

## AT&L WORKFORCE—KEY LEADERSHIP CHANGES

Combat Development Command. Mattis is currently serving as the commanding general, 1st Marine Division in Iraq.

### DEPARTMENT OF DEFENSE NEWS RELEASE (MAY 11, 2004) FLAG OFFICER ANNOUNCEMENTS

**S**ecretary of Defense Donald H. Rumsfeld announced today that the president has made the following nominations:

Navy Rear Adm. (lower half) Jeffrey A. Brooks has been nominated for appointment to the rank of rear admiral (lower half). Brooks is currently serving as fleet maintenance officer, U.S. Atlantic Fleet, Norfolk, Va.

Navy Rear Adm. (lower half) Charles T. Bush has been nominated for appointment to the rank of rear admiral. Bush is currently serving as program executive officer for Integrated Warfare Systems, Washington, D.C.

Navy Rear Adm. (lower half) Steven L. Enewold has been nominated for appointment to the rank of rear admiral. Enewold is currently serving as deputy director for Joint Strike Fighter, Office of the Secretary of Defense, Washington, D.C.

Navy Rear Adm. (lower half) Timothy L. Heely has been nominated for appointment to the rank of rear ad-

miral. Heely is currently serving as program executive officer for Strike Weapons and Unmanned Aviation, Patuxent River, Md.

Navy Rear Adm. (lower half) Samuel J. Locklear III has been nominated for appointment to the rank of rear admiral. Locklear is currently serving as deputy director, Surface Warfare Division, N76B, Office of the Chief of Naval Operations, Washington, D.C.

Navy Rear Adm. (lower half) Joseph Maguire has been nominated for appointment to the rank of rear admiral. Maguire is currently serving as commander, Naval Special Warfare Command, San Diego, Calif.

### DEPARTMENT OF DEFENSE NEWS RELEASE (JUNE 2, 2004) FLAG OFFICER ASSIGNMENT

**C**hief of Naval Operations Adm. Vern Clark announced the following flag officer assignment:

Navy Rear Adm. Mark D. Harnitchek is being assigned as vice director for Logistics, J4, Joint Staff, Washington, D.C. Harnitchek is currently assigned as commander, Navy Inventory Control Point Philadelphia/Mechanichsburg, Pa.

## POLICY & LEGISLATION

### FAC 2001-21, FAR CASE 2003-023, PURCHASES FROM FEDERAL PRISON INDUSTRIES—REQUIREMENT FOR MARKET RESEARCH

**T**he Civilian Agency Acquisition Council and the Defense Acquisition Regulations Council (Councils) have agreed on an interim rule amending the Federal Acquisition Regulation (FAR) to implement Section 637 of Division F of the Consolidated Appropriations Act, 2004. Section 637 provides that no fiscal year 2004 funds shall be expended for purchase of a product or service offered by Federal Prison Industries, Inc., unless the agency making the purchase determines that the offered product or service provides the best value to the buying agency. To read the entire text of FAC 2001-21, go to <<http://www.arnet.gov/far/fac.html>> .

### DEFENSE SCIENCE BOARD REPORT RELEASED (FEBRUARY 2004)

**T**he Defense Science Board (DSB) Task Force on Future Strategic Strike Forces delivered a report to the Pentagon's acting under secretary of defense (acquisition, technology and logistics) in February 2004 <<http://www.acq.osd.mil/dsb/fssf.pdf>> that proposes radical restructuring of the nation's nuclear weapons program. The recommendations, as stated in the report, are designed to provide "future presidents an integrated, flexible, and highly reliable set of strike options with today's tactical-level flexibility but on a global scale."

The proposed restructuring would shift the main focus of the nation's nuclear program from refurbishing and maintaining the existing stockpile to developing weapons that are more relevant to future threats.

The DSB, which began its work in summer 2003, was tasked to assess the effectiveness of the nation's current and planned strategic strike capability against threats that could be faced 30 years out. The task force found that if the United States is to provide strike options effective against future threats, it must reorient its nuclear arsenal away from "large, high-fallout weapons delivered primarily by ballistic missiles" toward smaller, more precise nuclear weapons that can be used for a variety of special missions.

The nuclear arsenal was not the only area the task force examined in mapping out the future of strategic strike. It also examined non-nuclear weapons, the systems that are needed to deliver weapons of both kinds, and the intelligence, surveillance, and reconnaissance (ISR) systems required to identify targets, among other aspects of the strategic strike mission.

The key recommendations in these other areas are:

- The Services, with the Defense Threat Reduction Agency, should "procure a contingency arsenal of current successful special-purpose, non nuclear weapons" such as the recently developed Massive Ordnance Air Burst bomb;
- A limited number of new delivery systems are needed to hit time-critical targets from long range in all weather, destroy hard and deeply buried targets, and "perform these functions more reliably, accurately, and stealthily" than existing systems; and
- As the Defense Department's current ISR and battle damage assessment systems are "pushing the limits of what we can achieve from space and airborne platforms," U.S. Special Operations Command and the Defense Advanced Research Projects Agency should develop "technologies and systems for networked close-in sensors."

If the task force's recommendations are implemented, the report concludes, "the president will have realistic, high-confidence strategic strike options to reassure friends, change the behavior of enemies, and protect American interests."

**DEFENSE FAR SUPPLEMENT (DFARS)  
CHANGE NOTICE 20040323**

The Department of Defense published the following final and proposed rules in the *Federal Register* on March 23, 2004:

**INTERIM RULE:**

**Contract Period for Task and Delivery Order Contracts (DFARS Case 2003-D097)**

Establishes a 5-year limitation on the contract period for a task order or delivery order contract awarded by DoD under the authority of 10 U.S.C. 2304a; and clarifies that the total contract period includes all options or modifications. The rule implements Section 843 of the National Defense Authorization Act for Fiscal Year 2004 (Public Law 108-136). Additional information regarding implementation of this rule is available at < <http://www.acq.osd.mil/dpap/dfars/changes.htm> > .

**FINAL RULES:**

**Buy-to-Budget Acquisition of End Items (DFARS Case 2002-D036)**

Finalizes, without change, the interim rule published on July 22, 2003 (DFARS Change Notice 20030722). The rule authorizes DoD to acquire a higher quantity of an end item than the quantity specified in law, under certain conditions. This rule implements Section 801 of the National Defense Authorization Act for Fiscal Year 2003 (Public Law 107-314). The Federal Register notice for this rule is available at < <http://www.acq.osd.mil/dpap/dfars/changes.htm> > .

**Multiyear Contracting Authority Revisions (DFARS Case 2002-D041)**

Finalizes, without change, the interim rule published on August 21, 2003 (DFARS Change Notice 20030821). The rule restricts the use of multiyear contracts for supplies to only those for complete and usable end items, and restricts the use of advance procurement to only those long-lead items necessary in order to meet a planned delivery schedule for complete major end items. This rule implements Section 820 of the National Defense Authorization Act for Fiscal Year 2003 (Public Law 107-314). The Federal Register notice for this rule is available at < <http://www.acq.osd.mil/dpap/dfars/changes.htm> > .

**PROPOSED RULE:**

**Contractors Accompanying a Force Deployed (DFARS Case 2003-D087)**

Proposes policy and a contract clause to address situations that require contractor employees to accompany a force engaged in contingency, humanitarian, peacekeeping, or combat operations outside the United States. The proposed changes will enable the uniform treatment of contractors that accompany a deployed force, and will enable combatant commanders to rapidly adjust contract requirements in response to changing conditions on the battlefield. The Federal

Register notice for this rule is available at <<http://www.acq.osd.mil/dpap/dfars/changes.htm>> .

### DEFENSE FAR SUPPLEMENT (DFARS) CHANGE NOTICE 20040423

**D**oD published the following proposed rules in the Federal Register on April 23, 2004. The proposed rules are a result of DFARS Transformation, which is a major DoD initiative to dramatically change the purpose and content of the DFARS. Additional information on the DFARS Transformation initiative is available at <<http://www.acq.osd.mil/dpap/dfars/transf.htm>> .

#### Proposed Rule

##### THRESHOLD FOR SMALL BUSINESS SPECIALIST REVIEW (DFARS CASE 2003-D060)

Proposes to eliminate requirements for small business specialists to review proposed acquisitions that are (1) within the scope and under the terms of the existing contract; or (2) under \$100,000 and totally set aside for small business concerns. Also proposes to relocate text addressing the functions of small business specialists to the new DFARS companion resource, *Procedures, Guidance, and Information (PGI)*. A proposed rule describing the purpose and structure of PGI was published on Feb. 23, 2004 (DFARS Change Notice 20040223; DFARS Case 2003-D090).

The Federal Register notice for this rule is available at <<http://www.acq.osd.mil/dpap/dars/dars/fedregs/2003d060p.txt>> .

#### Proposed Rule

##### SMALL DISADVANTAGED BUSINESSES AND LEADER COMPANY CONTRACTING (DFARS CASE 2003-D092)

Proposes to lower the approval level for subcontracting plans that contain a small disadvantaged business goal of less than 5 percent, from two levels above the contracting officer to one level above the contracting officer. Also proposes to delete text addressing the participation of small disadvantaged business concerns in leader company contracting. DoD rarely uses leader company contracting and, instead, provides incentives for major DoD contractors to assist small disadvantaged business concerns through the DoD Pilot Mentor-Protégé Program.

The Federal Register notice for this rule is available at <<http://www.acq.osd.mil/dpap/dars/dars/fedregs/2003d092p.txt>> .

### SOURCE SELECTION DRAFT POLICY AND PROCEDURES

**T**he new Air Force Source Selection Policy is now official. It was issued in AFAC 96-2 dated June 4, 2004. This is the policy to be followed for all Air Force source selections. AFFARS Appendices AA and BB are *obsolete* and must no longer be used. All previous draft versions of the policy should be discarded. *Only* AFAC 96-2 should be followed. If you have questions or need additional information, contact Kathleen James at DSN 425-7059 or e-mail [jamesk@pentagon.af.mil](mailto:jamesk@pentagon.af.mil).

### ARMY REVISES MILITARY-CIVILIAN TECHNOLOGY TRANSFER REGULATION (MARCH 26, 2004)

**T**he revised Department of the Army (DA) Regulation 70-57, *Military-Civilian Technology Transfer* prescribes DA policies and responsibilities for technology transfer with the domestic civilian sector. Specifically, it provides policies and operational guidelines for entering into cooperative research and development agreements, for the licensing of intellectual property, for the provision of technical assistance to state and local governments, and for other cooperative efforts in research and development necessary to provide new technologies of interest to both the civilian and military sectors.

The proponent of the regulation is the assistant secretary of the Army (acquisition, logistics and technology). Users are invited to send comments and suggested improvements on DA Form 2028 (Recommended Changes to Publications and Blank Forms) directly to the assistant secretary of the Army (acquisition, logistics and technology), ATTN: SAAL-ZT, 103 Army Pentagon, Washington, DC 20310-0103. View the revised regulation from the "Official Publications" link on the Army Publishing Directorate Web site at <[http://www.usapa.army.mil/usapa\\_officialsite.htm](http://www.usapa.army.mil/usapa_officialsite.htm)> .

### ARMY PUBLISHES MAJOR REVISION TO LOGISTICS READINESS AND SUSTAIN- ABILITY REGULATION (MARCH 26, 2004)

**T**he revised Department of the Army Regulation 700-138, *Army Logistics Readiness and Sustainability* establishes policies, responsibilities, and procedures to be followed for reporting the physical condition of Army equipment and the ability/inability to perform its intended mission. This revision implements Department of Defense Instruction 3110.5, and it prescribes policies and procedures for total logistics readiness sustainability analysis, the annual logistics assessment of the Army's capability to deploy and sustain combat forces.

The proponent of this regulation is the deputy chief of staff, G-4 (DCS, G-4). Supplementation of this regulation and establishment of command and local forms are prohibited without prior approval from the deputy chief of staff, G-4 (DCS, G-4), HQDA (DALO-PLR), 500 Army Pentagon, Washington, DC 20310-1600. View the revised regulation from the "Official Publications" link on the Army Publishing Directorate Web site at <[http://www.usapa.army.mil/usapa\\_officialsite.htm](http://www.usapa.army.mil/usapa_officialsite.htm)>.

### AIR FORCE PUBLISHES CONCEPT OF OPERATIONS FOR ACQUISITION CENTERS OF EXCELLENCE

**D**r. Marvin R. Sambur, assistant secretary of the Air Force (acquisition), and General Gregory S. Martin, commander, Air Force Materiel Command (AFMC) signed on March 2, 2004, a Concept of Operations for Acquisition Centers of Excellence (ACE CONOPS). This CONOPS defines the objectives and functions for the Acquisition Center of Excellence (ACE) organization and how all elements of the ACE community contribute to the overall strategy for implementing Agile Acquisition.

On March 19, the CONOPS was sent by Sambur and Martin to all senior acquisition leadership for implementation. The new ACE objectives emphasize implementing the tenets of Agile Acquisition throughout all acquisition and sustainment programs. For more information or to read the ACE CONOPS in its entirety, go to the ACE Web site at <<http://www.safaq.hq.af.mil/ACE/>>.

### INCENTIVE PROGRAM TO PURCHASE CAPITAL ASSETS MANUFACTURED IN THE UNITED STATES

**S**ection 822 of the National Defense Authorization Act for Fiscal Year 2004 (Public Law 108-136), requires the secretary of defense to establish an incentive program for contractors to purchase capital assets manufactured in the United States. This provision applies only to major defense acquisition programs and contracts entered into after May 2005. The secretary may use the Industrial Base Capabilities Fund established under Section 814 of the National Defense Authorization Act for Fiscal Year 2004 for this purpose. The provision also directs the secretary to provide consideration in source selection for contractors with eligible assets for major defense systems. At this time, no dollars have been appropriated for this fund.

DoD is in the process of crafting such a program but believes industry input is essential to constructing an effective incentive program. To that end, the Department

will be publishing a *Federal Register* notice during the month of April 2004 that will seek industry input on identifying appropriate incentives for industry to use machine tools and other capital assets produced in the United States. Comments in response to this notice will also be accepted. If there appears to be sufficient interest in this incentive program, the Department may schedule a public hearing.

Once suitable incentives are identified, DoD will structure the incentive program and publish an interim rule implementing the incentive program.

Questions on this matter should be directed to Susan Hildner at (703) 795-4258 or e-mail [susan.hildner@osd.mil](mailto:susan.hildner@osd.mil).

### GAO REPORT TO CONGRESSIONAL COMMITTEES (MARCH 2004) DEFENSE ACQUISITIONS—ASSESSMENTS OF MAJOR WEAPON PROGRAMS

**T**he General Accounting Office (GAO) recently completed its assessment of 51 defense programs ranging from the Missile Defense Agency's Airborne Laser to the Army's Warfighter Information Network. The report stated that most of the programs assessed proceeded with less knowledge at critical junctures than suggested by best practices, although several came close to meeting best practice standards. GAO also found that programs generally did not track statistical process control data, a key indicator for production maturity. Program stakeholders, according to the report, could use these assessments to recognize the gaps in knowledge early and take advantage of opportunities for constructive intervention—such as adjustments to schedule, trade-offs in requirements, and additional funding.

GAO has summarized the results of its assessments in a two-page format. Each two-page assessment contains a profile of the product that includes a description; a timeline of development; a baseline comparison of cost, schedule, and quantity changes to the program; and a graphical and narrative depiction of how the product development knowledge of an individual program compared to best practices. Each program office submitted comments, and they are included with each individual assessment as appropriate.

View the full product, including the scope and methodology, at <<http://www.gao.gov/cgi-bin/getrpt?GAO-04-248>>.

**RELIABILITY AS A KEY PERFORMANCE PARAMETER (KPP)**

In a March 27 memorandum to key Army leaders, commanders, directors, program executive officers, and direct reporting program offices, Vice Chief of Staff of the Army George W. Casey Jr., directed that effective immediately, reliability will be assessed as a potential Key Performance Parameter (KPP) during the Joint Capabilities Integration and Development System (JCIDS) process, to include the necessary JCIDS analyses and development of Capabilities Documents. The intent of the policy, the memo stated, is to improve reliability of Army systems and materiel, enhance com-

bat power, improve survivability for the soldier, and reduce logistics demand.

The point of contact for Reliability as a KPP is Donald C. Crissup, SAAL-LP, (703) 604-7421, DSN 664-7421, or e-mail: [donald.crissup@us.army.mil](mailto:donald.crissup@us.army.mil).

**AGB'S ROLE INCREASES WITH NEW CHARTER**

*Linda Polonsky-Hillmer*

On April 9, Michael Wynne, under secretary of defense (acquisition, technology & logistics), opened the Acquisition Governance Board



Michael Wynne (center), acting under secretary of defense (acquisition, technology and logistics), is pictured with Deidre Lee, director, defense procurement and acquisition policy (DPAP), and Mark Krzysko, deputy director, DPAP electronic business, as they view the array of awards and trophies earned by DoD programs within the Acquisition Domain over the past year.

Photo by Ashley Rinehart

(AGB)'s first meeting since the Board's re-chartering on March 15. "Senior Procurement Executives have been participating in the AGB since it was chartered [March 21, 2003]," said Wynne. "This group has been realigned to reflect participation by the Component Acquisition Executives and to document the scope of the AGB as being the acquisition process as a whole, rather than solely focusing on procurement."

The AGB oversees management of the Acquisition Domain information technology (IT) portfolio to ensure IT capital investments are aligned with DoD business goals. The Board also provides guidance to the Acquisition Domain with respect to portfolio management, business process improvements, architecture products, joint initiatives and Component-level programs.

### Acquisition vs. Procurement: What Distinguishes Them?

The terms acquisition and procurement are often used interchangeably even though there is a distinct difference between the two. Acquisition encompasses life-cycle management from concept to disposal:

- Concept refinement
- Technology development
- System development and demonstration
- Production and deployment
- Operations
- Benefits analysis and support

Acquisition also includes the processes associated with science and technology; program formulation; planning, design, development, and purchasing of materiel, systems, and goods and services; resource management; test and evaluation; and systems sustainment.

Procurement, on the other hand, can be looked at as a subset of acquisition. Procurement is the actual purchasing of goods and services by contract, purchase card, grant, intra-governmental transaction, or other means of sourcing.

The AGB will now tackle issues that encompass the entire acquisition process to ensure the goals of the Acquisition Domain are met.

### Why Domains? The Answer Lies in the BMMP

The business transformation of the DoD is guided through the Business Management Modernization Program (BMMP). The BMMP is identifying a system of business process improvements that will be incorporated into an overarching enterprise architecture framework. **[Editor's note: For more information on the BMMP, see**

*"Say Goodbye to the Old Ways of Doing Business And Hello to the Business Management Modernization Program" on page 56.)*

Identifying the processes, systems and technical requirements of the future architecture and managing the transition to that future state is an enormous undertaking. There are seven domains that encompass the system of business processes:

- Accounting and Finance
- Acquisition
- Human Resources Management
- Enterprise Information Environment
- Installations and Environment
- Logistics
- Strategic Planning and Budgeting

The AGB will help to ensure the goals of the Acquisition Domain are achieved, including:

- Implementing enterprise systems and identifying and retiring unique/outdated systems
- Deploying Version 4.2 Increments 2 and 3 of the Standard Procurement System to current and future users (to include the Defense Contract Management Agency)
- Deploying a fully-operational Wide Area Work Flow (WAWF) Program to all Components by April 2005.

### AGB Membership Broadens to Embrace Entire Acquisition Community

Deidre Lee, director, defense procurement and acquisition policy (DPAP), is the chair of the AGB. She is assisted by the executive secretary, Mark Krzysko, deputy director, DPAP, electronic business. Members of the AGB not only represent their respective components on Acquisition Domain issues, they also help to resolve issues raised by the Joint Acquisition Electronic Business Oversight Board (JAEBOB) and provide advice to Lee regarding Acquisition Domain governance. The members are:

- Assistant secretary of the Army (Acquisition, Logistics and Technology)
- Assistant secretary of the Navy (Research, Development and Acquisition)
- Assistant secretary of the Air Force (Acquisition)
- Acquisition executive, United States Special Operations Command
- Senior procurement executive, Defense Logistics Agency
- Director, Defense Information Systems Agency
- Director, Defense Contract Management Agency

- Director, Force Structure, Resources and Assessment Directorate (J-8)
- Director, Acquisition Resources And Analysis
- Director, Defense Finance and Accounting Service
- Representative for other defense agencies

The new members are in addition to the original senior procurement executives serving as representatives on the AGB.

In addition to the members of the AGB, there are eight associates who support strategic directions of the AGB. They facilitate cross-domain coordination and provide insight into specific projects that are part of the Acquisition Domain or cross multiple domains. AGB associates are:

- President, Defense Acquisition University
- Assistant secretary of defense, network information and integration/chief information officer, DoD
- Under secretary of defense (comptroller)/chief financial officer, DoD
- Deputy under secretary of defense (logistics and materiel readiness)
- Deputy under secretary of defense (installations and environment)
- Deputy director of plant, property, and equipment policy
- Deputy under secretary of defense (systems planning and budgeting)
- Special assistant, under secretary of defense (acquisition, technology & logistics)

For further information, contact Lisa Romney at [lisa.romney@osd.mil](mailto:lisa.romney@osd.mil) or Diane Morrison at [diane.morrison@osd.mil](mailto:diane.morrison@osd.mil) of the Defense Procurement and Acquisition Policy, Electronic Business Office.

### DOD 2004-2005 COALITION WARFARE PROGRAM MANAGEMENT PLAN

Acting Under Secretary of Defense (Acquisition, Technology and Logistics) Michael Wynne has released for publication the DoD 2004-2005 Coalition Warfare Program Management Plan. The plan outlines how the Defense Department will integrate coalition-enabling solutions into existing and planned U.S. weapon programs. According to the published plan, DoD's "program focuses not only on short-term, interoperability-enhancing solutions, but also on early identification of coalition solutions to long-term interoperability issues (architectures, coalition requirements, major system acquisition) with a broad range of potential coalition partners." View the plan at < [http://www.acq.osd.mil/ic/cwp/CW\\_MagtPlan.pdf](http://www.acq.osd.mil/ic/cwp/CW_MagtPlan.pdf) > .

### OFFICE OF MANAGEMENT AND BUDGET (MARCH 5, 2004) MANAGER'S GUIDE TO COMPETITIVE SOURCING

The Federal Acquisition Council (FAC), in collaboration with the Office of Management and Budget, has published *Manager's Guide to Competitive Sourcing*, which is a compilation of best practices to help agency officials manage their competitive sourcing efforts in the most strategic and results-oriented manner possible. The best practices reflect the Administration's commitment to the long-term success of public-private competition as a resource tool for improving performance and decreasing costs to taxpayers.

To read the updated version of the guide, go to < <http://www.results.gov> > and click on "Competitive Sourcing Best Practices."



**DEPUTY SECRETARY OF DEFENSE**  
1010 DEFENSE PENTAGON  
WASHINGTON, D.C. 20301-1010

APR 1 2004

MEMORANDUM FOR SECRETARY OF THE ARMY  
SECRETARY OF THE NAVY  
SECRETARY OF THE AIR FORCE  
CHAIRMAN, JOINT CHIEFS OF STAFF  
DIRECTORS OF DEFENSE AGENCIES

SUBJECT: Use of Operation and Maintenance Appropriations for Construction  
During Fiscal Year 2004



This memorandum implements section 2808 of the National Defense Authorization Act for Fiscal Year 2004, and provides guidance on the use of operation and maintenance appropriations for construction activities pursuant to that section.

Section 2808 authorizes the Secretary of Defense to use funds available for operation and maintenance to carry out military construction projects outside the United States that the Secretary determines meet each of the following conditions:

- The construction is necessary to meet urgent military operational requirements of a temporary nature involving the use of the Armed Forces in support of a declaration of war, the declaration by the President of a national emergency under section 201 of the National Emergencies Act (50 U.S.C. 1621), or a contingency operation.
- The construction is not carried out at a military installation where the United States is reasonably expected to have a long-term presence.
- The United States has no intention of using the construction after the operational requirements have been satisfied.
- The level of construction is the minimum necessary to meet the temporary operational requirements.

The total amount of construction projects that can be carried out under section 2808 using operation and maintenance funds is limited to \$200 million. The Secretary of Defense may waive this limitation if the Secretary determines that it is vital to national security, and notifies Congress of the reasons for the waiver.

Section 2808 also requires the Secretary of Defense to submit to the cognizant congressional committees, within seven days after operation and maintenance funds are obligated for a construction project, notice that includes the following:

- Certification that the conditions specified in subsection (a) of section 2808 are satisfied with regard to the construction project.



- A description of the purpose for which operation and maintenance funds are being obligated.
- All relevant documentation detailing the construction project.
- An estimate of the total amount obligated for the construction project.

In addition, the Secretary of Defense must submit, not later than 30 days after the end of each quarter of fiscal year 2004, a report on obligation and expenditure of operation and maintenance funds during that quarter for construction projects.

Accordingly, the following procedures will apply to the use of operation and maintenance appropriations for construction activities during FY 2004 under section 2808:

- The Military Department or Defense Agency will submit candidate construction projects to USD(C). The request will include a description and estimated cost of the project (use attached format and provide DD 1391 if available). The request will also include a certification by the Secretary of the Military Department (or his designee) or Director of the Defense Agency that the project meets the conditions in subsection (a) of section 2808.
- The USD(C) will review the candidate projects in coordination with the USD(AT&L) and the Director of Joint Staff.
- The USD(C) will notify the Military Department or Defense Agency when to proceed with the construction project.
- Not later than 24 hours after the obligation of operation and maintenance funds for the project, the Military Department or Defense Agency will fax the attached form (with the bottom portion completed) and DD 1391 to the USD(C). Explain any differences from the original request.
- Not later than 15 days after the end of each quarter of FY 2004, the Military Department or Defense Agency will submit to the USD(C) a spreadsheet showing obligation and expenditure for each construction project during that quarter. Explain any adjustments to the data previously submitted to USD(C).

The Under Secretary of Defense (Comptroller) is delegated the authority and assigned the responsibility of the Secretary of Defense to make such determinations and certifications, issue such waivers, and submit such notifications and reports as may be required under section 2808.



Enclosure

cc: USD(AT&L)  
USD(C)

**Editor's note:** To view and print the enclosure to this memorandum, go to the Director, Defense Procurement and Acquisition Policy Web site at <<http://www.acq.osd.mil/dpap/>>.



**THE UNDER SECRETARY OF DEFENSE**  
**3010 DEFENSE PENTAGON**  
**WASHINGTON, D.C. 20301-3010**

FEB 20, 2004



MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Radio Frequency Identification (RFID) Policy—UPDATE

This memorandum updates the "Radio Frequency Identification (RFID) Policy," dated October 2, 2003. This policy update provides revised business rules for the use of high data capacity active RFID (Attachment 1) and an initial set of business rules for the implementation of passive RFID and the use of the Electronic Product Code (EPC)-compliant tags within the Department of Defense (DoD) supply chain (Attachment 2). This policy and associated business rules will continue to be refined as we implement the active RFID capability and pilot the passive RFID capability over the next six months.

DoD Components will continue maximum effort to immediately implement and expand the use of high data capacity active RFID currently employed in the DoD operational environment. DoD Components will also plan for a January 1, 2005, implementation of the passive RFID business rules. These rules, which are in Attachment 2, include the requirement for DoD suppliers to put passive RFID tags on the cases and pallets of materiel shipped to the DoD as well as on the packaging of all items requiring a Unique Identification (UID). DoD Components will establish an initial capability to read passive RFID tags and use the data at key sites by January 2005. The Defense Logistics Agency has committed to making the strategic distribution centers (San Joaquin, CA, and Susquehanna, PA) capable of reading passive RFID attached to shipments received from suppliers and applying passive RFID tags on shipments to DoD activities and units by that date.

A key component to implementing RFID throughout our supplier base is the publication of a Defense Federal Acquisition Regulation (DFAR) rule governing the application of RFID to the case/pallet/item packaging for materiel purchased by the Department. To that end, I have directed the Deputy Under Secretary of Defense (Logistics and Materiel Readiness) (DUSD(L&MR)) to work with Defense Procurement and Acquisition Policy to develop a proposed rule for publication in the Federal Register by May 2004. The rule will require passive RFID tagging at the case, pallet, and UID item packaging level for all new solicitations issued after October 1, 2004, for delivery of materiel on or after January 1, 2005.

Use of RFID to streamline our supply chain includes the integration of RFID event data into the DoD logistics information systems. To achieve this goal, the Assistant Deputy Under Secretary (Logistics Systems Management) will determine the requirements needed to integrate the RFID data into the DoD data environment in consonance with the Business Enterprise Architecture. The effort will include the integration with legacy/modernized logistics systems, middleware translation requirements, architecture and enterprise infrastructure requirements, and data security issues. The results of this effort will be available March 2004 and will assist DoD in decisions for legacy systems support as well as new systems development across the DoD.



In order to provide a capability to purchase passive RFID technology and leverage the purchasing power across the Department, the Army's Program Executive Office Enterprise Information Systems (PEO EIS) office will establish a multi-award contract mechanism to procure EPC-compliant technology. Contracts will only be awarded to vendors who meet the published EPC tag specification.

Much remains to be completed prior to issuing the final RFID policy in July 2004. This requires your continued strong support of an RFID policy development effort led by the Assistant Deputy Under Secretary (Supply Chain Integration). The RFID IPT will complete the following tasks and resolve the remaining issues outlined below.

- Finalize DoD requirements for use of the EPC (March 2004)
- Finalize DoD passive RFID technical specifications—tags and infrastructure (March 2004)
- Identify RFID budget requirements (March 2004)
- Conduct a second DoD RFID Summit for Industry (April 2004)
- Publish a proposed DFARS Rule for the application of passive RFID tags at point of origin (manufacturer/vendor) on items procured by DoD (May 2004)
- Complete an analysis of the initial RFID implementation projects (June 2004)
- Complete an analysis of applicable regulations and other requirements, such as Hazards of Electromagnetic Radiation to Ordnance (HERO) certification (June 2004)
- Provide a final RFID policy and implementation strategy (July 2004)
- Implement passive RFID contract schedule (August 2004)
- Develop an education and training plan for DoD RFID (September 2004)
- Issue final DFARS rule effective October 1, 2004 (September 2004)

We will continue to partner with our suppliers on this critical initiative. An RFID-enabled DoD supply chain will reduce our operating costs, allow us to refocus critical manpower resources, and will provide a key enabler for the asset visibility support needed by our warfighters. Your efforts are vital to our success in meeting this requirement. Additional information is available at <http://www.acq.osd.mil/log/rfid/index.html>.



Michael W. Wynne  
Acting

Attachments:  
As stated

**Editor's note:** To view the distribution and attachments to this memorandum, go to the DoD Supply Chain Integration Web site at [http://www.acq.osd.mil/log/logistics\\_materiel\\_readiness/organizations/sci/rfid/rfid\\_policy.html](http://www.acq.osd.mil/log/logistics_materiel_readiness/organizations/sci/rfid/rfid_policy.html).



ACQUISITION,  
TECHNOLOGY AND  
LOGISTICS

**THE UNDER SECRETARY OF DEFENSE**  
**3000 DEFENSE PENTAGON**  
**WASHINGTON, D.C. 20301 - 3000**

March 30, 2004

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Implementing Systems Engineering Plans in DoD—Interim Guidance

On February 20, 2004, the Acting Under Secretary of Defense for Acquisition, Technology and Logistics (USD AT&L) **took a major step** to reinvigorate DoD Systems Engineering by signing into policy a requirement that “All programs responding to a capabilities or requirements document...shall develop a Systems Engineering Plan (SEP) for Milestone Decision Authority (MDA) approval in conjunction with each Milestone review.” This memorandum provides interim guidance concerning the purpose and content of these plans. I look forward to working with your representative to the new Systems Engineering Forum to capture best practices and mature this guidance over time. The SEP will be addressed more completely in future updates to the ***Defense Acquisition Guidebook***.



The purpose of the SEP is to lay out a plan that should guide all technical aspects of an acquisition program. Program managers should establish the SEP early in the program definition phase and update it at each subsequent milestone. It is intended to be a living document, tailored to the program, and a roadmap that supports program management by defining comprehensive systems engineering activities, addressing both government and contractor technical activities and responsibilities. The SEP describes the program’s overall technical approach, including systems engineering processes; resources; and key technical tasks, activities, and events along with their metrics and success criteria. Integration or linkage with other program management control efforts such as integrated master plans, integrated master schedules, technical performance measures, and earned value management is fundamental to successful application.

There is no prescribed format for the SEP. However, it should address how systems engineering will support the translation of system capability needs into an effective, suitable product that is sustainable at an affordable cost. Specifically, a well-prepared SEP will address the integration of the technical aspects of the program with the overall program planning, systems engineering activities, and execution tracking to include:

- The systems engineering processes to be applied in the program (e.g., from a standard, a capability maturity model, or the contractor’s process). Describe how the processes will be implemented and how they will be tailored to meet individual acquisition phase objectives. Describe how the SE processes will support the technical and programmatic products required of each phase.
- The system’s technical baseline approach. Describe how the technical baseline will be developed, managed, and used to control system requirements, design, integration, verification, and validation. Include a discussion of metrics (e.g., technical performance measures) for the technical effort and how these metrics will be used to measure progress.



- Event-driven timing, conduct, success criteria, and expected products of technical reviews; and how technical reviews will be used to assess technical maturity, assess technical risk, and support program decisions. SEP updates shall include results of completed technical reviews.
- The integration of systems engineering into the program's integrated product teams (IPTs). Describe how systems engineering activities will be integrated within and coordinated across IPTs; how the IPTs will be organized; what SE tools they will employ; and their resources, staffing, management metrics, and integration mechanisms. Describe how systems engineering activities are integrated in the program's overall integrated schedules.

For programs where the USD(AT&L) is the Milestone Decision Authority (MDA), components shall submit the SEP to me at least 30 days before the scheduled Defense Acquisition Board (DAB) milestone review. My staff and I will evaluate each program's SEP in preparation for the DAB review and in support of Defense Systems' other acquisition and assessment support activities. I encourage all MDAs to take similar actions.

The referenced SEP policy is already in effect, so I urge you to distribute this guidance memorandum to your Program Executive Officers, Program Managers, and/or Systems Commanders. For addition clarification or guidance on SEP tailoring, please contact Mr. Mark Schaeffer, Director, Systems Engineering, (703) 695-7417, [mark.schaeffer@osd.mil](mailto:mark.schaeffer@osd.mil), or Mr. Bob Skalamera, Deputy Director, systems Engineering (Enterprise Development), (703) 695-2300, [robert.skalamera@osd.mil](mailto:robert.skalamera@osd.mil).



Glenn F. Lamartin  
Director, Defense Systems

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DEPARTMENT OF THE AIR FORCE  
WASHINGTON, D.C. 20330-1060

APR 01 2004

OFFICE OF THE ASSISTANT SECRETARY

MEMORANDUM FOR SEE DISTRIBUTION

FROM: SAF/AQ

SUBJECT: Release of Interim Guidance 63-101, **Operation of the Capabilities Based Acquisition System**



The attached Interim Guidance, **Operation of the Capabilities Based Acquisition System**, is effective immediately upon receipt, replacing AFI 63-101 dated 11 May 1994. The Interim Guidance significantly revises Air Force Acquisition Policy in response to changes in Department of Defense Directive (DoDD) 5000.1, **The Defense Acquisition System**; DoDI 5000.2, **Operation of the Defense Acquisition System** (hereinafter referred to as the 5000 Series); acquisition-related activities in the Chairman of the Joint Chiefs of Staff Instruction CJCS 3170.1M, **Joint Capabilities Integration and Development System**; CJCS Manual (CJCSM) 3170.01, **Operation of the Joint Capabilities Integration and Development System**; the Assistant Secretary of the Air Force's Agile Acquisition policies; and revised AFPD 63-1, **Capabilities Based Acquisition System**.

This Interim Guidance was developed in collaboration with efforts to revise AFI 10-601, **Operational Capabilities Requirements**, and AFI 99-103, **Capabilities Based Test and Evaluation**, to create an integrated process for rapidly meeting operator needs. The three documents are to be used together. Highlights of Interim Guidance 63-101 include: incorporation of the new pre-Milestone A concept from DoD 5000 to include Concept Refinement and Technology Development Strategy; introduction to Courses of Actions (COAs); the Expectation Management Agreement; and emphasis on Evolutionary Acquisition and Spiral Development, the preferred DoD and AF acquisition processes.

This Interim Guidance allows the opportunity for early feedback for the final publication of AFI 63-101 and will help expedite final coordination. Final publication is planned for 120 days after release of Interim Guidance. Formal coordination will occur prior to final publication.

The SAF/AQ point of contact for this Interim Guidance is Ms Sheryl Jennings, (703) 588-7154 or DSN425-7154. Please submit comments in accordance with the Comments Resolution Matrix (CRM) in attachment 3 via email to Ms Sheryl Jennings at: [sheryl.jennings@pentagon.af.mil](mailto:sheryl.jennings@pentagon.af.mil). The deadline for comments is 75 days after the release of the Interim Guidance.

MARVIN R. SAMBUR  
Assistant Secretary of the Air Force  
(Acquisition)

Attachments:

1. Distribution
2. Interim Guidance 63-101
3. CRM Template

**Editor's note:** To view the attachments to this memorandum, go to the U.S. Air Force Acquisition Center of Excellence (ACE) Web site at <http://www.safaq.hq.af.mil/ACE/>.



OFFICE OF FEDERAL  
PROCUREMENT POLICY

**EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503**

March 11, 2004

MEMORANDUM FOR THE FEDERAL ACQUISITION COUNCIL  
SENIOR AGENCY PROCUREMENT EXECUTIVES

FROM: Robert A. Burton  
Associate Administrator

A handwritten signature in black ink that reads "Robert A. Burton".

SUBJECT: Revised FAR Process

The Federal Acquisition Regulatory Council has established a revised process for developing changes to the Federal Acquisition Regulation (FAR). While maintaining the benefits of full deliberation and agency coordination provided by the twenty-year-old former process, the Council expects the revisions to increase responsiveness to requests for FAR changes from both the public and government.

Five newly formed teams replace the twenty-eight standing committees formerly responsible for drafting recommended FAR changes. The teams are composed of representatives from military and civilian agencies. Each team chair is organizationally accountable to one of the agencies that make up the Council. For the first time, representatives from the Office of Federal Procurement Policy are participating as permanent members of the teams in an advisory capacity.

The Civilian Agency Acquisition Council (CAAC) and the Defense Acquisition Regulations Council (DAR Council) direct the activities of the teams. When appropriate, the Council will provide upfront policy guidance on significant matters. The CAAC and DARC will review team recommendations concurrently, a change from past practice when reviews were done sequentially.

The new team structure will significantly reduce the resources required to make a FAR change, and at the same time, enhance the efficiency of the FAR rulemaking process.