NATIONAL DEFENSE AUTHORIZATION ACT
FOR FISCAL YEAR 2012

REPORT
OF THE
COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES
ON
H.R. 1540
together with
ADDITIONAL VIEWS
[Including cost estimate of the Congressional Budget Office]

MAY 17, 2011.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE
66-282 WASHINGTON : 2011
Pilot Programs for Rapid Acquisition of Information Technology

The committee is encouraged by Department of Defense efforts to develop a rapid acquisition process for information technology (IT) as required by section 804 of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111–84). The committee understands that creating and implementing the processes and structures to manage complex IT systems is a deliberate process, but should nonetheless allow for the flexibility to experiment with various options before codifying the result. The committee is concerned that the current development process has limited the ability to conduct pilot projects that would provide real-world experience with different management options and has unnecessarily slowed down IT acquisition reform.

Therefore, the committee encourages the Department to expand the number and types of pilot projects it conducts to inform the current acquisition reform process. For example, pilot projects should be expanded beyond business systems to include other existing programs, such as the Joint Space Operations Center Mission System or the Navy’s Next Generation Enterprise Network. The committee believes that this could provide information to show how rapid IT acquisition could function for command and control systems or enterprise data services.

Small Business Subcontracting Goals

The committee notes that while current statutes and regulations require set-asides for small business subcontracts, prime contractors are prohibited from accounting for the total dollar amount flowing to small businesses. Currently, if a contractor that is not a small business is identified as the primary first-tier subcontractor, a prime contractor is prevented from reporting any of the other subcontract dollars that may flow to small businesses; this occurs regardless of whether small business subcontractors comprise either the remainder of the first tier or all other subcontracting tiers. The committee believes that allowing prime contractors to report small business subcontracting at all tiers would demonstrate the full extent of small business participation on Department of Defense contracts. Therefore, the committee directs the Secretary of Defense to develop procedures for fully accounting for small business participation at all tiers on a Department of Defense contract, and to publish such procedures in the Defense Federal Acquisition Regulation if the Secretary determines that to be necessary to fully implement such procedures. The Department shall ensure that the procedures fully account for small business participation, but do not permit duplicate reporting of small business participation. The Department shall provide to the Senate Committee on Armed Services and the House Committee on Armed Services a copy of the subcontracting accounting procedures and any proposed regulation by March 30, 2012.