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.

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

SECTION 1. SHORT TITLE.

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

SEC. 2. TABLE OF CONTENTS.

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

(a) FINDINGS.—Congress finds the following:

(1) The Committee on Armed Services of the House of Representatives held a series of hearings in 2013, 2014, and 2015 gathering testimony from key acquisition leaders and experts. It is clear that the acquisition reform efforts of the last 50 years continue to founder because they fail to address the motivational and environmental factors in which...
they must be implemented. The acquisition system, though frustrating to all, is in one sense in equi-
librium. The acquisition system provides enough benefits to proponents and opponents to continue, with only minor changes, despite its shortcomings.

(2) The Department of Defense still has too many defense acquisitions and services chasing too few dollars. Consequently, there remains a vast difference between the budgeting plans of the Department and the reality of the cost of its systems or the services it acquires. To keep programs alive, the Department develops and Congress accepts fragile acquisition strategies that downplay technical issues and assume only successful outcomes from high-risk efforts. As a result, the Department often ends up with too few weapons, with performance that falls short, that are difficult and costly to maintain, delivered late at too high a cost. We have limited insight into the services acquired or what services need to be acquired in the future. Furthermore, the conventional acquisition process is not agile enough for today’s demands. Finally, the Department of Defense continues to struggle with financial management and auditability, affecting its ability to control costs, en-
sure basic accountability, anticipate future costs and
claims on the budget, and measure performance.

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

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

(B) the acquisition process is—

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

(ii) plodding, meaning the bureau-
cratic processes are sclerotic and cum-
bensome;

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

(iv) traditional, meaning that cus-
tomary approaches and suppliers are pre-
ferred over perceived risk of new or unique
concepts and vendors.
(4) Today, the United States is at a cross-roads, and if changes to the acquisition system are not made soon, the trend of fewer and more costly systems and services that fall short of the needs of the Armed Forces will continue. Congress, the Department of Defense, contractors, and the American people all have a stake in making positive changes. Each plays a role in contributing to the current system. Each gains benefits from that system, but each is frustrated by it as well.

(5) The acquisition improvement effort of the Committee on Armed Services of the House of Representatives proposes a different approach from previous efforts by seeking to improve the environment (i.e., statutes, regulations, processes, and culture) driving acquisition decisions in the Department of Defense, industry, and Congress. The Committee has solicited input from industry and the Department of Defense, as well as others in Congress, and will continue to do so. The Committee recognizes that there are no “silver bullets” that can immediately fix the current acquisition system in a holistic and long-standing manner. Therefore, the reform effort will be an ongoing and iterative process that will result in legislation not only this year, but will
be embedded in the Committee’s annual and regular work.

(b) Sense of Congress on the Tenets of an Improved Acquisition System.—It is the sense of Congress that all stakeholders in the acquisition system—the Department of Defense, Congress, and industry—should be governed by the following tenets:

(1) Success.—Success in the acquisition system means the timely delivering of affordable and effective military equipment and services.

(2) Proactive.—The acquisition system should be proactive, meaning—

(A) the system should recognize that development and acquisition problems can occur; and

(B) officials at all levels should be empowered to solve problems and reduce risks by surfacing issues early and honestly and taking action to resolve them.

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

(4) Transparent.—The acquisition system should be transparent, meaning that—
(A) all decisionmakers should be given useful, relevant, credible, and reliable information when making commitments;

(B) Government and industry communication should be clear and open; and

(C) the Department of Defense should produce auditable financial management statements.

(5) Innovative.—The acquisition system should be innovative, meaning that barriers should be removed that preclude companies from undertaking defense business or officials from proposing new approaches.

TITLE I—WORKFORCE DEVELOPMENT AND RELATED MATTERS

SEC. 101. AMENDMENTS TO DEPARTMENT OF DEFENSE ACQUISITION WORKFORCE DEVELOPMENT FUND.

(a) Permanent Extension of Fund.—Section 1705(d)(2) of title 10, United States Code, is amended—

(1) in subparagraph (C), by striking “of an amount as follows:” and all that follows through the end, and inserting “of an amount of not less than $500,000,000.”; and
(2) in subparagraph (D), by striking “an amount that is less than” and all that follows through the end, and inserting “an amount that is less than $400,000,000”.

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

(1) by striking paragraph (2);

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

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

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

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

SEC. 102. DUAL-TRACK MILITARY PROFESSIONALS IN OPERATIONAL AND ACQUISITION SPECIALTIES.

(a) REQUIREMENT FOR SERVICE CHIEF INVOLVEMENT.—Section 1722a(a) of title 10, United States Code, is amended by inserting after “military department)” the following: “, in collaboration with the Chief of Staff of the Army, the Chief of Naval Operations, the Chief of Staff
of the Air Force, and the Commandant of the Marine Corps (with respect to the Army, Navy, Air Force, and Marine Corps, respectively),”.

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

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

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

(3) by inserting after paragraph (1) the following new paragraph (2):

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

SEC. 103. PROVISION OF JOINT DUTY ASSIGNMENT CREDIT FOR ACQUISITION DUTY.

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

(1) by striking “or” at the end of subparagraph (D);
(2) by striking the period at the end of sub-
paragraph (E) and inserting “; or”; and
(3) by adding at the end the following new sub-
paragraph:
“(F) acquisition matters addressed by military
personnel and covered under chapter 87 of this
title.”.

SEC. 104. REQUIREMENT FOR ACQUISITION SKILLS ASSESS-
MENT BIENNIAL STRATEGIC WORKFORCE
PLAN.
(a) REQUIREMENT.—Section 115b(b)(1) of title 10,
United States Code, is amended—
(1) by redesignating subparagraph (D) as sub-
paragraph (E);
(2) in subparagraph (C), by striking “and” at
the end; and
(3) by inserting after subparagraph (C) the fol-
lowing:
“(D) new or expanded critical skills and
competencies needed by the existing civilian em-
ployee workforce of the Department to address
new acquisition process requirements estab-
lished by law or policy during the four years
preceding the year of submission of the plan;
and”.

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

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

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

(3) in paragraph (2)(A) of each of subsections (c), (d), and (e), by striking “through (D)” and inserting “through (E)”.

SEC. 105. MANDATORY REQUIREMENT FOR TRAINING RELATED TO THE CONDUCT OF MARKET RESEARCH.

(a) MANDATORY MARKET RESEARCH TRAINING.—

Section 2377 of title 10, United States Code, is amended by adding at the end the following new subsection:

“(d) MARKET RESEARCH TRAINING REQUIRED.—

The Secretary of Defense shall provide mandatory training for members of the armed forces and employees of the Department of Defense responsible for the conduct of market research required under subsection (c). Such mandatory training shall, at a minimum—
“(1) provide comprehensive information on the subject of market research and the function of market research in the acquisition of commercial items;

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

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

(b) Incorporation into Management Certification Training Mandate.—The Chairman of the Joint Chiefs of Staff shall ensure that the requirements of section 2377(d) of title 10, United States Code, as added by subsection (a), are incorporated into the requirements management certification training mandate of the Joint Capabilities Integration Development System.


(a) Requirement for Study.—Not later than 30 days after the date of the enactment of this Act, the Secretary of Defense shall enter into a contract with an independent research entity described in subsection (b) to carry out a comprehensive study of the strategic planning of the Department of Defense related to the defense acquisition workforce. The study shall provide a comprehensive
examination of the Department’s efforts to recruit, develop, and retain the acquisition workforce with a specific review of the following:

(1) The implementation of the Defense Acquisition Workforce Improvement Act (including chapter 87 of title 10, United States Code).

(2) The application of the Department of Defense Acquisition Workforce Development Fund (as established under section 1705 of title 10, United States Code).

(3) The effectiveness of professional military education programs, including fellowships and exchanges with industry.

(b) Independent Research Entity.—The entity described in this subsection is an independent research entity that is a not-for-profit entity or a federally funded research and development center with appropriate expertise and analytical capability.

(c) Reports.—

(1) To Secretary.—Not later than one year after the date of the enactment of this Act, the independent research entity shall provide to the Secretary a report containing—

(A) the results of the study required by subsection (a); and
(B) such recommendations to improve the
acquisition workforce as the independent re-
search entity considers to be appropriate.

(2) To Congress.—Not later than 30 days
after receipt of the report under paragraph (1), the
Secretary of Defense shall submit such report, to-
gether with any additional views or recommendations
of the Secretary, to the congressional defense com-
mittees.

TITLE II—WEAPON SYSTEMS AC-
QUISITION AND RELATED
MATTERS

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

(a) Findings.—Congress makes the following find-
ings:

(1) Current situation.—Despite significant
and repeated attempts at acquisition reform, the De-
partment of Defense still experiences case after case
of expensive weapon system acquisition failures. The
Department of Defense has a track record of too
many cancellations, schedule slippages, cost over-
runs, and failures to deliver timely solutions to the
requirements of the Armed Forces. This situation is
 unacceptable. For example, according to the Final Report of the 2010 Army Acquisition Review, between 1996 and 2010, the Army expended approximately $1 billion to $3 billion annually on two dozen programs that were eventually cancelled. No military service and no type of weapon acquisition has been immune.

(2) Problems in all phases of acquisitions.—

(A) Despite detailed weapon acquisition processes and procedures, there is only limited discipline in starting programs. Many programs begin without a solid foundation. They have too many requirements deemed “critical”, which are driven by too many organizations and individuals. Approved requirements are often set with only a limited understanding of the technical feasibility of achieving them. The resulting compromises of good program management and engineering judgment that allow the programs to proceed are the “spackle” of the acquisition system that covers up the risks and enables the system to operate.

(B) As these weapon systems proceed into engineering and manufacturing development,
they often encounter development problems leading to cost growth, schedule delay, and performance reductions. Industry and Government officials frequently respond by taking additional development risks to resolve basic performance issues by reducing the time to analyze and assess development results, overlapping key development efforts, and reducing testing. The Department of Defense and Congress disrupt the planned funding of stable programs to find resources for troubled programs or to fund across-the-board spending cuts. Funding instability is the inevitable price that programs pay for survival because funding disruptions actually keep more programs alive.

(C) Finally, these weapons are often rushed into production only to encounter production problems, and are fielded with many unknowns or deficiencies leading to significantly reduced quantities and force structure reductions. The warfighter faces the challenge of operating weapons with poor reliability, high maintenance demands, reduced performance, and many capability shortfalls.

(b) Sense of Congress.—
(1) In general.—It is the sense of Congress that, in accordance with the tenets described in section 3, to improve weapon system acquisitions, the Department of Defense, Congress, and industry should develop an acquisition system characterized by highly disciplined program initiation coupled with agile program execution and balanced oversight, as described in paragraphs (2), (3), and (4).

(2) Highly disciplined program initiation.—An acquisition system characterized by highly disciplined program initiation means that programs do not begin engineering development until firm requirements are matched to a flexible acquisition strategy structured to develop militarily useful capability that can be delivered in a relevant period of time with available technologies, funding, and management capacity. Such a highly disciplined program initiation includes—

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

(B) requirements that are well-defined, technically feasible, and affordable;
(C) acquisition strategies that are designed to minimize time to market of militarily useful capability, with the program concerned being structured so that—

(i) lower-risk, technically mature capabilities are matched to delivering capability to the warfighter in the near term, while remaining requirements are aligned and resources are programmed to support integration into later increments to meet the requirements of the Armed Forces;

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

(iii) increments are planned to complete engineering and manufacturing development in a reasonable period of time;

(D) a science and technology development enterprise that is responsive to the acquisition process before engineering and manufacturing development begins, and sufficiently resourced to reduce risks and enable programs to make smart decisions without losing critical funds; and
(E) redtape reduction in order to free up program and Department officials to focus on their mission of defining an executable program and understanding and addressing risks.

(3) **AGILE PROGRAM EXECUTION.**—An acquisition system characterized by agile program execution means a system in which acquisition speed and flexibility to make trade-offs are balanced with the need to achieve desired technical performance. Such agile program execution includes—

(A) program managers and program officials who are expert buyers and negotiators who anticipate problems, negotiate solutions, and are empowered to manage;

(B) a preference for fixed price development, with program initiation laying the foundation in which fixed price contracting is the appropriate contract type for product development;

(C) program managers who avoid increasing program risk by resisting the addition of new requirements or the reduction of developmental activities;

(D) empowering program managers and senior decisionmakers to make decisions easily
in order to move forward with capabilities that mature quickly, cancel those that encounter greater difficulties than expected, and trade-off or reduce requirements to maintain cost and schedule;

(E) enabling program managers to focus on overcoming execution challenges and delivering success rather than concentrating on compliance with reporting, certifications, and other redtape; and

(F) senior decisionmakers who have knowledge of demonstrated performance as programs proceed through development, with robust developmental testing occurring before committing to production for operational use as a basis for decisionmaking.

(4) Balanced Oversight.—An acquisition system characterized by balanced oversight means that the focus is on ensuring discipline initiating programs and that appropriate adjustments are made during development, so that programs have the best chance to succeed. Such balanced oversight includes—

(A) involvement by decisionmakers early to ensure that an understanding of trade-offs,
risks, and needs are considered, resourced, and validated, and that agreement is reached between the executive and legislative branches;

(B) acceptance by decisionmakers that complex weapon system developments are inherently risky and require expertise and flexibility to manage effectively;

(C) conscious decisions by decisionmakers regarding where to accept risk, while ensuring that risk mitigation plans are resourced (with time, funding, alternatives, and competent government and contractor officials);

(D) measuring and monitoring by decision-makers of the right factors, such as technology maturation progress and systems engineering during risk reduction, development cost growth during engineering and manufacturing development, and reliability growth during system demonstration;

(E) work by Congress and the Department of Defense, once a program has begun, to resolve issues by considering trade-offs among cost, schedule, and performance necessary to best support the warfighter; and
(F) congressional understanding of risks and efforts to mitigate such risks even if they are through non-traditional means or other technological advances.

SEC. 202. REVISION TO DUTIES OF THE DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR DEVELOPMENTAL TEST AND EVALUATION AND THE DEPUTY ASSISTANT SECRETARY OF DEFENSE FOR SYSTEMS ENGINEERING.

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

(1) in subsection (a)(5)—

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

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

(2) in subsection (b)(5)—

(A) in subparagraph (B), by striking “re-
view and approve” and inserting “advise in
writing the milestone decision authority regarding review and approval of”; and

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

SEC. 203. ACQUISITION STRATEGY REQUIRED FOR EACH MAJOR DEFENSE ACQUISITION PROGRAM AND MAJOR SYSTEM.

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

(1) New title 10 section.—Chapter 144 of title 10, United States Code, is amended by inserting after section 2431 the following new section:

“§ 2431a. Acquisition strategy

“(a) Acquisition Strategy Required.—There shall be an acquisition strategy for each major defense acquisition program and each major system approved by a Milestone Decision Authority.

“(b) Responsible Official.—For each acquisition strategy required by subsection (a), the Under Secretary of Defense for Acquisition, Technology, and Logistics is responsible for issuing and maintaining the requirements for—
“(1) the content of the strategy; and
“(2) the review and approval process for the strategy.

“(c) CONSIDERATIONS.—(1) In issuing requirements for the content of an acquisition strategy for a major defense acquisition program or major system, the Under Secretary shall ensure that—

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

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

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

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

“(A) An approach that delivers required capability in increments, each depending on available mature technology, and that recognizes up front the need for future capability improvements.
“(B) Acquisition approach, including industrial base considerations in accordance with section 2440 of this title.

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

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

“(E) Contracting strategy, including—

“(i) contract type and how the type selected relates to level of program risk in each acquisition phase;

“(ii) how the plans for the program or system to reduce risk enable the use of fixed-price elements in subsequent contracts and the timing of the use of those fixed price elements;

“(iii) market research; and

“(iv) consideration of small business participation.

“(F) Intellectual property strategy in accordance with section 2320 of this title.
“(G) International involvement, including foreign military sales and cooperative opportunities, in accordance with section 2350a of this title.

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

“(I) Integration of current intelligence assessments into the acquisition process.

“(d) Review.—(1) Subject to the authority, direction, and control of the Under Secretary of Defense for Acquisition, Technology, and Logistics, the Milestone Decision Authority shall review and approve, as appropriate, the acquisition strategy for a major defense acquisition program or major system at each of the following times:

“(A) Milestone A approval.

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

“(C) Milestone B approval.

“(D) Each subsequent milestone.

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

“(F) When there has been—

“(i) a significant change to the cost of the program or system;
“(ii) a critical change to the cost of the program or system;

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

“(iv) a significant change to the performance of the program or system.

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

“(2) If the Milestone Decision Authority revises an acquisition strategy for a program or system, the Milestone Decision Authority shall provide notice of the revision to the congressional defense committees.

“(e) DEFINITIONS.—In this section:

“(1) The term ‘major defense acquisition program’ has the meaning provided in section 2430 of this title.

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

“(3) The term ‘Milestone A approval’ means a decision to enter into technology maturation and risk reduction pursuant to guidance prescribed by the Secretary of Defense for the management of Department of Defense acquisition programs.

“(4) The term ‘Milestone B approval’ has the meaning provided in section 2366(e)(7) of this title.
“(5) The term ‘Milestone Decision Authority’, with respect to a major defense acquisition program or major system, means the official within the Department of Defense designated with the overall responsibility and authority for acquisition decisions for the program or system, including authority to approve entry of the program or system into the next phase of the acquisition process.

“(6) The term ‘management capacity’, with respect to a major defense acquisition program or major system, means the capacity to manage the program or system through the use of highly qualified organizations and personnel with appropriate experience, knowledge, and skills.

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

“(8) The term ‘critical change to the cost’, with respect to a major defense acquisition program or major system, means a critical cost growth threshold, as that term is defined in section 2433(a)(5) of this title.
“(9) The term ‘significant change to the schedule’, with respect to a major defense acquisition program or major system, means any schedule delay greater than six months in a reported event.

“(f) Submission to Congressional Committees.—Upon request by the chairman or ranking member of the Committee on Armed Services of the Senate or the House of Representatives, the Secretary of Defense shall submit to the committee the most recently approved acquisition strategy for a major defense acquisition program or major system. The strategy shall be submitted in unclassified form but may include a classified annex.”.

(2) Clerical Amendment.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 2431 the following new item:

“2431a. Acquisition strategy.”.

(b) Additional Amendments.—

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

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

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

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and development shall be addressed in the acquisition strategy for the project”; and

(C) in paragraph (2)—

(i) in the matter preceding subparagraph (A)—

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

(II) by striking “include” and inserting “consider”;

(ii) in subparagraph (A), by striking “A statement indicating whether” and inserting “Whether”;

(iii) in subparagraph (B)—

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

(II) by striking “of the United States under consideration by the Department of Defense”; and

(iv) in subparagraph (D), by striking “The recommendation of the Under Secretary” and inserting “A recommendation to the Milestone Decision Authority”.

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SEC. 204. REVISION TO REQUIREMENTS RELATING TO RISK MANAGEMENT IN DEVELOPMENT OF MAJOR DEFENSE ACQUISITION PROGRAMS AND MAJOR SYSTEMS.

(a) Risk Management and Mitigation Requirements.—

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

"§ 2431b. Risk management and mitigation in major defense acquisition programs and major systems

“(a) REQUIREMENT.—(1) There shall be a risk management and mitigation strategy for each major defense acquisition program or major system.

“(2) The Secretary of Defense shall ensure that the initial acquisition strategy (required under section 2431a of this title) approved by the Milestone Decision Authority and any subsequent revisions include the following:
“(A) A comprehensive strategy for managing and mitigating risk (including technical, cost, and schedule risk) during each of the following periods:

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

“(ii) The period preceding initial production.

“(iii) The period preceding full-rate production.

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

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

“(b) Strategy to Manage and Mitigate Risks.—(1) The comprehensive strategy to manage and mitigate risk included in the acquisition strategy for purposes of subsection (a)(2)(A) shall identify each individual risk and the risk management and mitigation activities to address each risk. For the mitigation activities identified, the strategy shall note whether they require cost and schedule margins and need to be included in funding requests.
“(2) The comprehensive strategy shall include the role and extent of the following:

“(A) Prototyping (including prototyping at the system, subsystem, or component level and competitive prototyping, where appropriate) and, if prototyping at either the system, subsystem, or component level is not used, an explanation of why it is not appropriate.

“(B) Modeling and simulation, the areas that modeling and simulation will assess, and identification of the need for development of any new modeling and simulation tools in order to support the comprehensive strategy.

“(C) Technology demonstrations and decision points for disciplined transition of planned technologies into programs or the selection of alternative technologies.

“(D) Multiple design approaches.

“(E) Alternative designs, including any designs that meet requirements but do so with reduced performance.

“(F) Phasing of program activities or related technology development efforts in order to address high risk areas as early as feasible.
'(c) DEFINITIONS.—In this section, the terms ‘major defense acquisition program’ and ‘major system’ have the meanings provided in section 2431a of this title.”.

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

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

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

SEC. 205. MODIFICATION TO REQUIREMENTS RELATING TO DETERMINATION OF CONTRACT TYPE FOR MAJOR DEFENSE ACQUISITION PROGRAMS AND MAJOR SYSTEMS.

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

“(i) REQUIRED ELEMENTS OF GUIDANCE RELATING TO CONTRACT TYPE.—(1) The Secretary of Defense shall ensure that the guidance of the Department of Defense relating to major defense acquisition programs, major systems, and major automated information systems includes a requirement that the acquisition strategy required under
section 2431a of this title for such a program or system includes—

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

“(B) a justification of the contract type identified.

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

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

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

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

“(A) how the level of program risk in each acquisition phase relates to the contract type selected;

“(B) how the use of incentives (especially cost incentives) in the contract, if any, supports the program or system objectives during each acquisition phase; and

“(C) how the plans for the program or system to reduce risk enable the use of fixed-price elements in subsequent contracts.
“(4) The guidance shall also specify that the use of contracts with target costs, target profits or fees, and profit or fee adjustment formulas can be an appropriate contract type.”.

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

SEC. 206. REQUIRED DETERMINATION BEFORE MILESTONE A APPROVAL OR INITIATION OF MAJOR DEFENSE ACQUISITION PROGRAMS.

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

(1) in the subsection heading, by striking “CERTIFICATION” and inserting “WRITTEN DETERMINATION REQUIRED”; and

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

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

“(b) SUBMISSION TO CONGRESS.—At the request of any of the congressional defense committees, the Secretary
of Defense shall submit to the committee an explanation
of the basis for a determination made under subsection
(a) with respect to a major defense acquisition program,
together with a copy of the written determination. The ex-
planation shall be submitted in unclassified form, but may
include a classified annex.”.

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

(1) by striking paragraphs (2) and (4); and

(2) by redesignating paragraphs (3), (5), (6),
and (7) as paragraphs (2), (3), (4), and (5), respec-
tively.

(d) CLERICAL AMENDMENTS.—

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

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

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

“2366a. Major defense acquisition programs: determination required before
Milestone A approval.”.
SEC. 207. REQUIRED CERTIFICATION AND DETERMINATION BEFORE MILESTONE B APPROVAL OF MAJOR DEFENSE ACQUISITION PROGRAMS.

(a) Determination Required in Addition to Certification.—Subsection (a) of section 2366b of title 10, United States Code, is amended—

(1) in the subsection heading, by striking “CERTIFICATION” and inserting “CERTIFICATION AND DETERMINATION REQUIRED”;

(2) by redesignating paragraph (4) as paragraph (5); and

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

“(3) further certifies that the technology in the program has been demonstrated in a relevant environment, as determined by the Milestone Decision Authority on the basis of an independent review and assessment by the Assistant Secretary of Defense for Research and Engineering, in consultation with the Deputy Assistant Secretary of Defense for Developmental Test and Evaluation;

“(4) determines, in writing, that—”.

(b) Submission of Written Determination to Congress.—Subsection (e) of such section is amended by adding at the end the following new paragraph:
“(3) At the request of any of the congressional defense committees, the Secretary of Defense shall submit to the committee an explanation of the basis for a determination made under subsection (a)(4) with respect to a major defense acquisition program, together with a copy of the written determination. The explanation shall be submitted in unclassified form, but may include a classified annex.”.

(e) National Security Waiver.—Subsection (d) of such section is amended—

(1) in paragraph (1), by striking “certification requirement” and inserting “certification and determination requirements”; and

(2) in paragraph (2)—

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

(B) in subparagraph (B), by striking “certification components” both places it appears and inserting “certification and determination components”.

(d) Conforming Amendments.—Section 2366b of title 10, United States Code, is further amended—
(1) in subsection (b)(1), by striking “paragraph (1) or (2) of subsection (a)” and inserting “paragraph (1), (2), or (3) of subsection (a)”; 

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

(3) in subsection (d)(2)(B), by striking “paragraphs (1), (2), and (3) of subsection (a)” and inserting “paragraphs (1), (2), (3), and (4) of subsection (a)”.

(e) Clerical Amendments.—

(1) Section Heading.—The heading of section 2366b of title 10, United States Code, is amended to read as follows:

“§2366b. Major defense acquisition programs: certification and determination required before Milestone B approval”.

(2) Table of Sections.—The table of sections at the beginning of chapter 139 of such title is amended by striking the item relating to section 2366b and inserting the following new item:

“2366b. Major defense acquisition programs: certification and determination required before Milestone B approval.”.
TITLE III—SERVICES CONTRACTING AND RELATED MATTERS

SEC. 301. EXAMINATION AND GUIDANCE RELATING TO OVERSIGHT AND APPROVAL OF SERVICES CONTRACTS.

Not later than September 15, 2015, the Under Secretary of Defense for Acquisition, Technology, and Logistics shall—

(1) complete an examination of the decision authority related to acquisition of services; and

(2) develop and issue guidance to improve capabilities and processes related to requirements development and source selection for, and oversight and management of, services contracts.

TITLE IV—INFORMATION TECHNOLOGY ACQUISITIONS AND RELATED MATTERS

SEC. 401. STREAMLINING OF REQUIREMENTS RELATING TO DEFENSE BUSINESS SYSTEMS.

(a) IN GENERAL.—

(1) REVISION.—Section 2222 of title 10, United States Code, is amended to read as follows:
§ 2222. Defense business systems: business process reengineering; enterprise architecture; management

(a) Defense Business Systems Generally.—The Secretary of Defense shall ensure that each covered defense business system developed, deployed, and operated by the Department of Defense—

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

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

(3) is managed in a manner that provides visibility into, and traceability of, expenditures for the system.

(b) Issuance of Guidance.—

(1) Secretary of Defense guidance.—The Secretary shall issue guidance to provide for the coordination of, and decisionmaking for, the planning, programming, and control of investments in covered defense business systems.

(2) Supporting guidance.—The Secretary shall direct the Deputy Chief Management Officer of the Department of Defense, the Under Secretary of Defense for Acquisition, Technology, and Logistics, the Chief Information Officer, and the Chief Man-
agement Officer of each of the military departments
to issue and maintain supporting guidance, as ap-
propriate, for the guidance of the Secretary issued
under paragraph (1).

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

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

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

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

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

“(3) Mechanisms for the planning and control
of investments in covered defense business systems,
including a process for the collection and review of
programming and budgeting information for covered
defense business systems.
“(4) Policy requiring the periodic review of covered defense business systems that have been fully deployed, by portfolio, to ensure that investments in such portfolios are appropriate.

“(d) DEFENSE BUSINESS ENTERPRISE ARCHITECTURE.—

“(1) BLUEPRINT.—The Secretary, working through the Deputy Chief Management Officer of the Department of Defense, shall develop and maintain a blueprint to guide the development of integrated business processes within the Department of Defense. Such blueprint shall be known as the ‘defense business enterprise architecture’.

“(2) PURPOSE.—The defense business enterprise architecture shall be sufficiently defined to effectively guide implementation of interoperable defense business system solutions and shall be consistent with the policies and procedures established by the Director of the Office of Management and Budget.

“(3) ELEMENTS.—The defense business enterprise architecture shall—

“(A) include policies, procedures, business data standards, business performance measures, and business information requirements that
apply uniformly throughout the Department of Defense; and

“(B) enable the Department of Defense to—

“(i) comply with all applicable law, including Federal accounting, financial management, and reporting requirements;

“(ii) routinely produce verifiable, timely, accurate, and reliable business and financial information for management purposes; and

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

“(4) INTEGRATION INTO INFORMATION TECHNOLOGY ARCHITECTURE.—(A) The defense business enterprise architecture shall be integrated into the information technology enterprise architecture required under subparagraph (B).

“(B) The Chief Information Officer of the Department of Defense shall develop an information technology enterprise architecture. The architecture shall describe a plan for improving the information technology and computing infrastructure of the Department of Defense, including for each of the major
business processes conducted by the Department of Defense.

“(e) DEFENSE BUSINESS COUNCIL.—

“(1) REQUIREMENT FOR COUNCIL.—The Secretary shall establish a Defense Business Council to provide advice to the Secretary on developing the defense business enterprise architecture, reengineering the Department’s business processes, and requirements for defense business systems. The Council shall be chaired by the Deputy Chief Management Officer and the Chief Information Officer of the Department of Defense.

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

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

“(B) The following officials of the Department of Defense, or their designees:

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

“(ii) The Under Secretary of Defense (Comptroller) with respect to financial
management and planning and budgeting processes.

“(iii) The Under Secretary of Defense for Personnel and Readiness with respect to human resources management processes.

“(f) APPROVALS REQUIRED FOR DEVELOPMENT.—

“(1) INITIAL APPROVAL REQUIRED.—The Secretary shall ensure that a covered defense business system program cannot proceed into development (or, if no development is required, into production or fielding) unless the appropriate approval official (as specified in paragraph (2)) approves the program by determining that the covered defense business system concerned—

“(A) supports a business process that has been, or is being as a result of the acquisition program, reengineered to be as streamlined and efficient as practicable consistent with the guidance issued pursuant to subsection (b), including business process mapping;

“(B) is in compliance with the defense business enterprise architecture developed pursuant to subsection (d) or will be in compliance as a result of modifications planned;
“(C) has valid, achievable requirements;

and

“(D) is in compliance with the Department’s auditability requirements.

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

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

“(B) In the case of a system of a Defense Agency or Defense Field Activity or a system that will support the business process of more than one military department or Defense Agency or Defense Field Activity, the Deputy Chief Management Officer of the Department of Defense.

“(C) In the case of any system, such official other than the applicable official under subparagraph (A) or (B) as the Secretary designates for such purpose.

“(3) ANNUAL CERTIFICATION.—For any fiscal year in which funds are expended for development pursuant to a covered defense business system pro-
gram, the Defense Business Council shall review the
system and certify (or decline to certify as the case
may be) that it continues to satisfy the requirements
of paragraph (1). If the Council determines that cer-
tification cannot be granted, the chairman of the
Council shall notify the appropriate approval official
and the acquisition Milestone Decision Authority for
the program and provide a recommendation for cor-
rective action.

“(4) Obligation of funds in violation of
requirements.—The obligation of Department of
Defense funds for a covered defense business system
program that has not been certified in accordance
with paragraph (3) is a violation of section
1341(a)(1)(A) of title 31.

“(g) Responsibility of Milestone Decision Au-
thority.—The Secretary shall ensure that, as part of the
defense acquisition system, the requirements of this sec-
tion are fully addressed by the Milestone Decision Author-
ity for a covered defense business system program as ac-
quision process approvals are considered for such system.

“(h) Annual report.—Not later than March 15 of
each year from 2016 through 2020, the Secretary shall
submit to the congressional defense committees a report
on activities of the Department of Defense pursuant to this section. Each report shall include the following:

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

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

“(3) A summary of covered defense business system funding and covered defense business systems approved pursuant to subsection (f).

“(4) Identification of any covered defense business system program that during the preceding fiscal year was reviewed and not approved pursuant to subsection (f) and the reasons for the lack of approval.

“(5) Identification of any covered defense business system program that during the preceding fiscal year failed to achieve initial operational capability within five years after the date the program received Milestone B approval.
“(6) For any program identified under paragraph (5), a description of the plan to address the issues that caused the failure.

“(7) A discussion of specific improvements in business operations and cost savings resulting from successful covered defense business systems programs.


“(i) DEFINITIONS.—In this section:

“(1)(A) DEFENSE BUSINESS SYSTEM.—The term ‘defense business system’ means an information system that is operated by, for, or on behalf of the Department of Defense, including any of the following:

“(i) A financial system.

“(ii) A financial data feeder system.

“(iii) A contracting system.

“(iv) A logistics system.
“(v) A planning and budgeting system.

“(vi) An installations management system.

“(vii) A human resources management system.

“(viii) A training and readiness system.

“(B) The term does not include—

“(i) a national security system; or

“(ii) an information system used exclusively by and within the defense commissary system or the exchange system or other instrumentality of the Department of Defense conducted for the morale, welfare, and recreation of members of the armed forces using nonappropriated funds.

“(2) COVERED DEFENSE BUSINESS SYSTEM.—

The term ‘covered defense business system’ means a defense business system that is expected to have a total amount of budget authority, over the period of the current future-years defense program submitted to Congress under section 221 of this title, in excess of the threshold established for the use of special
simplified acquisition procedures pursuant to section
2304(g)(1)(B) of this title.

“(3) **Covered defense business system program.**—The term ‘covered defense business sys-
tem program’ means a defense acquisition program
to develop and field a covered defense business sys-
tem or an increment of a covered defense business
system.

“(4) **Enterprise architecture.**—The term
‘enterprise architecture’ has the meaning given that
term in section 3601(4) of title 44.

“(5) **Information system.**—The term ‘infor-
mation system’ has the meaning given that term in
section 11101 of title 40.

“(6) **National security system.**—The term
‘national security system’ has the meaning given that term in section 3542(b)(2) of title 44.

“(7) **Milestone decision authority.**—The
term ‘Milestone Decision Authority’, with respect to
a defense acquisition program, means the individual
within the Department of Defense designated with
the responsibility to grant milestone approvals for
that program.

“(8) **Business process mapping.**—The term
‘business process mapping’ means a procedure in
which the steps in a business process are clarified
and documented in both written form and in a flow
chart.”

(2) **Clerical Amendment.**—The table of sec-
tions at the beginning of such chapter is amended
by adding at the end the following new item:

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

(b) **Deadline for Guidance.**—The guidance re-
quired by subsection (b)(1) of section 2222 of title 10,
United States Code, as amended by subsection (a)(1),
shall be issued not later than December 31, 2016.

(e) **Repeal.**—Section 811 of the John Warner Na-
(Public Law 109–364; 10 U.S.C. 2222 note) is repealed.

**TITLE V—INDUSTRIAL BASE MATTERS**

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

(a) **In General.**—Section 831 of the National De-
fense Authorization Act for Fiscal Year 1991 (Public Law
101–510; 104 Stat. 1607; 10 U.S.C. 2302 note) is trans-
ferred to chapter 137 of title 10, United States Code, in-
serted so as to appear after section 2323a, redesignated
as section 2323b, and amended—
(1) by amending the section heading to read as follows:

§ 2323b. Mentor-Protege Program;

(2) by striking “pilot” each place such term appears;

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

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

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

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

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


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

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

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

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

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

(B) in paragraph (2)—
(i) in subparagraph (D), by striking “the severely disabled” and inserting “severely disabled individuals”; and

(ii) in subparagraph (G), by inserting “(15 U.S.C. 632(p))” after “Small Business Act”;

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

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

“(8) The term ‘severely disabled individual’ means an individual who is blind (as defined in section 8501 of title 41) or a severely disabled individual (as defined in such section).”.

(b) Clerical Amendment.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 2323a the following new item:

“2323b. Mentor-Protege Program.”.

SEC. 502. AMENDMENTS TO DATA QUALITY IMPROVEMENT PLAN.

(a) In General.—Section 15(s) of the Small Business Act (15 U.S.C. 644(s)) is amended—

(1) by redesignating paragraph (4) as paragraph (6); and
(2) by inserting after paragraph (3) the fol-
lowing new paragraphs:

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

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

(b) GAO STUDY.—

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

(2) CONTRACTS EVALUATED.—For the pur-
poses of conducting the study described in para-
graph (1), the Comptroller General of the United
States—
(A) shall evaluate, for work in each of sectors 23, 33, 54, and 56 (as defined by the North American Industry Classification System), not fewer than 100 contracts in each sector;

(B) shall evaluate only those contracts—

(i) awarded by an agency listed in section 901(b) of title 31, United States Code; and

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

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

(3) REPORT.—Not later than 12 months after initiating the study required by paragraph (1), the Comptroller General of the United States shall report to the Committee on Small Business of the House of Representatives and the Committee on Small Business and Entrepreneurship of the Senate on the results from such study and, if warranted,
any recommendations on how to improve the quality of data reported on bundled and consolidated contracts.

SEC. 503. NOTICE OF CONTRACT CONSOLIDATION FOR ACQUISITION STRATEGIES.

(a) Notice Requirement for the Senior Procurement Executive or Chief Acquisition Officer.—Section 44(c)(2) of the Small Business Act (15 U.S.C. 657q(e)(2)) is amended by adding at the end the following:

“(C) Notice.—Not later than 7 days after making a determination that an acquisition strategy involving a consolidation of contract requirements is necessary and justified under subparagraph (A), the senior procurement executive or Chief Acquisition Officer shall publish a notice on a public website that such determination has been made. Any solicitation for a procurement related to the acquisition strategy may not be published earlier than 7 days after such notice is published. Along with the publication of the solicitation, the senior procurement executive or Chief Acquisition Officer shall publish a justification for the determina-
tion, which shall include the information in sub-
paragraphs (A) through (E) of paragraph (1).”.

(b) **Notice Requirement for the Head of a Contracting Agency.**—Section 15(e)(3) of the Small Business Act (15 U.S.C. 644(e)(3)) is amended to read as follows:

“(3) **Strategy Specifications.**—If the head of a contracting agency determines that an acquisition plan for a procurement involves a substantial bundling of contract requirements, the head of a contracting agency shall publish a notice on a public website that such determination has been made not later than 7 days after making such determination. Any solicitation for a procurement related to the acquisition plan may not be published earlier than 7 days after such notice is published. Along with the publication of the solicitation, the head of a contracting agency shall publish a justification for the determination, which shall include following information:

“(A) The specific benefits anticipated to be derived from the bundling of contract requirements and a determination that such benefits justify the bundling.
“(B) An identification of any alternative contracting approaches that would involve a lesser degree of bundling of contract requirements.

“(C) An assessment of—

“(i) the specific impediments to participation by small business concerns as prime contractors that result from the bundling of contract requirements; and

“(ii) the specific actions designed to maximize participation of small business concerns as subcontractors (including suppliers) at various tiers under the contract or contracts that are awarded to meet the requirements.”.

(e) TECHNICAL AMENDMENT.—Section 44(c)(1) of the Small Business Act (15 U.S.C. 657q(c)(1)) is amended by striking “Subject to paragraph (4), the head” and inserting “The head”.

SEC. 504. CLARIFICATION OF REQUIREMENTS RELATED TO SMALL BUSINESS CONTRACTS FOR SERVICES.

(a) PROCUREMENT CONTRACTS.—Section 8(a)(17) of the Small Business Act (15 U.S.C. 637(a)(17)) is amended—
(1) in subparagraph (A), by striking “any procurement contract” and all that follows through “section 15” and inserting “any procurement contract, which contract has as its principal purpose the supply of a product to be let pursuant to this subsection or subsection (m), or section 15(a), 31, or 36,”; and

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

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

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

SEC. 505. REVIEW OF GOVERNMENT ACCESS TO INTELLECTUAL PROPERTY RIGHTS OF PRIVATE SECTOR FIRMS.

(a) REVIEW REQUIRED.—The Secretary of Defense shall direct the Defense Business Board to conduct a review of Department of Defense regulations and practices, and laws authorizing such regulations and practices, re-
lated to Government access to and use of intellectual property rights of private sector firms.

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

SEC. 506. MODIFICATIONS TO THE SMALL BUSINESS INNOVATIVE RESEARCH PROGRAM AND THE SMALL BUSINESS TECHNOLOGY TRANSFER PROGRAM.

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

(1) in subsection (b)—

(A) in paragraph (1), by striking “development;” and inserting “development, particularly contracts for research and development supporting defense and national security missions and programs;”; and

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

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

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

(3) in subsection (f)—

(A) in paragraph (1), by striking “paragraph (2)(B)” and inserting “paragraphs (2)(B) and (5)”; and

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

“(5) REQUIRED EXPENDITURES FOR MILITARY DEPARTMENTS.—The Secretary of each military department shall expend, in connection with SBIR, not less than 2.9 percent and not more than 5 percent of each such military department’s extramural budget for research or research and development for fiscal year 2018 and each subsequent fiscal year.”;

(4) in subsection (g)(3)—

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

(B) in subparagraph (B), by inserting “or” after the semicolon; and
(C) by adding at the end the following new subparagraph:

“(C) the Secretary of Defense and as applied to the Department of Defense and each military department, in the quadrennial defense review (described in section 118 of title 10, United States Code) and other strategies or reports that direct the research and development and acquisition processes of the Department of Defense;”;

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

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

(6) in subsection (k)(2)—

(A) by striking “subsection (f)(1)” and inserting “paragraphs (1) and (4) of subsection (f)”;}
(B) by striking “subsection (n)(1)” and inserting “paragraphs (1) and (4) of subsection (n)”;

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

(8) in subsection (n)—

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

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

“(4) REQUIRED EXPENDITURE FOR MILITARY DEPARTMENTS.—The Secretary of each military department shall expend, in connection with STTR, not more than 5 percent of each such military department’s extramural budget for research or research and development for fiscal year 2018 and each subsequent fiscal year.”;

(9) in subsection (o)(3)(B), by striking “Code;” and inserting “Code, and in other reports that direct the research and development and acquisition processes of the Department of Defense;”;

(10) in subsection (p), by adding at the end the following new paragraph:
“(4) MODIFICATIONS RELATED TO MILITARY
DEPARTMENTS.—Not later than 90 days after the
date of enactment of the Agile Acquisition to Retain
Technological Edge Act, the Administrator shall
modify the policy directives issued pursuant to this
subsection to establish the authority of each Sec-
retary of a military department to manage and oper-
ate the STTR program funded under subsection
(n)(4).”;

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

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

(13) in subsection (aa)(4)—

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

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

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

(15) in subsection (ff)(1)—
(A) by striking “1 additional Phase II SBIR award or Phase II STTR award” and inserting “one or more additional Phase II SBIR awards or Phase II STTR awards”; and

(B) by inserting “from one or more Federal agencies” after “project”; and

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

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

SEC. 507. EXTENSION OF DEFENSE RESEARCH AND DEVELOPMENT RAPID INNOVATION PROGRAM.


TITLE VI—REPEAL OR REVISION OF REPORTING REQUIREMENTS

SEC. 601. REPEAL OF CERTAIN REPORTING REQUIREMENTS.

(a) REPORTS RELATED TO MILITARY PERSONNEL ISSUES (OTHER THAN HEALTH CARE).—
(1) REPORT ON VOTING ASSISTANCE PROGRAMS EFFECTIVENESS AND COMPLIANCE.—Section 1566(c) of title 10, United States Code, is amended—

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

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

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

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

(B) by striking paragraph (2).

(3) REPORT ON FOREIGN LANGUAGE PROFICIENCY INCENTIVE PAY.—Section 316a of title 37, United States Code, as amended by section 615(5) of this Act, is amended—

(A) by striking subsection (f); and

(B) by redesignating subsection (g) as subsection (f).

(4) REPORT ON USE OF WAIVER AUTHORITY FOR MILITARY SERVICE ACADEMY APPOINTMENTS.—Section 553 of the National Defense Authorization Act for Fiscal Year 2012 (Public Law 112–81; 10 U.S.C. 4346 note) is amended—
(A) by striking subsection (e); and

(B) by redesignating subsection (f) as subsection (e).


(6) **Report on Implementation of Yellow Ribbon Reintegration Program.**—

(A) **Reporting Requirement.**—Section 582(e) of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110–181; 10 U.S.C. 10101 note) is amended by striking paragraph (4).

(B) **Conforming Repeal.**—Section 597 of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111–84; 10 U.S.C. 10101 note) is repealed.


(A) by striking subsection (e); and
(B) by redesignating subsections (d) and (e) as subsections (e) and (d), respectively.

(b) Reports Related to Health Care.—

(1) Reports on health protection quality and health assessment data.—

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

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

(2) Report on standards of facilities.—

Section 1648 of the Wounded Warrior Act (10 U.S.C. 1071 note) is amended by striking subsection (f).

(3) Report on inspections of facilities.—

Section 1662 of the Wounded Warrior Act (10 U.S.C. 1071 note) is amended—

(A) by striking “(a) Required Inspections of Facilities.—”; and

(B) by striking subsection (b).

(4) Report on inspections of other facilities.—Section 3307 of the U.S. Troop Readiness, Veterans’ Care, Katrina Recovery, and Iraq
Accountability Appropriations Act, 2007 (10 U.S.C. 1073 note) is amended—

(A) by striking subsection (d); and

(B) by redesignating subsection (e) as subsection (d).

(c) REPORTS RELATED TO READINESS.—

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


(A) by striking subsection (d); and

(B) by redesignating subsection (e) as subsection (d).

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

(1) REPORT ON NAMING OF NAVAL VESSELS.—

Section 7292 of title 10, United States Code, is amended by striking subsection (d).
(2) Report on transfer of vessels struck-en from naval vessel register.—Section 7306 of title 10, United States Code, is amended—
(A) by striking subsection (d); and
(B) by redesignating subsections (e) and (f) as subsections (d) and (e), respectively.

(3) Reports on mission modules of littoral combat ship.—Section 126 of the National Defense Authorization Act for Fiscal Year 2013 (Public Law 112–239) is amended—
(A) by striking “(b) ADDITIONAL QUAR-
TERLY REPORTS.—”; and
(B) by striking subsection (b).

(4) Report on cost estimate of CVN–79.—
Section 122 of the John Warner National Defense Authorization Act for Fiscal Year 2007 (Public Law 109–364; 120 Stat. 2104), as most recently amend-
ed by section 121 of the National Defense Author-
zation Act for Fiscal Year 2014 (Public Law 113–66), is amended by striking subsection (f).

(5) Report on assessments of first ship of a shipbuilding program.—Section 124 of the National Defense Authorization Act for Fiscal Year 2008 is repealed.
(6) Annual report of Federal Maritime Commission.—

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

(B) The table of sections at the beginning of chapter 501 of title 46, United States Code, is amended by striking the item relating to section 50111.

(7) Discretionary reports no longer needed.—The Secretary of the Navy is not required to submit to the congressional defense committees—

(A) a report, or updates to such a report, on open architecture as described in Senate Report 110–077; or

(B) a monthly report on Ford class aircraft carriers not otherwise required by law.

(e) Reports Related to Nuclear, Proliferation, and Related Matters.—

(1) Report on proliferation security initiative.—Section 1821(b) of the Implementing Recommendations of the 9/11 Commission Act of 2007 (50 U.S.C. 2911) is amended—

(A) by striking “‘(1) In general.—’”; and

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

(3) Report on nuclear weapons council.—Section 179 of title 10, United States Code, is amended by striking subsection (g).

(4) Briefings on dialogue between United States and Russian Federation on nuclear arms.—Section 1282 of the National Defense Authorization Act for Fiscal Year 2013 (22 U.S.C. 5951 note) is amended—

(A) by striking subsection (a); and

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

(5) Implementation plan for whole-of-government vision prescribed in the national security strategy.—Section 1072 of the National Authorization Act for Fiscal Year 2012 (50 U.S.C. 3043 note) is amended—

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

(B) by striking subsection (b); and

(C) by redesignating subsection (c) as subsection (b).
(f) Reports Related to Missile Defense.—

(1) Report on Ground-Based Midcourse Defense Program.—Section 234 of the National Defense Authorization Act for Fiscal Year 2012 (Public Law 112–81; 125 Stat. 1340) is amended—

(A) by striking “(a) Sense of Congress.—”; and

(B) by striking subsection (b).

(2) Report on Missile Defense Executive Board Activities.—Section 232 of the National Defense Authorization Act for Fiscal Year 2012 (Public Law 112–81; 125 Stat. 1339) is amended—

(A) by striking subsection (b); and

(B) by redesignating subsection (c) as subsection (b).

(g) Reports Related to Acquisition.—

(1) Report on Foreign Purchases.—Section 8305 of title 41, United States Code, is repealed.

(2) Report on Cost Assessment Activities.—Section 2334 of title 10, United States Code, is amended—

(A) by striking subsection (f); and

(B) by redesignating subsection (g) as subsection (f).
(3) Report on performance assessments and root cause analyses.—Section 2438 of title 10, United States Code, is amended by striking subsection (f).

(h) Reports related to civilian personnel.—


(2) Report on pilot program for exchange of information technology personnel.—Section 1110 of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111–84; 123 Stat. 2493) is amended—

(A) by striking subsection (i);

(B) by redesignating subsection (j) as subsection (i); and

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

“(2) any employee whose assignment is allowed to continue by virtue of paragraph (1) shall be taken
into account for purposes of the numerical limitation
under subsection (h).”.

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

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

(B) by striking paragraph (2); and

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

(i) MISCELLANEOUS REPORTS.—

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

(A) by striking subsection (f); and

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

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

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

(3) REPORT ON SYSTEMS ENGINEERING.—Section 139b(d) of title 10, United States Code, is amended—

(A) by striking paragraph (2);

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

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

(i) by striking “or (2)”;

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

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

(iv) in subparagraph (C), by striking “systems engineering, development planning,” and inserting “development planning”; and

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

(D) by transferring subparagraphs (A) and (B) of paragraph (4) to paragraph (2), as so redesignated, and redesignating those subpara-
graphs as subparagraphs (D) and (E), respectively; and

(E) by striking paragraph (4).

(4) Report on humanitarian demining assistance authority.—Section 407 of title 10, United States Code, is amended—

(A) by striking subsection (d); and

(B) by redesignating subsection (e) as subsection (d).

(5) Report on regional defense counterterrorism fellowship program.—Section 2249c of title 10, United States Code, is amended by striking subsection (c).

(6) Report on space science and technology strategy.—Section 2272(a) of title 10, United States Code, is amended by striking paragraph (5).

(7) Report on darpa.—

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

(B) Clerical amendment.—The table of sections at the beginning of chapter 139 of title 10, United States Code, is amended by striking the item relating to section 2352.
(8) **REPORT ON AIRLIFT REQUIREMENTS.**—Section 112 of the National Defense Authorization Act for Fiscal Year 2013 (Public Law 112–239; 126 Stat. 1654) is repealed.

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

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

(11) **REPORT ON AIRBORNE SIGNALS INTELLIGENCE, SURVEILLANCE, AND RECONNAISSANCE CAPABILITIES.**—Section 112(b) of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383; 124 Stat. 4153) is amended—

(A) by striking paragraph (3); and

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

(12) **REPORTS ON STATUS OF NAVY NEXT GENERATION ENTERPRISE NETWORKS PROGRAM.**—Sec-

**TITLE VII—PLANNING, BUDGETING, CONTRACTING, OVERSIGHT, AND OTHER RELATED MATTERS**

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

(a) Additional Responsibility.—Section 139 of title 10, United States Code, is amended—

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

(2) by inserting after subsection (b) the following new subsection (c):

“(c) The Director shall consider the potential for increases in program cost estimates or delays in schedule estimates in the implementation of policies, procedures, and activities related to operational test and evaluation and shall take appropriate action to ensure that operational test and evaluation activities do not unnecessarily increase program costs or impede program schedules.”.
(b) Conforming Amendment.—Section 196(c)(1)(A)(ii) of such title is amended by striking “section 139(i)” and inserting “section 139(k)”.

SEC. 702. REPORT ON LINKING AND STREAMLINING REQUIREMENTS, ACQUISITION, AND BUDGET PROCESSES WITHIN ARMED FORCES.

(a) Reports.—Not later than 180 days after the date of the enactment of this Act, the Chief of Staff of the Army, the Chief of Naval Operations, the Chief of Staff of the Air Force, and the Commandant of the Marine Corps shall each submit to the congressional defense committees a report on efforts to link and streamline the requirements, acquisition, and budget processes within the Army, Navy, Air Force, and Marine Corps, respectively.

(b) Matters Included.—Each report under subsection (a) shall include the following:

(1) A specific description of—

(A) the management actions the Chief concerned or the Commandant has taken or plans to take to link and streamline the requirements, acquisition, and budget processes of the Armed Force concerned;

(B) any reorganization or process changes that will link and streamline the requirements,
acquisition, and budget processes of the Armed Force concerned; and

(C) any cross-training or professional development initiatives of the Chief concerned or the Commandant.

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

(A) the specific timeline associated with implementation;

(B) the anticipated outcomes once implemented; and

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

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

SEC. 703. REQUIRED REVIEW OF ACQUISITION-RELATED FUNCTIONS OF THE CHIEFS OF STAFF OF THE ARMED FORCES.

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

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Chief concerned or the Commandant considers necessary to further or advance the role of the Chief concerned or the Commandant in the development of requirements, acquisition processes, and the associated budget practices of the Department of Defense.

(b) REPORTS.—Not later than September 15, 2015, the Chief of Staff of the Army, the Chief of Naval Operations, the Chief of Staff of the Air Force, and the Commandant of the Marine Corps shall each submit to the congressional defense committees a report containing, at a minimum, the following:

(1) The recommendations developed by the Chief concerned or the Commandant under subsection (a) and other results of the review conducted under such subsection.

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

SEC. 704. FAR COUNCIL MEMBERSHIP FOR ADMINISTRATOR OF SMALL BUSINESS ADMINISTRATION.

(a) ADDITION OF ADMINISTRATOR OF SMALL BUSINESS ADMINISTRATION TO FEDERAL ACQUISITION REGU-
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Laboratory Council.—Section 1302(b)(1) of title 41, United States Code, is amended—

(1) by striking “and” at the end of subparagraph (C);

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

(3) by adding at the end the following new subparagraph:

“(E) the Administrator of the Small Business Administration.”.

(b) Conforming Amendments.—Such title is amended—

(1) in section 1303(a)(1)—

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

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

SEC. 705. INDEPENDENT STUDY OF MATTERS RELATED TO BID PROTESTS.

(a) Requirement for Study.—Not later than 60 days after the date of the enactment of this Act, the Secretary of Defense shall enter into a contract with an independent research entity that is a not-for-profit entity or a federally funded research and development center with appropriate expertise and analytical capability to carry out a comprehensive study of factors leading to the filing of bid protests. The study shall examine issues such as the following:

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

(2) The extent to which protests are filed by incumbent contractors for purposes of extending a contract’s period of performance.

(3) The extent to which companies file protests even if they do not contest that there was an error in the procurement process.
(b) REPORT.—Not later than one year after the date of the enactment of this Act, the independent entity shall provide to the Secretary and the congressional defense committees a report on the results of the study, along with any recommendations it may have.

SEC. 706. PROCUREMENT OF COMMERCIAL ITEMS.

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

“(d) DELEGATION OF RESPONSIBILITY WITHIN DEPARTMENT OF DEFENSE FOR COMMERCIAL ITEM DETERMINATIONS.—(1) The Secretary of Defense shall designate an individual within the Department of Defense to be responsible for making determinations that, for the purpose 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—

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

“(B) staff support or authorities (or both) to provide technical expertise on the functionality of an item subject to determination and expertise in conducting market research related to the item.
“(2) The Secretary of Defense shall provide public access to Department of Defense determinations regarding whether an item is a commercial item for the purpose of procurement by a component of the Department of Defense. Each determination shall include a summary explanation of the basis for the determination.”.

(b) Commercial Item Exception to Submission of Cost and Pricing Data.—Section 2306a(b) of title 10, United States Code, is amended by adding at the end the following new paragraph:

“(4) Consideration of Determination of Commercial Item.—For purposes of applying the commercial item exception under paragraph (1)(B) to the required submission of certified cost or pricing data, the contracting officer shall use the determinations made by the individual designated by the Secretary of Defense under section 2375(d) of this title.”.

(c) Implementation.—The Secretary of Defense shall ensure that the requirements of sections 2375(d) and 2306a(b)(4) of title 10, United States Code, as added by this section, are implemented not later than 180 days after the date of the enactment of this Act to ensure that sufficient capability is available within the Department of De-
fense to make necessary determinations in a timely man-
ner.

SEC. 707. AMENDMENT RELATING TO MULTIYEAR CON-
TRACT AUTHORITY FOR ACQUISITION OF
PROPERTY.

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

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

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

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

“(5) A contracting officer may consider evi-
dence provided by an offeror of recent purchase
prices paid by the Government for identical or simi-
lar commercial items in establishing price reason-
ableness on a subsequent purchase if the contracting
officer is satisfied that the prices previously paid re-
main a valid reference for comparison after consid-
erating the totality of other relevant factors such as
the time elapsed since the prior purchase and any
differences in the quantities purchased or applicable
terms and conditions.”.

SEC. 709. CODIFICATION OF OTHER TRANSACTION AU-
THORITY FOR CERTAIN PROTOTYPE
PROJECTS.

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

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

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

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

(3) by striking “of title 41, United States
Code” each place it appears and inserting “of title
41”;}
(4) by amending subparagraph (B) of subsection (d)(1) to read as follows:

“(B) all parties to the transaction other than the Federal Government are innovative small business and nontraditional contractors with unique capabilities relevant to the prototype project.”; and

(5) by striking subsection (i).

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

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

SEC. 710. AMENDMENTS TO CERTAIN ACQUISITION THRESHOLDS.

(a) SIMPLIFIED ACQUISITION THRESHOLD GENERALLY.—Section 134 of title 41, United States Code, is amended by striking “$100,000” and inserting “$500,000”.

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

(c) SPECIAL EMERGENCY PROCUREMENT AUTHORITY.—Section 1903(b)(2) of title 41, United States Code, is amended—
(1) in subparagraph (A), by striking
“$250,000” and inserting “$750,000”; and
(2) in subparagraph (B), by striking
“$1,000,000” and inserting “$1,500,000”.

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

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

Section 1908(e)(2) of title 41, United States Code,
is amended—
(1) in the matter preceding subparagraph (A),
by striking “on the day before the adjustment” and
inserting “as calculated under paragraph (1)”;
(2) by striking “and” at the end of subpara-
graph (C); and
(3) by striking subparagraph (D) and inserting
the following new subparagraphs:
“(D) not less than $1,000,000, but less
than $10,000,000, to the nearest $500,000;
“(E) not less than $10,000,000, but less
than $100,000,000, to the nearest $5,000,000;
“(F) not less than $100,000,000, but less than $1,000,000,000, to the nearest $50,000,000; and

“(G) $1,000,000,000 or more, to the nearest $500,000,000.”.

SEC. 712. REPEAL OF REQUIREMENT FOR STAND-ALONE MANPOWER ESTIMATES FOR MAJOR DEFENSE ACQUISITION PROGRAMS.

(a) Repeal of Requirement.—Subsection (a)(1) of section 2434 of title 10, United States Code, is amended by striking “and a manpower estimate for the program have” and inserting “has”.

(b) Conforming Amendments Relating to Regulations.—Subsection (b) of such section is amended—

(1) by striking paragraph (2);

(2) by striking “shall require—” and all that follows through “that the independent” and inserting “shall require that the independent”;

(3) by redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively, and realigning those paragraphs so as to be two ems from the left margin; and

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

(A) by striking “and operations and support,” and inserting “operations and support,
and manpower to operate, maintain, and support the program upon full operational deployment,”; and

(B) by striking “; and” at the end and inserting a period.

(c) Clerical Amendments.—

(1) Section heading.—The heading of such section is amended to read as follows:

“§2434. Independent cost estimates”.

(2) Table of sections.—The item relating to such section in the table of sections at the beginning of chapter 144 of such title is amended to read as follows:

“2434. Independent cost estimates.”.

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