AUTHENTICATED
U.S. GOVERNMENT
INFORMATION
GPO

I

111TH CONGRESS
2D SESSION

H. R. 5013

To amend title 10, United States Code, to provide for performance management of the defense acquisition system, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 14, 2010

Mr. ANDREWS (for himself, Mr. CONAWAY, Mr. SKELTON, Mr. MCKEON, Mr. ELLSWORTH, Mr. COFFMAN of Colorado, and Mr. HUNTER) introduced the following bill; which was referred to the Committee on Armed Services, and in addition to the Committee on Oversight and Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

---

A BILL

To amend title 10, United States Code, to provide for performance management of the defense acquisition system, and for other purposes.

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 ''Implementing Management for Performance and Related Reforms to Obtain Value in Every Acquisition Act of 2010''.

1 **SEC. 2. TABLE OF CONTENTS.**

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

Sec. 1. Short title.
Sec. 2. Table of contents.
Sec. 3. Definition of congressional defense committees.

TITLE I—DEFENSE ACQUISITION SYSTEM

Sec. 101. Performance management of the defense acquisition system.
Sec. 102. Meaningful consideration by Joint Requirements Oversight Council of input from certain officials.
Sec. 103. Performance management for the Joint Capabilities Integration and Development System.
Sec. 104. Establishment of a requirements process for the acquisition of services.
Sec. 105. Joint evaluation task forces.
Sec. 106. Review of defense acquisition guidance.
Sec. 107. Requirement to include references to services contracting throughout the Federal Acquisition Regulation.

TITLE II—DEFENSE ACQUISITION WORKFORCE

Sec. 201. Acquisition workforce excellence.
Sec. 202. Amendments to the acquisition workforce demonstration project.
Sec. 203. Incentive programs for civilian and military personnel in the acquisition workforce.
Sec. 204. Career development for civilian and military personnel in the acquisition workforce.
Sec. 205. Recertification and training requirements.
Sec. 206. Information technology acquisition workforce.
Sec. 207. Definition of acquisition workforce.

TITLE III—FINANCIAL MANAGEMENT

Sec. 301. Incentives for achieving auditability.
Sec. 302. Measures required after failure to achieve auditability.
Sec. 303. Review of obligation and expenditure thresholds.

TITLE IV—INDUSTRIAL BASE

Sec. 401. Expansion of the industrial base.
Sec. 402. Commercial pricing analysis.
Sec. 403. Contractor and grantee disclosure of delinquent Federal tax debts.
Sec. 404. Independence of contractor business system reviews; risk-based reviews.

SEC. 3. DEFINITION OF CONGRESSIONAL DEFENSE COMMITTEES.

In this Act, the term ''congressional defense committees'' has the meaning given that term in section 101(a)(16) of title 10, United States Code.

TITLE I—DEFENSE ACQUISITION SYSTEM

SEC. 101. PERFORMANCE MANAGEMENT OF THE DEFENSE ACQUISITION SYSTEM.

(a) IN GENERAL.—Part IV of title 10, United States Code, is amended by inserting after chapter 148 the following new chapter:

''CHAPTER 149—PERFORMANCE MANAGEMENT OF THE DEFENSE ACQUISITION SYSTEM

''2545. Performance assessment of the defense acquisition system.
''2546. Audits of performance assessment.
''2547. Use of performance assessments for managing performance.
''2548. Acquisition-related functions of the Chiefs of Staff of the Armed Forces.

''§ 2545. Performance assessment of the defense acquisition system

''(a) PERFORMANCE ASSESSMENTS REQUIRED.—(1) The Secretary of Defense shall ensure that all elements of the defense acquisition system are subject to regular performance assessments—

"(A) to determine the extent to which such elements deliver appropriate value to the Department of Defense; and

"(B) to enable senior officials of the Department of Defense to manage the elements of the defense acquisition system to maximize their value to the Department.

"(2) The performance of each element of the defense acquisition system shall be assessed as needed, but not less often than annually.

"(3) The Secretary shall ensure that the performance assessments required by this subsection are appropriately tailored to reflect the diverse nature of defense acquisition so that the performance assessment of each element of the defense acquisition system accurately reflects the work performed by such element.

"(b) SYSTEMWIDE CATEGORIES.—(1) The Secretary of Defense shall establish categories of metrics for the defense acquisition system, including, at a minimum, categories relating to cost, quality, delivery, workforce, and policy implementation that apply to all elements of the defense acquisition system.

"(2) The Secretary of Defense shall issue guidance for service acquisition executives within the Department of Defense on the establishment of metrics, and goals and

standards relating to such metrics, within the categories established by the Secretary under paragraph (1) to ensure that there is sufficient uniformity in performance assessments across the defense acquisition system so that elements of the defense acquisition system can be meaningfully compared.

"(c) METRICS, GOALS, AND STANDARDS.—(1) Each service acquisition executive of the Department of Defense shall establish metrics to be used in the performance assessments required by subsection (a) for each element of the defense acquisition system for which such executive is responsible within the categories established by the Secretary under subsection (b). Such metrics shall be appropriately tailored pursuant to subsection (a)(3) and may include measures of—

"(A) cost, quality, and delivery;

"(B) contractor performance;

"(C) workforce quality and program manager tenure (where applicable);

"(D) the quality of market research;

"(E) appropriate use of integrated testing; and

"(F) appropriate consideration of long-term sustainment.

"(2) Each service acquisition executive within the Department of Defense shall establish goals and standards

(including, at a minimum, a threshold standard and an objective goal) for each metric established under paragraph (1) by the executive. In establishing the goals and standards for an element of the defense acquisition system, a service acquisition executive shall consult with the element to the maximum extent practicable, but the service acquisition executive shall retain the final authority to determine the goals and standards established. The service acquisition executive shall update the goals and standards as necessary and appropriate consistent with the guidance issued under subsection (b)(2).

"(3) The Under Secretary of Defense for Acquisition, Technology, and Logistics shall periodically review the metrics, goals, and standards established by service acquisition executives under this subsection to ensure that they are consistent with the guidance issued under subsection (b)(2).

"(d) RESPONSIBILITY FOR OVERSIGHT AND DIRECTION OF PERFORMANCE ASSESSMENTS.—(1) Performance assessments required by subsection (a) shall either be carried out by, or shall be subject to the oversight of, the Director of the Office of Performance Assessment and Root Cause Analysis. The authority and responsibility granted by this subsection is in addition to any other authority or responsibility granted to the Director of the Of-

fice of Performance Assessment and Root Cause Analysis by the Secretary of Defense or by any other provision of law. In the performance of duties pursuant to this section, the Director of the Office of Performance Assessment and Root Cause analysis shall coordinate with the Deputy Chief Management Officer to ensure that performance assessments carried out pursuant to this section are consistent with the performance management initiatives of the Department of Defense.

"(2) A performance assessment may be carried out by an organization under the control of the service acquisition executive of a military department if—

"(A) the assessment fulfills the requirements of subsection (a);

"(B) the organization is approved to carry out the assessment by the Director of the Office of Performance Assessment and Root Cause Analysis; and

"(C) the assessment is subject to the oversight of the Director of the Office of Performance Assessment and Root Cause Analysis in accordance with paragraph (1).

"(e) RETENTION AND ACCESS TO RECORDS OF PERFORMANCE ASSESSMENTS WITHIN THE MILITARY DEPARTMENTS AND DEFENSE AGENCIES.—The Secretary of Defense shall ensure that information from performance

assessments of all elements of the defense acquisition system are retained electronically and that the Director of the Office of Performance Assessment and Root Cause Analysis—

"(1) promptly receives the results of all performance assessments conducted by an organization under the control of the service acquisition executive of a military department; and

"(2) has timely access to any records and data in the Department of Defense (including the records and data of each military department and Defense Agency and including classified and proprietary information) that the Director considers necessary to review in order to perform or oversee performance assessments pursuant to this section.

"(f) DEFINITIONS.—In this section:

"(1) The term 'defense acquisition system' means the acquisition workforce; the process by which the Department of Defense manages the acquisition of goods and services, including weapon systems, commodities, commercial and military unique services, and information technology; and the management structure for carrying out the acquisition function within the Department of Defense.

"(2) The term 'element of the defense acquisition system' means an organization that operates within the defense acquisition system and that focuses primarily on acquisition.

"(3) The term 'metric' means a specific measure that serves as a basis for comparison.

"(4) The term 'threshold performance standard' means the minimum acceptable level of performance in relation to a metric.

"(5) The term 'objective performance goal' means the most desired level of performance in relation to a metric.

"(6) The term 'Office of Performance Assessment and Root Cause Analysis' means the office reporting to the senior official designated by the Secretary of Defense under section 103(a) of the Weapon Systems Acquisition Reform Act of 2009 (Public Law 111–23, 10 U.S.C. 2430 note).

"§ 2546. Audits of performance assessment

"(a) AUDITS REQUIRED.—The Secretary of Defense shall ensure that the performance assessments of the defense acquisition system required by section 2545 of this title are subject to periodic audits to determine the accuracy, reliability, and completeness of such assessments.

"(b) STANDARDS AND APPROACH.—In performing the audits required by subsection (a), the Secretary shall ensure that such audits—

"(1) comply with generally accepted government auditing standards issued by the Comptroller General;

"(2) use a risk-based approach to audit planning; and

"(3) appropriately account for issues associated with auditing assessments of activities occurring in a contingency operation.

"§ 2547. Use of performance assessments for managing performance

"(a) IN GENERAL.—The Secretary of Defense shall ensure that the results of performance assessments are used in the management of elements of the defense acquisition system through direct linkages between the results of a performance assessment and the following:

"(1) The size of the bonus pool available to the workforce of an element of the defense acquisition system.

"(2) Rates of promotion in the workforce of an element of the defense acquisition system.

"(3) Awards for acquisition excellence.

"(4) The scope of work assigned to an element of the defense acquisition system.

"(b) ADDITIONAL REQUIREMENTS.—The Secretary of Defense shall ensure that actions taken to manage the acquisition workforce pursuant to subsection (a) are undertaken in accordance with the requirements of subsections (c) and (d) of section 1701a of this title.

"§ 2548. Acquisition-related functions of the Chiefs of Staff of the Armed Forces

"The Secretary of Defense shall ensure, notwithstanding section 3014(c)(1)(A), section 5014(c)(1)(A), and section 8014(c)(1)(A) of this title, that the Chief of Staff of the Army, the Chief of Naval Operations, the Chief of Staff of the Air Force, and the Commandant of the Marine Corps assist the Secretary of the military department concerned in the performance of the following acquisition-related functions of such department:

"(1) The development of requirements relating to the defense acquisition system.

"(2) The development of measures to control requirements creep in the defense acquisition system.

"(3) The development of career paths in acquisition for military personnel (as required by section 1722a of this title).

"(4) The assignment and training of contracting officer representatives when such representatives are required to be members of the armed forces because of the nature of the contract concerned.".

(b) PHASED IMPLEMENTATION OF PERFORMANCE ASSESSMENTS.—The Secretary of Defense shall implement the requirements of chapter 149 of title 10, United States Code, as added by subsection (a), in a phased manner while guidance is issued, and categories, metrics, goals, and standards are established. Implementation shall begin with a cross section of elements of the defense acquisition system representative of the entire system and shall be completed for all elements not later than two years after the date of the enactment of this Act.

SEC. 102. MEANINGFUL CONSIDERATION BY JOINT REQUIREMENTS OVERSIGHT COUNCIL OF INPUT FROM CERTAIN OFFICIALS.

Paragraph (2) of section 105(e) of the Weapon System Acquisition Reform Act of 2009 (Public Law 111–23) is amended to read as follows:

"(2) MATTERS COVERED.—The report shall include, at a minimum, an assessment of—

"(A) the extent to which the Council has effectively sought, and the commanders of the

combatant commands have provided, meaningful input on proposed joint military requirements;

"(B) the extent to which the Council has meaningfully considered the input and expertise of the Under Secretary of Defense for Acquisition, Technology, and Logistics in its discussions;

"(C) the extent to which the Council has meaningfully considered the input and expertise of the Director of Cost Assessment and Program Evaluation in its discussions;

"(D) the quality and effectiveness of efforts to estimate the level of resources needed to fulfill joint military requirements; and

"(E) the extent to which the Council has considered trade-offs among cost, schedule, and performance objectives.".

SEC. 103. PERFORMANCE MANAGEMENT FOR THE JOINT CAPABILITIES INTEGRATION AND DEVELOPMENT SYSTEM.

(a) REQUIREMENT FOR PROGRAM.—The Secretary of Defense shall ensure that the Department of Defense develops and implements a program to manage performance

in establishing joint military requirements pursuant to section 181 of title 10, United States Code.

(b) LEADERS.—The Secretary of Defense shall designate an officer identified or designated as a joint qualified officer to serve as leader of a joint effort to develop the performance management program required by subsection (a). The Secretary shall also designate an officer from each Armed Force to serve as leader of the effort within the Armed Force concerned. Officers designated pursuant to this section shall have the seniority and authority necessary to oversee and direct all personnel engaged in establishing joint military requirements within the Joint Staff or within the Armed Force concerned.

(c) MATTERS COVERED.—The program developed pursuant to subsection (a) shall:

(1) Measure the following in relation to each joint military requirement:

(A) The time a requirements document takes to receive validation through the requirements process.

(B) The quality of cost information associated with the requirement and the extent to which cost information was considered during the requirements process.

(C) The extent to which the requirements process established a meaningful level of priority for the requirement.

(D) The extent to which the requirements process considered trade-offs between cost, schedule, and performance objectives.

(E) The quality of information on sustainment associated with the requirement and the extent to which sustainment information was considered during the requirements process.

(F) Such other matters as the Secretary shall determine appropriate.

(2) Achieve, to the maximum extent practicable, the following outcomes in the requirements process:

(A) Timeliness in delivering capability to the warfighter.

(B) Mechanisms for controlling requirements creep.

(C) Responsiveness to fact-of-life changes occurring after the approval of a requirements document, including changes to the threat environment, the emergence of new capabilities, or changes in the resources estimated to procure or sustain a capability.

(D) The development of the personnel skills, capacity, and training needed for an effective and efficient requirements process.

(E) Such other outcomes as the Secretary shall determine appropriate.

(d) IMPLEMENTATION.—The program required by subsection (a) shall be developed and initially implemented not later than one year after the date of the enactment of this Act and shall apply to joint military requirements entering the requirements process after the date of initial implementation.

(e) INITIAL REPORT.—Not later than 90 days after the initial implementation of the program required by subsection (a), the Secretary shall submit to the congressional defense committees a report on the steps taken to develop and implement the performance management program for joint military requirements. The report shall address the measures specified in subsection (c)(1).

(f) FINAL REPORT.—Not later than four years after the initial implementation of the program required by subsection (a), the Secretary shall submit to the congressional defense committees a report on the effectiveness of the program for joint military requirements in achieving the outcomes specified in subsection (c)(2).

(g) DEFINITIONS.—In this section:

(1) REQUIREMENTS PROCESS.—The term ''requirements process'' means the Joint Capabilities Integration and Development System (JCIDS) process or any successor to such process established by the Chairman of the Joint Chiefs of Staff to support the statutory responsibility of the Joint Requirements Oversight Council in advising the Chairman and the Secretary of Defense in identifying, assessing, and validating joint military capability needs, with their associated operational performance criteria, in order to successfully execute missions.

(2) REQUIREMENTS DOCUMENT.—The term ''requirements document'' means a document produced in the requirements process that is provided for an acquisition program to guide the subsequent development, production, and testing of the program and that—

(A) justifies the need for a materiel approach, or an approach that is a combination of materiel and non-materiel, to satisfy one or more specific capability gaps;

(B) details the information necessary to develop an increment of militarily useful, logistically supportable, and technically mature

capability, including key performance parameters; or

(C) identifies production attributes required for a single increment of a program.

(3) REQUIREMENTS CREEP.—The term ''requirements creep'' means the addition of new technical or operational specifications after a requirements document is approved.

(h) DISCRETIONARY IMPLEMENTATION AFTER 5 YEARS.—After the date that is five years after the initial implementation of the performance management program under this section, the requirement to implement a program under this section shall be at the discretion of the Secretary of Defense.

SEC. 104. ESTABLISHMENT OF A REQUIREMENTS PROCESS FOR THE ACQUISITION OF SERVICES.

(a) REQUIREMENTS PROCESS REQUIRED.—The Secretary of Defense shall ensure that each military department establishes a process for identifying, assessing, and approving requirements for the acquisition of services, and that commanders of unified combatant commands and other officers identified or designated as joint qualified officers have an opportunity to participate in the process of each military department to provide input on joint requirements for the acquisition of services.

(b) GUIDANCE AND PLAN REQUIRED.—The Chief of Staff of the Army, the Chief of Naval Operations, the Chief of Staff of the Air Force, and the Commandant of the Marine Corps shall—

(1) issue and maintain guidance relating to the requirements process required by subsection (a); and

(2) develop a plan to implement the requirements process required by subsection (a).

(c) MATTERS REQUIRED IN GUIDANCE.—The guidance required under subsection (b) shall establish, in relation to the requirements process for the acquisition of services, the following:

(1) Organization of the requirements process.

(2) The level of command responsibility required for identifying and validating requirements in accordance with the categories established under section 2330(a)(1)(C) of title 10, United States Code.

(3) The composition of billets necessary to operate the requirements process.

(4) The training required for personnel engaged in the requirements process.

(5) The relationship between doctrine and the requirements process.

(6) Methods of obtaining input on joint requirements.

tion or team, after having satisfied the conditions in paragraph (3) of such subsection when it began to participate in a demonstration project under this section, ceases to meet one or both of the conditions set forth in subparagraph (A) of such paragraph (3) as a result of a reorganization, restructuring, realignment, consolidation, or other organizational change.

''(e) ASSESSMENT.—(1) The Secretary of Defense shall designate an independent organization to review the acquisition workforce demonstration project described in subsection (a).

''(2) Such assessment shall include:

''(A) A description of the workforce included in the project.

''(B) An explanation of the flexibilities used in the project to appoint individuals to the acquisition workforce and whether those appointments are based on competitive procedures and recognize veteran's preferences.

''(C) An explanation of the flexibilities used in the project to develop a performance appraisal system that recognizes excellence in performance and offers opportunities for improvement.

"(D) The steps taken to ensure that such system is fair and transparent for all employees in the project.

"(E) How the project allows the organization to better meet mission needs.

"(F) An analysis of how the flexibilities in subparagraphs (B) and (C) are used, and what barriers have been encountered that inhibit their use.

"(G) Whether there is a process for (i) ensuring ongoing performance feedback and dialogue among supervisors, managers, and employees throughout the performance appraisal period, and (ii) setting timetables for performance appraisals.

"(H) The project's impact on career progression.

"(I) The project's appropriateness or inappropriateness in light of the complexities of the workforce affected.

"(J) The project's sufficiency in terms of providing protections for diversity in promotion and retention of personnel.

"(K) The adequacy of the training, policy guidelines, and other preparations afforded in connection with using the project.

1 "(L) Whether there is a process for ensuring
2 employee involvement in the development and im-
3 provement of the project.
4 "(3) The first such assessment under this subsection
5 shall be completed not later than September 30, 2011, and
6 subsequent assessments shall be completed every two
7 years thereafter until the termination of the project. The
8 Secretary shall submit to the covered congressional com-
9 mittees a copy of the assessment within 30 days after re-
10 ceipt by the Secretary of the assessment.
11 "(f) COVERED CONGRESSIONAL COMMITTEES.—In
12 this section, the term 'covered congressional committees'
13 means—
14 "(1) the Committees on Armed Services of the
15 Senate and the House of Representatives;
16 "(2) the Committee on Homeland Security and
17 Governmental Affairs of the Senate; and
18 "(3) the Committee on Oversight and Govern-
19 ment Reform of the House of Representatives.
20 "(g) TERMINATION OF AUTHORITY.—The authority
21 to conduct a demonstration program under this section
22 shall terminate on September 30, 2017.
23 "(h) CONVERSION.—Within six months after the au-
24 thority to conduct a demonstration project under this sec-
25 tion is terminated as provided in subsection (i), employees

in the project shall convert to the civilian personnel system created pursuant to section 9902 of title 5, United States Code.''.

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of subchapter V of chapter 87 of title 10, United States Code, is amended by inserting after the item relating to section 1761 the following new item:

''1762. Demonstration project relating to certain acquisition personnel management policies and procedures.''.

(b) CONFORMING REPEAL.—Section 4308 of the National Defense Authorization Act for Fiscal Year 1996 (Public Law 104–106; 10 U.S.C. 1701 note) is repealed.

SEC. 203. INCENTIVE PROGRAMS FOR CIVILIAN AND MILITARY PERSONNEL IN THE ACQUISITION WORKFORCE.

(a) IN GENERAL.—Chapter 87 of title 10, United States Code, is amended by inserting after section 1762, as added by section 202, the following new section:

''§ 1763. Incentive programs for civilian and military personnel in the acquisition workforce

''(a) CIVILIAN ACQUISITION WORKFORCE INCENTIVES.—The Secretary of Defense, acting through the Under Secretary of Defense for Acquisition, Technology, and Logistics, shall provide for an enhanced system of incentives for the encouragement of excellence in the acqui-

sition workforce by providing rewards for employees who contribute to achieving the agency's performance goals. The system of incentives shall include provisions that—

"(1) relate salary increases, bonuses, and awards to performance and contribution to the agency mission (including the extent to which the performance of personnel in such workforce contributes to achieving the goals and standards established for acquisition programs pursuant to section 2545 of this title;

"(2) provide for consideration, in personnel evaluations and promotion decisions, of the extent to which the performance of personnel in such workforce contributes to achieving such goals and standards;

"(3) use the Department of Defense Civilian Workforce Incentives Fund established pursuant to section 9902(a) of title 5; and

"(4) provide opportunities for career broadening experiences for high performers.

"(b) MILITARY ACQUISITION WORKFORCE INCENTIVES.—The Secretaries of the military departments shall fully use and enhance incentive programs that reward individuals, through recognition certificates or cash awards, for suggestions of process improvements that contribute

to improvements in efficiency and economy and a better way of doing business.''.

(b) CLERICAL AMENDMENT.—The table of sections at the beginning of subchapter V of chapter 87 of title 10, United States Code, is amended by inserting after the item relating to section 1762, as added by section 202, the following new item:

''1763. Incentive programs for civilian and military personnel in the acquisition workforce.''.

SEC. 204. CAREER DEVELOPMENT FOR CIVILIAN AND MILITARY PERSONNEL IN THE ACQUISITION WORKFORCE.

(a) CAREER PATHS.—

(1) AMENDMENT.—Chapter 87 of title 10, United States Code, is amended by inserting after section 1722a the following new section:

''§ 1722b. Special requirements for civilian employees in the acquisition field

''(a) REQUIREMENT FOR POLICY AND GUIDANCE REGARDING CIVILIAN PERSONNEL IN ACQUISITION.—The Secretary of Defense, acting through the Under Secretary of Defense for Acquisition, Technology, and Logistics, shall establish policies and issue guidance to ensure the proper development, assignment, and employment of civilian members of the acquisition workforce to achieve the objectives specified in subsection (b).

"(b) OBJECTIVES.—Policies established and guidance issued pursuant to subsection (a) shall ensure, at a minimum, the following:

"(1) A career path in the acquisition field that attracts the highest quality civilian personnel, from either within or outside the Federal Government.

"(2) A deliberate workforce development strategy that increases attainment of key experiences that contribute to a highly qualified acquisition workforce.

"(3) Sufficient opportunities for promotion and advancement in the acquisition field.

"(4) A sufficient number of qualified, trained members eligible for and active in the acquisition field to ensure adequate capacity, capability, and effective succession for acquisition functions, including contingency contracting, of the Department of Defense.

"(c) INCLUSION OF INFORMATION IN ANNUAL REPORT.—The Secretary of Defense shall include in the report to Congress required under section 115b(d) of this title the following information related to the acquisition workforce for the period covered by the report (which shall be shown for the Department of Defense as a whole and

separately for the Army, Navy, Air Force, Marine Corps, Defense Agencies, and Office of the Secretary of Defense):

"(1) The total number of persons serving in the Acquisition Corps, set forth separately for members of the Armed Forces and civilian employees, by grade level and by functional specialty.

"(2) The total number of critical acquisition positions held, set forth separately for members of the armed forces and civilian employees, by grade level and by other appropriate categories (including by program manager, deputy program manager, and division head positions). For each such category, the report shall specify the number of civilians holding such positions compared to the total number of positions filled.

"(3) The number of employees to whom the requirements of subsections (b)(2)(A) and (b)(2)(B) of section 1732 of this title did not apply because of the exceptions provided in paragraphs (1) and (2) of section 1732(c) of this title, set forth separately by type of exception.

"(4) The number of program managers and deputy program managers who were reassigned after completion of a major milestone occurring closest in time to the date on which the person has served in

the position for four years (as required under section 1734(b) of this title), and the proportion of those reassignments to the total number of reassignments of program managers and deputy program managers, set forth separately for program managers and deputy program managers. The Secretary also shall include the average length of assignment served by program managers and deputy program managers so reassigned.

"(5) The number of persons, excluding those reported under paragraph (4), in critical acquisition positions who were reassigned after a period of three years or longer (as required under section 1734(a) of this title), and the proportion of those reassignments to the total number of reassignments of persons, excluding those reported under paragraph (4), in critical acquisition positions.

"(6) The number of times a waiver authority was exercised under section 1724(d), 1732(d), 1734(d), or 1736(c) of this title or any other provision of this chapter (or other provision of law) which permits the waiver of any requirement relating to the acquisition workforce, and in the case of each such authority, the reasons for exercising the authority. The Secretary may present the information

provided under this paragraph by category or grouping of types of waivers and reasons.''.

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of subchapter II of chapter 87 of title 10, United States Code, is amended by inserting after the item relating to section 1722a the following new item:

''1722b. Special requirements for civilian employees in the acquisition field.''.

(b) CAREER EDUCATION AND TRAINING.—Chapter 87 of title 10, United States Code, is amended in section 1723 by redesignating subsection (b) as (c) and inserting after subsection (a) the following new subsection:

''(b) CAREER PATH REQUIREMENTS.—For each career path, the Secretary of Defense, acting through the Under Secretary of Defense for Acquisition, Technology, and Logistics shall establish requirements for the completion of course work and related on-the-job training and demonstration of qualifications in the critical acquisition-related duties and tasks of the career path. The Secretary of Defense, acting through the Under Secretary, shall also—

''(1) encourage individuals in the acquisition workforce to maintain the currency of their acquisition knowledge and generally enhance their knowledge of related acquisition management disciplines

through academic programs and other self-developmental activities; and

"(2) develop key work experiences for individuals in the acquisition workforce so that the individuals may gain in-depth knowledge and experience in the acquisition process and become seasoned, well-qualified members of the acquisition workforce.".

SEC. 205. RECERTIFICATION AND TRAINING REQUIREMENTS.

(a) CONTINUING EDUCATION.—Section 1723 of title 10, United States Code, as amended by section 204, is further amended by amending subsection (a) to read as follows:

"(a) QUALIFICATION REQUIREMENTS.—(1) The Secretary of Defense shall establish education, training and experience requirements for each acquisition position, based on the level of complexity of duties carried out in the position. In establishing such requirements, the Secretary shall ensure the availability and sufficiency of training in all areas of acquisition, including additional training courses with an emphasis on services contracting, information technology, and rapid acquisition.

"(2) In establishing such requirements for positions other than critical acquisition positions designated pursu-

ant to section 1733 of this title, the Secretary may state the requirements by categories of positions.

"(3) The Secretary of Defense, acting through the Under Secretary of Defense for Acquisition, Technology, and Logistics, shall establish requirements for continuing education and periodic renewal of an individual's certification. Any requirement for a certification renewal shall not require a renewal more often than once every five years.".

(b) STANDARDS FOR TRAINING.—

(1) IN GENERAL.—Subchapter IV of Chapter 87 of title 10, United States Code, is amended by adding at the end the following new section:

"§ 1748. Guidance and standards for acquisition workforce training

"(a) FULFILLMENT STANDARDS.—The Secretary of Defense, acting through the Under Secretary of Defense for Acquisition, Technology, and Logistics, shall develop fulfillment standards, and implement and maintain a program, for purposes of the training requirements of sections 1723, 1724, and 1735 of this title. Such fulfillment standards shall consist of criteria for determining whether an individual has demonstrated competence in the areas that would be taught in the training courses required under those sections. If an individual meets the appro-

priate fulfillment standard, the applicable training requirement is fulfilled.

"(b) GUIDANCE AND STANDARDS RELATING TO CONTRACTS FOR TRAINING.—The Secretary of Defense shall develop appropriate guidance and standards to ensure that the Department of Defense will continue, where appropriate and cost-effective, to enter into contracts for the training requirements of sections 1723, 1724, and 1735 of this title, while maintaining appropriate control over the content and quality of such training.".

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of such subchapter is amended by adding at the end the following new item:

"1748. Guidance and standards for acquisition workforce training.".

(3) DEADLINE FOR FULFILLMENT STANDARDS.—The fulfillment standards required under section 1748(a) of title 10, United States Code, as added by paragraph (1), shall be developed not later than 90 days after the date of the enactment of this Act.

(4) CONFORMING REPEAL.—Section 853 of Public Law 105–85 (111 Stat. 1851) is repealed.

SEC. 206. INFORMATION TECHNOLOGY ACQUISITION WORKFORCE.

(a) IN GENERAL.—

(1) INFORMATION TECHNOLOGY.—Subchapter II of chapter 87 of title 10, United States Code, is amended by adding at the end the following new section:

"§ 1725. Information technology acquisition positions

''(a) PLAN REQUIRED.—The Secretary of Defense shall develop and carry out a plan to strengthen the part of the acquisition workforce that specializes in information technology. The plan shall include the following:

''(1) Defined targets for billets devoted to information technology acquisition.

''(2) Specific certification requirements for individuals in the acquisition workforce who specialize in information technology acquisition.

''(3) Defined career paths for individuals in the acquisition workforce who specialize in information technology acquisitions.

''(b) DEFINITIONS.—In this section:

''(1) The term 'information technology' has the meaning provided such term in section 11101 of title 40 and includes information technology incorporated into a major weapon system.

''(2) The term 'major weapon system' has the meaning provided such term in section 2379(f) of this title.''.

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of such subchapter is amended by adding at the end the following new item:

"1725. Information technology acquisition positions.".

(b) DEADLINE.—The Secretary of Defense shall develop the plan required under section 1725 of title 10, United States Code, as added by subsection (a), not later than 180 days after the date of the enactment of this Act.

SEC. 207. DEFINITION OF ACQUISITION WORKFORCE.

Section 101(a) of title 10, United States Code, is amended by inserting after paragraph (17) the following new paragraph:

"(18) The term 'acquisition workforce' means the persons serving in acquisition positions within the Department of Defense, as designated pursuant to section 1721(a) of this title.".

TITLE III—FINANCIAL MANAGEMENT

SEC. 301. INCENTIVES FOR ACHIEVING AUDITABILITY.

(a) PREFERENTIAL TREATMENT AUTHORIZED.—The Under Secretary of Defense (Comptroller) shall ensure that any component of the Department of Defense that the Under Secretary determines has financial statements validated as ready for audit earlier than September 30, 2017, shall receive preferential treatment, as the Under Secretary determines appropriate—

(1) in financial matter matters, including—

(A) consistent with the need to fund urgent warfighter requirements and operational needs, priority in the release of appropriated funds to such component;

(B) relief from the frequency of financial reporting of such component in cases in which such reporting is not required by law;

(C) relief from departmental obligation and expenditure thresholds to the extent that such thresholds establish requirements more restrictive than those required by law; or

(D) such other measures as the Under Secretary considers appropriate; and

(2) in the availability of personnel management incentives, including—

(A) the size of the bonus pool available to the financial and business management workforce of the component;

(B) the rates of promotion within the financial and business management workforce of the component;

(C) awards for excellence in financial and business management; or

(D) the scope of work assigned to the financial and business management workforce of the component.

(b) INCLUSION OF INFORMATION IN REPORT.—The Under Secretary shall include information on any measure initiated pursuant to this section in the next semiannual report pursuant to section 1003(b) of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111–84; 123 Stat. 2439; 10 U.S.C. 2222 note) after such measure is initiated.

(c) EXPIRATION.—This section shall expire on September 30, 2017.

(d) DEFINITION.—In this section, the term ''component of the Department of Defense'' means any organization within the Department of Defense that is required to submit an auditable financial statement to the Secretary of Defense.

SEC. 302. MEASURES REQUIRED AFTER FAILURE TO ACHIEVE AUDITABILITY.

(a) IN GENERAL.—The Secretary of Defense shall ensure that corrective measures are immediately taken to address the failure of a component of the Department of Defense to achieve a financial statement validated as ready for audit by September 30, 2017.

(b) MEASURES REQUIRED.—Not later than 180 days after the date of the enactment of this Act, the Secretary shall develop and issue guidance detailing measures to be taken in accordance with subsection (a). Such measures shall include—

(1) the development of a remediation plan to ensure the component can achieve a financial statement validated as ready for audit within one year;

(2) additional reporting requirements that may be necessary to mitigate financial risk to the component;

(3) delaying the release of appropriated funds to such component, consistent with the need to fund urgent warfighter requirements and operational needs, until such time as the Secretary is assured that the component will achieve a financial statement validated as ready for audit within one year;

(4) specific consequences for key personnel in order to ensure accountability within the leadership of the component; and

(5) such other measures as the Secretary considers appropriate.

(c) DEFINITION.—The term ''component'' of the Department of Defense means any organization within the

Department of Defense that is required to submit an auditable financial statement to the Secretary of Defense.

SEC. 303. REVIEW OF OBLIGATION AND EXPENDITURE THRESHOLDS.

(a) SENSE OF CONGRESS.—It is the sense of Congress that—

(1) Department of Defense program managers should be encouraged to place a higher priority on seeking the best value for the Government than on meeting arbitrary benchmarks for spending; and

(2) actions to carry out paragraph (1) should be supported by the Department's leadership at every level.

(b) POLICY REVIEW.—Not later than 180 days after the date of the enactment of this Act, the Chief Management Officer of the Department of Defense, in coordination with the Chief Management Officer of each military department, shall review and update as necessary all relevant policy and instruction regarding obligation and expenditure benchmarks to ensure that such guidance does not inadvertantly prevent achieving the best value for the Government in the obligation and expenditure of funds.

(c) GUIDANCE.—Not later than one year after the date of the enactment of this Act, the Chief Management Officer, in coordination with the Chief Management Offi-

cer of each military department, the Director of the Office of Performance Assessment and Root Cause Analysis, the Under Secretary of Defense (Comptroller), and the Comptrollers of the military departments, should conduct a comprehensive review of the use and value of obligation and expenditure benchmarks and propose new benchmarks or processes for tracking financial performance, including, as appropriate—

(1) increased reliance on individual obligation and expenditure plans for measuring program financial performance;

(2) mechanisms to improve funding stability and to increase the predictability of the release of funding for obligation and expenditure; and

(3) streamlined mechanisms for a program manager to submit an appeal for funding changes and to have such appeal evaluated promptly.

(d) TRAINING.—The Under Secretary of Defense for Acquisition, Technology, and Logistics and the Under Secretary of Defense (Comptroller) shall ensure that as part of the training required for program managers and business managers, an emphasis is placed on obligating and expending appropriated funds in a manner that achieves the best value for the Government and that the purpose

and limitations of obligation and expenditure benchmarks is made clear.

TITLE IV—INDUSTRIAL BASE

SEC. 401. EXPANSION OF THE INDUSTRIAL BASE.

(a) PROGRAM TO EXPAND INDUSTRIAL BASE REQUIRED.—The Secretary of Defense shall establish a program to expand the industrial base of the Department of Defense to increase the Department's access to innovation and the benefits of competition.

(b) IDENTIFYING AND COMMUNICATING WITH NONTRADITIONAL SUPPLIERS.—The program established under subsection (a) shall use tools and resources available within the Federal Government and available from the private sector, to provide a capability for identifying and communicating with nontraditional suppliers, including commercial firms and firms of all business sizes, that are engaged in markets of importance to the Department of Defense.

(c) INDUSTRIAL BASE REVIEW.—The program required by subsection (a) shall include a continuous effort to review the industrial base supporting the Department of Defense, including the identification of markets of importance to the Department of Defense.

(d) DEFINITION.—In this section:

(1) NONTRADITIONAL SUPPLIERS.—The term ''nontraditional suppliers'' means firms that have received contracts from the Department of Defense with a total value of not more than $100,000 in the previous 5 years.

(2) MARKETS OF IMPORTANCE TO THE DEPARTMENT OF DEFENSE.—The term ''markets of importance to the Department of Defense'' means industrial sectors in which the Department of Defense spends more than $500,000,000 annually.

SEC. 402. COMMERCIAL PRICING ANALYSIS.

Section 803(c) of the Strom Thurmond National Defense Authorization Act for Fiscal Year 1999 Public Law 105–261; 10 U.S.C. 2306a note) is amended to read as follows:

''(c) COMMERCIAL PRICE TREND ANALYSIS.—

''(1) The Secretary of Defense shall develop and implement procedures that, to the maximum extent practicable, provide for the collection and analysis of information on price trends for categories of exempt commercial items described in paragraph (2).

''(2) A category of exempt commercial items referred to in paragraph (1) consists of exempt commercial items that are in a single Federal Supply Group or Federal Supply Class, are provided by a

single contractor, or are otherwise logically grouped for the purpose of analyzing information on price trends.

"(3) The analysis of information on price trends under paragraph (1) shall include, in any category in which significant escalation in prices is identified, a more detailed examination of the causes of escalation for such prices within the category and whether such price escalation is consistent across the Department of Defense.

"(4) The head of a Department of Defense agency or the Secretary of a military department shall take appropriate action to address any unjustified escalation in prices being paid for items procured by that agency or military department as identified in an analysis conducted pursuant to paragraph (1).

"(5) Not later than April 1 of each of year, the Secretary of Defense shall submit to the Committee on Armed Services of the Senate and the Committee on Armed Services of the House of Representatives a report on the analyses of price trends that were conducted for categories of exempt commercial items during the preceding fiscal year under the procedures prescribed pursuant to paragraph (1). The re-

port shall include a description of the actions taken to identify and address any unjustified price escalation for the categories of items.

"(6) TERMINATION.—This subsection shall not be in effect on and after April 1, 2013.".

SEC. 403. CONTRACTOR AND GRANTEE DISCLOSURE OF DELINQUENT FEDERAL TAX DEBTS.

(a) REQUIREMENT.—

(1) IN GENERAL.—Chapter 37 of title 31, United States Code, is amended by adding at the end of subchapter II the following new section:

"§ 3720F. Contractor and grantee disclosure of delinquent Federal tax debts

"(a) REQUIREMENT RELATING TO CONTRACTS.—The head of any executive agency that issues an invitation for bids or a request for proposals for a contract in an amount greater than the simplified acquisition threshold shall require each person that submits a bid or proposal to submit with the bid or proposal a form—

"(1) certifying that the person does not have a seriously delinquent tax debt; and

"(2) authorizing the Secretary of the Treasury to disclose to the head of the agency information strictly limited to verifying whether the person has a seriously delinquent tax debt.

"(b) REQUIREMENT RELATING TO GRANTS.—The head of any executive agency that offers a grant in excess of an amount equal to the simplified acquisition threshold may not award such grant to any person unless such person submits with the application for such grant a form—

"(1) certifying that the person does not have a seriously delinquent tax debt; and

"(2) authorizing the Secretary of the Treasury to disclose to the head of the executive agency information strictly limited to verifying whether the person has a seriously delinquent tax debt.

"(c) FORM FOR RELEASE OF INFORMATION.—The Secretary of the Treasury shall make available to all executive agencies a standard form for the certification and authorization described in subsections (a) and (b).

"(d) DEFINITIONS.—In this section:

"(1) CONTRACT.—The term 'contract' means a binding agreement entered into by an executive agency for the purpose of obtaining property or services, but does not include—

"(A) a contract for property or services that is intended to be entered into through the use of procedures other than competitive procedures by reason of section 2304(c)(2) of this title; or

"(B) a contract designated by the head of the agency as necessary to the national security of the United States.

"(2) EXECUTIVE AGENCY.—The term 'executive agency' has the meaning given that term in section 4(1) of the Office of Federal Procurement Policy Act (41 U.S.C. 403(1)).

"(3) PERSON.—The term 'person' includes—

"(A) an individual;

"(B) a partnership;

"(C) a corporation; and

"(D) a joint venture.

"(4) SERIOUSLY DELINQUENT TAX DEBT.—The term 'seriously delinquent tax debt' means any Federal tax liability—

"(A) that exceeds $3,000;

"(B) that has been assessed by the Secretary of the Treasury;

"(C) with respect to which all judicial and administrative remedies have been exhausted, or have lapsed; and

"(D) with respect to which levy may be made by such Secretary under section 6331 of the Internal Revenue Code of 1986.

"(5) SIMPLIFIED ACQUISITION THRESHOLD.—The term 'simplified acquisition threshold' has the meaning given that term in section 4(11) of the Office of Federal Procurement Policy Act (41 U.S.C. 403(11)).

"(e) SPECIAL RULES RELATING TO PARTNERS AND SHAREHOLDERS.—For purposes of this section—

"(1) a partnership shall be treated as a person with a seriously delinquent tax debt if such partnership has a partner—

"(A) who holds an ownership interest of 50 percent or more in that partnership; and

"(B) who has a seriously delinquent tax debt; and

"(2) a corporation shall be treated as a person with a seriously delinquent tax debt if—

"(A) another corporation or a joint venture holds 50 percent or more of the outstanding shares of corporate stock in that corporation and the other corporation or joint venture has a seriously delinquent tax debt; or

"(B) another corporation or joint venture holds a controlling interest that is less than 50 percent of the outstanding shares of corporate stock in that corporation and the other corpora-

tion or joint venture has a seriously delinquent tax debt.''.

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of chapter 37 of such title is amended by adding after the item relating to section 3720E the following new item:

''3720F. Contractor and grantee disclosure of delinquent Federal tax debts.''.

(b) REVISION OF FAR.—Not later than 270 days after the date of enactment of this section, the Federal Acquisition Regulation shall be revised to incorporate the requirements of section 3720F of title 31, United States Code, as added by this section.

SEC. 404. INDEPENDENCE OF CONTRACTOR BUSINESS SYSTEM REVIEWS; RISK-BASED REVIEWS.

(a) IN GENERAL.—

(1) AMENDMENT.—Chapter 131 of title 10, United States Code, is amended by inserting after section 2222 the following new section:

''§ 2222a. Criteria for business system reviews

''(a) CRITERIA FOR BUSINESS SYSTEM REVIEWS.—The Secretary of Defense shall ensure that any contractor business system review carried out by a military department, a Defense Agency, or a Department of Defense Field Activity—

"(1) complies with generally accepted government auditing standards issued by the Comptroller General;

"(2) is performed by an audit team that does not engage in any other official activity (audit-related or otherwise) involving the contractor concerned; and

"(3) is performed in a time and manner consistent with a documented assessment of the risk to the Federal Government.

"(b) CONTRACTOR BUSINESS SYSTEM REVIEW DEFINED.—In this section, the term 'contractor business system review' means an audit of policies, procedures, and internal controls relating to accounting and management systems of a contractor.".

(2) CLERICAL AMENDMENT.—The table of sections at the beginning of such chapter is amended by inserting after the item relating to section 2222 the following new item:

"2222a. Criteria for business system reviews.".

(b) EFFECTIVE DATE.—Section 2222a of title 10, United States Code, as added by subsection (a), shall take effect 180 days after the date of the enactment of this Act.

○