-
 5 tions at the beginning of such chapter is amended
 6 by adding at the end the following new item:

“2222. Defense business systems: business process reengineering; enterprise ar-
 chitecture; management.”.

7 (b) DEADLINE FOR GUIDANCE.—The guidance re-
 8 quired by subsection (b)(1) of section 2222 of title 10,
 9 United States Code, as amended by subsection (a)(1),
 10 shall be issued not later than December 31, 2016.

11 (c) REPEAL.—Section 811 of the John Warner Na-
 12 tional Defense Authorization Act for Fiscal Year 2007
 13 (Public Law 109–364; 10 U.S.C. 2222 note) is repealed.

14 **TITLE V—INDUSTRIAL BASE**
 15 **MATTERS**

16 **SEC. 501. CODIFICATION AND AMENDMENT OF MENTOR-**
 17 **PROTEGE PROGRAM.**

18 (a) IN GENERAL.—Section 831 of the National De-
 19 fense Authorization Act for Fiscal Year 1991 (Public Law
 20 101–510; 104 Stat. 1607; 10 U.S.C. 2302 note) is trans-
 21 ferred to chapter 137 of title 10, United States Code, in-
 22 serted so as to appear after section 2323a, redesignated
 23 as section 2323b, and amended—

1 (1) by amending the section heading to read as
2 follows:

3 **“§ 2323b. Mentor-Protege Program”;**

4 (2) by striking “pilot” each place such term ap-
5 pears;

6 (3) by amending subsection (e)(1) to read as
7 follows:

8 “(1) A developmental program for the protege
9 firm, in such detail as may be reasonable, includ-
10 ing—

11 “(A) factors to assess the protege firm’s
12 developmental progress under the program; and

13 “(B) the anticipated number and type of
14 subcontracts to be awarded to the protege
15 firm.”;

16 (4) in subsection (g)(2)(B), by striking “under
17 subsection (l)(2)”;

18 (5) in subsection (h)(1), by inserting “(15
19 U.S.C. 631 et seq.)” after “Small Business Act”;

20 (6) by striking subsection (j) and redesignating
21 subsections (k) and (l) as subsections (j) and (k), re-
22 spectively;

23 (7) by amending subsection (j) (as so redesign-
24 nated) to read as follows:

1 “(j) REGULATIONS.—The regulations implementing
2 the Mentor-Protege Pilot Program established under sec-
3 tion 831 of the National Defense Authorization Act for
4 Fiscal Year 1991 (Public Law 101–510; 104 Stat. 1607;
5 10 U.S.C. 2302 note) as in effect on March 25, 2015,
6 shall apply to this section. The Secretary of Defense may
7 revise such regulations or prescribe additional regulations
8 necessary to carry out this section. The Department of
9 Defense policy regarding the Mentor-Protege Program
10 shall be published and maintained as an appendix to the
11 Department of Defense Supplement to the Federal Acqui-
12 sition Regulation.”;

13 (8) by striking “prescribed pursuant to sub-
14 section (k)” each place such term appears and in-
15 sserting “described in subsection (j)”; and

16 (9) in subsection (k) (as so redesignated)—

17 (A) in paragraph (1), by striking “means
18 a business concern that meets the requirements
19 of section 3(a) of the Small Business Act (15
20 U.S.C. 632(a)) and the regulations promulgated
21 pursuant thereto” and inserting “has the mean-
22 ing given such term under section 3 of the
23 Small Business Act (15 U.S.C. 632)”;

24 (B) in paragraph (2)—

1 (i) in subparagraph (D), by striking
 2 “the severely disabled” and inserting “se-
 3 verely disabled individuals”; and

4 (ii) in subparagraph (G), by inserting
 5 “(15 U.S.C. 632(p))” after “Small Busi-
 6 ness Act”;

7 (C) in paragraph (4), by striking “of title
 8 10, United States Code” and inserting “of this
 9 title”; and

10 (D) by amending paragraph (8) to read as
 11 follows:

12 “(8) The term ‘severely disabled individual’
 13 means an individual who is blind (as defined in sec-
 14 tion 8501 of title 41) or a severely disabled indi-
 15 vidual (as defined in such section).”.

16 (b) CLERICAL AMENDMENT.—The table of sections
 17 at the beginning of such chapter is amended by inserting
 18 after the item relating to section 2323a the following new
 19 item:

“2323b. Mentor-Protege Program.”.

20 **SEC. 502. AMENDMENTS TO DATA QUALITY IMPROVEMENT**

21 **PLAN.**

22 (a) IN GENERAL.—Section 15(s) of the Small Busi-
 23 ness Act (15 U.S.C. 644(s)) is amended—

24 (1) by redesignating paragraph (4) as para-
 25 graph (6); and

1 (2) by inserting after paragraph (3) the fol-
2 lowing new paragraphs:

3 “(4) IMPLEMENTATION.—Not later than the
4 first day of fiscal year 2017, the Administrator of
5 the Small Business Administration shall implement
6 the plan described in this subsection.

7 “(5) CERTIFICATION.—The Administrator shall
8 annually provide to the Committee on Small Busi-
9 ness of the House of Representatives and the Com-
10 mittee on Small Business and Entrepreneurship of
11 the Senate a certification of the accuracy and com-
12 pleteness of data reported on bundled and consoli-
13 dated contracts.”.

14 (b) GAO STUDY.—

15 (1) STUDY.—Not later than the first day of fis-
16 cal year 2018, the Comptroller General of the
17 United States shall initiate a study on the effective-
18 ness of the plan described in section 15(s) of the
19 Small Business Act (15 U.S.C. 644(s)) that shall as-
20 sess whether contracts were accurately labeled as
21 bundled or consolidated.

22 (2) CONTRACTS EVALUATED.—For the pur-
23 poses of conducting the study described in para-
24 graph (1), the Comptroller General of the United
25 States—

1 (A) shall evaluate, for work in each of sec-
2 tors 23, 33, 54, and 56 (as defined by the
3 North American Industry Classification Sys-
4 tem), not fewer than 100 contracts in each sec-
5 tor;

6 (B) shall evaluate only those contracts—

7 (i) awarded by an agency listed in sec-
8 tion 901(b) of title 31, United States
9 Code; and

10 (ii) that have a Base and Exercised
11 Options Value, an Action Obligation, or a
12 Base and All Options Value (as such terms
13 are defined in the Federal procurement
14 data system described in section
15 1222(a)(4)(A) of title 41, United States
16 Code, or any successor system); and

17 (C) shall not evaluate contracts that have
18 used any set aside authority.

19 (3) REPORT.—Not later than 12 months after
20 initiating the study required by paragraph (1), the
21 Comptroller General of the United States shall re-
22 port to the Committee on Small Business of the
23 House of Representatives and the Committee on
24 Small Business and Entrepreneurship of the Senate
25 on the results from such study and, if warranted,

1 any recommendations on how to improve the quality
2 of data reported on bundled and consolidated con-
3 tracts.

4 **SEC. 503. NOTICE OF CONTRACT CONSOLIDATION FOR AC-**
5 **QUISITION STRATEGIES.**

6 (a) NOTICE REQUIREMENT FOR THE SENIOR PRO-
7 CUREMENT EXECUTIVE OR CHIEF ACQUISITION OFFI-
8 CER.—Section 44(c)(2) of the Small Business Act (15
9 U.S.C. 657q(c)(2)) is amended by adding at the end the
10 following:

11 “(C) NOTICE.—Not later than 7 days after
12 making a determination that an acquisition
13 strategy involving a consolidation of contract
14 requirements is necessary and justified under
15 subparagraph (A), the senior procurement exec-
16 utive or Chief Acquisition Officer shall publish
17 a notice on a public website that such deter-
18 mination has been made. Any solicitation for a
19 procurement related to the acquisition strategy
20 may not be published earlier than 7 days after
21 such notice is published. Along with the publi-
22 cation of the solicitation, the senior procure-
23 ment executive or Chief Acquisition Officer
24 shall publish a justification for the determina-

1 tion, which shall include the information in sub-
2 paragraphs (A) through (E) of paragraph (1).”.

3 (b) NOTICE REQUIREMENT FOR THE HEAD OF A
4 CONTRACTING AGENCY.—Section 15(e)(3) of the Small
5 Business Act (15 U.S.C. 644(e)(3)) is amended to read
6 as follows:

7 “(3) STRATEGY SPECIFICATIONS.—If the head
8 of a contracting agency determines that an acquisi-
9 tion plan for a procurement involves a substantial
10 bundling of contract requirements, the head of a
11 contracting agency shall publish a notice on a public
12 website that such determination has been made not
13 later than 7 days after making such determination.
14 Any solicitation for a procurement related to the ac-
15 quisition plan may not be published earlier than 7
16 days after such notice is published. Along with the
17 publication of the solicitation, the head of a con-
18 tracting agency shall publish a justification for the
19 determination, which shall include following informa-
20 tion:

21 “(A) The specific benefits anticipated to be
22 derived from the bundling of contract require-
23 ments and a determination that such benefits
24 justify the bundling.

1 “(B) An identification of any alternative
2 contracting approaches that would involve a
3 lesser degree of bundling of contract require-
4 ments.

5 “(C) An assessment of—

6 “(i) the specific impediments to par-
7 ticipation by small business concerns as
8 prime contractors that result from the
9 bundling of contract requirements; and

10 “(ii) the specific actions designed to
11 maximize participation of small business
12 concerns as subcontractors (including sup-
13 pliers) at various tiers under the contract
14 or contracts that are awarded to meet the
15 requirements.”.

16 (c) TECHNICAL AMENDMENT.—Section 44(c)(1) of
17 the Small Business Act (15 U.S.C. 657q(c)(1)) is amend-
18 ed by striking “Subject to paragraph (4), the head” and
19 inserting “The head”.

20 **SEC. 504. CLARIFICATION OF REQUIREMENTS RELATED TO**
21 **SMALL BUSINESS CONTRACTS FOR SERV-**
22 **ICES.**

23 (a) PROCUREMENT CONTRACTS.—Section 8(a)(17)
24 of the Small Business Act (15 U.S.C. 637(a)(17)) is
25 amended—

1 (1) in subparagraph (A), by striking “any pro-
 2 curement contract” and all that follows through
 3 “section 15” and inserting “any procurement con-
 4 tract, which contract has as its principal purpose the
 5 supply of a product to be let pursuant to this sub-
 6 section or subsection (m), or section 15(a), 31, or
 7 36,”; and

8 (2) by adding at the end the following new sub-
 9 paragraph:

10 “(C) LIMITATION.—This paragraph shall not
 11 apply to a contract that has as its principal purpose
 12 the acquisition of services or construction.”.

13 (b) SUBCONTRACTOR CONTRACTS.—Section 46(a)(4)
 14 of the Small Business Act (15 U.S.C. 657s(a)(4)) is
 15 amended by striking “for supplies from a regular dealer
 16 in such supplies” and inserting “which is principally for
 17 supplies from a regular dealer in such supplies, and which
 18 is not a contract principally for services or construction,”.

19 **SEC. 505. REVIEW OF GOVERNMENT ACCESS TO INTELLEC-**
 20 **TUAL PROPERTY RIGHTS OF PRIVATE SEC-**
 21 **TOR FIRMS.**

22 (a) REVIEW REQUIRED.—The Secretary of Defense
 23 shall direct the Defense Business Board to conduct a re-
 24 view of Department of Defense regulations and practices,
 25 and laws authorizing such regulations and practices, re-

1 lated to Government access to and use of intellectual prop-
2 erty rights of private sector firms.

3 (b) REPORT.—Not later than March 1, 2016, the
4 Secretary shall submit to the congressional defense com-
5 mittees a report on the findings of the Defense Business
6 Board, along with any actions the Secretary proposes to
7 revise and clarify laws or regulations related to intellectual
8 property rights.

9 **SEC. 506. MODIFICATIONS TO THE SMALL BUSINESS INNO-**
10 **VATIVE RESEARCH PROGRAM AND THE**
11 **SMALL BUSINESS TECHNOLOGY TRANSFER**
12 **PROGRAM.**

13 Section 9 of the Small Business Act (15 U.S.C. 638)
14 is amended—

15 (1) in subsection (b)—

16 (A) in paragraph (1), by striking “develop-
17 ment;” and inserting “development, particularly
18 contracts for research and development sup-
19 porting defense and national security missions
20 and programs;”; and

21 (B) in paragraph (3), by striking “; and”
22 and inserting a semicolon;

23 (2) in subsection (e)—

1 (A) in paragraph (4)(C)(i), by inserting
2 “or non-Federal sources of capital” after
3 “funding awards”; and

4 (B) in paragraph (6)(C)(i), by inserting
5 “or non-Federal sources of capital” after
6 “funding awards”;

7 (3) in subsection (f)—

8 (A) in paragraph (1), by striking “para-
9 graph (2)(B)” and inserting “paragraphs
10 (2)(B) and (5)”; and

11 (B) by adding at the end the following new
12 paragraph:

13 “(5) REQUIRED EXPENDITURES FOR MILITARY
14 DEPARTMENTS.—The Secretary of each military de-
15 partment shall expend, in connection with SBIR, not
16 less than 2.9 percent and not more than 5 percent
17 of each such military department’s extramural budg-
18 et for research or research and development for fis-
19 cal year 2018 and each subsequent fiscal year.”;

20 (4) in subsection (g)(3)—

21 (A) in subparagraph (A), by striking “;
22 or” and inserting a semicolon;

23 (B) in subparagraph (B), by inserting “or”
24 after the semicolon; and

1 (C) by adding at the end the following new
2 subparagraph:

3 “(C) the Secretary of Defense and as ap-
4 plied to the Department of Defense and each
5 military department, in the quadrennial defense
6 review (described in section 118 of title 10,
7 United States Code) and other strategies or re-
8 ports that direct the research and development
9 and acquisition processes of the Department of
10 Defense;”;

11 (5) in subsection (j), by adding at the end the
12 following new paragraph:

13 “(4) MODIFICATIONS RELATED TO MILITARY
14 DEPARTMENTS.—Not later than 90 days after
15 March 25, 2015, the Administrator shall modify the
16 policy directives issued pursuant to this subsection
17 to establish the authority of each Secretary of a
18 military department to manage and operate the
19 SBIR program funded under subsection (f)(5).”;

20 (6) in subsection (k)(2)—

21 (A) by striking “subsection (f)(1)” and in-
22 serting “paragraphs (1) and (4) of subsection
23 (f)”;

1 (B) by striking “subsection (n)(1)” and in-
2 serting “paragraphs (1) and (4) of subsection
3 (n)”;

4 (7) in subsection (m), by inserting “, except as
5 provided in subsections (f)(5) and (n)(4)” after
6 “2017”;

7 (8) in subsection (n)—

8 (A) in paragraph (1)(B), by striking “The
9 percentage” and inserting “Except as provided
10 in paragraph (4), the percentage”; and

11 (B) by adding at the end the following new
12 paragraph:

13 “(4) REQUIRED EXPENDITURE FOR MILITARY
14 DEPARTMENTS.—The Secretary of each military de-
15 partment shall expend, in connection with STTR,
16 not more than 5 percent of each such military de-
17 partment’s extramural budget for research or re-
18 search and development for fiscal year 2018 and
19 each subsequent fiscal year.”;

20 (9) in subsection (o)(3)(B), by striking “Code;”
21 and inserting “Code, and in other reports that direct
22 the research and development and acquisition proc-
23 esses of the Department of Defense;”;

24 (10) in subsection (p), by adding at the end the
25 following new paragraph:

1 “(4) MODIFICATIONS RELATED TO MILITARY
2 DEPARTMENTS.—Not later than 90 days after the
3 date of enactment of the Agile Acquisition to Retain
4 Technological Edge Act, the Administrator shall
5 modify the policy directives issued pursuant to this
6 subsection to establish the authority of each Sec-
7 retary of a military department to manage and oper-
8 ate the STTR program funded under subsection
9 (n)(4).”;

10 (11) in subsection (r)(4), by adding at the end
11 the following sentence: “For the Department of De-
12 fense, such Phase III awards shall be made in con-
13 formance with defense and national security mis-
14 sions and programs.”;

15 (12) in subsection (x)(2)(B), by inserting “(or
16 its successor)” before the period at the end;

17 (13) in subsection (aa)(4)—

18 (A) in the paragraph heading, by inserting
19 “OR PROJECT” after “TOPIC”; and

20 (B) by inserting “or project” after “topic”;

21 (14) in subsection (bb)(1), by striking “another
22 Federal agency” and inserting “one or more other
23 Federal agencies”;

24 (15) in subsection (ff)(1)—

1 (A) by striking “1 additional Phase II
2 SBIR award or Phase II STTR award” and in-
3 serting “one or more additional Phase II SBIR
4 awards or Phase II STTR awards”; and

5 (B) by inserting “from one or more Fed-
6 eral agencies” after “project”; and

7 (16) in subsection (qq)(2), by adding at the end
8 the following new subparagraph:

9 “(C) IMPLEMENTATION DEADLINE.—The
10 head of each Federal agency shall implement
11 the requirements described under subparagraph
12 (A) not later than December 31, 2017.”.

13 **SEC. 507. EXTENSION OF DEFENSE RESEARCH AND DEVEL-**
14 **OPMENT RAPID INNOVATION PROGRAM.**

15 Subsection (d) of section 1073 of the Ike Skeleton
16 National Defense Authorization Act for Fiscal Year 2011
17 (Public Law 111–383; 124 Stat. 4366; 10 U.S.C. 2359
18 note) is amended by striking “through 2015” and insert-
19 ing “through 2020”.

20 **TITLE VI—REPEAL OR REVISION**
21 **OF REPORTING REQUIREMENTS**

22 **SEC. 601. REPEAL OF CERTAIN REPORTING REQUIRE-**
23 **MENTS.**

24 (a) REPORTS RELATED TO MILITARY PERSONNEL
25 ISSUES (OTHER THAN HEALTH CARE).—

1 (1) REPORT ON VOTING ASSISTANCE PROGRAMS
2 EFFECTIVENESS AND COMPLIANCE.—Section
3 1566(c) of title 10, United States Code, is amend-
4 ed—

5 (A) by striking “(1)” after the subsection
6 heading; and

7 (B) by striking paragraphs (2) and (3).

8 (2) REPORT ON AVIATION OFFICER RETENTION
9 BONUSES.—Section 301b(i) of title 37, United
10 States Code, is amended—

11 (A) by striking “(1)” after the subsection
12 heading; and

13 (B) by striking paragraph (2).

14 (3) REPORT ON FOREIGN LANGUAGE PRO-
15 FICIENCY INCENTIVE PAY.—Section 316a of title 37,
16 United States Code, as amended by section 615(5)
17 of this Act, is amended—

18 (A) by striking subsection (f); and

19 (B) by redesignating subsection (g) as sub-
20 section (f).

21 (4) REPORT ON USE OF WAIVER AUTHORITY
22 FOR MILITARY SERVICE ACADEMY APPOINTMENTS.—
23 Section 553 of the National Defense Authorization
24 Act for Fiscal Year 2012 (Public Law 112–81; 10
25 U.S.C. 4346 note) is amended—

1 (A) by striking subsection (e); and

2 (B) by redesignating subsection (f) as sub-
3 section (e).

4 (5) REPORT ON INCREASE IN JUNIOR RESERVE
5 OFFICERS' TRAINING CORPS UNITS.—Subsection (e)
6 of section 548 of the Duncan Hunter National De-
7 fense Authorization Act for Fiscal Year 2009 (Pub-
8 lic Law 110–417; 122 Stat. 4466) is repealed.

9 (6) REPORT ON IMPLEMENTATION OF YELLOW
10 RIBBON REINTEGRATION PROGRAM.—

11 (A) REPORTING REQUIREMENT.—Section
12 582(e) of the National Defense Authorization
13 Act for Fiscal Year 2008 (Public Law 110–181;
14 10 U.S.C. 10101 note) is amended by striking
15 paragraph (4).

16 (B) CONFORMING REPEAL.—Section 597
17 of the National Defense Authorization Act for
18 Fiscal Year 2010 (Public Law 111–84; 10
19 U.S.C. 10101 note) is repealed.

20 (7) REPORT ON LOCAL EDUCATIONAL AGENCY
21 ASSISTANCE RELATED TO DOD ACTIVITIES.—Section
22 574 of the John Warner National Defense Author-
23 ization Act for Fiscal Year 2007 (Public Law 109–
24 364; 20 U.S.C. 7703b note) is amended—

25 (A) by striking subsection (c); and

1 (B) by redesignating subsections (d) and
2 (e) as subsections (c) and (d), respectively.

3 (b) REPORTS RELATED TO HEALTH CARE.—

4 (1) REPORTS ON HEALTH PROTECTION QUALITY AND HEALTH ASSESSMENT DATA.—

5 (A) Section 1073b of title 10, United
6 States Code, is repealed.

7 (B) The table of sections at the beginning
8 of chapter 55 of title 10, United States Code,
9 is amended by striking the item relating to sec-
10 tion 1073b.

11 (2) REPORT ON STANDARDS OF FACILITIES.—
12 Section 1648 of the Wounded Warrior Act (10
13 U.S.C. 1071 note) is amended by striking subsection
14 (f).

15 (3) REPORT ON INSPECTIONS OF FACILITIES.—
16 Section 1662 of the Wounded Warrior Act (10
17 U.S.C. 1071 note) is amended—

18 (A) by striking “(a) REQUIRED INSPEC-
19 TIONS OF FACILITIES.—”; and

20 (B) by striking subsection (b).

21 (4) REPORT ON INSPECTIONS OF OTHER FA-
22 CILITIES.—Section 3307 of the U.S. Troop Readi-
23 ness, Veterans’ Care, Katrina Recovery, and Iraq
24

1 Accountability Appropriations Act, 2007 (10 U.S.C.
2 1073 note) is amended—

3 (A) by striking subsection (d); and

4 (B) by redesignating subsection (e) as sub-
5 section (d).

6 (c) REPORTS RELATED TO READINESS.—

7 (1) REPORT ON ARSENAL SUPPORT PROGRAM
8 INITIATIVE.—Section 323 of the Floyd Spence Na-
9 tional Defense Authorization Act for Fiscal Year
10 2001 (Public Law 106–398; 10 U.S.C. 4551 note)
11 is amended by striking subsection (g).

12 (2) GAO REVIEW OF CONTRACTOR-OPERATED
13 CIVIL ENGINEERING SUPPLY STORES PROGRAM.—
14 Section 345 of the Strom Thurmond National De-
15 fense Authorization Act for Fiscal Year 1999 (Pub-
16 lic Law 105–26; 112 Stat. 1978) is amended—

17 (A) by striking subsection (d); and

18 (B) by redesignating subsection (e) as sub-
19 section (d).

20 (d) REPORTS RELATED TO NAVAL VESSELS AND
21 MERCHANT MARINE.—

22 (1) REPORT ON NAMING OF NAVAL VESSELS.—
23 Section 7292 of title 10, United States Code, is
24 amended by striking subsection (d).

1 (2) REPORT ON TRANSFER OF VESSELS STRICK-
2 EN FROM NAVAL VESSEL REGISTER.—Section 7306
3 of title 10, United States Code, is amended—

4 (A) by striking subsection (d); and

5 (B) by redesignating subsections (e) and
6 (f) as subsections (d) and (e), respectively.

7 (3) REPORTS ON MISSION MODULES OF LIT-
8 TORAL COMBAT SHIP.—Section 126 of the National
9 Defense Authorization Act for Fiscal Year 2013
10 (Public Law 112–239) is amended—

11 (A) by striking “(b) ADDITIONAL QUAR-
12 TERLY REPORTS.—”; and

13 (B) by striking subsection (b).

14 (4) REPORT ON COST ESTIMATE OF CVN–79.—
15 Section 122 of the John Warner National Defense
16 Authorization Act for Fiscal Year 2007 (Public Law
17 109–364; 120 Stat. 2104), as most recently amend-
18 ed by section 121 of the National Defense Author-
19 ization Act for Fiscal Year 2014 (Public Law 113–
20 66), is amended by striking subsection (f).

21 (5) REPORT ON ASSESSMENTS OF FIRST SHIP
22 OF A SHIPBUILDING PROGRAM.—Section 124 of the
23 National Defense Authorization Act for Fiscal Year
24 2008 is repealed.

1 (6) ANNUAL REPORT OF FEDERAL MARITIME
2 COMMISSION.—

3 (A) Section 50111 of title 46, United
4 States Code, is repealed.

5 (B) The table of sections at the beginning
6 of chapter 501 of title 46, United States Code,
7 is amended by striking the item relating to sec-
8 tion 50111.

9 (7) DISCRETIONARY REPORTS NO LONGER
10 NEEDED.—The Secretary of the Navy is not re-
11 quired to submit to the congressional defense com-
12 mittees—

13 (A) a report, or updates to such a report,
14 on open architecture as described in Senate Re-
15 port 110–077; or

16 (B) a monthly report on Ford class air-
17 craft carriers not otherwise required by law.

18 (e) REPORTS RELATED TO NUCLEAR, PROLIFERA-
19 TION, AND RELATED MATTERS.—

20 (1) REPORT ON PROLIFERATION SECURITY INI-
21 TIATIVE.—Section 1821(b) of the Implementing
22 Recommendations of the 9/11 Commission Act of
23 2007 (50 U.S.C. 2911) is amended—

24 (A) by striking “(1) IN GENERAL.—”; and

25 (B) by striking paragraphs (2) and (3).

1 (2) REPORT ON WARHEAD LIFE EXTENSION OP-
2 TIONS.—The National Defense Authorization Act for
3 Fiscal Year 2014 (Public Law 113–66) is amended
4 by repealing section 3118.

5 (3) REPORT ON NUCLEAR WEAPONS COUN-
6 CIL.—Section 179 of title 10, United States Code, is
7 amended by striking subsection (g).

8 (4) BRIEFINGS ON DIALOGUE BETWEEN
9 UNITED STATES AND RUSSIAN FEDERATION ON NU-
10 CLEAR ARMS.—Section 1282 of the National De-
11 fense Authorization Act for Fiscal Year 2013 (22
12 U.S.C. 5951 note) is amended—

13 (A) by striking subsection (a); and

14 (B) by redesignating subsections (b) and
15 (c) as subsections (a) and (b), respectively.

16 (5) IMPLEMENTATION PLAN FOR WHOLE-OF-
17 GOVERNMENT VISION PRESCRIBED IN THE NA-
18 TIONAL SECURITY STRATEGY.—Section 1072 of the
19 National Authorization Act for Fiscal Year 2012 (50
20 U.S.C. 3043 note) is amended—

21 (A) by striking “(a) IMPLEMENTATION
22 PLAN.—”;

23 (B) by striking subsection (b); and

24 (C) by redesignating subsection (c) as sub-
25 section (b).

1 (f) REPORTS RELATED TO MISSILE DEFENSE.—

2 (1) REPORT ON GROUND-BASED MIDCOURSE
3 DEFENSE PROGRAM.—Section 234 of the National
4 Defense Authorization Act for Fiscal Year 2012
5 (Public Law 112–81; 125 Stat. 1340) is amended—

6 (A) by striking “(a) SENSE OF CON-
7 GRESS.—”; and

8 (B) by striking subsection (b).

9 (2) REPORT ON MISSILE DEFENSE EXECUTIVE
10 BOARD ACTIVITIES.—Section 232 of the National
11 Defense Authorization Act for Fiscal Year 2012
12 (Public Law 112–81; 125 Stat. 1339) is amended—

13 (A) by striking subsection (b); and

14 (B) by redesignating subsection (c) as sub-
15 section (b).

16 (g) REPORTS RELATED TO ACQUISITION.—

17 (1) REPORT ON FOREIGN PURCHASES.—Section
18 8305 of title 41, United States Code, is repealed.

19 (2) REPORT ON COST ASSESSMENT ACTIVI-
20 TIES.—Section 2334 of title 10, United States Code,
21 is amended—

22 (A) by striking subsection (f); and

23 (B) by redesignating subsection (g) as sub-
24 section (f).

1 (3) REPORT ON PERFORMANCE ASSESSMENTS
2 AND ROOT CAUSE ANALYSES.—Section 2438 of title
3 10, United States Code, is amended by striking sub-
4 section (f).

5 (h) REPORTS RELATED TO CIVILIAN PERSONNEL.—

6 (1) REPORT ON EXPERIMENTAL PROGRAM FOR
7 SCIENTIFIC AND TECHNICAL PERSONNEL.—Section
8 1101 of the Strom Thurmond National Defense Au-
9 thorization Act for Fiscal Year 1999 (Public Law
10 105–261; 112 Stat. 2139) is amended by striking
11 subsection (g).

12 (2) REPORT ON PILOT PROGRAM FOR EX-
13 CHANGE OF INFORMATION TECHNOLOGY PER-
14 SONNEL.—Section 1110 of the National Defense Au-
15 thorization Act for Fiscal Year 2010 (Public Law
16 111–84; 123 Stat. 2493) is amended—

17 (A) by striking subsection (i);

18 (B) by redesignating subsection (j) as sub-
19 section (i); and

20 (C) in subsection (i) (as redesignated by
21 subparagraph (B)), by amending paragraph (2)
22 to read as follows:

23 “(2) any employee whose assignment is allowed
24 to continue by virtue of paragraph (1) shall be taken

1 into account for purposes of the numerical limitation
2 under subsection (h).”.

3 (3) GAO REPORT WITH RESPECT TO DEPART-
4 MENT OF DEFENSE PERFORMANCE MANAGEMENT
5 AND WORKFORCE INCENTIVE SYSTEM.—Section
6 9902(h) of title 5, United States Code, is amend-
7 ed—

8 (A) in paragraph (1)(B), by striking “and
9 the Comptroller General,”;

10 (B) by striking paragraph (2); and

11 (C) by redesignating paragraph (3) as
12 paragraph (2).

13 (i) MISCELLANEOUS REPORTS.—

14 (1) REPORT ON REWARDS FOR COMBATING
15 TERRORISM.—Section 127b of title 10, United
16 States Code, is amended—

17 (A) by striking subsection (f); and

18 (B) by redesignating subsection (g) as sub-
19 section (f).

20 (2) REPORT ON TECHNOLOGICAL MATURITY
21 AND INTEGRATION RISK OF CRITICAL TECH-
22 NOLOGIES.—Section 138b of title 10, United States
23 Code, is amended—

24 (A) by striking paragraph (2); and

1 (B) by striking “(b)(1)” and inserting
2 “(b)”.

3 (3) REPORT ON SYSTEMS ENGINEERING.—Sec-
4 tion 139b(d) of title 10, United States Code, is
5 amended—

6 (A) by striking paragraph (2);

7 (B) by redesignating paragraph (3) as
8 paragraph (2);

9 (C) in paragraph (2), as redesignated by
10 subparagraph (B)—

11 (i) by striking “or (2)”;

12 (ii) in subparagraph (A), by striking
13 “systems engineering master plans and”;

14 (iii) in subparagraph (B), by striking
15 “, systems engineering master plans,”;

16 (iv) in subparagraph (C), by striking
17 “systems engineering, development plan-
18 ning,” and inserting “development plan-
19 ning”; and

20 (v) by redesignating subparagraph
21 (D) as subparagraph (F);

22 (D) by transferring subparagraphs (A) and
23 (B) of paragraph (4) to paragraph (2), as so
24 redesignated, and redesignating those subpara-

1 graphs as subparagraphs (D) and (E), respec-
2 tively; and

3 (E) by striking paragraph (4).

4 (4) REPORT ON HUMANITARIAN DEMINING AS-
5 SISTANCE AUTHORITY.—Section 407 of title 10,
6 United States Code, is amended—

7 (A) by striking subsection (d); and

8 (B) by redesignating subsection (e) as sub-
9 section (d).

10 (5) REPORT ON REGIONAL DEFENSE COUNTER-
11 TERRORISM FELLOWSHIP PROGRAM.—Section 2249c
12 of title 10, United States Code, is amended by strik-
13 ing subsection (c).

14 (6) REPORT ON SPACE SCIENCE AND TECH-
15 NOLOGY STRATEGY.—Section 2272(a) of title 10,
16 United States Code, is amended by striking para-
17 graph (5).

18 (7) REPORT ON DARPA.—

19 (A) REPEAL.—Section 2352 of title 10,
20 United States Code, is repealed.

21 (B) CLERICAL AMENDMENT.—The table of
22 sections at the beginning of chapter 139 of title
23 10, United States Code, is amended by striking
24 the item relating to section 2352.

1 (8) REPORT ON AIRLIFT REQUIREMENTS.—Sec-
2 tion 112 of the National Defense Authorization Act
3 for Fiscal Year 2013 (Public Law 112–239; 126
4 Stat. 1654) is repealed.

5 (9) REPORT ON INTERAGENCY COLLABORATION
6 ON UNMANNED AIRCRAFT SYSTEMS.—Section
7 1052(b) of the National Defense Authorization Act
8 for Fiscal Year 2013 (Public Law 112–239; 49
9 U.S.C. 40101 note) is amended by striking para-
10 graph (4).

11 (10) REPORT ON IN-KIND PAYMENTS.—Section
12 2805 of the National Defense Authorization Act for
13 Fiscal Year 2013 (Public Law 112–239; 126 Stat.
14 2149) is repealed.

15 (11) REPORT ON AIRBORNE SIGNALS INTEL-
16 LIGENCE, SURVEILLANCE, AND RECONNAISSANCE
17 CAPABILITIES.—Section 112(b) of the Ike Skelton
18 National Defense Authorization Act for Fiscal Year
19 2011 (Public Law 111–383; 124 Stat. 4153) is
20 amended—

21 (A) by striking paragraph (3); and

22 (B) by redesignating paragraph (4) as
23 paragraph (3).

24 (12) REPORTS ON STATUS OF NAVY NEXT GEN-
25 ERATION ENTERPRISE NETWORKS PROGRAM.—Sec-

1 tion 1034 of the Duncan Hunter National Defense
2 Authorization Act for Fiscal Year 2009 (Public Law
3 110–417; 122 Stat. 4593) is repealed.

4 **TITLE VII—PLANNING, BUDG-**
5 **ETING, CONTRACTING, OVER-**
6 **SIGHT, AND OTHER RELATED**
7 **MATTERS**

8 **SEC. 701. ADDITIONAL RESPONSIBILITY FOR DIRECTOR OF**
9 **OPERATIONAL TEST AND EVALUATION.**

10 (a) **ADDITIONAL RESPONSIBILITY.**—Section 139 of
11 title 10, United States Code, is amended—

12 (1) by redesignating subsections (c), (d), (e),
13 (f), (g), (h), (i), (j), and (k) as subsections (d), (e),
14 (f), (g), (h), (i), (j), (k), and (l), respectively; and

15 (2) by inserting after subsection (b) the fol-
16 lowing new subsection (c):

17 “(c) The Director shall consider the potential for in-
18 creases in program cost estimates or delays in schedule
19 estimates in the implementation of policies, procedures,
20 and activities related to operational test and evaluation
21 and shall take appropriate action to ensure that oper-
22 ational test and evaluation activities do not unnecessarily
23 increase program costs or impede program schedules.”.

1 (b) CONFORMING AMENDMENT.—Section
2 196(c)(1)(A)(ii) of such title is amended by striking “sec-
3 tion 139(i)” and inserting “section 139(k)”.

4 **SEC. 702. REPORT ON LINKING AND STREAMLINING RE-**
5 **QUIREMENTS, ACQUISITION, AND BUDGET**
6 **PROCESSES WITHIN ARMED FORCES.**

7 (a) REPORTS.—Not later than 180 days after the
8 date of the enactment of this Act, the Chief of Staff of
9 the Army, the Chief of Naval Operations, the Chief of
10 Staff of the Air Force, and the Commandant of the Ma-
11 rine Corps shall each submit to the congressional defense
12 committees a report on efforts to link and streamline the
13 requirements, acquisition, and budget processes within the
14 Army, Navy, Air Force, and Marine Corps, respectively.

15 (b) MATTERS INCLUDED.—Each report under sub-
16 section (a) shall include the following:

17 (1) A specific description of—

18 (A) the management actions the Chief con-
19 cerned or the Commandant has taken or plans
20 to take to link and streamline the requirements,
21 acquisition, and budget processes of the Armed
22 Force concerned;

23 (B) any reorganization or process changes
24 that will link and streamline the requirements,

1 acquisition, and budget processes of the Armed
2 Force concerned; and

3 (C) any cross-training or professional de-
4 velopment initiatives of the Chief concerned or
5 the Commandant.

6 (2) For each description under paragraph (1)—

7 (A) the specific timeline associated with
8 implementation;

9 (B) the anticipated outcomes once imple-
10 mented; and

11 (C) how to measure whether or not those
12 outcomes are realized.

13 (3) Any other matters the Chief concerned or
14 the Commandant considers appropriate.

15 **SEC. 703. REQUIRED REVIEW OF ACQUISITION-RELATED**
16 **FUNCTIONS OF THE CHIEFS OF STAFF OF**
17 **THE ARMED FORCES.**

18 (a) REVIEW REQUIRED.—The Chief of Staff of the
19 Army, the Chief of Naval Operations, the Chief of Staff
20 of the Air Force, and the Commandant of the Marine
21 Corps shall conduct a review of their current individual
22 authorities provided in sections 3033, 5033, 8033, and
23 5043 of title 10, United States Code, and other relevant
24 statutes and regulations related to defense acquisitions for
25 the purpose of developing such recommendations as the

1 Chief concerned or the Commandant considers necessary
2 to further or advance the role of the Chief concerned or
3 the Commandant in the development of requirements, ac-
4 quisition processes, and the associated budget practices of
5 the Department of Defense.

6 (b) REPORTS.—Not later than September 15, 2015,
7 the Chief of Staff of the Army, the Chief of Naval Oper-
8 ations, the Chief of Staff of the Air Force, and the Com-
9 mandant of the Marine Corps shall each submit to the
10 congressional defense committees a report containing, at
11 a minimum, the following:

12 (1) The recommendations developed by the
13 Chief concerned or the Commandant under sub-
14 section (a) and other results of the review conducted
15 under such subsection.

16 (2) The actions the Chief concerned or the
17 Commandant is taking, if any, within the Chief's or
18 Commandant's existing authority to implement such
19 recommendations.

20 **SEC. 704. FAR COUNCIL MEMBERSHIP FOR ADMINIS-**
21 **TRATOR OF SMALL BUSINESS ADMINISTRA-**
22 **TION.**

23 (a) ADDITION OF ADMINISTRATOR OF SMALL BUSI-
24 NESS ADMINISTRATION TO FEDERAL ACQUISITION REGU-

1 LATORY COUNCIL.—Section 1302(b)(1) of title 41, United
2 States Code, is amended—

3 (1) by striking “and” at the end of subpara-
4 graph (C);

5 (2) by striking the period and inserting “; and”
6 at the end of subparagraph (D); and

7 (3) by adding at the end the following new sub-
8 paragraph:

9 “(E) the Administrator of the Small Busi-
10 ness Administration.”.

11 (b) CONFORMING AMENDMENTS.—Such title is
12 amended—

13 (1) in section 1303(a)(1)—

14 (A) by striking “and the Administrator of
15 National Aeronautics and Space,” and inserting
16 “the Administrator of National Aeronautics and
17 Space, and the Administrator of the Small
18 Business Administration,”; and

19 (B) by striking “and the National Aero-
20 nautics and Space Act of 1958 (42 U.S.C. 2451
21 et seq.),” and inserting “the National Aero-
22 nautics and Space Act of 1958 (42 U.S.C. 2451
23 et seq.), and the Small Business Act (15 U.S.C.
24 631 et seq.),”; and

1 (2) in section 1121(d), by striking “and the
2 General Services Administration” and inserting “the
3 General Services Administration, and the Small
4 Business Administration”.

5 **SEC. 705. INDEPENDENT STUDY OF MATTERS RELATED TO**
6 **BID PROTESTS.**

7 (a) REQUIREMENT FOR STUDY.—Not later than 60
8 days after the date of the enactment of this Act, the Sec-
9 retary of Defense shall enter into a contract with an inde-
10 pendent research entity that is a not-for-profit entity or
11 a federally funded research and development center with
12 appropriate expertise and analytical capability to carry out
13 a comprehensive study of factors leading to the filing of
14 bid protests. The study shall examine issues such as the
15 following:

16 (1) The variable influences on the net benefit
17 (monetary and non-monetary) to contractors either
18 filing a protest or indicating intent to file a protest.

19 (2) The extent to which protests are filed by in-
20 cumbent contractors for purposes of extending a
21 contract’s period of performance.

22 (3) The extent to which companies file protests
23 even if they do not contest that there was an error
24 in the procurement process.

1 (b) REPORT.—Not later than one year after the date
2 of the enactment of this Act, the independent entity shall
3 provide to the Secretary and the congressional defense
4 committees a report on the results of the study, along with
5 any recommendations it may have.

6 **SEC. 706. PROCUREMENT OF COMMERCIAL ITEMS.**

7 (a) DELEGATION OF RESPONSIBILITY FOR COMMERCIAL ITEM DETERMINATIONS.—Section 2375 of title 10,
8 United States Code, is amended by adding at the end the
9 following new subsection:
10

11 “(d) DELEGATION OF RESPONSIBILITY WITHIN DEPARTMENT OF DEFENSE FOR COMMERCIAL ITEM DETERMINATIONS.—(1) The Secretary of Defense shall designate
12 an individual within the Department of Defense to be responsible for making determinations that, for the purpose
13 of procurement of an item by a component of the Department of Defense, an item is a commercial item as described in section 103 of title 41. The Secretary shall ensure that the designated individual receives sufficient—
14
15
16
17
18
19

20 “(A) staff and resources so that determinations
21 are made in an expedient manner; and

22 “(B) staff support or authorities (or both) to
23 provide technical expertise on the functionality of an
24 item subject to determination and expertise in conducting market research related to the item.
25

1 “(2) The Secretary of Defense shall provide public
2 access to Department of Defense determinations regard-
3 ing whether an item is a commercial item for the purpose
4 of procurement by a component of the Department of De-
5 fense. Each determination shall include a summary expla-
6 nation of the basis for the determination.”.

7 (b) COMMERCIAL ITEM EXCEPTION TO SUBMISSION
8 OF COST AND PRICING DATA.—Section 2306a(b) of title
9 10, United States Code, is amended by adding at the end
10 the following new paragraph:

11 “(4) CONSIDERATION OF DETERMINATION OF
12 COMMERCIAL ITEM.—For purposes of applying the
13 commercial item exception under paragraph (1)(B)
14 to the required submission of certified cost or pric-
15 ing data, the contracting officer shall use the deter-
16 minations made by the individual designated by the
17 Secretary of Defense under section 2375(d) of this
18 title.”.

19 (c) IMPLEMENTATION.—The Secretary of Defense
20 shall ensure that the requirements of sections 2375(d) and
21 2306a(b)(4) of title 10, United States Code, as added by
22 this section, are implemented not later than 180 days after
23 the date of the enactment of this Act to ensure that suffi-
24 cient capability is available within the Department of De-

1 fense to make necessary determinations in a timely man-
2 ner.

3 **SEC. 707. AMENDMENT RELATING TO MULTIYEAR CON-**
4 **TRACT AUTHORITY FOR ACQUISITION OF**
5 **PROPERTY.**

6 Paragraph (1) of section 2306b(a) of title 10, United
7 States Code, is amended to read as follows:

8 “(1) That there is a reasonable expectation that
9 the use of such a contract will result in lower total
10 anticipated costs of carrying out the program than
11 if the program were carried out through annual con-
12 tracts.”.

13 **SEC. 708. USE OF RECENT PRICES PAID BY THE GOVERN-**
14 **MENT IN THE DETERMINATION OF PRICE**
15 **REASONABLENESS.**

16 Section 2306a(b) of title 10, United States Code, as
17 amended by section 706, is further amended by adding
18 at the end the following new paragraph:

19 “(5) A contracting officer may consider evi-
20 dence provided by an offeror of recent purchase
21 prices paid by the Government for identical or simi-
22 lar commercial items in establishing price reason-
23 ableness on a subsequent purchase if the contracting
24 officer is satisfied that the prices previously paid re-
25 main a valid reference for comparison after consid-

1 ering the totality of other relevant factors such as
2 the time elapsed since the prior purchase and any
3 differences in the quantities purchased or applicable
4 terms and conditions.”.

5 **SEC. 709. CODIFICATION OF OTHER TRANSACTION AU-**
6 **THORITY FOR CERTAIN PROTOTYPE**
7 **PROJECTS.**

8 (a) IN GENERAL.—Section 845 of the National De-
9 fense Authorization Act for Fiscal Year 1994 (Public Law
10 103–160; 10 U.S.C. 2371 note) is transferred to chapter
11 139 of title 10, United States Code, inserted so as to ap-
12 pear after section 2371a, redesignated as section 2371b,
13 and amended—

14 (1) by amending the section heading to read as
15 follows:

16 **“§ 2371b. Authority of the Advanced Research**
17 **Projects Agency to carry out certain pro-**
18 **totype projects”;**

19 (2) by striking “of title 10, United States
20 Code” each place it appears and inserting “of this
21 title”;

22 (3) by striking “of title 41, United States
23 Code” each place it appears and inserting “of title
24 41”;

1 (4) by amending subparagraph (B) of sub-
2 section (d)(1) to read as follows:

3 “(B) all parties to the transaction other than
4 the Federal Government are innovative small busi-
5 ness and nontraditional contractors with unique ca-
6 pabilities relevant to the prototype project.”; and

7 (5) by striking subsection (i).

8 (b) CLERICAL AMENDMENT.—The table of sections
9 at the beginning of such chapter is amended by inserting
10 after the item relating to section 2371a the following new
11 item:

“2371b. Authority of the Advanced Research Projects Agency to carry out cer-
tain prototype projects.”.

12 **SEC. 710. AMENDMENTS TO CERTAIN ACQUISITION**
13 **THRESHOLDS.**

14 (a) SIMPLIFIED ACQUISITION THRESHOLD GEN-
15 ERALLY.—Section 134 of title 41, United States Code, is
16 amended by striking “\$100,000” and inserting
17 “\$500,000”.

18 (b) MICRO-PURCHASE THRESHOLD.—Section
19 1902(a) of title 41, United States Code, is amended by
20 striking “\$3,000” and inserting “\$5,000”.

21 (c) SPECIAL EMERGENCY PROCUREMENT AUTHOR-
22 ITY.—Section 1903(b)(2) of title 41, United States Code,
23 is amended—

1 (1) in subparagraph (A), by striking
2 “\$250,000” and inserting “\$750,000”; and

3 (2) in subparagraph (B), by striking
4 “\$1,000,000” and inserting “\$1,500,000”.

5 (d) SMALL BUSINESS CONCERN RESERVATION.—
6 Section 15(j)(1) of the Small Business Act (15 U.S.C.
7 644(j)(1)) is amended by striking “\$100,000” and insert-
8 ing “\$500,000”.

9 **SEC. 711. REVISION OF METHOD OF ROUNDING WHEN MAK-**
10 **ING INFLATION ADJUSTMENT OF ACQUISI-**
11 **TION-RELATED DOLLAR THRESHOLDS.**

12 Section 1908(e)(2) of title 41, United States Code,
13 is amended—

14 (1) in the matter preceding subparagraph (A),
15 by striking “on the day before the adjustment” and
16 inserting “as calculated under paragraph (1)”;

17 (2) by striking “and” at the end of subpara-
18 graph (C); and

19 (3) by striking subparagraph (D) and inserting
20 the following new subparagraphs:

21 “(D) not less than \$1,000,000, but less
22 than \$10,000,000, to the nearest \$500,000;

23 “(E) not less than \$10,000,000, but less
24 than \$100,000,000, to the nearest \$5,000,000;

1 “(F) not less than \$100,000,000, but less
2 than \$1,000,000,000, to the nearest
3 \$50,000,000; and

4 “(G) \$1,000,000,000 or more, to the near-
5 est \$500,000,000.”.

6 **SEC. 712. REPEAL OF REQUIREMENT FOR STAND-ALONE**
7 **MANPOWER ESTIMATES FOR MAJOR DE-**
8 **FENSE ACQUISITION PROGRAMS.**

9 (a) REPEAL OF REQUIREMENT.—Subsection (a)(1)
10 of section 2434 of title 10, United States Code, is amend-
11 ed by striking “and a manpower estimate for the program
12 have” and inserting “has”.

13 (b) CONFORMING AMENDMENTS RELATING TO REG-
14 ULATIONS.—Subsection (b) of such section is amended—

15 (1) by striking paragraph (2);

16 (2) by striking “shall require—” and all that
17 follows through “that the independent” and insert-
18 ing “shall require that the independent”;

19 (3) by redesignating subparagraphs (A) and
20 (B) as paragraphs (1) and (2), respectively, and re-
21 aligning those paragraphs so as to be two ems from
22 the left margin; and

23 (4) in paragraph (2), as so redesignated—

24 (A) by striking “and operations and sup-
25 port,” and inserting “operations and support,

1 and manpower to operate, maintain, and sup-
2 port the program upon full operational deploy-
3 ment,”; and

4 (B) by striking “; and” at the end and in-
5 serting a period.

6 (c) CLERICAL AMENDMENTS.—

7 (1) SECTION HEADING.—The heading of such
8 section is amended to read as follows:

9 “§ 2434. **Independent cost estimates**”.

10 (2) TABLE OF SECTIONS.—The item relating to
11 such section in the table of sections at the beginning
12 of chapter 144 of such title is amended to read as
13 follows:

“2434. Independent cost estimates.”.

○