Lilliam Rangel Pollo, of Florida, to be a Member of the National Council on Disability for a term expiring September 17, 1996.

Diana S. Natalicio, of Texas, to be a Member of the National Science Board, National Science Foundation, for a term expiring May 10, 2000.

Audrey L. McCrimon, of Illinois, to be a Member of the National Council on Disability for a term expiring September 17, 1997.

Claudia Mitchell-Kernan, of California, to be a Member of the National Science Board, National Science Foundation, for a term expiring May 10, 2000.

Marciene S. Mattleman, of Pennsylvania, to be a Member of the National Institute for Literacy Advisory Board for the remainder of the term expiring October 12, 1995.

Ayse Manyas Kenmore, of Florida, to be a Member of the National Museum Services Board for the remainder of the term expiring December 6, 1995.

Eve L. Menger, of New York, to be a Member of the National Science Board, National Science Foundation, for a term expiring May 10, 2000.

(The above nominations were reported with the recommendation that they be confirmed, subject to the nominees' commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.)

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred to as indicated:

By Mr. CAMPBELL (for himself, Mr. BROWN, and Mr. AKAKA):

S. 644. A bill to amend title 38, United States Code, to reauthorize the establishment of research corporations in the Veterans Health Administration, and for other purposes; to the Committee on Veterans Affairs.

By Mr. FEINGOLD:

S. 645. A bill to amend the Agricultural Adjustment Act to prohibit the Secretary of Agriculture from basing minimum prices for Class I milk on the distance or transportation costs from any location that is not within a marketing area, except under certain circumstances, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

By Mr. ROTH (for himself, Mr. GRASSLEY, and Mr. COHEN):

S. 646. A bill to amend title 10, United States Code, to modernize Department of Defense acquisition procedures, and for other purposes; to the Committee on Armed Services.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. DOLE (for himself and Mr. DASCHLE):

S. Res. 96. A resolution commending Chick Reynolds on the occasion of his retirement; considered and agreed to.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. CAMPBELL (for himself, Mr. BROWN, and Mr. AKAKA):

S. 644, A bill to amend title 38, United States Code, to reauthorize the establishment of research corporations in the Veterans Health Administration, and for other purposes; to the Committee on Veterans Affairs.

NONPROFIT RESEARCH CORPORATIONS LEGISLATION

Mr. CAMPBELL. Mr. President, today I am introducing a bill to reauthorize Department of Veterans Affairs Medical Centers [VAMC's] to establish nonprofit research corporations [NPRC's].

In 1988, Congress passed a law, Public Law 100–322, allowing VAMC's to establish NPRC's as a means to provide a flexible funding mechanism for VA-approved research. The purpose of these foundations is to enhance ongoing federally-funded VA research by allowing them to accept private funds, contributions and grants. Between June 1993 and June 1994, the 65 active corporations provided nearly $40 million in VA research support.

These NPRC's have five overlapping functions which help VAMC's serve veteran patients and their families. First, these foundations help recruit and maintain qualified staff inside the VA health care system by insuring a strong research program. Not only do NPRC's fund research projects directly, they also help send VA researchers, nurses, pharmacists, and other staff to conferences and other research events. This both encourages physicians and other health professionals to work for VA and keeps the knowledge inside the VA system.

Second, these foundations manage research donations and grants with Government oversight. NPRC researchers must abide by sunshine laws and conduct every project in the open. Unlike universities and private foundations, NPRC's must follow strict conflict of interest guidelines which protect integrity of the research and the interests of veteran patients.

Third, these foundations insure that substantial overhead funds are retained by VAMC's. Most universities charge overhead costs from 30 to 50 percent, while NPRC's charge only about 5 to 30 percent for overhead. Simply stated, foundations allow more money to be spent on research-related activities and insure that the money stays inside the VA system. Furthermore, some NPRC's provide funds for overheard costs. For example, the San Diego foundation contributes over $100,000 for overhead expenses, including paying one-quarter of the hospital's bill for hazardous waste disposal at the research facility. Before NPRC's were established, the medical centers were forced to carry all the administrative costs of research.

Fourth, these foundations help provide resources for research-related personnel, equipment, supplies, and conferences. For example, in Seattle, WA, the foundation purchases approximately 75,000 dollars worth of new equipment for the medical center each year. In some instances, the staff supplied provide direct patient care. In Washington, DC, the foundation has 25 employees who work directly in patient care as doctors, nurses, or clinicians.

Finally, NPRC's allow interested veterans to participate in the development of new drugs and treatments benefiting veterans. In Knoxville, TN, the foundation participated in a study which made a new blood pressure medication available to patients in a safe, controlled manner. In Indianapolis, IN the foundation conducted a drug study that gave veteran patients access to a new medication that benefits chronically ill heart patients.

By helping to provide equipment, treatment, staff, and other resources, while defraying the costs of overhead, these foundations are serving veterans without requiring more money from the VA budget.

This legislation would correct two problems in current law. First, it would extend the window of opportunity for the establishment of new NPRC's until December 31, 2000. To my knowledge, there are several VAMC's that would like to establish these important research corporations, including one in Colorado. If these VAMC's were allowed to establish NPRC's, it would pump much-needed supplemental funds into the VA research program.

The second provision of this bill would delete the requirement that NPRC's be established as 501(c)(3) corporations. Realizing that the IRS has recognized several foundations under different classifications, this technical correction is needed to insure the legality of several NPRC's.

I am happy to include Senators BROWN and AKAKA as original cosponsors of this bill. Mr. President, I hope the Committee on Veterans' Affairs will consider this legislation favorably so that interested VA Medical Center can once again establish new nonprofit research corporations.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 644

Be is enacted by the Senate and House of Representatives of the United States of American in Congress assembled,

SECTION 1. AUTHORITY FOR RESEARCH CORPORATIONS.

(a) AUTHORITY.—Subsection (a) of section 7361 of title 38, United States Code, is amended by inserting after the first sentence the following new sentence: ''Subject to the provisions of section 7368 of this title, the Secretary may exercise the authority set forth in the preceding sentence on or after the date of the enactment of the Act entitled 'An Act to amend title 38, United States Code, to reauthorize the establishment of research

corporations in the Veterans Health Administration, and for other purposes.'''.

(b) CLARIFICATION OF TAX-EXEMPT STATUS.—(1) Subsection (b) of such section is amended by striking out ''section 501(c)(3) of''.

(2) Section 7363(c) of such title is amended by striking out ''section 501(c)(3) of''.

(c) TERMINATION OF AUTHORITY.—Section 7368 of such title is amended by striking out ''December 31, 1992'' and inserting in lieu thereof ''December 31, 2000''.

By Mr. FEINGOLD:

S. 645. A bill to amend the Agriculture Adjustment Act to prohibit the Secretary of Agriculture from basing minimum prices for class I milk on the distance or transportation costs from any location that is not within a marketing area, except under certain circumstances, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

THE AGRICULTURAL ADJUSTMENT ACT AMENDMENT ACT OF 1995

• Mr. FEINGOLD. Mr. President, today I rise to introduce a bill which will be a first step toward rectifying the inequities in the Federal milk marketing order system. The Federal milk marketing order system, created nearly 60 years ago, establishes minimum prices for milk paid to producers throughout various marketing areas in the United States.

My legislation is very simple. It identifies the single most harmful flaw in the current system, and corrects it.

That flaw is USDA's practice of basing prices for fluid milk in all marketing ares east of the Rocky Mountains on the distance from Eau Claire, WI, when there is no longer any economic justification for doing so.

The price for fluid milk increases at a rate of 21 cents per hundred miles from Eau Claire, WI, even though most milk marketing orders do not receive any milk from Wisconsin. Fluid milk prices, as a result, are $2.98 cents higher in Florida than in Wisconsin and over $1.00 higher in Texas.

This method of pricing fluid milk is not only arbitrary, it is both out of date and out of sync with the market conditions of 1995. It is time for this method of pricing—known as single-based-point pricing—to come to an end.

The bill I am introducing today will prohibit the Secretary of Agriculture from using distance or transportation costs from any location as the basis for pricing milk, unless significant quantities of milk are actually transported from that location into the recipient market. The Secretary will have to comply with the statutory requirement that supply and demand factors be considered as specified in the Agricultural Marketing Agreement Act when setting milk prices in marketing orders. The fact remains that single-basing-point pricing simply cannot be justified based on supply and demand for milk both in local and national markets.

This bill also requires the Secretary to report to Congress on specifically which criteria are used to set milk prices. Finally, he will have to certify to Congress that in no way do the criteria used by the Department attempt to circumvent the prohibition on using distance or transportation cost as basis for pricing milk.

This one change is so crucial to Upper Midwest producers, because the current system has penalized them for many years. By providing disparate profits for producers in other parts of the country and creating artificial economic incentives for milk production, Wisconsin producers have seen national surpluses rise, and milk prices fall. Rather than providing adequate supplies of fluid milk in some parts of the country, the prices have led to excess production.

The prices have provided production incentives beyond those needed to ensure a local supply of fluid milk in some regions, leading to an increase in manufactured products in those marketing orders. Those manufactured products directly compete with Wisconsin's processed products, eroding our markets and driving national prices down.

In the past 4 years, markets far from Eau Claire, WI, sold most of the surplus manufactured dairy products to the Federal Government under the dairy price support program. The Minnesota-Wisconsin area—the supposed surplus area of the country—in reality accounts for only a small percentage of actual surplus sales.

The perverse nature of this system is further illustrated by the fact that in 1995 some regions of the United States, notably the Central States and the Southwest, are now producing so much milk that they are actually shipping fluid milk north to the Upper Midwest. The high fluid milk prices have generated so much excess production, that these markets distant from Eau Claire are now taking not only our manufactured markets, but also our markets for fluid milk, further eroding prices in Wisconsin.

Emphasizing the market distorting effects of the fluid price differentials in Federal orders is the Congressional Budget Office estimate that eliminating the orders would save $669 million over 5 years. Government outlays would fall, CBO concludes, because production would fall in response to lower milk prices and there would be fewer Government purchases of surplus milk. The regions which would gain and lose in this scenario illustrate the discrimination inherent to the current system. Recent economic analyses show that farm revenues in the absence of Federal orders would actually increase in the Upper Midwest and fall in most other milk-producing regions.

I am not advocating total elimination of the current system at this point, however, the data clearly show that Upper Midwest producers are hurt by distortions built into a single-basing-point system that prevent them from competing effectively in a national market.

While this system has been around since 1937, the practice of basing fluid milk price differentials on the distance from Eau Claire was formalized in the 1960's, when arguably the Upper Midwest was the primary reserve for additional supplies of milk. The idea was to encourage local supplies of fluid milk in areas of the country that did not traditionally produce enough fluid milk to meet their own needs.

Mr. President, that is no longer the case. The Upper Midwest is neither the lowest cost production area nor a primary source of reserve supplies of milk. Milk is produced efficiently, and in some cases, at lower cost than the Upper Midwest, in many of the markets with higher fluid milk differentials. Unfortunately, the prices didn't adjust with changing economic conditions, most notably the shift of the dairy industry away from the Upper Midwest and toward the Southwest.

Fluid milk prices should have been lowered to reflect that trend. Instead, in 1985, the prices were increased for markets distant from Eau Claire. USDA has refused to use the administrative authority provided by Congress to make the appropriate adjustments to reflect economic realities. They continue to stand behind single-basing-point pricing.

The result has been the decline in the Upper Midwest dairy industry, not because they can't compete in the marketplace, but because the system discriminates against them.

Since 1980, Wisconsin has lost over 15,000 dairy farmers. The Upper Midwest, with the lowest fluid milk prices, is shrinking as a dairy region. Other regions with higher fluid milk prices are growing rapidly.

In an unregulated market with a level playing field these shifts in production might be fair. But in a market where the Government is setting the prices and providing that artificial advantage, the current system is unconscionable.

This bill is a first step in reforming Federal orders by prohibiting a practice that should have been dropped long ago. However, for Congress there is a long way to go. Through the process of the 1995 farm bill we will have to determine not only what Federal orders should not do, but also what they should do, and, indeed, if they are still necessary. My bill is a starting point. I look forward to working with my colleagues and with the dairy industry in the upcoming months to determine more specifically how we should establish orderly marketing conditions. However, this bill identifies the one change that is absolutely necessary in any outcome—the elimination of single basing point pricing.

Mr. President, I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 645

Be it enacted by the Senate and House of Representatives of the United States of Congress assembled,

SECTION 1. LOCATION ADJUSTMENTS FOR MINIMUM PRICES FOR CLASS I MILK.

Section 8c(5) of the Agricultural Adjustment Act (7 U.S.C. 608c(5)), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937, is amended—

(1) in paragraph (A)—

(A) in clause (3) of the second sentence, by inserting after ''the locations'' the following: ''within a marketing area subject to the order''; and

(B) by striking the last 2 sentences and inserting the following: ''Notwithstanding paragraph (18) or any other provision of law, when fixing minimum prices for milk of the highest use classification in a marketing area subject to an order under this subsection, the Secretary may not, directly or indirectly, base the prices on the distance from, or all or part of the costs incurred to transport milk to or from, any location that is not within the marketing area subject to the order, unless milk from the location constitutes at least 50 percent of the total supply of milk of the highest use classification in the marketing area. The Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the criteria that are used as the basis for the minimum prices referred to in the preceding sentence, including a certification that the minimum prices are made in accordance with the preceding sentence''; and

(2) in paragraph (B)(c), by inserting after ''the locations'' the following: ''within a marketing area subject to the order''.●

By Mr. ROTH (for himself, Mr. GRASSLEY, and Mr. COHEN):

S. 646. A bill to amend title 10, United States Code, to modernize Department of Defense acquisition procedures, and for other purposes, to the Committee on Armed Services.

THE ACQUISITION MANAGEMENT REFORM ACT OF 1995

Mr. ROTH. Mr. President, last year, we joined with the administration in taking a step toward improving the Federal Government's massive buying system. This is an issue that I have been working on for over a decade and the payoff from a comprehensive reform is significant. Last year's bill, the Federal Acquisition Streamlining Act, attempted to improve the Government's access to commercial items. It also laid the groundwork for more comprehensive reforms. However, it did not remedy the core problems of the Federal buying system. Today, Congressman KASICH and I are introducing legislation to dramatically reshape the Defense Department buying system.

Recent reports from both the Defense Department and the General Accounting Office highlight the need for reform. In short, the Defense Department has become increasingly unable to produce the best technology in an affordable manner, when it is needed. The vast majority of weapon acquisition programs are experiencing serious cost and schedule problems. Last December, two of the Defense Department's own reports found that, on average, 33 percent of its programs are experiencing overruns. A Defense Systems Management College study, published last month in the College's journal, reported average cost overruns of 45 percent with schedule delays of 63 percent. For example, the C–17 transport's cost and schedule overruns have seriously delayed its availability. After spending $10.4 billion and over 20 years in developing the C–17, the Air Force is considering buying commercial aircraft in its place.

We can point to such horror stories in all the services. Acquisition costs for Navy major weapon systems are over budget by as much as 179 percent; Air Force systems by as much as 158 percent, and Army systems by as much as 220 percent, even after accounting for the effects of inflation and quantity. A July 1993 Defense Science Board study found that: ''without fundamental reform, DOD will be unable to afford the weapons, equipment, and services it needs to provide for our national security.''

The defense buying bureaucracy is plagued by multi-billion-dollar cost overruns, programs that are years or even a decade behind schedule, incentives that encourage spending rather than cost-cutting, and topheavy bureaucratic agencies that rely on detailed regulations rather than good judgment. Defense Department studies find that it takes 16 to 25 years and more than 840 steps to bring a technology to the battlefield. By then the technologies are out of date. Until the buying system is changed, the results would not improve.

Mr. President, I have long maintained that Congress must be bold if it is to make significant improvements in the Government's buying system—a system I have worked for more than a decade to reform. It was my legislation that led to the creation of the Packard Commission. I have sponsored and fought for many reforms, including the Federal Acquisition Streamlining Act, which I and my colleagues on the Governmental Affairs Committee successfully enacted into law.

While last year's legislation made a good step forward more significant changes are required to fix the core problems. Without major cultural and structural change, cost and schedule overruns will continue, the Pentagon will pay more than it should for goods and services; and the taxpayer will pick up the inflated tab. Moreover, our brave young men and women in uniform will continue to wait for decades to get weapons that may not meet their needs.

Mr. President, there are three root causes to this situation which must be addressed today:

One, the defense acquisition process is too cumbersome, takes too long, and does not produce desired results. The DOD 5000 and 8000 Series of documents and its consensus based management process must be abandoned in favor of a results oriented process.

Two, incentives are wrong. They reward program managers and contractors for increasing the size of their program and their budget. There are no incentives for a job well done.

Three, the organization is too large. It is a bureaucracy with layer upon layer of management and dozens of buying commands and subcommands spread across the four military services. Many of the bureaucratic layers exist solely for the purpose of satisfying the needs of the bureaucracy and add no value. The dozens of defense acquisition schools that were originally intended to ensure the excellence of the work force have now become a barrier to reform. And, dozens of military depots have become a hindrance to efficiently downsizing the defense industrial base.

Mr. President, my proposal contains eight parts and incorporates the principles of unity of command, lean management structure, fast processes, and pay for performance for both Government workers and contractors.

First, with respect to program performance, programs must be managed within 90 percent of their budget, schedule, and performance goals. If they overrun by 50 percent or more, programs must be terminated.

Second, my legislation would require the Secretary of Defense to streamline the acquisition management process so that program managers focus on achieving results. It also integrates the operational testing reforms that I have been working on with Senator PRYOR to prevent circumvention of operational tests and force early operational assessments to reduce the risk of major flaws being found after production has started.

Third, my proposal streamlines the defense acquisition organization and its interface with operational users. The bill reorganizes the Defense Department research, development, and acquisition bureaucracies into a single DOD-wide agency, using the three layer organization endorsed by the Packard commission.

Fourth, the bill re-emphasizes the commitment of Congress to a professional acquisition work force and establishes an incentive structure focused on program performance.

Fifth, the legislation emphasizes the necessity for an efficient contracting process by establishing a policy goal of cutting in-half the time it takes to get an item to someone with a need. It also allows the Defense Department to limit the final selection process to the top two or three bidders, as recommended by the GAO.

Sixth, the Defense Department will be able to manage its contractors on the basis of performance, rather than relying on continuous audit oversight and the threat of penalties. Under the

concept that I am proposing, contractor profit would be tried to achievement of quantifiable performance measures.

Seventh, the bill addresses major financial management problems that afflict the defense buying system. It reduces the major source of program instability by enabling full-funding of a program for each phase of the development process. Additionally, those who use weapons will regain authority for determining what is bought to support them. The bill also applies pay for performance to responsible officials, requiring them to bring financial management up to commercial standards.

Eighth, the bill consolidates duplicative military and industry maintenance and repair depots. The bill prohibits the Defense Department from performing depot and intermediate level maintenance and repair work, unless industry is unwilling to perform the work. Therefore existing repair depots must be either privatized or shut down.

Mr. President, large savings can be realized from the comprehensive reforms I am proposing. I anticipate that my approach will reduce acquisition management personnel by as much as 25 to 30 percent through reduction in duplicative headquarters staffs. The Defense Science Board Task Force on Defense Acquisition Reform reported in July 1993 that a comprehensive reform along the lines I am proposing would save $20 billion per year. The House Budget Committee has included $3.5 billion in its budget reduction proposal, and the Congressional Budget Office conservatively estimates the savings at about $1.7 billion per year.

In summary, there is both a need and an opportunity for reforming Defense acquisition. But, Mr. President, I must point out that bureaucracies are inherently unable to reform themselves. The time has come for us to make some very hard and difficult decisions which have far-reaching impact on the future of our country. Change must be brought about by those of us who are concerned about maintaining a strong defense within today's budget constraints.

Mr. President, I ask that the full text of the bill and a letter be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 646

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Department of Defense Acquisition Management Reform Act of 1995''.

SEC. 2. TABLE OF CONTENTS.

The table of contents for this Act is as follows:

TITLE I—PERFORMANCE BASED ACQUISITION PROCESS

Subtitle A—Performance Goals

SEC. 101. STRENGTHENED REPORTING REQUIREMENT.

Section 2220(b) of title 10, United States Code, is amended in the first sentence by striking out ''an assessment of whether major and nonmajor acquisition programs of the Department of Defense are achieving'' and inserting in lieu thereof ''an assessment, for each Department of Defense appropriation account, of whether the major and nonmajor acquisition programs funded from such account are achieving''.

SEC. 102. TERMINATION OF MAJOR DEFENSE ACQUISITION PROGRAMS NOT MEETING GOALS.

Section 2220 of title 10, United States Code, is amended by adding at the end the following:

''(d) TERMINATION OF PROGRAMS SIGNIFICANTLY UNDER GOALS.—The Secretary of Defense shall terminate any major defense acquisition program that—

''(1) is more than 50 percent over the cost goal established for a phase of the program;

''(2) fails to achieve at least 50 percent of the performance capability goals established for a phase of the program; or

''(3) is more than 50 percent behind schedule, as determined in accordance with the schedule goal established for a phase of the program.''.

SEC. 103. ENHANCED PERFORMANCE INCENTIVES FOR ACQUISITION WORKFORCE.

(a) CLARIFICATION OF REQUIREMENTS FOR SYSTEM OF INCENTIVES.—Subsection (b) of section 5001 of the Federal Acquisition Streamlining Act of 1994 (Public Law 103–355; 108 Stat. 3350; 10 U.S.C. 2220 note) is amended—

(1) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively;

(2) by designating the second sentence as paragraph (2); and

(3) by inserting ''(1)'' after ''(b) ENHANCED SYSTEM OF PERFORMANCE INCENTIVES.—''; and

(4) by adding at the end the following:

''(3) The Secretary shall include in the enhanced system of incentives the following:

''(A) Pay bands.

''(B) Significant and material pay and promotion incentives to be awarded, and significant and material unfavorable personnel actions to be imposed, under the system exclusively, or primarily, on the basis of the contributions of personnel to the performance of the acquisition program in relation to cost goals, performance goals, and schedule goals.

''(C) Provisions for pay incentives and promotion incentives to be awarded under the system only if—

''(i) the cost of the acquisition program is less than 90 percent of the baseline parameter established for the cost of the program under section 2435 of title 10, United States Code;

''(ii) the period for completion of the program is less than 90 percent of the period provided under the baseline parameter established for the program schedule under such section; and

''(iii) the results of the phase of the program being executed exceed the performance parameter established for the system under such section by more than 10 percent.

''(D) Provisions for unfavorable personnel actions to be taken under the system only if the acquisition program performance for the phase being executed exceeds by more than 10 percent the cost and schedule parameters established for the program phase under section 2435 of title 10, United States Code, and the performance of the system acquired or to be acquired under the program fails to achieve at lease 90 percent of the baseline parameters established for performance of the program under such section.''.

(b) RECOMMENDED LEGISLATION.—Subsection (c) of such section is amended by adding at the end the following: ''The Secretary shall include in the recommendations provisions necessary to implement the requirements of subsection (b)(3).''.

(c) IMPLEMENTATION OF INCENTIVES SYSTEM.—Section 5001 of the Federal Acquisition Streamlining Act of 1994 is further amended by adding at the end the following:

''(d) IMPLEMENTATION OF INCENTIVES SYSTEM.—(1) The Secretary shall complete the review required by subsection (b) and take such actions as are necessary to provide an enhanced system of incentives in accordance with such subsection not later than October 1, 1997.

''(2) Not later than October 1, 1996, the Secretary shall submit to the Committee on Armed Services of the Senate and the Committee on National Security of the House of Representatives a report on the actions taken to satisfy the requirements of paragraph (1).''.

Subtitle B—Results-Oriented Acquisition Process

SEC. 111. REVISION OF REGULATIONS RELATING TO ACQUISITION OF MAJOR SYSTEMS AND INFORMATION TECHNOLOGY SYSTEMS.

Not later than October 1, 1996, the Secretary of Defense shall revise the regulations of the Department of Defense relating to the acquisition of major systems and of information technology systems to ensure that, in the acquisition of those systems, program managers focus on achieving results rather than on preparing and transmitting reports and building consensus among interested persons.

SEC. 112. RESULTS ORIENTED ACQUISITION PROGRAM CYCLE.

(a) CYCLE DEFINED.—Chapter 131 of title 10, United States Code, is amended by adding at the end the following:

''§ 2221. Results oriented acquisition program cycle

''(a) PROGRAM PHASES.—The Secretary of Defense shall define in regulations a simplified acquisition program cycle that is results-oriented and consists of the following phases:

''(1) The integrated decision team meeting which—

''(A) may be requested by a potential user of the system or component to be acquired, the head of a laboratory, or a program office on such bases as the emergence of a new military requirement, cost savings opportunity, or new technology opportunity;

''(B) shall be conducted by the program executive officer;

''(C) shall include representatives of commanders of unified and specified combatant commands, all armed forces (other than the Coast Guard), laboratories, and industry; and

''(D) shall result in the team recommending to the potential user a range of solutions for meeting user requirements or for evaluating opportunities;

''(E) shall be completed within one to three months.

''(2) The prototype development and testing phase which—

''(A) shall include operational tests and concerns relating to manufacturing operations and life cycle support;

''(B) shall be completed within 6 to 36 months; and

''(C) shall produce sufficient numbers of prototypes to assess operational utility.

''(3) Product integration, development, and testing which—

''(A) shall include full-scale development, operational testing, and integration of components; and

''(B) shall be completed within one to five years.

''(4) Production, integration into existing systems, or production and integration into existing systems.

''(b) RELATIONSHIP BETWEEN EXTENT OF TECHNICAL RISK AND COMPLETION OF PHASES.—(1) The time constraints set forth in subsections (a)(1)(E), (a)(2)(B), and (a)(3)(B) establish maximum limits for completion of the acquisition program cycle and for each phase of the program cycle. The regulations prescribed for the acquisition program cycle shall provide for reducing the maximum time limits for an acquisition program in relation to the degree of the technical difficulty that is involved in the execution of the various recommendations developed for the program in the integrated decision team phase under subsection (a)(1)(D).

''(2) The regulations shall provide three alternatives for maximum time limits that are to apply to completion of the acquisition program cycle for a program and for each phase of the program cycle, as follows:

''(A) In the case of an acquisition that involves complex technical risks and integration issues, completion within the maximum time limits set forth in subsection (a).

''(B) In the case of an acquisition of a component primarily using existing technology or of a modification of a component or system primarily using existing technology, accelerated completion.

''(C) In the case of an acquisition of a commercial item or a nondevelopmental item, relatively rapid completion.

''(c) SINGLE MAJOR DECISION POINT.—(1) The acquisition program approval process within the Department of Defense shall have one major decision point which shall occur for an acquisition program before that program proceeds into product integration, development, and testing.

''(2) At the major decision point for an acquisition program, the Under Secretary of Defense for Acquisition, in consultation with the Vice Chairman of the Joint Chiefs of Staff, shall—

''(A) review the program;

''(B) determine whether the program should continue to be carried out beyond product integration and development; and

''(C) decide whether—

''(i) to direct the program manager to request an integrated decision team meeting;

''(ii) to proceed into product integration or development; or

''(iii) to terminate the program.

''(3) In the review of an acquisition program, the Under Secretary shall consider the potential benefits, independent cost estimates, affordability, needs, and risks of the program.

''(d) USER INVOLVEMENT IN INTEGRATION MATTERS.—The regulations under subsection (a) shall ensure that the potential users (within the military departments) of an item being acquired under the program cycle set forth in subsection (a) are afforded an opportunity to participate meaningfully in the acquisition decisions concerning such item during the phases described in paragraphs (3) and (4) of that subsection.''.

(b) CONFORMING AMENDMENTS.—

(1) COORDINATION AND COMMUNICATION OF DEFENSE RESEARCH ACTIVITIES.—Section 2364 of title 10, United States Code, is amended—

(A) in subsection (b)(5), by striking out ''making milestone 0, milestone I, and milestone II decision'' and inserting in lieu thereof ''the integrated decision team meeting, the making of the decision at the single major decision point under subsection (c) of section 2221 of this title, and, as appropriate, the making of other acquisition program decisions during the acquisition program cycle described in section 2221 of this title''; and

(B) by striking out subsection (c).

(2) SURVIVABILITY AND LETHALITY TESTING.—Section 2366(c) of such title is amended by striking out ''engineering and manufacturing development'' in paragraph (1) and in the second sentence of paragraph (2) and inserting in lieu thereof ''product integration, development, and testing''.

(3) LOW-RATE INITIAL PRODUCTION OF NEW SYSTEMS.—Section 2400(a)(2) of such title is amended by striking out ''engineering and manufacturing development'' and inserting in lieu thereof ''product integration, development, and testing''.

(4) SELECTED ACQUISITION REPORTS.—Section 2432 of such title is amended—

(A) in subsection (b)(3)(A)(i), by striking out ''engineering and manufacturing development'' and inserting in lieu thereof ''product integration, development, and testing'';

(B) in subsection (c)(3)(A), by striking out ''engineering and manufacturing development phase or has completed that stage'' and inserting in lieu thereof ''product integration, development, and testing phase or has completed that phase'';

(C) in subsection (h)(1)—

(i) in the first sentence, by striking out ''engineering and manufacturing development'' and inserting in lieu thereof ''prototype development and testing''; and

(ii) in the second sentence, by striking out ''engineering and manufacturing development'' and inserting in lieu thereof ''product integration, development, and testing''.

(5) MAJOR DEFENSE ACQUISITION PROGRAMS.—

(A) INDEPENDENT COST ESTIMATES.—Section 2434(a) of such title is amended by striking out ''engineering and manufacturing development, or the production and deployment,'' and inserting in lieu thereof ''product integration, development, and testing''.

(B) BASELINE DESCRIPTION.—Section 2435 of such title is amended—

(i) in subsection (b), by striking out ''engineering and manufacturing development'' and inserting in lieu thereof ''prototype development and testing''; and

(ii) by striking out subsection (c) and inserting in lieu thereof the following:

''(c) SCHEDULE.—A baseline description for a major defense acquisition program shall be prepared under this section—

''(1) before the program enters prototype development and testing;

''(2) before the program enters product integration and development; and

''(3) before the program enters production, integration into existing systems, or production and integration into existing systems.''.

SEC. 113. OPERATIONAL TEST AND EVALUATION REQUIREMENTS IN RELATION TO LOW-RATE PRODUCTION.

(a) REQUIREMENTS.—Section 2399 of title 10, United States Code, is amended to read as follows:

"§ 2399. Operational test and evaluation of major systems

''(a) CONDITION FOR PROCEEDING INTO LOW-RATE INITIAL PRODUCTION.—(1) The Secretary of Defense may not issue a notice to proceed with production of a major system until—

''(A) at least one phase of initial operational test and evaluation has been completed, during the prototype development and testing phase and again during the product integration, development, and testing phase, in order to demonstrate that the system—

''(i) meets the minimum performance requirements established for the system;

''(ii) is suitable for the purposes for which the system is to be acquired; and

''(iii) does not require significant design changes or other significant modifications in order to demonstrate required operational capabilities; and

''(B) the Director of Operational Test and Evaluation has certified to the Secretary and to the congressional defense committees that—

''(i) the test and evaluation performed on the system were adequate; and

''(ii) the conditions set forth in clauses (i), (ii), and (iii) of subparagraph (A) were satisfied.

''(2) The Secretary may waive the requirements of paragraph (1)(B) in the case of a major system if the Secretary—

''(A) determines and certifies to the congressional defense committees that the waiver is vital to national security interests; or

''(B) certifies to the congressional defense committees that the Secretary has information that demonstrates that the conditions set forth in clauses (i), (ii), and (iii) of paragraph (1)(A) can be satisfied without increasing—

''(i) the production unit cost of the system by more than 10 percent over the production unit cost estimated at the time of the waiver; and

''(ii) the production period for the system by more than 10 percent over the production period estimated at the time of the waiver.

''(3) Paragraph (1) does not apply to acquisition of a naval vessel or a satellite.

''(b) CONDITION FOR PROCEEDING BEYOND LOW-RATE INITIAL PRODUCTION.—The Secretary of Defense shall provide that a program for the acquisition of a major system may not proceed beyond low-rate initial production until initial operational test and evaluation of the program is completed.

''(c) OPERATIONAL TEST AND EVALUATION.—(1) Operational testing of a major system may not be conducted until the Director of Operational Test and Evaluation of the Department of Defense—

''(A) approves (in writing) the adequacy of the plans for operational test and evaluation of the system, including the adequacy of the plans with regard to—

''(i) the projected level of funding; and

''(ii) demonstration of the matters set forth in clauses (i), (ii), and (iii) of subsection (a)(1)(A); and

''(B) determines the quantity of articles of the system that are needed for operational testing.

''(2) The Director shall analyze the results of the operational test and evaluation of each major system. At the conclusion of such testing, the Director shall determine whether—

''(A) the test and evaluation performed were adequate; and

''(B) the results of such test and evaluation confirm that the items or components actually tested are effective and suitable for combat.

''(3) A final decision within the Department of Defense to proceed with a program for the acquisition of a major system beyond low-rate initial production may not be made until the Director submits to the Secretary of Defense and the congressional defense committees a written opinion on the matters.

''(d) NON-MAJOR SYSTEMS.—Operational testing of a new system other than a major system may not be conducted until the head of the operational test and evaluation agency of the military department concerned determines the quantity of articles of the system that are to be procured for operational testing.

''(e) IMPARTIALITY OF CONTRACTOR TESTING PERSONNEL.—No person employed by the contractor under a program for the acquisition of a major system may be involved in the conduct of the operational test and evaluation necessary for the program to proceed beyond low-rate production in accordance with subsection (b). The limitation in the preceding sentence does not apply to the extent that the Secretary of Defense plans for persons employed by that contractor to be involved in the operation, maintenance, and support of the system when the system is deployed in combat.

''(f) IMPARTIAL CONTRACTED ADVISORY AND ASSISTANCE SERVICES.—(1) The Director may not contract with any person for advisory and assistance services with regard to the test and evaluation of a major system if that person participated in (or is participating in) the development, production, or testing of such system for a military department or Defense Agency (or for another contractor of the Department of Defense).

''(2) The Director may waive the limitation under paragraph (1) in any case if the Director determines in writing that sufficient steps have been taken to ensure the impartiality of the contractor in providing the services. The Inspector General of the Department of Defense shall review each such waiver and shall include in the Inspector General's semi-annual report an assessment of those waivers made since the last such report.

''(3)(A) A contractor that has participated in (or is participating in) the development, production, or testing of a system for the Department of Defense or for another contractor of the Department of Defense may not be involved in any way in the establishment of criteria for data collection, performance assessment, or evaluation activities for the operational test and evaluation of that system.

''(B) The limitation in subparagraph (A) does not apply to a contractor that has participated solely in testing for the Federal Government.

''(g) SOURCE OF FUNDS FOR TESTING.—The costs for all tests required under subsection (b) shall be paid from funds available for the system being tested.

''(h) DIRECTOR'S ANNUAL REPORT.—As part of the annual report of the Director under section 139 of this title, the Director shall describe for each program covered in the report the status of test and evaluation activities in comparison with the test and evaluation master plan for that program, as approved by the Director. The Director shall include in such annual report a description of each waiver granted under subsection (f)(2) since the last such report.

''(i) DEFINITIONS.—In this section:

''(1) The term 'major system' has the meaning given that term in section 2302(5) of this title.

''(2) The term 'operational test and evaluation' has the meaning given that term in section 139(a)(2)(A) of this title. For purposes of subsection (a), that term does not include an operational assessment based exclusively on—

''(A) computer modeling;

''(B) simulation; or

''(C) an analysis of system requirements, engineering proposals, design specifications, or any other information contained in program documents.

''(3) The term 'congressional defense committees' means—

''(A) the Committee on Armed Services and and the Committee on Appropriations of the Senate; and

''(B) the Committee on National Security and the Committee on Appropriations of the House of Representatives.''.

(b) QUANTITIES PROCURED FOR LOW-RATE INITIAL PRODUCTION.—(1) Subsection (a) of section 2400 of such title is amended—

(A) by striking out paragraph (3);

(B) by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively;

(C) by striking out the second sentence of paragraph (4), as so redesignated; and

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

''(5)(A) Except as provided in subparagraph (B), the quantity determined for a system under paragraph (1) may not exceed the quantity equal to 10 percent of the total quantity of articles of the system that is to be acquired under the program for the acquisition of such system, determined as of the date on which funds appropriated for procurement are first obligated for the program.

''(B) The quantity of articles determined for a system under paragraph (1) may exceed the maximum quantity provided under subparagraph (A)—

''(i) during a war declared by Congress or a national emergency declared by Congress or the President; or

''(ii) if the Secretary of Defense certifies to the congressional defense committees referred to in section 2399(i)(3) of this title that it is necessary to do so in order to provide for completion of initial operational test and evaluation of the system and that it is impracticable to limit the quantity of the articles procured to such maximum quantity.

''(6) The additional quantity of articles that may be determined for a system pursuant to the exception in paragraph (5)(B)(ii) may not exceed the quantity equal to 5 percent of the total quantity of articles of the system that are to be acquired under the program, determined as of the date referred to in paragraph (5)(A).''.

(2) Subsection (b) of such section is amended to read as follows:

''(b) LOW-RATE INITIAL PRODUCTION OF WEAPON SYSTEMS.—Except as provided in subsection (c), low-rate initial production with respect to a new system is production of the system in the minimum quantity necessary—

''(1) to establish an initial production base with the capacity to provide production-configured or representative articles for operational tests pursuant to section 2399 of this title; and

''(2) to maintain such production base until initial operational test and evaluation of the system is completed and a decision is made regarding whether to proceed into full-rate production.''.

(c) DUTIES AND AUTHORITY OF DIRECTOR OF OPERATIONAL TEST AND EVALUATION.—Section 139(c) of title 10, United States Code, is amended by striking out the first sentence and inserting in lieu thereof the following: ''The Director reports directly, without intervening review or approval, to the Secretary of Defense personally.''.

(d) EFFECTIVE DATE AND SAVINGS PROVISION.—(1) The amendments made by this section shall take effect on the date of the enactment of this Act.

(2) The amendments made by subsections (a), (b), and (c) shall apply with respect to programs for the acquisition of systems that, as of the date of the enactment of this Act, are scheduled to enter low-rate initial production on or after October 1, 1996.

(3) The provisions of sections 2399 and 2400 of title 10, United States Code, as in effect on the day before the date of the enactment of this Act, shall continue to apply after that date to programs for the acquisition of major systems that enter or, as of the date of the enactment of this Act, are scheduled to enter low-rate initial production before October 1, 1996.

SEC. 114. ACQUISITION OF INFORMATION TECHNOLOGY.

The Secretary of Defense shall revise the existing Department of Defense directives regarding development and procurement of information systems (numbered in the 8000 series) and the Department of Defense directives numbered in the 5000 series in order to consolidate those directives into one series of directives that is consistent with the simplified acquisition program cycle provided for in section 2221 of title 10, United States Code, as added by section 112.

Subtitle C—Rapid Contracting

SEC. 121. GOAL.

(a) ESTABLISHMENT.—The Secretary of Defense shall establish a goal of reducing by 50 percent the time necessary for the Department of Defense to acquire an item for the user of that item.

(b) ACTION.—The Secretary shall take such action as is necessary to ensure that the Department of Defense achieves the goal established under subsection (a), including actions necessary to facilitate—

(1) the definition of the requirements for an acquisition; and

(2) the selection of sources from among the offerors.

SEC. 122. AUTHORITY TO LIMIT NUMBER OF OFFERORS.

Section 2305(b) of title 10, United States Code, is amended by adding at the end the following:

''(5) Under regulations prescribed by the head of an agency, a contracting officer of the agency receiving more than three competitive proposals for a proposed contract may solicit best and final offers from three of the offerors who submitted offers within the competitive range. Notwithstanding paragraph (4)(A)(i), the contracting officer need not first conduct discussions with all of the responsible parties that submit offers within the competitive range.''.

SEC. 123. PREFERENCE FOR CERTIFIED CONTRACTORS.

Chapter 137 of title 10, United States Code is amended by inserting after section 2319 the following new section:

''§ 2319a. Contractor performance certification system

''(a) CERTIFICATION AUTHORIZED.—The Secretary of Defense may establish a contractor certification system for the procurement of particular property or services that are procured by the Department of Defense on a repetitive basis. Under the system, the Secretary shall use competitive procedures to certify contractors as eligible for contracts to furnish such property or services. The Secretary shall award certifications on the basis of the relative efficiency and effectiveness of the business practices, level of quality, and demonstrated contract performance of the responding contractors with regard to the particular property or services.

''(b) PROCUREMENT FROM CERTIFIED CONTRACTORS.—The head of an agency within the Department of Defense may enter into a contract for a procurement of property or services referred to in subsection (a) on the basis of a competition among contractors certified with respect to such property or services pursuant to that subsection.

''(c) TERMINATION OF CERTIFICATION.—The Secretary—

''(1) may provide for the termination of a certification awarded a contractor under this section upon the expiration of a period specified by the Secretary; and

''(2) may revoke a certification awarded a contractor under this section upon a determination that the quality of performance of the contractor does not meet standards applied by the Secretary as of the time of the revocation decision.''.

SEC. 124. CONSIDERATION OF PAST PERFORMANCE AND ELIGIBILITY CERTIFICATION.

Section 2305 of title 10, United States Code, is amended—

(1) in subsection (a)(2)(A)(i)—

(A) by striking out ''(including price)'' and inserting in lieu thereof ''(including price, past contract performance of the offeror, and any certification of the offeror under section 2319a of this title)''; and

(B) by striking out ''and noncost-related'' and inserting in lieu thereof the following: ''past contract performance of the offeror, any certification of the offeror under section 2319a of this title, and other noncost-related'';

(2) in subsection (b)—

(A) in paragraph (3), by striking out ''and the other price-related factors included in the solicitation'' in the second sentence and inserting in lieu thereof '', the other price-related factors included in the solicitation, the past contract performance (if any) of the offerors, and any certification of offerors under section 2319a of this title''; and

(B) in paragraph (4)(B), by striking out ''and the other factors included in the solicitation'' in the first sentence and inserting in lieu thereof '', the past contract performance (if any) of the offerors, any certification of offerors under section 2319a of this title, and the other factors included in the solicitation'';

(3) in subsection (c)(1), by inserting ''past performance of the offerors, any certification of offerors under section 2319a of this title,'' after ''(considering quality, price, delivery,''; and

(4) by adding at the end the following new subsection:

''(g) The Secretary of Defense shall maintain a contractor performance data base. The Secretary shall include in the data base information on the history of the performance of each contractor under Department of Defense contracts and, for each such contract performed by the contractor, a technical evaluation of the contractor's performance prepared by the acquisition program manager responsible for the contract. The Secretary shall make information in the data base available to acquisition program executive officers and acquisition program managers of the Department of Defense and to the contractor to which the information pertains.''.

SEC. 125. ENCOURAGEMENT OF MULTIYEAR CONTRACTING.

Section 2306b(a) of title 10, United States Code, is amended in the matter preceding paragraph (1) by striking out ''may'' and inserting in lieu thereof ''shall, to the maximum extent possible,''.

SEC. 126. ENCOURAGEMENT OF USE OF LEASING AUTHORITY.

(a) IN GENERAL.—Chapter 137 of title 10, United States Code, is amended by inserting after section 2316 the following new section:

''§ 2317. Equipment leasing

''The Secretary of Defense shall authorize and encourage the use of leasing in the acquisition of equipment whenever such leasing is practicable and otherwise authorized by law.''.

(b) REPORT.—Not later than 90 days after the the date of the enactment of this Act, the Secretary of Defense shall submit to Congress a report setting forth changes in legislation that would be required in order to facilitate the use of leases by the Department of Defense in the acquisition of equipment, including the use of multiyear leases.

Subtitle D—Performance Based Contract Management

SEC. 131. UNALLOWABLE COSTS.

(a) SPECIFIC COSTS.—Section 2324(e)(1) of title 10, United States Code, is amended by adding at the end the following:

''(P) Labor costs in excess of the labor costs provided for in the offer of the contractor.

''(Q) Bid protest costs.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date of the enactment of this Act and shall apply with respect to solicitations for offers issued under chapter 137 of title 10, United States Code, on or after that date.

SEC. 132. ALTERNATIVES APPROACHES TO CONTRACT MANAGEMENT.

The Secretary of Defense shall prescribe in regulations policies and procedures that encourage contract administrators of the Department of Defense to submit to program managers, and program managers to consider, alternative approaches to contract management. A contract administrator submitting an alternative approach to the program manager shall include an analysis of the costs and benefits of each alternative.

SEC. 133. CONTRACTOR SHARE OF GAINS AND LOSSES FROM COST, SCHEDULE, AND PERFORMANCE EXPERIENCE.

Chapter 137 of title 10, United States Code, is amended by inserting after section 2306b the following new section:

''§ 2306c. Contractor share of gains and losses from cost, schedule, and performance experience

''The Secretary of Defense shall prescribe in regulations a clause, to be included in each cost-type contract and incentive-type contract, that provides a system for the contractor to be rewarded for contract performance exceeding the contract cost, schedule, or performance parameters to the benefit of the United States and to be penalized for failing to adhere to cost, schedule, or performance parameters to the detriment of the United States.''.

Subtitle E—Financial Management

SEC. 141. PHASE FUNDING OF DEFENSE ACQUISITION PROGRAMS.

Chapter 131 of title 10, United States Code, as amended by section 112, is further amended by adding at the end the following:

''§ 2222. Funding for results oriented acquisition program cycle

''(a) PROGRAM PHASE DETAILS TO BE SUBMITTED TO CONGRESS.—Before initial funding is made available for a phase of the acquisition program cycle of an acquisition program for which an authorization of appropriations is required by section 114 of this title, the Secretary of Defense shall submit to Congress information about the objectives and plans for the conduct of that phase and the funding requirements for the entire

phase. The information shall identify the intended user of the system to be acquired under the program and shall include objective, quantifiable criteria for assessing the extent to which the objectives and goals determined pursuant to section 2435 of this title are achieved.

''(b) FULL PHASE FUNDING.—(1) In authorizing appropriations for an acquisition program for which an authorization of appropriations is required by section 114 of this title, Congress shall provide in an Act authorizing appropriations for the Department of Defense an authorization of appropriations for a phase of the acquisition program in a single amount that is sufficient for carrying out that phase. Each such authorization of appropriations shall be stated in the Act as a specific item.

''(2) In each Act making appropriations for the Department of Defense Congress shall specify the phase of each such acquisition program of the department for which an appropriation is made and the amount of the appropriation for the phase of that program.''.

SEC. 142. MAXIMIZED BENEFIT FUNDING.

Chapter 131 of title 10, United States Code, as amended by section 141, is further amended by adding at the end the following:

''§ 2223. Maximized benefit funding

''(a) TRANSFERS AUTHORITY.—The Secretary of Defense may transfer funds from appropriations available for a particular phase of an acquisition program of the Department of Defense in order to pay out of the transferred funds the cost of incentives provided program managers who have been certified by the Secretary as having achieved at least 90 percent of the cost, schedule, and performance goals established for that phase.

''(b) LIMITATIONS.—The Secretary shall prescribe in regulations—

''(1) the percent of available funds that may be transferred under the authority of subsection (a) for payment of incentives; and

''(2) a limitation that the total amount transferred for a phase of a program may not exceed ⅓ of the total amount of the cost of such phase that is determined under the regulations to have been saved as a result of the achievement of the goals for which the incentives are to be paid.''.

SEC. 143. IMPROVED DEPARTMENT OF DEFENSE CONTRACT PAYMENT PROCEDURES.

(a) REVIEW AND IMPROVEMENT OF PROCEDURES.—The Comptroller General of the United States shall review commercial practices regarding accounts payable and, considering the results of the review, develop standards for the Secretary of Defense to use for improving the contract payment procedures and financial management systems of the Department of Defense.

(b) GAO REPORT.—Not later than September 30, 1996, the Comptroller General shall submit to Congress a report containing the following matters:

(1) The weaknesses in the financial management processes of the Department of Defense.

(2) Deviations of the Department of Defense payment procedures and financial management systems from the standards developed pursuant to subsection (a), expressed quantitatively.

(3) The officials of the Department of Defense who are responsible for resolving the deviations.

(c) RESPONSIBILITIES OF THE SECRETARY.—The Secretary of Defense shall take such corrective actions as are necessary to resolve the deviations reported pursuant to subsection (b) to within 90 percent of the applicable standards developed under subsection (a).

(d) ENFORCEMENT OF RESPONSIBILITY FOR RESOLVING SYSTEM WEAKNESSES.—The Secretary of Defense may not provide any bonus or incentive pay to an official identified pursuant to subsection (b) as responsible for resolving deviations until the Secretary certifies to Congress that the official has resolved more than 90 percent of those deviations to be within the applicable standards developed under subsection (a).

Subtitle F—Defense Acquisition Workforce

SEC. 151. CONSIDERATION OF PAST PERFORMANCE IN ASSIGNMENT TO ACQUISITION POSITIONS.

(a) REQUIREMENT.—Section 1701(a) of title 10, United States Code, is amended by adding at the end the following: ''The policies and procedures shall provide that education and training in acquisition matters, and past performance of acquisition responsibilities, are major factors in the selection of personnel for assignment to acquisition positions in the Department of Defense.''.

(b) PERFORMANCE REQUIREMENTS FOR ASSIGNMENT.—(1) Section 1723(a) of title 10, United States Code, is amended by inserting '', including requirements relating to demonstrated past performance of acquisition duties,'' in the first sentence after ''experience requirements''.

(2) Section 1724(a)(2) of such title is amended by inserting before the semicolon at the end the following: ''and have demonstrated proficiency in the performance of acquisition duties in the contracting position or positions previously held''.

(3) Section 1735 of such title is amended—

(A) in subsection (b)—

(i) by striking out ''and'' at the end of paragraph (2);

(ii) by striking out the period at the end of paragraph (3) and inserting in lieu thereof ''; and''; and

(iii) by adding at the end the following:

''(4) must have demonstrated proficiency in the performance of acquisition duties.'';

(B) in subsection (c)—

(i) by striking out ''and'' at the end of paragraph (2);

(ii) by striking out the period at the end of paragraph (3) and inserting in lieu thereof ''; and''; and

(iii) by adding at the end the following:

''(4) must have demonstrated proficiency in the performance of acquisition duties.'';

(C) in subsection (d), by inserting before the period at the end the following: '', and have demonstrated proficiency in the performance of acquisition duties''; and

(D) in subsection (e), by inserting before the period at the end the following: '', and have demonstrated proficiency in the performance of acquisition duties''.

SEC. 152. TERMINATION OF DEFENSE ACQUISITION SCHOOLS.

(a) CONTRACTING FOR DEFENSE ACQUISITION EDUCATION AND TRAINING.—Chapter 87 of title 10, United States Code, is amended by adding at the end of subchapter IV the following:

''§ 1747 Professional educational development and training programs

''The Secretary of Defense shall provide for the acquisition of professional educational development and training services for the acquisition workforce from commercial sources and through programs provided by Federal Government sources for all acquisition personnel of all departments and agencies of the Federal Government.''.

(b) TERMINATION OF DEFENSE ACQUISITION UNIVERSITY STRUCTURE.—Section 1746 of title 10, United States Code, is repealed.

(c) EDUCATION AND TRAINING OF PROGRAM MANAGERS AND PROGRAM EXECUTIVE OFFICERS.—Section 1735 of such title is amended—

(1) by striking out paragraph (1) of subsection (b) and inserting in lieu thereof the following:

''(1) must have completed a course of program management provided for under section 1747 of this title or determined by the Secretary of Defense as appropriate training for program managers of the Department of Defense;''; and

(2) by striking out paragraph (1) of subsection (c) and inserting in lieu thereof the following:

''(1) must have completed a course of program management provided for under section 1747 of this title or determined by the Secretary of Defense as appropriate training for program executive officers of the Department of Defense;''.

(d) ALTERNATIVE PROPOSAL.—The Secretary may submit to Congress a proposed system of professional educational development and training for the Department of Defense acquisition workforce as an alternative to the system provided for in the amendments made by this section. Any such proposal shall be submitted not later than June 30, 1996.

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 1996.

Subtitle G—Revision of Procurement Integrity Requirements

SEC. 161. AMENDMENTS TO OFFICE OF FEDERAL PROCUREMENT POLICY ACT.

(a) RECUSAL.—Subsection (c) of section 27 of the Office of Procurement Policy Act (41 U.S.C. 423) is amended—

(1) in paragraph (1)—

(A) in the matter above subparagraph (A), by inserting ''only'' after ''subsection (b)(1)''; and

(B) in subparagraph (A), by inserting ''(including the modification or extension of a contract)'' after ''any procurement'';

(2) by striking out paragraphs (2) and (3) and inserting in lieu thereof:

''(2) Whenever the head of a procuring activity approves a recusal under paragraph (1), a copy of the recusal request and the approval of the request shall be retained by such official for a period (not less than five years) specified in regulations prescribed in accordance with subsection (o).

''(3)(A) Except as provided in subparagraph (B), all recusal requests and approvals of recusal requests pursuant to this subsection shall be made available to the public on request.

''(B) Any part of a recusal request or an approval of a recusal request that is exempt from the disclosure requirements of section 552 of title 5, United States Code, under subsection (b)(1) of such section may be withheld from disclosure to the public otherwise required under subparagraph (A).''; and

(3) in paragraph (4), by striking out ''competing contractor'' and inserting in lieu thereof ''person''.

(b) APPLICABILITY OF CERTIFICATION REQUIREMENT.—Subsection (e)(7)(A) of such section is amended by adding at the end the following: ''However, paragraph (1)(B) does not apply with respect to a contract for less than $500,000.''.

(c) RESTRICTIONS RESULTING FROM PROCUREMENT ACTIVITIES OF PROCUREMENT OFFICIALS.—Subsection (f) of such section is amended—

(1) by redesignating paragraph (3) as paragraph (4); and

(2) by striking out paragraphs (1) and (2) and inserting in lieu thereof the following:

''(1) No individual who, in the year prior to separation from service as an officer or employee of the Government or an officer of the uniformed services in a covered position, participated personally and substantially in

acquisition functions related to a contract, subcontract, or claim of $500,000 or more and—

''(A) engaged in repeated direct contact with the contractor or subcontractor on matters relating to such contract, subcontract, or claim; or

''(B) exercised significant ongoing decisionmaking responsibility with respect to the contractor or subcontractor on matters relating to such contract, subcontract, or claim,

shall knowingly accept or continue employment with such contractor or subcontractor for a period of one year following the individual's separation from service, except that such individual may accept or continue employment with any division or affiliate of such contractor or subcontractor that does not produce the same or similar products as the entity involved in the negotiation or performance of the contract or subcontract or the adjustment of the claim.

''(2) No contractor or subcontractor, or any officer, employee, agent, or consultant of such contractor or subcontractor shall knowingly offer, provide, or continue any employment for another person, if such contractor, subcontractor, officer, employee, agent, or consultant knows or should know that the acceptance of such employment is or would be in violation of paragraph (1).

''(3) The head of each Federal agency shall designate in writing as a 'covered position' under this section each of the following positions in that agency:

''(A) The position of source selection authority, member of a source selection evaluation board, or chief of a financial or technical evaluation team, or any other position, if the officer or employee in that position is likely personally to exercise substantial responsibility for ongoing discretionary functions in the evaluation of proposals or the selection of a source for a contract in excess of $500,000.

''(B) The position of procuring contracting officer, or any other position, if the officer or employee in that position is likely personally to exercise substantial responsibility for ongoing discretionary functions in the negotiation of a contract in excess of $500,000 or the negotiation or settlement of a claim in excess of $500,000.

''(C) The position of program executive officer, program manager, or deputy program manager, or any other position, if the officer or employee in that position is likely personally to exercise similar substantial responsibility for ongoing discretionary functions in the management or administration of a contract in excess of $500,000.

''(D) The position of administrative contracting officer, the position of an officer or employee assigned on a permanent basis to a Government Plant Representative's Office, the position of auditor, a quality assurance position, or any other position, if the officer or employee in that position is likely personally to exercise substantial responsibility for ongoing discretionary functions in the onsite oversight of a contractor's operations with respect to a contract in excess of $500,000.

''(E) A position in which the incumbent is likely personally to exercise substantial responsibility for ongoing discretionary functions in operational or developmental testing activities involving repeated direct contact with a contractor regarding a contract in excess of $500,000.''.

(d) DISCLOSURE OF PROPRIETARY OR SOURCE SELECTION INFORMATION TO UNAUTHORIZED PERSONS.—Subsection (l) of such section is amended—

(1) by inserting ''who are likely to be involved in contracts, modifications, or extensions in excess of $25,000'' in the first sentence after ''its procurement officials''; and

(2) by striking out ''(e)'' each place it appears and inserting in each such place ''(f)''.

(e) RULES OF CONSTRUCTION.—Subsection (n) of such section is amended to read as follows:

''(n) RULES OF CONSTRUCTION.—Nothing in this section shall be construed to—

''(1) authorize the withholding of any information from the Congress, any committee or subcommittee thereof, a Federal agency, any board of contract appeals of a Federal agency, the Comptroller General, or an inspector general of a Federal agency;

''(2) restrict the disclosure of information to, or receipt of information by, any person or class of persons authorized, in accordance with applicable agency regulations or procedures, to receive that information;

''(3) restrict a contractor from disclosing its own proprietary information or the recipient of information so disclosed by a contractor from receiving such information; or

''(4) restrict the disclosure or receipt of information relating to a Federal agency procurement that has been canceled by the agency and that the contracting officer concerned determines in writing is not likely to be resumed.''.

(f) TERM TO BE DEFINED IN REGULATIONS.—Subsection (o)(2)(A) of such section is amended—

(1) by inserting ''money, gratuity, or other'' before ''thing of value''''; and

(2) by inserting before the semicolon ''and such other exceptions as may be adopted on a Governmentwide basis under section 7353 of title 5, United States Code''.

(g) TERMS DEFINED IN LAW.—Subsection (p) of such section is amended—

(1) in paragraph (1) by striking out ''clauses (i)–(viii)'' and inserting in lieu thereof ''clauses (i) through (vii)'';

(2) in paragraph (3)—

(A) in subparagraph (A)—

(i) by striking out clause (i);

(ii) by redesignating clauses (ii), (iii), (iv), (v), (vi), (vii), and (viii) as clauses (i), (ii), (iii), (iv), (v), (vi), and (vii), respectively; and

(iii) in clause (i) (as redesignated by subclause (II) of this clause), by striking out ''review and approval of a specification'' and inserting in lieu thereof ''approval or issuance of a specification, acquisition plan, procurement request, or requisition''; and

(B) in subparagraph (B), by striking out all after ''includes'' and inserting in lieu thereof the following: ''any individual acting on behalf of, or providing advice to, the agency with respect to any phase of the agency procurement concerned, regardless of whether such individual is a consultant, expert, or adviser, or an officer or employee of a contractor or subcontractor (other than a competing contractor).''; and

(3) in paragraph (6)(A), by inserting ''nonpublic'' before ''information''.

SEC. 162. AMENDMENTS TO TITLE 18, UNITED STATES CODE.

Section 208(a) of title 18, United States Code, is amended—

(1) by inserting ''(1)'' before ''Except as permitted''; and

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

''(2) Whoever knowingly aids, abets, counsels, commands, induces, or procures conduct prohibited by this section shall be subject to the penalties set forth in section 216 of this title.''.

SEC. 163. REPEAL OF SUPERSEDED AND OBSOLETE LAWS.

(a) REPEAL.—The following provisions of law are repealed:

(1) Sections 2207, 2397, 2397a, 2397b, and 2397c of title 10, United States Code.

(2) Section 281 of title 18, United States Code.

(3) Part A of title VI of the Department of Energy Organization Act (42 U.S.C. 7211 through 7218).

(b) REPEAL OF SUPERSEDED LAW.—Section 6001(b) of the Federal Acquisition Streamlining Act of 1994 (Public Law 103–355; 108 Stat. 3362; (18 U.S.C. 281 note) is repealed.

SEC. 164. IMPLEMENTATION.

(a) REGULATIONS.—Not later than 180 days after the date of the enactment of this Act, regulations implementing the amendments made by section 161 to section 27 of the Office of Federal Procurement Policy Act (41 U.S.C. 423), including definitions of the terms used in subsection (f) of such section, shall be issued in accordance with sections 6 and 25 of such Act (41 U.S.C. 405 and 521) after coordination with the Director of the Office of Government Ethics.

(b) SAVINGS PROVISIONS.—(1) No officer, employee, agent, representative, or consultant of a contractor who has signed a certification under section 27(e)(1)(B) of the Office of Federal Procurement Policy Act (41 U.S.C. 423(e)(1)(B)) before the effective date of this Act shall be required to sign a new certification as a result of the enactment of this Act.

(2) No procurement official of a Federal agency who has signed a certification under section 27(l) of the Office of Federal Procurement Policy Act (41 U.S.C. 423(l)) before the date of enactment of this Act shall be required to sign a new certification as a result of the enactment of this Act.

(c) INSPECTOR GENERAL REPORTS.—Not later than May 31 of each of the years 1996 through 1999, the Inspector General of each Federal agency (or, in the case of a Federal agency that does not have an Inspector General, the head of such agency) shall submit to Congress a report on the compliance by the agency during the preceding year with the requirement for the head of the agency to designate covered procurement positions under section 27(f)(3) of the Office of Federal Procurement Policy Act (as added by section 161(c)).

Subtitle H—Clerical Amendments

SEC. 171. CLERICAL AMENDMENTS TO TITLE 10.

(a) CHAPTER 87.—The table of sections at the beginning of subchapter IV of chapter 87 of title 10, United States Code, is amended—

(1) by striking out the item relating to section 1746; and

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

''1747. Professional educational development and training programs.''.

(b) CHAPTER 131.—The table of sections at the beginning of chapter 131 of title 10, United States Code, is amended—

(1) by striking out the item relating to section 2207; and

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

''2221. Results oriented acquisition program cycle.

''2222. Funding for results oriented acquisition program cycle.

''2223. Maximized benefit funding.''.

(c) CHAPTER 137.—The table of sections at the beginning of chapter 137 of title 10, United States Code, is amended—

(1) by inserting after the item relating to section 2306b the following new item:

''2306c. Contractor share of gains and losses from cost, schedule, and performance experience.'';

(2) by inserting after the item relating to section 2316 the following new item:

''2317. Equipment leasing.'';

and

(3) by inserting after the item relating to section 2319 the following new item:

''2319a. Contractor performance certification system.''.

(d) CHAPTER 141.—The table of sections at the beginning of chapter 141 of title 10, United States Code, is amended—

(1) by striking out the items relating to sections 2397, 2397a, 2397b, and 2397c; and

(2) by striking out the item relating to section 2399 and inserting in lieu thereof the following new item:

''2399. Operational test and evaluation of major systems under defense acquisition programs.''.

SEC. 172. OTHER LAWS.

(a) TITLE 18.—The table of sections for chapter 15 of title 18, United States Code, is amended by striking out the item relating to section 281.

(b) DEPARTMENT OF ENERGY ORGANIZATION ACT.—The table of contents in the first section of the Department of Energy Organization Act (42 U.S.C. 7101 et seq.) is amended by striking out the item relating to part A of title VI and the sections therein.

TITLE II—REORGANIZATION AND REFORM OF THE DEFENSE ACQUISITION SYSTEM

Subtitle A—Streamlining and Improvement of Acquisition Management

SEC. 201. REORGANIZATION OF ACQUISITION AUTHORITY.

(a) UNDER SECRETARY OF DEFENSE FOR ACQUISITION AND TECHNOLOGY.—Section 133(b) of title 10, United States Code, is amended—

(1) by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively; and

(2) by striking out paragraphs (1) and (2) and inserting in lieu thereof the following:

''(1) prescribing policies for research, development, and acquisition activities of the Department of Defense;

''(2) planning, programming, and overseeing the research, development, and acquisition activities of the Department of Defense;

''(3) assisting in the preparation and integration of budgets for the research, development, and acquisition activities of the Department of Defense, including assisting in the planning, programming, and budgeting system with respect to such activities;''.

(b) DEFENSE RESEARCH, DEVELOPMENT, AND ACQUISITION AGENCY.—(1) Part I of subtitle A of title 10, United States Code, is amended by inserting after chapter 9 the following new chapter:

''CHAPTER 10—DEFENSE RESEARCH, DEVELOPMENT, AND ACQUISITION AGENCY

''§ 231. Establishment

''(a) AGENCY.—There is established a Defense Research, Development, and Acquisition Agency in the Department of Defense.

''(b) DIRECTOR.—(1) The head of the agency is the Director of Defense Research, Development, and Acquisition who shall be appointed by the Under Secretary of Defense for Acquisition and Technology from among persons who are career professional employees in the acquisition workforce of the Department of Defense.

''(2) A member of the armed forces, while serving as the Director, holds the grade of general or, in the case of an officer of the Navy, admiral. A civilian, while serving as the Director, holds an equivalent civilian grade.

''(c) CHIEF OF ENGINEERING AND ANALYSIS.—(1) In the Defense Research, Development, and Acquisition Agency there is a Chief of Engineering and Analysis who shall be appointed by the Director from among the career professional employees in the acquisition workforce of the Department of Defense.

''(2) The Director shall evaluate the performance of the Chief of Engineering and Analysis. The Director may not delegate the performance of the evaluation responsibility.

''(3) The Chief of Engineering and Analysis shall be the senior technical adviser for the Defense Research, Development, and Acquisition Agency.

''§ 232. Use of agency for all research, development, and acquisition activities

''Subject to sections 3013(h), 5013(h), 8013(h) of this title, the Director shall conduct the research, development, and acquisition activities of the Department of Defense, including the activities of the research, development, and engineering centers of the Department of Defense.

''§ 233. Duties

''The responsibilities of the Under Secretary of Defense for Acquisition and Technology that are to be performed by the Defense Research, Development, and Acquisition Agency include the following:

''(1) Planning, programming, and carrying out the research, development, and acquisition activities of the Department of Defense.

''(2) Advising the Secretary of Defense and the Secretaries of the military departments regarding the preparation and integration of the budgets for the research, development, and acquisition activities of the Department of Defense.

''(3) Identifying and informing operational commanders regarding alternative technology solutions to fulfill emerging requirements.

''(4) Ensuring that the acquisition plan for each acquisition program realistically reflects the budget and related decisions made for that program.

''(5) Conducting research on management techniques as well as on individual systems.

''§ 234. Program executive officers

''(a) SELECTION AND EVALUATION.—The program executive officers of the Defense Research, Development, and Acquisition Agency shall be selected and evaluated by the Director.

''(b) DUTIES.—The duties of a program executive officer are as follows:

''(1) To manage acquisition programs assigned to the program executive officer.

''(2) To manage related technical support resources.

''(3) To establish and conduct integrated decision team meetings.

''(4) To provide technological advice (including advice regarding costs, schedule, and performance data relating to alternative technological approaches for fulfilling emerging requirements) to users of program products and to the officials within the Department of Defense who plan, program, and budget for the acquisition programs assigned to the program executive officer.

''(c) ORGANIZATION OF PERSONNEL.—The program executive officers shall be organized on the basis of unique mission areas or, in the case of programs for systems specifically relating to certain classes of targets, on the basis of target classes. No program executive officer may be organized with other program executive officers on both bases. The Secretary of Defense shall identify the mission areas or target classes on the basis of which program executive officers may be organized.

''(d) ACQUISITION LIFE-CYCLE MANAGEMENT.—The responsibilities of a program executive officer for a weapon acquisition program shall cover the entire life cycle of the program.

''(e) USER AND OPERATOR INTERACTION.—(1) The Chairman of the Joint Chiefs of Staff, in consultation with the Under Secretary of Defense for Acquisition and Technology, shall prescribe policies and procedures for the interaction of the commanders of the unified and specified combatant commands with program executive officers regarding the initiation and conduct of weapon acquisition programs. The policies and procedures shall include provisions for enabling such commands to perform operational and acceptance testing of weapons acquired pursuant to such programs.

''(2) The Under Secretary of Defense (Comptroller), in consultation with the Under Secretary of Defense for Acquisition and Technology and the Secretaries of the military departments, shall prescribe policies and procedures for the interaction between the commanders of the unified and specified combatant commands and the program executive officers regarding funding for weapon acquisition programs.

''(3) The policies and procedures prescribed pursuant to this subsection shall include a system for the commanders of the unified and specified combatant command to choose among alternatives developed by program executive officers for meeting acquisition requirements presented by the commanders.

''§ 235. Program managers

''(a) SELECTION AND EVALUATION.—Each program manager of the Defense Research, Development, and Acquisition Agency shall be selected and evaluated by the Director and a program executive officer and shall report directly to the program executive officer having primary responsibility for the system being acquired under the program.

''(b) DUTIES.—A program manager is responsible for the routine management of a research, development, and acquisition program, including the obtaining of necessary logistical support and support services for that program.

''(c) NONDUPLICATION OF FUNCTIONS.—The management functions of a program manager should not duplicate the management functions of a program executive officer.

''§ 236. Functional analytical capability

''(a) RESPONSIBILITY OF CHIEF OF ENGINEERING AND ANALYSIS.—The Chief of Engineering and Analysis shall be responsible for ensuring that each of the functional analytical capabilities provided to the Director, acquisition program executive officers, and acquisition program managers in connection with acquisition programs of the Department of Defense is the most advanced capability of its type.

''(b) FUNCTIONAL ANALYTICAL CAPABILITIES.—The functional analytical capabilities referred to in subsection (a) are as follows:

''(1) Cost and affordability analysis.

''(2) Logistics and support analysis.

''(3) Reliability and maintainability analysis.

''(4) Producibility analysis.

''(5) Environmental analysis.

''(6) Configuration management.

''(7) Warfighting and battlefield performance and utility analysis.

''(8) System engineering.

''(9) Any other analytical capability that may be necessary for ensuring the timeliness, performance, and affordability of acquisition programs.''.

(2) The tables of chapters at the beginning of subtitle A of title 10, United States Code, and at the beginning of part I of such subtitle, are amended by inserting after the item relating to chapter 9 the following new item:

''10. Defense Research, Development, and Acquisition Agency ..... 231''.

(c) LIMITATION OF PROCUREMENT AUTHORITY OF MILITARY DEPARTMENTS.—(1) Section 3013 of title 10, United States Code, is amended—

(A) in subsection (b)—

(i) by striking out ''and subject to the provisions of chapter 6 of this title,'' and inserting in lieu thereof '', subject to the provisions of chapter 6 of this title, and subject to subsection (h),''; and

(ii) in paragraph (4), by striking out ''(including research and development)''; and

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

''(h)(1) The Secretary of the Army shall be responsible for procurements of property and services, and may exercise authority to conduct such procurements, only to the extent that the Secretary of Defense determines necessary for the sustainment of operations of the Army. The Secretary of Defense shall prescribe in regulations the extent of the responsibility and authority of the Secretary of the Army for procurements of property and services.

''(2) In conducting a procurement in accordance with paragraph (1), the Secretary of the Army shall be subject to the same laws as are applicable to acquisitions conducted by the Secretary of Defense.''.

(2) Section 5013 of title 10, United States Code, is amended—

(A) in subsection (b)—

(i) by striking out ''and subject to the provisions of chapter 6 of this title,'' and inserting in lieu thereof '', subject to the provisions of chapter 6 of this title, and subject to subsection (h),''; and

(ii) in paragraph (4), by striking out ''(including research and development)''; and

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

''(h)(1) The Secretary of the Navy shall be responsible for procurements of property and services, and may exercise authority to conduct such procurements, only to the extent that the Secretary of Defense determines necessary for the sustainment of operations of the Navy. The Secretary of Defense shall prescribe in regulations the extent of the responsibility and authority of the Secretary of the Navy for procurements of property and services.

''(2) In conducting a procurement in accordance with paragraph (1), the Secretary of the Navy shall be subject to the same laws as are applicable to acquisitions conducted by the Secretary of Defense.''.

(3) Section 8013 of title 10, United States Code, is amended—

(A) in subsection (b)—

(i) by striking out ''and subject to the provisions of chapter 6 of this title,'' and inserting in lieu thereof '', subject to the provisions of chapter 6 of this title, and subject to subsection (h),''; and

(ii) in paragraph (4), by striking out ''(including research and development)''; and

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

''(h)(1) The Secretary of the Air Force shall be responsible for procurements of property and services, and may exercise authority to conduct such procurements, only to the extent that the Secretary of Defense determines necessary for the sustainment of operations of the Air Force. The Secretary of Defense shall prescribe in regulations the extent of the responsibility and authority of the Secretary of the Air Force for procurements of property and services.

''(2) In conducting a procurement in accordance with paragraph (1), the Secretary of the Air Force shall be subject to the same laws as are applicable to acquisitions conducted by the Secretary of Defense.''.

(4) Section 2302(1) of title 10, United States Code, is amended by striking out ''the Secretary of the Army, the Secretary of the Navy, the Secretary of the Air Force,''.

(5) Section 2302c of such title is amended—

(A) in subsection (a)(1), by striking out the second sentence; and

(B) in subsection (b), by striking out ''paragraph (5) or (6)'' and inserting in lieu thereof ''paragraph (2) or (3)''.

(6) Section 2303(a) of such title is amended—

(A) by striking out paragraphs (2), (3), and (4); and

(B) by redesignating paragraphs (5) and (6) as paragraphs (2) and (3), respectively.

SEC. 202. JOINT FOREIGN PRODUCTS DEVELOPMENT.

Section 153 of title 10, United States Code, is amended by adding at the end the following new subsection:

''(c) RECOMMENDATIONS FOR JOINT DEVELOPMENT OF FOREIGN PRODUCTS.—The Chairman of the Joint Chiefs of Staff, in consultation with the commanders of the unified and specified combatant commands, shall make recommendations to the Under Secretary of Defense for Acquisition and Technology regarding the desirability of joint development by the United States and one or more foreign countries of systems proposed to be developed, or under development, by such foreign country or foreign countries.''.

Subtitle B—Transfer of Functions

SEC. 211. TRANSFERS.

(a) MILITARY DEPARTMENTS.—Except as provided in subsection (c), all research, development, and acquisition functions of the Secretaries of the military departments are transferred to the Secretary of Defense.

(b) PROCUREMENT AGENCIES, COMMANDS, AND OFFICES.—Except as provided in subsection (c), there is transferred to the Defense Research, Development, and Acquisition Agency referred to in section 231(a) of title 10, United States Code (as added by section 201), all functions of the following organizations:

(1) The Defense Logistics Agency.

(2) The Advanced Research Projects Agency.

(3) The following procurement commands of the Army:

(A) The Army Materiel Command.

(B) The Army Information Systems Command.

(C) The Army Space and Strategic Defense Command.

(4) The following procurement commands of the Navy and Marine Corps:

(A) The Navy weapon systems commands.

(B) The Navy Strategic Systems Program Office.

(C) The Marine Corps Research, Development and Acquisition Command.

(5) The Air Force Materiel Command.

(6) Any successor organization to any agency, command, or office named in paragraphs (1) through (5).

(7) Each agency or command within the Department of Defense not referred to in paragraphs (1) through (6) that, on the day before the effective date of this title, has as a primary mission or function the performance of a research, development, or acquisition function of the Department of Defense.

(c) FUNCTIONS NOT TRANSFERRED.—(1) The following functions of the Secretaries of the military departments are not transferred to the Secretary of Defense:

(A) Functions that relate to planning, programming, and budgeting.

(B) Functions to be performed by the Secretary of a military department pursuant to section 3013(h), 5013(h), or 8013(h) of title 10, United States Code, as added by section 201(c).

(2) To the extent prescribed by the Secretary of Defense, functions referred to in paragraph (1)(B) that are performed by an organization referred to in subsection (b) need not be transferred in accordance with that subsection.

(d) TERMINATION OF ORGANIZATION.—The Secretary of Defense shall terminate each organization from which all of its functions are transferred under subsection (b).

SEC. 212. SAVINGS PROVISIONS.

(a) REGULATIONS, INSTRUMENTS, RIGHTS, AND PRIVILEGES.—All rules, regulations, contracts, orders, determinations, permits, certificates, licenses, grants, and privileges—

(1) which have been issued, made, granted, or allowed to become effective by the Secretary or other officer or employee of a military department, the head of a Defense Agency of the Department of Defense, or by a court of competent jurisdiction, in connection with any research, development, or acquisition activity of a military department or Defense Agency, and

(2) which are in effect on the effective date of this title,

shall continue in effect according to their terms until modified, terminated, superseded, set aside, or revoked in accordance with law by the Secretary of Defense, the Under Secretary of Defense for Acquisition and Technology, or another authorized official, by a court of competent jurisdiction, or by operation of law.

(b) PROCEEDINGS AND APPLICATIONS.—(1)(A) The provisions of this subtitle shall not affect any proceeding, including any proceeding involving a claim or application, in connection with any acquisition activity of a military department or a Defense Agency of the Department of Defense that is pending before that military department or Defense Agency on the effective date of this title.

(B) Orders may be issued in any such proceeding, appeals may be taken therefrom, and payments may be made pursuant to such orders, as if this Act had not been enacted. An order issued in any such proceeding shall continue in effect until modified, terminated, superseded, or revoked by the Secretary of Defense or the Under Secretary of Defense for Acquisition and Technology, by a court of competent jurisdiction, or by operation of law.

(C) Nothing in this paragraph prohibits the discontinuance or modification of any such proceeding under the same terms and conditions and to the same extent that such proceeding could have been discontinued or modified if this Act had not been enacted.

(2) The Secretary of Defense may prescribe regulations providing for the orderly transfer of proceedings continued under paragraph (1) to the Secretary of Defense or to the Under Secretary of Defense for Acquisition and Technology.

Subtitle C—Conforming Amendments

SEC. 221. MODIFICATION OF THE RESPONSIBILITY OF THE UNDER SECRETARY OF DEFENSE (COMPTROLLER) FOR DEFENSE ACQUISITION BUDGETS.

Section 135(c) of title 10, United States Code, is amended in each of paragraphs (2), (3), and (4), by inserting after the paragraph designation the following: ''subject to section 133(b) of this title,''.

SEC. 222. THE DEFENSE ACQUISITION WORK FORCE.

(a) GENERAL AUTHORITIES AND RESPONSIBILITIES.—(1)(A) Sections 1704, 1705, and 1707 of title 10, United States Code, are repealed.

(B) The table of sections at the beginning of subchapter I of chapter 87 of such title is amended by striking out the items relating to sections 1704 through 1707 and inserting in lieu thereof the following:

''1704. Acquisition career program boards.''.

(2) Section 1706 of title 10, United States Code, is amended—

(A) in subsection (a), by striking out ''an Acquisition Corps'' in the first sentence and inserting in lieu thereof ''the Acquisition Corps'';

(B) in the section heading by striking out ''**§ 1706**'' and inserting in lieu thereof ''**§ 1704**'';

(C) by striking out subsection (a) and inserting in lieu thereof the following:

''(a) ESTABLISHMENT.—The Under Secretary of Defense for Acquisition and Technology shall establish an acquisition career program board to advise the Under Secretary in managing the accession, training, education, and career development of military and civilian personnel in the acquisition workforce and in selecting individuals for the Acquisition Corps under section 1731 of this title.'';

(C) in subsection (b)—

(i) in the first sentence, by striking out ''Each'' and inserting in lieu thereof ''The''; and

(ii) in the second sentence, by striking out ''service acquisition executive'' and inserting in lieu thereof ''Under Secretary''; and

(D) in subsection (c)—

(i) by striking out ''Secretary of a military department'' and inserting in lieu thereof ''Under Secretary''; and

(ii) by striking out ''in the department''.

(b) DEFENSE ACQUISITION POSITIONS.—(1) Section 1722 of title 10, United States Code, is amended—

(A) in subsection (g), by striking out ''Secretary of each military department, acting through the service acquisition executive for that department,'' and inserting in lieu thereof ''Secretary of Defense''; and

(B) in subsection (h), by striking out ''or the Secretary of a military department (as applicable)''.

(2) Section 1724(d) of such title is amended in the first sentence—

(A) by striking out ''a military department'' and inserting in lieu thereof ''the Department of Defense''; and

(B) by striking out ''of that military department''.

(c) ACQUISITION CORPS.—(1) Section 1731 of title 10, United States Code, is amended—

(A) by striking out subsection (a) and inserting in lieu thereof the following:

''(a) ACQUISITION CORPS.—The Secretary of Defense shall establish a Department of Defense Acquisition Corps.''; and

(B) in subsection (b), by striking out ''an Acquisition Corps'' and inserting in lieu thereof ''the Acquisition Corps''.

(2) Section 1732 of such title is amended—

(A) in subsection (a), by striking out ''an Acquisition Corps'' in the first sentence and inserting in lieu thereof ''the Acquisition Corps'';

(B) in subsection (b)—

(i) in paragraph (2)(A)(ii), by striking out ''of the employing military department''; and

(ii) in paragraph (4), by striking out ''or the Secretary of the military department concerned''; and

(C) in subsection (d)—

(i) by striking out ''of a military department'' in the first sentence of paragraph (1) and in paragraph (2); and

(ii) by striking out ''of that military department'' in the first sentence of paragraph (1).

(3) Section 1733(a) of such title is amended by striking out ''an Acquisition Corps'' and inserting in lieu thereof ''the Acquisition Corps''.

(4) Section 1734 of such title is amended—

(A) in subsection (a)(1), by striking out ''Secretary of each military department, acting through the service acquisition executive for that department,'' in the first sentence and inserting in lieu thereof ''Secretary of Defense, acting through the Under Secretary of Defense for Acquisition and Technology,'';

(B) in subsection (b)(1), by striking out ''major milestone'' and inserting in lieu thereof ''phase of the program cycle'';

(C) by striking out subsection (c);

(D) in subsection (d), by striking out paragraphs (2) and (3) and inserting in lieu thereof the following:

''(2) The authority to grant waivers may be delegated by the Under Secretary only to the Director of Acquisition, Education, Training, and Career Development.

''(3) With respect to each waiver granted under this subsection, the Under Secretary shall set forth in a written document the rationale for the decision to grant the waiver. The Director of Acquisition, Education, Training, and Career Development shall maintain all such documents.'';

(E) in subsection (e)—

(i) in the first sentence of paragraph (1)—

(I) by striking out ''an Acquisition Corps'' in the first sentence and inserting in lieu thereof ''the Acquisition Corps''; and

(II) by striking out ''major program milestone'' and inserting in lieu thereof ''phase of the program cycle''; and

(ii) in paragraph (2), by striking out ''of the department concerned'' in the first sentence;

(F) by striking out subsections (g) and (h) and inserting in lieu thereof the following:

''(g) ASSIGNMENTS.—Subject to the authority, direction, and control of the Secretary, the Under Secretary shall make the assignments of civilian and military members of the Acquisition Corps to critical acquisition positions.'';

(G) by striking out ''concerned'' in—

(i) the second sentence of subsection (a)(1);

(ii) the second sentence of subsection (a)(2);

(iii) the sentence following subparagraph (B) in subsection (b)(1);

(iv) the second sentence of subsection (b)(2); and

(v) subsection (d)(1); and

(H) by redesignating subsections (d), (e), (f), (g), and (h) as subsections (c), (d), (e), (f), and (g), respectively.

(5) Section 1737 of title 10, United States Code, is amended—

(A) in subsection (a)—

(i) in paragraph (1), by striking out ''an Acquisition Corps'' and inserting in lieu thereof ''the Acquisition Corps''; and

(ii) in paragraph (5), by striking out '', or a principal deputy to a director of contracting'' and all that follows through ''Department of Defense'' and inserting in lieu thereof ''or a principal deputy to a director of contracting''; and

(B) by striking out subsection (c) and inserting in lieu thereof the following:

''(c) WAIVER.—(1) The Secretary of Defense may waive, on a case-by-case basis, the requirements established under this subchapter with respect to the assignment of an individual to a particular critical acquisition position. Such a waiver may be granted only if unusual circumstances justify the waiver or if the Secretary determines that the individual's qualifications obviate the need for meeting the education, training, and experience requirements established under this subchapter.

''(2) The Secretary shall act through the Under Secretary of Defense for Acquisition and Technology in exercising the authority provided in paragraph (1). The authority to grant waivers under this subsection may be delegated by the Under Secretary only to the Director of Acquisition Education, Training, and Career Development.''.

(d) EDUCATION AND TRAINING.—(1) Section 1741(c) of title 10, United States Code, is amended to read as follows:

''(c) PROGRAMS.—The Under Secretary shall establish and implement the education and training programs authorized by this subchapter.''.

(2) Section 1742 of such title is amended by striking out ''require that each military department''.

(3) Section 1743 of such title is amended in the first sentence by striking out ''require that the Secretary of each military department''.

(e) GENERAL MANAGEMENT.—(1) Section 1761(a) of title 10, United States Code, is amended by striking out ''prescribe regulations to ensure that the military departments and Defense Agencies''.

(2) Section 1762(c) of such title is amended—

(A) by striking out the parenthetical material in the matter above paragraph (1);

(B) in paragraph (4), by striking out ''an acquisition corps'' in subparagraphs (A) and (B) and inserting in lieu thereof ''the Acquisition Corps''; and

(C) in paragraph (14), by striking out ''and the performance of each military department''.

(3) Section 1763 of such title is amended by striking out the second sentence.

SEC. 223. PROCUREMENT PROCEDURES GENERALLY.

Chapter 137 of title 10, United States Code, is amended as follows:

(1) Section 2305(d) is amended—

(A) in the first sentence of paragraph (1)(A), by striking out ''shall ensure that,'' and all that follows through ''the head of an agency'' and inserting in lieu thereof '', in preparing a solicitation for the award of a development contract for a major system, shall'';

(B) in the first sentence of paragraph (2)(A), by striking out ''shall ensure that,'' and all that follows through ''the head of an agency'' and inserting in lieu thereof '', in preparing a solicitation for the award of a production contract for a major system, shall'';

(C) by striking out ''the head of the agency'' each place it appears and inserting in lieu thereof ''the Secretary''; and

(D) by striking out ''the head of an agency'' each place it appears and inserting in lieu thereof ''the Secretary of Defense''.

(2) Section 2306b is amended—

(A) in subsection (b)(1), by striking out ''for the agency or agencies under the jurisdiction of such official''; and

(B) in subsection (j), by striking out ''instruct the Secretary of the military department concerned to''.

(3) Section 2307 is amended—

(A) in subsection (g), by striking out ''Secretary of the Navy'' each place it appears and inserting in lieu thereof ''Secretary of Defense''; and

(B) in subsection (h)(7), by striking out the second sentence.

(4) Section 2311 is amended in subsection (a)—

(A) by inserting ''(1)'' after ''IN GENERAL.—''; and

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

''(2) The Secretary of Defense may delegate any authority of the Secretary under this chapter only to—

''(A) the Deputy Secretary of Defense, who may successively delegate such authority only to the Under Secretary of Defense for Acquisition and Technology;

''(B) the Under Secretary of Defense for Acquisition and Technology; or

''(C) any acquisition program executive officer or acquisition program manager of the

Defense Research, Development, and Acquisition Agency.''.

(5) Section 2318(a) is amended by striking out ''Defense Logistics Agency'' each place it appears and inserting in lieu thereof ''Defense Research, Development, and Acquisition Agency''.

(6) Section 2320(b) is amended—

(A) in the matter above paragraph (1), by striking out ''an agency named in section 2303 of this title'' and inserting in lieu thereof ''the Department of Defense''; and

(B) in paragraph (9), by striking out ''the head of the agency to withhold'' and inserting in lieu thereof ''the withholding of''.

(7) Section 2323(e)(1)(A)(iii) is amended by striking out ''military departments, Defense Agencies,'' and inserting in lieu thereof ''Department of Defense''.

(8) Section 2324 is amended—

(A) in subsection (e)(3)(A), by striking out the matter above clause (i) and inserting in lieu thereof the following:

''(A) Pursuant to regulations prescribed by the Secretary of Defense and subject to the availability of appropriations, the Secretary may waive the application of the provisions of subparagraphs (M) and (N) of paragraph (1) to a covered contract (other than a contract to which paragraph (2) applies) if the Secretary determines that—'';

(B) in subsection (h)(2), by striking out ''or the Secretary of the military department concerned'';

(C) in subsection (k)(4)—

(i) by striking out ''or Secretary of the military department concerned'';

(ii) by striking out ''or Secretary determines'' and inserting in lieu thereof ''determines''; and

(iii) by striking out ''or military department''; and

(D) by striking out subsection (l) and inserting in lieu thereof the following:

''(l) COVERED CONTRACT DEFINED.—(1) In this section, the term 'covered contract' means a contract for an amount in excess of $500,000 that is entered into by the head of an agency, except that such term does not include a fixed-price contract without cost incentives or any firm fixed-price contract for the purchase of commercial items.

(9) Section 2326 is amended—

''(2) Effective on October 1 of each year that is divisible by five, the amount set forth in paragraph (1) shall be adjusted to the equivalent amount in constant fiscal year 1994 dollars. An amount, as so adjusted, that is not evenly divisible by $50,000 shall be rounded to the nearest multiple of $50,000. In the case of an amount that is evenly divisible by $25,000 but is not evenly divisible by $50,000, the amount shall be rounded to the next higher multiple of $50,000.''.

(A) by striking out ''head of an agency'' each place it appears and inserting in lieu thereof ''Secretary of Defense'';

(B) by striking out ''head of the agency'' each place it appears and inserting in lieu thereof ''Secretary of Defense'';

(C) in subsection (a), by striking out ''military department concerned'' and inserting in lieu thereof ''Department of Defense''; and

(D) in subsection (b)(4), by striking out ''of that agency if such'' and inserting in lieu thereof ''of the Department of Defense if the''.

(10) Section 2327 is amended—

(A) in subsection (a), by striking out ''The head of an agency'' and inserting in lieu thereof ''The Secretary of Defense'';

(B) in subsection (b), by striking out ''the head of an agency'' and inserting in lieu thereof ''the Secretary of Defense'';

(C) in subsection (c)(1)—

(i) by striking out ''the head of an agency'' each place it appears and inserting in lieu thereof ''the Secretary''; and

(ii) by striking out ''such head of an agency'' each place it appears and inserting in lieu thereof ''the Secretary'';

(D) in subsection (c)(2), by striking out ''Upon the request of the head of an agency, the'' and inserting in lieu thereof ''The''; and

(E) in subsection (d)—

(i) by striking out ''(1)''; and

(ii) by striking out paragraph (2).

SEC. 224. RESEARCH AND DEVELOPMENT.

Chapter 139 of title 10, United States Code, is amended as follows:

(1) Section 2352(a) is amended in the matter above paragraph (1)—

(A) by striking out ''The Secretary of a military department'' and inserting in lieu thereof ''The Secretary of Defense''; and

(B) by striking out ''that military department'' and inserting in lieu thereof ''the Department of Defense''.

(2) Section 2353 is amended—

(A) in the first sentence of subsection (a)—

(i) by striking out ''contract of a military department'' and inserting in lieu thereof ''Department of Defense contract''; and

(ii) by striking out ''the Secretary of the military department concerned'' and inserting in lieu thereof ''the Secretary of Defense''; and

(B) in subsection (b)(3), by striking out ''the Secretary concerned'' and inserting in lieu thereof ''the Secretary of Defense''.

(3) Section 2354 is amended—

(A) in subsection (a), by striking out ''the Secretary of the military department concerned, any contract of a military department'' and inserting in lieu thereof ''the Secretary of Defense, any contract of the Department of Defense'';

(B) in subsection (c)—

(i) by striking out ''the Secretary of the department concerned'' and inserting in lieu thereof ''the Secretary of Defense''; and

(ii) by striking out ''of his department''; and

(C) in subsection (d), by striking out ''the Secretary concerned'' and inserting in lieu thereof ''the Secretary of Defense''.

(4) Section 2356(a) is amended to read as follows:

''(a)(1) Except as provided in paragraph (2), the Secretary of Defense may delegate any authority under section 1584, 2353, 2354, or 2358 of this title to—

''(A) the Deputy Secretary of Defense, who may successively delegate such authority only to the Under Secretary of Defense for Acquisition and Technology;

''(B) the Under Secretary of Defense for Acquisition and Technology; or

''(C) any employee of the Defense Research, Development, and Acquisition Agency.

''(2) The authority of the Secretary under section 2353(b)(3) of this title may not be delegated to a person described in paragraph (1)(C).''.

(5) Section 2358 is amended—

(A) by striking out ''or the Secretary of a military department'' in subsections (a) and (b);

(B) in subsection (a)(1), by striking out ''such Secretary's department'' and inserting in lieu thereof ''the Department of Defense''; and

(C) in subsection (c)—

(i) by striking out ''or the Secretary of that military department, respectively,''; and

(ii) by striking out ''or to such military department, respectively''.

(6) Section 2367(c) is amended to read as follows:

''(c) Funds appropriated to the Department of Defense may not be obligated or expended for purposes of operating a federally funded research center that was not in existence before June 2, 1986, until—

''(1) the Secretary of Defense submits to Congress a report with respect to such center that describes the purpose, mission, and general scope of effort of the center; and

''(2) 60 days elapse after the date on which such report is received by Congress.''.

(7) Section 2371 is amended—

(A) in subsection (a), by striking out ''and the Secretary of each military department;''; and

(B) by striking out subsection (b);

(C) in subsection (f), by striking out ''There is hereby established on the books of the Treasury separate accounts for each of the military departments and the Advanced Research Projects Agency'' and inserting in lieu thereof the following: ''The Secretary of the Treasury, after consultation with the Secretary of Defense, shall establish on the books of the Treasury one or more separate accounts for the Department of Defense''; and

(D) in subsection (i), by striking out ''in carrying out advanced research projects through the Advanced Research Projects Agency, and the Secretary of each military department,''.

(8) Section 2373(a) is amended—

(A) by striking out ''and the Secretaries of the military departments may each'' and inserting in lieu thereof ''may''; and

(B) by striking out ''or the Secretary concerned''.

SEC. 225. MISCELLANEOUS PROCUREMENT PROVISIONS.

(a) CHAPTER 141.—Chapter 141 of title 10, United States Code, is amended as follows:

(1) Section 2381(b) is amended—

(A) in the matter above paragraph (1), by striking out ''the Secretary concerned'' and inserting in lieu thereof ''the Secretary of Defense''; and

(B) in paragraph (2), by striking out ''military department concerned'' and inserting in lieu thereof ''Department of Defense''.

(2) Section 2385 is amended by striking out ''a military department'' and inserting in lieu thereof ''the Department of Defense''.

(3) Section 2386 is amended by striking out ''a military department'' and inserting in lieu thereof ''the Department of Defense''.

(4) Section 2388(a) is amended by striking out ''and the Secretary of a military department may each'' and inserting in lieu thereof ''may''.

(5) Section 2393 is amended—

(A) in subsection (a)—

(i) by striking out ''the Secretary of a military department'' in paragraph (1) and inserting in lieu thereof ''the Secretary of Defense''; and

(ii) by striking out ''the Secretary concerned'' in paragraph (2) and inserting in lieu thereof ''the Secretary of Defense''; and

(B) in subsection (b), by striking out ''the Secretary concerned'' and inserting in lieu thereof ''the Secretary of Defense''.

(6) Section 2394 is amended—

(A) in subsection (a), by striking out ''the Secretary of a military department'' and inserting in lieu thereof ''the Secretary of Defense'';

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

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

(7) Section 2394a is amended—

(A) in subsection (a)—

(i) by striking out ''Secretary of a military department'' and inserting in lieu thereof ''Secretary of Defense''; and

(ii) by striking out ''military department under his jurisdiction'' and inserting in lieu thereof ''Department of Defense''; and

(B) in subsection (b), by striking out the second sentence.

(8) Section 2401(a) is amended by striking out ''The Secretary of a military department'' both places it appears and inserting in lieu thereof ''The Secretary of Defense''.

(9) Section 2104a is amended by striking out ''or the Secretary of a military department''.

(10) Section 2403 is amended—

(A) in subsection (a), by striking out paragraph (8);

(B) in subsection (b), by striking out ''the head of an agency'' in the matter above paragraph (1) and inserting in lieu thereof ''the Secretary of Defense'';

(C) in subsections (c), (f), and (g), by striking out ''head of the agency concerned'' each place it appears and inserting in lieu thereof ''Secretary of Defense'';

(D) in subsection (d)—

(i) by inserting ''(1)'' after the subsection designation;

(ii) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively;

(iii) by striking out the second sentence; and

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

''(2) The Secretary may delegate authority under this subsection only to the Under Secretary of Defense for Acquisition and Technology.''; and

(E) in subsection (h), by striking out paragraph (3).

(11) Section 2405(a) is amended by striking out ''The Secretary of a military department'' and inserting in lieu thereof ''The Secretary of Defense.''

(12) Section 2410c(a) of title 10, United States Code, is amended by striking out ''Secretary of a military department or the head of a Defense Agency, as the case may be,'' and inserting in lieu thereof ''Secretary of Defense''.

(13) Section 2410d(a) is amended by striking out ''a military department or a Defense Agency'' and inserting in lieu thereof ''the Department of Defense''.

(14) Section 2410g(b) is amended by striking out ''notification—'' and all that follows through ''any other Department of Defense contract, to'' and insert in lieu thereof ''notification to''.

(b) CHAPTER 142.—Chapter 142 of title 10, United States Code, is amended as follows:

(1) Section 2411(3) is amended by striking out ''Director of the Defense Logistics Agency'' and inserting in lieu thereof ''Under Secretary of Defense for Acquisition and Technology''.

(2) Section 2417 is amended by striking out ''Director of the Defense Logistics Agency'' and inserting in lieu thereof ''Under Secretary of Defense for Acquisition and Technology''.

SEC. 226. MAJOR DEFENSE ACQUISITION PROGRAMS.

Chapter 144 of title 10, United States Code, is amended as follows:

(1) Section 2432(c)(3)(A) is amended by striking out ''The Secretary of Defense'' and all that follows.

(2) Section 2433 is amended—

(A) by striking out ''service acquisition executive designated by the Secretary concerned'' each place it appears and inserting in lieu thereof ''Under Secretary of Defense for Acquisition and Technology'';

(B) in subsection (c), by striking out ''such service acquisition executive'' in the matter following paragraph (3) and inserting in lieu thereof ''the Under Secretary of Defense for Acquisition and Technology'';

(C) in subsection (d)—

(i) by striking out ''the service acquisition executive'' in paragraphs (1) and (2) and inserting in lieu thereof ''the Under Secretary''; and

(ii) in paragraph (3), by striking out ''If, based upon the service acquisition executive's determination, the Secretary concerned'' and inserting in lieu thereof ''If the Under Secretary of Defense for Acquisition and Technology''; and

(D) in subsection (e)—

(i) in paragraph (1)(A), by striking out ''Secretary concerned'' and inserting in lieu thereof ''Under Secretary of Defense for Acquisition and Technology'';

(ii) in paragraph (1)(B), by striking out ''Secretary'' both places it appears and inserting in lieu thereof ''Under Secretary'';

(iii) in paragraph (2), by striking out ''(as determined by the Secretary'' in the matter above subparagraph (A) and inserting in lieu thereof ''(as determined by the Under Secretary''; and

(iv) in paragraph (3), by striking out ''by the Secretary'' both places it appears in the first sentence and inserting in lieu thereof ''by the Under Secretary''.

(3) Section 2434(b)(1)(A) is amended by striking out ''under the supervision,'' and all that follows and inserting in lieu thereof ''in the Department of Defense.''.

(4) Section 2435 is amended—

(A) in subsection (a)(1), by striking out ''Secretary of a military department'' and inserting in lieu thereof ''Under Secretary of Defense for Acquisition and Technology''; and

(B) in subsection (d)(2), by striking out ''the Secretary of the military department concerned and''.

SEC. 227. SERVICE SPECIFIC ACQUISITION AUTHORITY.

(a) ARMY.—Part IV of subtitle B of title 10, United States Code, is amended by striking out ''Secretary of the Army'' in sections 4540(a) and 4542 (each place it appears) and inserting in lieu thereof ''Secretary of Defense''.

(b) NAVY.—Part IV of subtitle C of such title is amended as follows:

(1) The following sections are amended by striking out ''Secretary of the Navy'' and inserting in lieu thereof ''Secretary of Defense'': sections 7212(a), 7229, 7299a (each place it appears), 7309(c), 7310(b) (both places it appears), 7311(a) (in the matter before paragraph (1)), 7311(b) (in the matter before paragraph (1)), 7314, and 7361 (each place it appears) .

(2) Section 7314(1)(B) is amended by striking out ''Navy supply system'' each place it appears and inserting in lieu thereof ''Department of Defense supply system''.

(3) Section 7522 is amended by striking out ''Secretary of the Navy'' and all that follows through ''chiefs of bureaus'' and inserting in lieu thereof ''Secretary of Defense''.

(c) AIR FORCE.—Part IV of subtitle D of such title is amended as follows:

(1) Sections 9511(10) and 9540(a) are amended by striking out ''Secretary of the Air Force'' and inserting in lieu thereof ''Secretary of Defense''.

(2) Section 9513(a) is amended—

(A) in paragraph (1), by striking out ''Secretary of the Air Force—'' and all that follows and inserting in lieu thereof the following: ''Secretary, in consultation with the Secretary of the military department concerned, may, by contract entered into with a contractor, authorize such contractor to use one or more Department of Defense installations designated by the Secretary of Defense.''; and

(B) in paragraph (2), by striking out ''of the Air Force''.

SEC. 228. OTHER LAWS.

In any other provision of law providing authority for the Secretary of a military department or the head of a Defense Agency of the Department of Defense to perform a research, development, or acquisition function of the Department of Defense, the reference to that official shall be deemed to refer to the Secretary of Defense. That function shall be performed as provided in section 133(b) of title 10, United States Code (as amended by section 201(a)), and section 232 of such title (as added by section 201(b)).

Subtitle D—Effective Date

SEC. 231. EFFECTIVE DATE.

This title and the amendments made by this title shall take effect on the date that is one year after the date of the enactment of this Act.

TITLE III—DEPOT-LEVEL MAINTENANCE

SEC. 301. ELIMINATION OF 60/40 RULE FOR PUBLIC/PRIVATE DIVISION OF DEPOT-LEVEL MAINTENANCE WORKLOAD.

(a) ELIMINATION OF RULE.—Section 2466 of title 10, United States Code, is amended—

(1) by striking out subsections (a), (c), (d), and (e); and

(2) by striking out ''(b) PROHIBITION ON MANAGEMENT BY END STRENGTH.—''.

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

''§ 2466. Civilian employees involved in depot-level maintenance and repair of materiel: prohibition on management by end strength''.

(2) The item relating to such section in the table of sections at the beginning of chapter 146 of such title is amended to read as follows:

''2466. Civilian employees involved in depot-level maintenance and repair of materiel: prohibition on management by end strength.''.

SEC. 302. PRESERVATION OF CORE MAINTENANCE AND REPAIR CAPABILITY.

(a) IN GENERAL.—(1) Chapter 146 of title 10, United States Code, is amended by adding at the end the following new section:

''§ 2472. Core maintenance and repair capability: preservation

''(a) NECESSITY FOR CORE MAINTENANCE AND REPAIR CAPABILITIES.—It is essential for the national defense that the Department of Defense preserve an organic maintenance and repair capability (including personnel, equipment, and facilities) to meet readiness and sustainability requirements established by the Chairman of the Joint Chiefs of Staff for the systems and equipment required for contingency plans approved by the Chairman of the Joint Chiefs of Staff under section 153(a)(3) of this title.

''(b) IDENTIFICATION OF CORE MAINTENANCE AND REPAIR CAPABILITIES.—The Secretary of Defense shall identify those maintenance and repair activities of the Department of Defense that are necessary to preserve the maintenance and repair capability described in subsection (a). The Secretary may identify for such purpose only those activities of the Department of Defense that are necessary to ensure a ready and controlled source of technical competence for that purpose. The Secretary may not identify for such purpose any intermediate-level or depot-level maintenance or repair activity.

''(c) LIMITATION ON CONTRACTING.—The Secretary may not contract for the performance by non-Government personnel of a maintenance activity identified by the Secretary under subsection (b) under the procedures and requirements of Office of Management and Budget Circular A–76 or any successor administrative regulation or policy unless the Secretary of Defense determines (under regulations prescribed by the Secretary) that Government performance of the activity is no longer required for national defense reasons.

''(d) CONTRACTING FOR PERFORMANCE OF NON-CORE FUNCTIONS.—In the case of any maintenance or repair activity (including the making of major modifications and upgrades) that is not identified by the Secretary under subsection (b), the Secretary concerned shall provide for the performance of that activity by an entity in the private sector, selected through the use of competitive procedures, unless the Secretary determines that the performance of that activity by a Government entity is necessary to maintain the defense industrial base.''.

(2) The table of sections at the beginning of such chapter is amended by adding at the end the following new item:

''2472. Core maintenance and repair capability: preservation.''.

(b) REVISION OF REGULATIONS.—The Secretary of Defense shall revise the existing Department of Defense regulations relating to depot level maintenance and repair activities in order to ensure the consistency of those regulations with the policy provided in section 2472(d) of title 10, United States Code, as added by subsection (a).

SEC. 303. PERFORMANCE OF DEPOT-LEVEL MAINTENANCE WORKLOAD BY PRIVATE SECTOR WHENEVER POSSIBLE.

(a) REQUIREMENT.—Section 2469 of title 10, United States Code, is amended to read as follows:

''§ 2469. Depot-level maintenance and repair activities: use of private sector

''(a) IN GENERAL.—The Secretary of Defense shall (except as provided in subsection (b)) provide for the performance by private sector entities of all depot-level maintenance and all depot-level repair work of the Department of Defense.

''(b) EXCEPTION.—The Secretary may provide for the performance of a particular depot-level maintenance workload, or a particular depot-level repair workload, by an entity of the Department of Defense if—

''(1) no responsive bids for performance of that workload are received from responsible offerors; or

''(2) the Secretary makes a determination that subsection (a) must be waived for that particular workload for reasons of national security.''.

(b) CLERICAL AMENDMENT.—The item relating to section 2469 in the table of sections at the beginning of chapter 146 of such title is amended to read as follows:

''2469. Depot-level maintenance and repair activities: use of private sector.''.

AEROSPACE INDUSTRIES ASSOCIATION, AMERICAN DEFENSE PREPAREDNESS ASSOCIATION, AMERICAN ELECTRONICS ASSOCIATION, CONTRACT SERVICES ASSOCIATION, ELECTRONIC INDUSTRIES ASSOCIATION, NATIONAL SECURITY INDUSTRIAL ASSOCIATION, SHIPBUILDERS COUNCIL OF AMERICA, U.S. CHAMBER OF COMMERCE,

March 29, 1995.

Senator WILLIAM V. ROTH, JR.,
U.S. Senate, Washington, DC.

DEAR SENATOR ROTH: As the associations representing the hundreds of thousands of American workers employed in the aerospace, electronics, shipbuilding and services industries, we offer our strong support for the depot maintenance provisions included in your procurement reform legislation. We urge prompt action on these provisions in order to achieve their enactment in this session of Congress.

The elements of your proposal that repeal the $3 million threshold for the shift of depot workload to the private sector and the repeal of the so-called 60/40 rule will eliminate management restrictions long opposed by the Department of Defense as well as the private sector. The elimination of these restrictions as called for by your bill will afford the government much greater flexibility to obtain the most cost effective use of every dollar spent on defense logistics support.

Similarly, we are greatly encouraged by the provisions of your legislation that address the issue of government ''core'' competencies. We support the language that calls for the performance of the preponderance of this workload by private sector entities selected on the basis of competitive procedures in accordance with your narrow definition of ''core'' government competency.

The depot maintenance policy articulated in your legislation will permit the development of a logistics support program for the 21st century. Your legislation in this regard is in the national interest and in the interest of the private sector industrial base. We applaud your depot policy initiative, and offer to work closely with you in the weeks ahead to achieve its timely enactment.

Sincerely,

The Presidents of AIA, ADPA, AEA, CSA, EIA, NSIA, SCA, and the U.S. Chamber of Commerce.

ADDITIONAL COSPONSORS

S. 216

At the request of Mr. HATCH, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of S. 216, a bill to repeal the reduction in the deductible portion of expenses for business meals and entertainment.

S. 327

At the request of Mr. HATCH, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of S. 327, a bill to amend the Internal Revenue Code of 1986 to provide clarification for the deductibility of expenses incurred by a taxpayer in connection with the business use of the home.

S. 351

At the request of Mr. HATCH, the name of the Senator from Iowa [Mr. GRASSLEY] was added as a cosponsor of S. 351, a bill to amend the Internal Revenue Code of 1986 to make permanent the credit for increasing research activities.

S. 360

At the request of Mr. SMITH, the name of the Senator from Maine [Ms. SNOWE] was added as a cosponsor of S. 360, a bill to amend title 23, United States Code, to eliminate the penalties imposed on States for noncompliance with motorcycle helmet and automobile safety belt requirements, and for other purposes.

S. 385

At the request of Mr. GREGG, the names of the Senator from Colorado [Mr. CAMPBELL] and the Senator from Maine [Ms. SNOWE] were added as cosponsors of S. 385, a bill to amend title 23, United States Code, to eliminate the penalties imposed on States for failure to require the use of safety belts in passenger vehicles, and for other purposes.

S. 400

At the request of Mrs. HUTCHISON, the name of the Senator from Alabama [Mr. SHELBY] was added as a cosponsor of S. 400, a bill to provide for appropriate remedies for prison conditions, and for other purposes.

S. 442

At the request of Ms. SNOWE, the names of the Senator from Alaska [Mr. MURKOWSKI] and the Senator from Pennsylvania [Mr. SANTORUM] were added as cosponsors of S. 442, a bill to improve and strengthen the child support collection system, and for other purposes.

S. 456

At the request of Mr. BRADLEY, the names of the Senator from Wyoming [Mr. SIMPSON] and the Senator from Louisiana [Mr. JOHNSTON] were added as cosponsors of S. 456, a bill to improve and strengthen the child support collection system, and for other purposes.

SENATE RESOLUTION 91

At the request of Mr. PELL, the names of the Senator from New York [Mr. D'AMATO], the Senator from Delaware [Mr. BIDEN], and the Senator from Maryland [Mr. SARBANES] were added as cosponsors of Senate Resolution 91, a resolution to condemn Turkey's illegal invasion of Northern Iraq.

SENATE RESOLUTION 96—RELATIVE TO A RETIREMENT

Mr. DOLE (for himself and Mr. DASCHLE) submitted the following resolution; which was considered and agreed to:

S. RES. 96

Whereas, Chick Reynolds will retire from service to the United States Senate after twenty years as a member of the staff of the Office Reporters of Debates;

Whereas, he has served the United States Senate with honor and distinction since joining the staff of the Office Reporters of Debates on July 1, 1974;

Whereas, his hard work and outstanding excellence as an official reporter resulted in his appointment to the position of Chief Reporter on May 1, 1988;

Whereas, Chick Reynolds, as Chief Reporter of the Congressional Record, has at all times executed the important duties and responsibilities of his office with great efficiency and diligence;

Whereas, Chick Reynolds has demonstrated loyal dedication to the United States Senate as an institution and leaves a legacy of superior and professional service: Now, therefore, be it

Resolved, That the United States Senate expresses its deep appreciation and gratitude to Chick Reynolds for his years of faithful and exemplary service to his country and the United States Senate.

SEC. 2. The Secretary shall transmit a copy of this resolution to Chick Reynolds.