

**H.R. 8800—NATIONAL DEFENSE
AUTHORIZATION ACT FOR FISCAL YEAR 2027**

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NATIONAL DEFENSE AUTHORIZATION ACT FOR FISCAL YEAR 2027

Sec. 1—Short Title

This section would cite the short title of this Act as the "National Defense Authorization Act for Fiscal Year 2027."

Sec. 2—Organization of Act into Divisions; Table of Contents

This section would organize the Act into divisions and contain the table of contents.

Sec. 3—Congressional Defense Committees

This section would provide the definition of "congressional defense

committees."

DIVISION A—DEPARTMENT OF DEFENSE
AUTHORIZATIONS TITLE I—PROCUREMENT

LEGISLATIVE PROVISIONS

SUBTITLE A—AUTHORIZATION OF APPROPRIATIONS

Sec. 101—Authorization of Appropriations

This section would authorize appropriations for procurement at the levels identified in section 4101 of division D of this Act.

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SUBTITLE C—NAVY PROGRAMS

Sec. 131—Report on Continuity of Mission and Readiness During Transition of F-5 to F/A-18E/F Aircraft for the Navy Reserve

This section would require the Secretary of the Navy to provide an annual report for 5 consecutive years on the Secretary's plan, and execution of that plan, for transitioning Navy Reserve F-5 tactical fighter aircraft flying units to the F/A 18E/F tactical fighter aircraft.

TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

LEGISLATIVE PROVISIONS

SUBTITLE A—AUTHORIZATION OF APPROPRIATIONS

Sec. 201—Authorization of Appropriations

This section would authorize appropriations for research, development, test, and evaluation at the levels identified in section 4201 of division D of this Act.

SUBTITLE B—PROGRAM REQUIREMENTS, RESTRICTIONS, AND LIMITATIONS

Sec. 217—Establishment of Synthetic Training Environment to Support Indo Pacific Operations

This section would require the Secretary of Defense to establish a persistent, secure, all-domain, live-virtual-constructive synthetic training environment to support training and mission rehearsal for operations in the Indo Pacific.

Sec. 224—United States-Israel Defense Technology Cooperation Initiative

This section would require the Secretary of Defense to designate an

executive agent responsible for synchronizing cooperative efforts between the United States and Israel, including bilateral defense technology research, development, testing, evaluation, integration, and industrial cooperation.

TITLE III—OPERATION AND MAINTENANCE

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This section would authorize appropriations for operation and maintenance activities at the levels identified in section 4301 of division D of this Act.

TITLE IV—MILITARY PERSONNEL

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SUBTITLE C—AUTHORIZATION OF APPROPRIATIONS

Sec. 421—Military Personnel

This section would authorize appropriations for military personnel at the levels identified in the funding table in section 4401 of division D of this Act.

TITLE VII—HEALTH CARE PROVISIONS

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SUBTITLE B—HEALTH CARE ADMINISTRATION

Sec. 714—Accounts for Medical and Health Care Programs of the Department of Defense

This section would amend section 1100 of title 10 United States Code to replace the single Defense Health Program Account with two distinct accounts: the Combat and Operational Medicine Program Account (COMP), and the Private Sector Care Program Account (PSCP).

SUBTITLE C—STUDIES, REPORTS, AND OTHER MATTERS

Sec. 732—Modifications to Pilot Program to Assist Certain Members of the Armed Forces and Dependents with Additional Supplemental Coverage Relating to Cancer

This provision would amend section 734 of the National Defense Authorization Act for Fiscal Year 2026 (Public Law 119-60) pertaining to a pilot program for supplemental coverage relating to cancer.

TITLE VIII—ACQUISITION POLICY, ACQUISITION MANAGEMENT, AND RELATED MATTERS

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Sec. 801—Ensuring Best Value in Procurement

This section would codify two sections of Public Law that limit the use of lowest price technically acceptable source selection processes to situations where minimum requirements are clear and paying more would provide little additional benefit (section 813 of the National Defense Authorization Act for Fiscal Year 2017 (Public Law 114-328) and section 880 of the John S. McCain National Defense Authorization Act for Fiscal Year 2019 (Public Law 115-232)). This section would also amend section 152 of title 41, United States Code, to ensure that executive agencies do not make contracting decisions based solely on the lowest price when higher-quality or more capable proposals could provide better long-term value under full and open competition procedures.

Sec. 802—Limitation on Certain Contract Clauses for Commercial Products or Commercial Services

This section would make a clarifying amendment to section 3452 of title 10, United States Code, to clarify that clauses under Federal Acquisition Regulation (FAR) Part 15 (Contracting by Negotiation) do not apply to contracts governed by FAR Part 12 (Acquisition of Commercial Products and Services) when a FAR Part 12 clause already addresses the same matter.

Sec. 803—Limitation on Suspension of Progress Payments

This section would amend section 3804 of title 10, United States Code, to restrict the Secretary of Defense from reducing or suspending a progress payment to a contractor without finding substantial evidence justifying the suspension or reduction of payment under Federal Acquisition Regulation clause 52.232-16. The provision would also limit a suspension of a progress payment to not more than 60 days if the contractor initiates corrective actions.

Sec. 804—Uniform Requirements for Electronic Contract Writing Systems and Acquisition Management Systems

This section would add a new section 4755 to title 10, United States Code, to clarify and codify existing requirements for the Secretary of Defense to maintain uniform data standards, internal control requirements, and independent verification and validation requirements for processing procurement requests, contracts, receipts, and invoices within the Department of Defense. This section

would also require the Secretary to develop a phased implementation strategy to transition the Department to systems that are compliant with any new requirements developed as a result of section 4755. In addition, this section would add a new section 1132 to title 41, United States Code, to codify requirements for electronic contract writing systems and acquisition management systems for executive agencies other than the Department of Defense. Finally, this section

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would repeal section 862 of the National Defense Authorization Act for Fiscal Year 2013 (Public Law 112–239).

Sec. 805—Risk-Based Approach to Monitoring Contractor Business Systems

This section would require the Secretary of Defense to implement an agile, streamlined, risk-based approach to the surveillance of contractor business systems. Accordingly, this section would repeal section 893 of the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 (Public Law 111–383), which established the requirements for the current contractor business systems improvement program. This section would also require the Secretary, not later than 90 days after the date of enactment of this Act, to enter into an agreement with the acquisition research organization described in section 4142(a) of title 10, United States Code, to provide recommendations for implementing the requirements of this section.

Sec. 806—Review of Defense Audit Agencies

This section would require the Secretary of Defense, not later than 180 days after the date of enactment of this Act, to contract with an entity to review the standards, guidance, and policies of the defense audit agencies and identify opportunities to improve and streamline their processes. The section would also require the entity to submit a report to the Secretary of Defense and the Inspector General of the Department of Defense, and require the Inspector General, not later than 60 days after receiving the report, to provide it to the congressional defense committees, along with any recommendations the Inspector General considers appropriate.

SUBTITLE B—AMENDMENTS TO GENERAL CONTRACTING AUTHORITIES, PROCEDURES, AND LIMITATIONS

Sec. 811—Modification to Certain Acquisition Thresholds

This section would amend section 3702 of title 10, United States Code and section 1908 of title 41, United States Code, by requiring the inflation adjustment of acquisition-related dollar thresholds to occur every 3 years instead of every 5 years. This section would also make adjustments to several contracting thresholds established by title 10 and title 41, United States Code, including the simplified acquisition threshold and the micro-purchase threshold.

Sec. 812—Use of Accrued Interest by Certain Consortium Managers

This section would amend section 4021 of title 10, United States Code, to establish guidelines for how interest accrued on advance payments by the Department of Defense to a consortium management organization can be used.

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Sec. 813—Amendment to Other Transaction Authority

This section would amend section 4022 of title 10, United States Code, to authorize an official responsible for entering into other transactions for prototype projects to assess demonstrated performance, speed of delivery, and the alignment of a capability with the needs of the Department of Defense as the primary factors in determining the financial structure of an award. This section would also preserve the flexibility for such officials to negotiate voluntary cost-sharing arrangements when supported by market opportunities and potential commercial returns.

Sec. 814—Requirement for Modular Open System Approach and Modifications to Rights in Technical Data

This section would amend section 4401 of title 10, United States Code, to clarify that a modular open system approach should be tailored to the characteristics, intended use, planned service life, and other relevant factors of a system in order to support broader adoption of modular and interoperable designs. Accordingly, this section would also make conforming repeals of sections 4402 and 4403 of title 10, and section 804 of the National Defense Authorization Act for Fiscal Year 2021 (Public Law 116-283).

Sec. 815—Acquisition Thresholds for Certain Materials

This section would amend sections 4863 and 4872 of title 10, United States Code, to revise an exception for purchases of covered materials to apply to amounts below \$250,000, adjusted for inflation every 5 years, instead of tying the exception to the simplified acquisition threshold. This section would also amend section 4873 of title 10, United States Code, to revise the exception for purchases of covered printed circuit boards to apply to amounts below \$10,000, adjusted for inflation every 5 years, instead of tying the exception to the micro-purchase threshold.

Sec. 816—Codification of Program for Negotiation of Comprehensive Small Business Subcontracting Plans

This section would establish a new section in title 10, United States Code, to codify the requirement for the Secretary of Defense to maintain a program under which service acquisition executives and heads of a Defense Agency are authorized to negotiate and administer comprehensive subcontracting plans.

Sec. 817—Consumption-Based Procurements and Associated Payments

This section would amend section 3324 of title 31, United States Code, to authorize agency heads to make advance payments for commercially available content and certain information and communications technology subscriptions,

reservations, or tenancy arrangements, including cloud environments, where the

procuring agency establishes appropriate access and security standards. This section would also add a new section 2314 to title 41, United States Code, to authorize agencies to acquire services through consumption-based solutions that are billed based on actual usage. In addition, this section would modify and extend the pilot program for consumption-based solutions authorized under section 809 of the National Defense Authorization Act for Fiscal Year 2024 (Public Law 118-31).

Sec. 818—Transfer Authority for Rapid Transition of Other Transaction Authority Prototypes

This section would authorize a Portfolio Acquisition Executive (PAE) within the Department of Defense to transfer not more than 10 percent of authorized amounts made available for research, development, test, and evaluation programs, projects, or activities within the PAE's portfolio. The section would clarify that such transfers may only be made to a corresponding procurement program, project, or activity within the same portfolio and only under specified conditions. This section would also require the PAE to provide written notification to the congressional defense committees and designated senior Department of Defense officials not later than 15 days before making such a transfer.

SUBTITLE C—PROVISIONS RELATING TO ACQUISITION WORKFORCE DEVELOPMENT Sec.

831—Acquisition Workforce Data Analytics Capability

This section would amend section 1701a of title 10, United States Code, to require the establishment of a Department-wide acquisition workforce data analytics capability to support workforce planning and performance management. This section would also direct the Under Secretary of Defense for Acquisition and Sustainment to use commercially available tools to the maximum extent practicable when developing and maintaining this capability.

Sec. 832—Chief Acquisition Talent Officer

This section would amend chapter 87 of title 10, United States Code, to establish a Chief Acquisition Talent Officer of the Department of Defense to serve as the principal staff assistant to the Under Secretary of Defense for Acquisition and Sustainment on Department-wide acquisition workforce strategy and talent management. This section would also require the Chief Acquisition Talent Officer to submit an annual report to the congressional defense committees assessing workforce capacity and capability, identifying critical gaps, and providing recommendations to strengthen the acquisition workforce.

Sec. 833—Codification of Acquisition Workforce Key Performance Objectives 13

This section would amend section 1722b of title 10, United States Code, to require the Secretary of Defense to implement mandatory key performance objectives for civilian members of the acquisition workforce, codifying requirements previously established under section 826 of the National Defense Authorization Act for Fiscal Year 2026 (Public Law 119-60).

Sec. 834—Demonstrated Proficiency Requirements for Critical Acquisition Positions

This section would amend section 1731 of title 10, United States Code, to require that individuals serving in civilian critical acquisition positions demonstrate proficiency in achieving the key performance objectives that would be established under section 1722b(d) of this title in a provision elsewhere in this Act, including through the effective use of new acquisition authorities and approaches provided by Congress. This section would also require the Under Secretary of Defense for Acquisition and Sustainment to establish a Department-wide framework to assess demonstrated proficiency with those key performance objectives.

SUBTITLE D—INTELLECTUAL PROPERTY MATTERS

Sec. 841—Expansion of Reverse Engineering Authority for Prototype Projects

This section would amend section 4022 of title 10, United States Code, to expand the authority for reverse engineering projects by removing the requirement that such projects be associated with addressing obsolescence.

Sec. 842—Intellectual Property Ombudsman; Voluntary Expert Mediation for Certain Intellectual Property Matters

This section would amend chapter 275 of title 10, United States Code, by inserting a new section 3792 to require the designation of an Intellectual Property Ombudsman to provide independent, non-binding guidance to contracting officers, contractors, and subcontractors regarding intellectual property matters and to facilitate communication on such matters between contractors and contracting officers. This section would also insert a new section 3792a to establish a mediation process through which the Department of Defense and contractors may seek to resolve intellectual property disputes before resorting to litigation. This section would further authorize the Secretary of Defense, under certain conditions, to approve a binding recommendation requiring a covered contractor to provide non-deliverable access to disputed intellectual property. Finally, this section would require the Secretary of Defense to implement sections 3792 and 3792a not later than 180 days after the date of enactment of this Act.

Sec. 844—Assessment of a Pay-to-Print Program

This section would require the Secretary of Defense to assess and report to Congress on the feasibility and utility of establishing a Department-wide program to be known as the "Pay-to-Print Program."

SUBTITLE E—OTHER MATTERS

Sec. 851—Addressing the Backlog of Open Cases Related to the Defense Federal Acquisition Regulation Supplement

This section would require the Under Secretary of Defense for Acquisition and Sustainment not later than 90 days after the date of enactment of this Act, to establish a team of experts in acquisition regulations to assist in addressing the backlog of open cases related to the Defense Federal Acquisition Regulation Supplement. This section would also require the Principal Director for Defense Pricing, Contracting, and Acquisition Policy to provide a monthly briefing to the congressional defense committees on the progress made in reducing the backlog until such time that the backlog is reduced to only cases that are less than 180 days old.

TITLE IX—DEPARTMENT OF DEFENSE ORGANIZATION AND MANAGEMENT

LEGISLATIVE PROVISIONS

Sec. 901—Oversight of Geographic Combatant Commands

This section would extend to the National Defense Authorization Act for Fiscal Year 2027 the prohibition of funds related to oversight of the geographic combatant commands pursuant to section 916 of the National Defense Authorization Act for Fiscal Year 2026 (Public Law 119-60).

TITLE X—GENERAL PROVISIONS

LEGISLATIVE PROVISIONS

SUBTITLE A—FINANCIAL MATTERS

Sec. 1001—General Transfer Authority

This section would allow the Secretary of Defense, with certain limitations, to make transfers between amounts authorized for fiscal year 2027 in division A of this Act. This section would limit the total amount transferred under this authority to \$6.00 billion.

Sec. 1002—Equivalency Standards for Financial Management Positions

This section would amend section 1599d of title 10, United States Code, by requiring the Secretary of Defense to include equivalency standards in the Department regulation for professional certification and credential standards for financial management positions. This section would require that such standards identify any test-based professional certification or credential issued by an authority other than the Department that satisfies Department of Defense requirements.

Sec. 1003—Authority to Establish Joint Task Force Audit

This provision would authorize the Secretary of Defense to establish Joint Task Force Audit to support the goal of achieving an unmodified audit opinion by December 31, 2028.

SUBTITLE C—COUNTERTERRORISM

Sec. 1031—Extension of Prohibition on Use of Funds for Transfer or Release of Individuals Detained at United States Naval Station, Guantanamo Bay, Cuba, to the United States

This section would prohibit the use of any amounts authorized to be appropriated or otherwise made available for the Department of Defense during the period beginning on the date of the enactment of this Act and ending on December 31, 2027, to transfer or release detainees at U.S. Naval Station, Guantanamo Bay, Cuba, to or within the United States, its territories, or possessions.

Sec. 1032—Extension of Prohibition on Use of Funds to Construct or Modify Facilities in the United States to House Detainees Transferred from United States Naval Station, Guantanamo Bay, Cuba

This section would prohibit the use of any amounts authorized to be appropriated or otherwise made available for the Department of Defense to be used during the period beginning on the date of the enactment of this Act and ending on December 31, 2027, to construct or modify any facility in the United States, its territories, or possessions to house any detainee transferred from U.S. Naval Station, Guantanamo Bay, Cuba, for the purposes of detention or imprisonment in the custody or under the effective control of the Department of Defense.

Sec. 1033—Extension of Prohibition on Use of Funds for Transfer or Release of Individuals Detained at United States Naval Station, Guantanamo Bay, Cuba, to Certain Countries

This section would prohibit the use of funding authorized to be appropriated or otherwise made available for the Department of Defense during the period beginning on the date of the enactment of this Act and ending on December 31, 2027, to transfer, release, or assist in the transfer or release of any individual detained at U.S. Naval Station, Guantanamo Bay, Cuba, to Libya, Somalia, Syria, Yemen, and Afghanistan.

Sec. 1034—Extension of Prohibition on Use of Funds to Close or Relinquish Control of United States Naval Station, Guantanamo Bay, Cuba

This section would prohibit the use of any amounts authorized to be appropriated or otherwise made available to the Department of Defense for fiscal year 2027 for the closure or abandonment of United States Naval Station, Guantanamo Bay, Cuba, the relinquishment of control of Guantanamo Bay to the Republic of Cuba, or the implementation of a material modification to the Treaty Between the United States of America and Cuba signed in the District of Columbia on May 29, 1934, that constructively closes United States Naval Station, Guantanamo Bay.

SUBTITLE E—STUDIES AND REPORTS

Sec. 1064—Annual Report and Briefing on Implementation of Army Transformation Initiative

This section would require the Secretary of the Army to report annually to the committee detailing the programmatic choices made to implement the Army Continuous Transformation initiative, the Army Transformation Initiative, and the Transformation in Contact initiative. The report would include both new developmental and fielded capabilities, as well as capabilities and capacity divested.

SUBTITLE F—OTHER MATTERS

Sec. 1071—Extension of Briefing Requirement Regarding Civil Authorities at the Southwest Border

This section would extend a briefing requirement regarding the support provided by the Department of Defense to civil authorities at the southwest border.

TITLE XI—CIVILIAN PERSONNEL MATTERS

LEGISLATIVE PROVISIONS

Sec. 1109—Civilian Employee and Contractor Financial Management Workforce Within the Department of Defense

This section would require the Department of Defense to establish a Financial Management Skills Assessment Integrated Product Team to assist in the Department's audit readiness.

TITLE XII—MATTERS RELATING TO FOREIGN NATIONS

LEGISLATIVE PROVISIONS

SUBTITLE B—MATTERS RELATING TO THE NEAR AND MIDDLE EAST

Sec. 1211—Extension of Counter-Terrorism Support Authority

This section would extend the authority under section 1226 of the National Defense Authorization Act for Fiscal Year 2016 (Public Law 114-92) to provide support to certain governments for border security operations through December 31, 2027.

Sec. 1212—Extension of Authority for Reimbursement of Certain Coalition Nations for Support Provided to United States Military Operations

This section would extend to the National Defense Authorization Act for Fiscal Year 2027 the authority to reimburse or provide certain assistance to any key cooperating nation for support provided by that nation to U.S. military operations in Afghanistan, Iraq, or Syria pursuant to section 1233 of the National Defense Authorization Act for Fiscal Year 2008 (Public Law 110-181).

Sec. 1213—Deadline for Afghanistan War Commission Final Report

This section would modify section 1094 of the National Defense Authorization Act for Fiscal Year 2022 (Public Law 117-81) to extend the deadline for the Afghanistan War Commission to deliver its final report by 1 year.

Sec. 1214—Prohibition on Use of Funds to Support the Taliban

This provision would prohibit funds authorized or made available to the Department of Defense for fiscal year 2027 to be obligated or expended to provide assistance to the Taliban.

Sec. 1215—Extension of Authority to Provide Assistance to Counter the Islamic State of Iraq and Syria

This section would extend the authority under section 1236 of the National Defense Authorization Act for Fiscal Year 2015 (Public Law 113-291) to provide support to partner forces in Iraq to counter the Islamic State of Iraq and Syria. This section would extend the authority through December 31, 2027.

Sec. 1216—Extension of Limitation on Availability of Funds for the Iraqi Security Forces

This section would extend the condition that 25 percent of funds authorized to be appropriated by this Act or otherwise made available for fiscal year 2027 for the Iraqi Security Forces under section 1236 of the National Defense Authorization Act for Fiscal Year 2015 (Public Law 113-291) may only be made available if the Secretary of Defense certifies that the Government of Iraq has taken credible steps to reduce the influence of Iranian-aligned militia groups and actors within the Iraqi Security Forces.

SUBTITLE C—MATTERS RELATING TO ISRAEL

Sec. 1221—Extension of War Reserve Stockpile Authority for Israel

This section would extend the existing War Reserve Stockpile Authority for Israel established by section 12001(d) of the Department of Defense Appropriations Act, 2005 (Public Law 108-287) to January 1, 2029.

Sec. 1222—United States-Israel Subterranean Cooperation

This section would modify section 1279 of the National Defense Authorization Act for Fiscal Year 2016 (Public Law 114-92) to extend the authority for the Secretary of Defense to conduct collaborative research, development, testing, and evaluation of anti-tunnel capabilities with Israel through December 31, 2029. This section would also expand the authority to include subterranean threats of all types.

Sec. 1223—United States-Israel Cooperation to Counter Unmanned Systems in All Warfighting Domains

This section would modify section 1278 of the National Defense Authorization Act for Fiscal Year 2020 (Public Law 116-92) to extend the authority for the Secretary of Defense to conduct collaborative research, development, testing, and evaluation of technologies to counter unmanned systems with Israel through December 31, 2029.

SUBTITLE D—MATTERS RELATING TO EUROPE

Sec. 1231—Extension and Modification of Oversight of United States Military Posture in Europe

This section would extend to the National Defense Authorization Act for Fiscal Year 2027 the prohibition of funds related to oversight of United States military posture in Europe pursuant to section 1249 of the National Defense Authorization Act for Fiscal Year 2026 (Public Law 119-60). This section would also add to the certification requirement in cases involving the withdrawal of members of the Armed Forces or Department of Defense equipment from countries within the area of responsibility of the United States European Command an assessment that repositioning such personnel or equipment to NATO's eastern flank was not feasible.

Sec. 1232—Review of the Analytical Basis for United States Force Posture Adjustments in Europe

This section would require the Under Secretary of Defense for Policy, in coordination with the Chairman of the Joint Chiefs of Staff, to submit a report on the analytical basis for the review of global force posture conducted during development of the National Defense Strategy, including the extent to which that analysis informed the force posture adjustments directed by the Department of Defense in the area of responsibility of the Commander, U.S. European Command since January 20, 2025.

Sec. 1233—NATO Defense Planning and Burden Sharing Activities

This section would require a regular report from the Commander, U.S. European Command assessing the North Atlantic Treaty Organization's (NATO) defense planning and burden sharing activities, as well as NATO's deterrence and defense posture on the alliance's eastern flank.

SUBTITLE E—MATTERS RELATING TO THE INDO-PACIFIC

Sec. 1241—Extension of Pacific Deterrence Initiative

This section would extend the authority for the Pacific Deterrence Initiative and associated reporting requirements.

Sec. 1243—Oversight of United States Military Posture on the Korean Peninsula

This section would extend to fiscal year 2027 the prohibition of funds related to oversight of United States military posture on the Korean Peninsula pursuant to section 1268 of the National Defense Authorization Act for Fiscal Year 2026 (Public Law 119-60).

TITLE XIV—OTHER AUTHORIZATIONS

LEGISLATIVE PROVISIONS

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SUBTITLE A—MILITARY PROGRAMS

Sec. 1401—Working Capital Funds

This section would authorize appropriations for Defense Working Capital Funds at the levels identified in section 4501 of division D of this Act.

Sec. 1402—Chemical Agents and Munitions Destruction, Defense

This section would authorize appropriations for Chemical Agents and Munitions Destruction, Defense at the levels identified in section 4501 of division D of this Act.

Sec. 1403—Drug Interdiction and Counter-Drug Activities, Defense-Wide

This section would authorize appropriations for Drug Interdiction and Counter-Drug Activities, Defense-wide at the levels identified in section 4501 of division D of this Act.

Sec. 1404—Defense Inspector General

This section would authorize appropriations for the Office of the Inspector General of the Department of Defense at the levels identified in section 4501 of division D of this Act.

Sec. 1405—Defense Health Program

This section would authorize appropriations for the Defense Health Program at the levels identified in section 4501 of division D of this Act.

SUBTITLE B—OTHER MATTERS

Sec. 1411—Extension of Authorities for Funding and Management of Joint Department of Defense-Department of Veterans Affairs Medical Facility Demonstration Fund for Captain James A. Lovell Health Care Center, Illinois

This section would extend the authorities for funding and management of joint Department of Defense-Department of Veterans Affairs Medical Facility demonstration fund for Captain James A. Lovell Health Care Center, Illinois until September 30, 2028.

TITLE XVI—SPACE ACTIVITIES, STRATEGIC PROGRAMS, AND INTELLIGENCE MATTERS

LEGISLATIVE PROVISIONS

21

SUBTITLE A—SPACE ACTIVITIES

Sec. 1601—Reorganization of Acquisition Responsibilities of the Space Force

This section would repeal certain statutes to allow for the Department of the Air Force to reorganize its acquisition structure and other confirming changes.

SUBTITLE C—NUCLEAR FORCES

Sec. 1631—Matters Relating to Intercontinental Ballistic Missiles

This section would provide additional transfer authority to enhance efforts to modernize the land-based intercontinental ballistic missile force. Additionally, this section would also authorize certain procurements related to the land-based intercontinental ballistic missile force, and amend section 2244a of title 10, United States Code, to increase the threshold of permitted modifications for strategic delivery systems.

Sec. 1632—Designation of Air Force Global Strike Command as National Center for Conventional-Nuclear Integration

This section would require the Secretary of the Air Force to designate Air Force Global Strike Command as the National Center for Conventional-Nuclear Integration for the Department of the Air Force and specify certain associated responsibilities.

Sec. 1634—Prohibition on Reduction of Intercontinental Ballistic Missiles of the United States

This section would prohibit the use of funds authorized for fiscal year 2027 from being used to reduce the number of intercontinental ballistic missiles (ICBMs) of the United States below 400 or reduce the alert level of the ICBM force.

Sec. 1635—Limitation on Reallocation of Funds for Ronald Reagan Space and Missile Test Range and United States Army Garrison Kwajalein Atoll

This section would limit the reallocation of fund authorized to be appropriated for activities at the Ronald Reagan Space and Missile Test Range or United States Army Garrison Kwajalein Atoll, with an exception.

Sec. 1636—Feasibility Assessment for Potential Designation of Joint Global Strike Operations Center as Global Operations Center-Alternate

This section would require the Secretary of the Air Force to carry out a feasibility assessment with respect to designating the Joint Global Strike

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Operations Center as an alternate command post to the U.S. Strategic Command's Global Operations Center.

SUBTITLE E—OTHER MATTERS

Sec. 1652—Cooperative Threat Reduction Funds

This section would allocate specific funding amounts for each program under the Department of Defense Cooperative Threat Reduction (CTR) Program

from the overall \$221.3 million that the committee would authorize for the CTR Program. The allocation under this section reflects the amount of the budget request for fiscal year 2027.

This section would also specify that funds authorized to be appropriated to the Department of Defense for the CTR Program, established under the Department of Defense Cooperative Threat Reduction Act (50 U.S.C. 3711), would be available for obligation for fiscal years 2027-2029.

Sec. 1653—Solid Rocket Motor Industrial Base

This section would establish a solid rocket motor qualification working group and would require that certain covered munitions have more than one solid rocket motor supplier. The committee remains committed to working with the Department of Defense to broaden the Defense Industrial Base, specifically with regards to solid rocket motors. To that end, the committee encourages the Secretary of Defense to obligate and expend funding that has been appropriated by Congress for this explicit effort. The committee also remains concerned with the sole use of equity investments with regards to expanding solid rocket motor industrial base when there are other tools that could be used in a more expeditious manner given the importance of increasing munition production.

In addition to obligating and expending the already appropriated funding, the committee believes there should be a whole of Department effort to establish a strategy and implementation plan for the qualification and fielding of second-source solid rocket motor providers to meet growing demand, increase production resilience, and mitigate supply-chain risk. In carrying out this effort, the Department should leverage existing authorities, including Defense Production Act authorities, multi-year procurement contracts, and other acquisition tools, to accelerate qualification timelines and reduce barriers to entry for additional providers.

TITLE XVII—OTHER DEFENSE MATTERS

LEGISLATIVE PROVISIONS

Sec. 1701—Technical and Conforming Amendments

23

This section would make technical and conforming amendments to existing law.

TITLE XVIII—REVITALIZATION OF THE DEFENSE INDUSTRIAL BASE

LEGISLATIVE PROVISIONS

SUBTITLE A—PROVISIONS TO PROTECT AND STRENGTHEN SUPPLY CHAINS Sec.

1801—Critical Materials: Tiered Sourcing Restrictions and Requirements

This section would amend section 4872 of title 10, United States Code, to comprehensively restructure restrictions related to the sourcing of certain critical materials. This section would establish a tiered framework for sourcing restrictions and implementation timelines based on the availability of supply from sources not subject to restriction. This section would also streamline and enhance waiver authorities, provide for expedited qualification of new domestic and allied-nation sources, and establish a preferred status for contractors that manufacture covered materials in the United States or that meet certain criteria related to compliance with the requirements of this section. This section would also add niobium oxides, metals, and alloys as covered materials.

Sec. 1802—Changes with Respect to the Federal Acquisition Security Council

This section would make amendments to chapter 13 of title 41, United States Code, to strengthen the organization, function, and authorities of the Federal Acquisition Security Council. This section would also require the Secretary of Defense, not later than 30 days after the date of enactment of this Act, to notify the congressional defense committees of the designation of the Department of Defense officials who will serve on the Council pursuant to section 1322(b)(1)(C)(ii) of title 41, United States Code. This section would further require the Secretary to ensure such officials regularly participate in Council activities and provide requested information to the Council in a timely manner. In addition, this section would require the Secretary to establish procedures to ensure appropriate Department of Defense officials are informed of Council activities in a timely manner, including the Under Secretary of Defense for Acquisition and Sustainment, the Under Secretary of Defense for Research and Engineering, the Vice Chairman of the Joint Chiefs of Staff in the role as Chair of the Joint Requirements Oversight Council, and the Assistant Secretary of Defense for Industrial Base Policy.

Sec. 1803—Requirements Related to Detection and Avoidance of Counterfeit Electronic Parts

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This section would amend section 818 of the National Defense Authorization Act for Fiscal Year 2012 (Public Law 112–81), as amended, to require that certain electronic parts purchases made below the simplified acquisition threshold or the micro-purchase threshold be procured exclusively from the original manufacturer or an authorized dealer.

Sec. 1804—Analysis and Report on Sourcing of Certain Items

This section would require the Secretary of Defense to conduct additional analyses and take actions to address sourcing and industrial capacity for high priority goods and services needed by the Department of Defense. Such actions may include increasing domestic production, diversifying sources of supply, restricting purchases from certain countries, expanding stockpiles, and promoting recycling or reuse to improve supply chain resilience. This section would also make a conforming repeal of section 849 of the National Defense Authorization Act for Fiscal Year 2021 (Public Law 116-283).

Sec. 1805—Defense Supply Chain Intelligence and Risk Response Program

This section would require the Secretary of Defense, acting through the Assistant Secretary of Defense for Industrial Base Policy, not later than 180 days after the date of the enactment of this Act, to establish a Department of Defense wide program to provide a coordinated, holistic framework to enhance the Department's ability to illuminate, assess, anticipate, and respond to risks across the defense industrial base supply chain.

Sec. 1806—Domestic Preference in the Procurement of Professional Services

This section would require the Secretary of Defense, not later than 180 days after the date of enactment of this Act, to revise the Department of Defense Supplement to the Federal Acquisition Regulation to provide that contracting officers give preference to offerors that are United States companies for contracts for professional services. This preference could be waived in limited circumstances as determined by the Secretary of Defense and supported by a documented justification.

Sec. 1807—Report on Primary Aluminum Sector Industrial Base Assessment

This section would require the Department of Defense to submit to the congressional defense committees the Defense Contract Management Agency Industrial Analysis Division's 2025 report titled "Primary Aluminum Sector Industrial Base Assessment Report" and to provide a briefing on aluminum supply chain security.

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Sec. 1808—Assessment of Risk Related to Adversarial Capital in the Defense Industrial Base

This section would require the Secretary of Defense, not later than 90 days after the date of enactment of this Act, to designate an office within the Office of Industrial Base Policy with primary responsibility for assessing and mitigating risks related to adversarial capital in the national technology and industrial base (NTIB). This section would also require the designated office to establish and maintain an Economic Security Risk Assurance capability to consolidate and analyze information related to adversarial capital flows to entities in the NTIB and support risk analysis and visualization for program managers, acquisition officials, and other appropriate Department of Defense personnel.

Sec. 1809—Integration of Demand for Foreign Military Sales into Industrial Base Planning

This section would require the Secretary of Defense to include demand for foreign military sales into industrial base planning.

SUBTITLE B—PROVISIONS RELATING TO DEFENSE INDUSTRIAL BASE MANUFACTURING

Sec. 1821—Clarification of Eligible Uses of Defense Industrial Base Fund

This section would amend section 4817 of title 10, United States Code, to clarify that the Industrial Base Fund can be used for private-sector drydock and ship repair infrastructure components and systems, as well as for advanced microelectronics packaging.

Sec. 1824—Report and Implementation of Plan for Advanced Manufacturing for Certain Critical Readiness Items of Supply

This section would require the Under Secretary of Defense for Acquisition and Sustainment to submit the plan for advanced manufacturing of critical readiness items of supply required by section 1842 of the National Defense Authorization Act for Fiscal Year 2026 (Public Law 119–60) to the collaborative forum established under section 1844 of such Act and to the Defense Logistics Agency. This section would also require the collaborative forum to use the plan to develop or identify advanced manufacturing solutions to increase the production of critical readiness items of supply. In addition, this section would require the Defense Logistics Agency to update the No Bid Solicitation List to identify items on the list designated as critical readiness items of supply.

Sec. 1825—Additional Guidance Related to Advanced Manufacturing 26

This section would amend section 1846 of the National Defense Authorization Act for Fiscal Year 2026 (Public Law 119-60) by ensuring required guidance on the use of advanced manufacturing capabilities addresses risk-based policies and best practices to prevent the dissemination of information or capabilities that enable adversarial foreign influence over the production of defense parts, including a preference for the use of parts produced through secure domestic additive manufacturing in the United States.

Sec. 1826—Multiyear Procurement Authority for Certain Munitions

This section would provide multiyear procurement authority for certain munitions.

SUBTITLE D—SMALL BUSINESS MATTERS

Sec. 1841—Amendments to the Procurement Technical Assistance Cooperative Agreement Program

This section would amend chapter 388 of title 10, United States Code, to improve the Procurement Technical Assistance Cooperative Agreement Program by ensuring client confidentiality and providing program centers with more flexibility in funding limits so they can better meet growing demand from small and

nontraditional businesses seeking technical assistance with Department of Defense contracts.

Sec. 1842—Pilot Program on Digital Engineering and Advanced Manufacturing to Address No-Bid Solicitations

This section would require the Director of the Defense Logistics Agency, in coordination with the Assistant Secretary of Defense for Sustainment and the Assistant Secretary of Defense for Industrial Base Policy, not later than 180 days after the date of enactment of this Act, to establish a pilot program to leverage small businesses to address supply chain gaps associated with certain parts, products, and components listed on the Defense Logistics Agency No Bid Solicitation List.

SUBTITLE E—DEFENSE INDUSTRIAL BASE WORKFORCE MATTERS

Sec. 1851—Skills-Based Requirements for Department of Defense Contractor Personnel

This section would establish a new section in chapter 223 of title 10, United States Code, to prohibit the Department of Defense from stipulating minimum education requirements for contractor personnel in a solicitation unless the contracting officer provides written justification that the needs of the Department

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cannot be met without such requirements. This section would also require the Secretary of Defense to consider encouraging the use of alternatives to education requirements, such as skills, work experience, certifications, apprenticeships, and demonstrated abilities when revising the Department of Defense Supplement to the Federal Acquisition Regulation to carry out the new section. This section would also make a conforming repeal of section 813 of the Floyd D. Spence National Defense Authorization Act for Fiscal Year 2001 (Public Law 106-398), as this section would update the requirements for the Department to justify minimum education requirements for contractor personnel currently established in section 813.

Sec. 1852—Modification of Working Group on the Advanced Manufacturing Workforce

This section would amend section 1843 of the National Defense Authorization Act for Fiscal Year 2026 (Public Law 119–60) to expand the responsibilities of the Department of Defense working group on the advanced manufacturing workforce to include identifying barriers to recruiting, developing, training, and certifying a sufficient workforce. This section would also require a report assessing the success of related pilot programs and initiatives, such as the Accelerated Training in Defense Manufacturing program, among other things.

Sec. 1853—Workforce Development Initiatives to Support Mining of Critical Minerals

This section would direct the Secretary of Defense to use authorities under title III

of the Defense Production Act of 1950 (50 U.S.C. 4531) and section 4817 of title 10, United States Code, to support workforce development initiatives for the mining, processing, refining, recycling, and production of critical minerals. Eligible initiatives may consist of partnerships with institutions of higher education, scholarships or tuition assistance, and work-based learning opportunities aligned to defense industrial base workforce needs. The section would also require an assessment of the feasibility of conditioning certain related awards on participation in one or more eligible workforce development initiatives.

DIVISION C—DEPARTMENT OF ENERGY NATIONAL SECURITY AUTHORIZATIONS AND OTHER AUTHORIZATIONS

TITLE XXXI—DEPARTMENT OF ENERGY NATIONAL SECURITY PROGRAMS

LEGISLATIVE PROVISIONS

SUBTITLE A—NATIONAL SECURITY PROGRAMS AND AUTHORIZATIONS 28

Sec. 3101—National Nuclear Security Administration

This section would authorize appropriations for the National Nuclear Security Administration of the Department of Energy for fiscal year 2027 at the levels specified in the funding table in division D of this Act and authorize a new plant project.

Sec. 3102—Defense Environmental Cleanup

This section would authorize appropriations for defense environmental cleanup for the Department of Energy for fiscal year 2027 at the levels specified in the funding table in division D of this Act.

Sec. 3103—Other Defense Activities

This section would authorize appropriations for other defense activities for the Department of Energy for fiscal year 2027 at the levels specified in the funding table in division D of this Act.

Sec. 3104—Nuclear Energy

This section would authorize appropriations for nuclear energy for the Department of Energy for fiscal year 2027 at the levels specified in the funding table in division D of this Act.

SUBTITLE B—PROGRAM AUTHORIZATIONS, RESTRICTIONS, AND LIMITATIONS Sec.

3111—Modifications to Requirements for Plutonium Pit Production Capacity

This section would amend section 6128 of title 10, United States Code, to update long-term production goals for plutonium pits.

Sec. 3116—Prohibition Relating to Reclassification of High-Level Waste

This section would limit funds from being used to reclassify certain radioactive waste.

TITLE XXXII—DEFENSE NUCLEAR FACILITIES SAFETY

BOARD LEGISLATIVE PROVISIONS

Sec. 3201—Authorization

This section would authorize \$45.0 million for the Defense Nuclear Facilities Safety Board.

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DIVISION D—FUNDING TABLES

Sec. 4001—Authorization of Amounts in Funding Tables

This section would provide for the allocation of funds among programs, projects, and activities in accordance with the tables in division D of this Act, subject to reprogramming guidance in accordance with established procedures.

Consistent with the previously expressed views of the committee, this section would also require that a decision by an agency head to commit, obligate, or expend funds to a specific entity on the basis of such funding tables be based on merit-based selection procedures in accordance with the requirements of sections 3201 and 4024 of title 10, United States Code, and other applicable provisions of law.

BILL LANGUAGE ³¹

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1 SECTION 1 øLog 85170ç. SHORT TITLE.

2 This Act may be cited as the “National Defense Au 3
thorization Act for Fiscal Year 2027”.

**1 SEC. 2 \emptyset Log 85171. ORGANIZATION OF ACT INTO DIVISIONS; 2 TABLE
OF CONTENTS.**

3 (a) DIVISIONS.—This Act is organized into four divisions as follows:

5 (1) Division A—Department of Defense Au 6

thorizations.

7 (2) Division B—Military Construction Authorizations.

9 (3) Division C—Department of Energy National
Security Authorizations and Other Authorizations.

12 (4) Division D—Funding Tables.

13 (b) TABLE OF CONTENTS.—The table of contents for
this Act is as follows:

1 **SEC. 3** **Log 85172**. **CONGRESSIONAL DEFENSE COMMITTEES.**

3 In this Act, the term “congressional defense commit
tees” has the meaning given that term in section 5
101(a)(16) of title 10, United States Code.

**1 Subtitle A—Authorization of 2
Appropriations**

3 SEC. 101 øLog 85002ç. AUTHORIZATION OF APPROPRIA 4 TIONS.

5 Funds are hereby authorized to be appropriated for 6
fiscal year 2027 for procurement for the Army, the Navy

7 and the Marine Corps, the Air Force and the Space Force, 8 and Defense-wide activities, as specified in the funding 9 table in section 4101.

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May 19, 2026 (3:19 p.m.) 35

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1 SEC. 131 ~~o~~Log 85762. REPORT ON CONTINUITY OF MISSION 2 AND
READINESS DURING TRANSITION OF F-5 3 TO F/A-18E/F AIRCRAFT FOR
THE NAVY RE 4 SERVE.

5 (a) REPORT REQUIRED.—Not later than March 1, 6 2027,
and annually thereafter for four years, the Sec 7 retary of
the Navy shall submit to the congressional de 8 fense

committees a report on the status of efforts to transfer 9 for F/A-18E/F aircraft to the Navy Reserve to replace 10 the F-5 aircraft.

11 (b) ELEMENTS.—Each report under subsection (a) 12 shall include an explanation of—

13 (1) how the Secretary will mitigate risk to any 14 degradation, gap, or delay in mission execution, fleet 15 readiness, or pilot and maintainer qualification during 16 the period in which aircraft are being trans-

17 ferred and replaced as described in subsection (a); 18 (2) the Secretary's plans for retaining key Navy 19 Reserve personnel to support operational readiness 20 during such period;

21 (3) how the Secretary plans, if possible, to ensure 22 that assigned operational and adversary training 23 missions are executed during such period;

24 (4) how the Secretary plans to maintain pilot 25 and maintenance personnel proficiency, currency, 26 and qualifications during such period; and

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May 19, 2026 (3:19 p.m.) 36

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1 (5) the timelines associated with the transfer 2 and replacement of aircraft described in subsection 3 (a), including timelines associated with—

4 (A) support equipment and initial spares; 5 (B) pilot and maintenance personnel training;

7 (C) achievement of initial operational capability and

full operational capability; and
9 (D) execution of all contracts supporting 10 the transfer
and replacement of such aircraft.

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May 19, 2026 (3:19 p.m.) 37

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1 **Subtitle A—Authorization of** 2 **Appropriations**

3 SEC. 201 øLog 85003¿. AUTHORIZATION OF APPROPRIA 4 TIONS.

5 Funds are hereby authorized to be appropriated for 6
fiscal year 2027 for the use of the Department of Defense
7 for research, development, test, and evaluation, as
speci 8 fied in the funding table in section 4201.

1 SEC. 217 ~~ø~~Log 85578_ç. ESTABLISHMENT OF SYNTHETIC 2 TRAINING
ENVIRONMENT TO SUPPORT INDO 3 PACIFIC OPERATIONS.

4 (a) ESTABLISHMENT.—Not later than 180 days after 5 the
date of the enactment of this Act, the Secretary of 6
Defense, in coordination with the Commander of the 7
United States Indo-Pacific Command, shall establish a 8
synthetic training environment that meets the require
9 ments of subsection (b) to support operations in the

Indo 10 Pacific Region.

11 (b) REQUIREMENTS.—The synthetic training environment established under subsection (a) shall—

13 (1) incorporate live, virtual, and constructive elements;

15 (2) integrate training, testing, and simulation capabilities across the area of responsibility of the United States Indo-Pacific Command;

18 (3) provide integrated synthetic training and mission rehearsal capabilities across all warfighting domains, including land, maritime, air, space, cyber space, and the electromagnetic spectrum;

22 (4) integrate and synchronize, to the maximum extent practicable, existing training, experimentation, and simulation capabilities of the Department of Defense;

1 (5) enable distributed training of joint and combined forces;

3 (6) support rehearsal of operational plans and crisis response;

5 (7) enable experimentation for emerging capabilities;

7 (8) be scalable to support additional combatant command requirements as directed by the Secretary of Defense; and

10 (9) be accessible to allies and partners of the 11 United
States, consistent with applicable law and se 12 curity
requirements.

13 (c) REPORT TO CONGRESS.—Before establishing the 14
training environment under subsection (a), but not later 15
than 180 days after the date of the enactment of this Act,
16 the Secretary of Defense shall submit to the
congressional 17 defense committees a report that
includes—

18 (1) an explanation of how the Secretary intends 19 to
implement the synthetic training environment re 20 quired
under subsection (a);

21 (2) a cost estimate for the training environ 22 ment;

23 (3) a plan for making the training environment 24
accessible to allies and partners of the United 25 States;
and

1 (4) an assessment of the potential effects of the 2
training environment on readiness.

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May 21, 2026 (9:25 a.m.) 41

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1 SEC. 224 øLog 85464ç. UNITED STATES-ISRAEL DEFENSE 2

TECHNOLOGY COOPERATION INITIATIVE. 3 (a)

ESTABLISHMENT.—The Secretary of Defense 4 shall
designate an executive agent, as such term is defined 5
in Department of Defense Directive 5101.01 (relating to
6 DoD Executive Agent, issued February 7, 2022),
respon 7 sible for synchronizing cooperative efforts
between the 8 United States and Israel, to expand and
accelerate bilat 9 eral defense technology research,
development, testing,
10 evaluation, integration, and industrial cooperation, by—
11 (1) identifying jointly developed or Israeli-origin 12
technologies with operational utility for potential in 13
tegration into United States systems and programs 14 of
record;
15 (2) ensuring collaborative research initiatives 16
involving government, private sector, and academic 17
institutions in the United States and Israel, is done 18 in a
manner that protects sensitive technology and 19
information and the national security interests of the 20
United States and Israel;
21 (3) facilitating the transition of technologies 22 from
research and development into procurement 23 and
acquisition pathways;
24 (4) establishing frameworks for joint ventures, 25
licensing agreements, and United States-based co

industry;

3 (5) coordinating with relevant Department of 4 Defense components, including the Irregular War 5 fare Technical Support Directorate, capability level 6 opment and innovation divisions, the Under Sec 7 retary of Defense for Research and Engineering, the 8 Defense Innovation Unit, the United States-Israel 9 Operations Technology Working Group, the Defense

10 Advanced Research Projects Agency, the Missile De 11 fense Agency, the United States Space Command, 12 the military departments, and other Department of 13 Defense entities, as appropriate, to align efforts and 14 avoid duplication; and

15 (6) promoting joint training exercises and infor 16 mation-sharing mechanisms to enhance operational 17 readiness to deploy jointly developed technologies. 18 (b) COOPERATIVE EFFORTS.—The synchronized co 19 operative efforts under subsection (a) may be carried out 20 through the following domains:

21 (1) Counter-Unmanned Systems including aer 22 ial, maritime, and ground platforms.

23 (2) Anti-tunneling and subterranean threats. 24 (3) Missile and air defense technologies.

1 (4) Artificial intelligence, quantum, machine 2 learning,

and autonomous systems.

3 (5) Directed energy and advanced sensing. 4 (6)

Cyber defense, electronic warfare, and digital
resilience.

6 (7) Biotechnology, biomanufacturing, and medical
defense.

8 (8) Network integration, data fusion, and conventional
logistics.

10 (9) Defense industrial base cooperation, manu-
facturing, and co-production.

12 (10) Other emerging technologies as jointly agreed
by the United States and Israel.

14 (c) ACTIVITIES IN COORDINATION WITH OTHER FEDERAL
DEPARTMENTS AND AGENCIES.—The Secretary of
Defense shall coordinate activities, as appropriate,
with the Secretary of State, the Secretary of Com-
merce, and the heads of other relevant Federal depart-
ments and agencies, to ensure consistency with existing
laws and regulations.

21 (d) INTERIM PROGRESS UPDATE.—Not later than 180
days after the date of enactment of this Act, the Sec-
retary of Defense shall provide to the congressional de-
fense committees an interim briefing on—

1 (1) the executive agent designated pursuant to 2

subsection (a) and the efforts undertaken by such 3
executive agent to lead Department of Defense im 4
plementation of the synchronized cooperative efforts 5
described in such subsection;

6 (2) the status of coordination, Department 7 wide, with
Israeli counterparts;

8 (3) initial technology areas identified for accel 9 erated
cooperation and technologies with operational 10 utility
for integration into United States systems 11 and
programs of record; and

12 (4) any early transition, prototyping, or integra 13 tion
activities initiated during the period covered by 14 the
update.

15 (e) ANNUAL REPORT.—Not later than 1 year after 16 the
date of enactment of this Act, and annually thereafter 17
until 2030, the Secretary of Defense shall submit to the 18
congressional defense committees a report on
implementa

19 tion of the cooperative efforts described in subsection
(a). 20 Each such report shall include—

21 (1) a description of activities conducted;

22 (2) an assessment of progress made in advanc 23 ing
shared national security interests;

24 (3) an assessment of collaboration with other 25
relevant Federal programs;

1 (4) a description of technologies transitioned 2 into
United States acquisition programs or fielded 3 systems;
4 (5) a description of partnerships established 5 with
United States and Israeli industry; and
6 (6) recommendations for future opportunities to 7
promote the long-term integration of joint capabili 8 ties
between the United States and Israel.

9 (f) FORM.—Each report required under subsection 10
(e) shall be submitted in unclassified form and may in 11
clude a classified annex.

12 (g) PUBLIC TRANSPARENCY.—The Secretary of De 13
fense shall make available on a publicly accessible
website 14 of the Department of Defense periodic,
unclassified up 15 dates, to the maximum extent
practicable, on the syn 16 chronized cooperative efforts
carried out under subsection 17 (a), including a
description of how these efforts contribute 18 to United
States technological and military supremacy. 19 Such
updates shall be made in a manner that ensures that 20
classified information or other information that would 21
compromise operational security, export controls, or sen
22 sitive technology are not released.

1 **Subtitle A—Authorization of** 2 **Appropriations**

3 SEC. 301.øLog 85004¿. AUTHORIZATION OF APPROPRIA 4 TIONS.

5 Funds are hereby authorized to be appropriated for 6
fiscal year 2027 for the use of the Armed Forces and other
7 activities and agencies of the Department of Defense for
8 expenses, not otherwise provided for, for operation and
9 maintenance, as specified in the funding table in section
10 4301.

Appropriations

3 SEC. 421 øLog 84945ç. MILITARY PERSONNEL.

4 (a) AUTHORIZATION OF APPROPRIATIONS.—Funds 5 are
hereby authorized to be appropriated for fiscal year 6
2027 for the use of the Armed Forces and other activities
7 and agencies of the Department of Defense for
expenses, 8 not otherwise provided for, for military
personnel, as spec

9 ified in the funding table in section 4401.

10 (b) CONSTRUCTION OF AUTHORIZATION.—The au 11
thorization of appropriations in the subsection (a) super 12
sedes any other authorization of appropriations (definite
13 or indefinite) for such purpose for fiscal year 2027.

1 SEC. 714. ~~Log 85769~~ ACCOUNTS FOR MEDICAL AND 2 HEALTH CARE
PROGRAMS OF THE DEPART 3 MENT OF DEFENSE.

4 (a) IN GENERAL.—Section 1100 of title 10, United 5
States Code, is amended to read as follows:

6 “§ 1100. Accounts for medical and health care pro 7 grams of the
Department of Defense

8 “(a) COMBAT AND OPERATIONAL MEDICINE PRO 9 GRAM
ACCOUNT.—(1) There is hereby established in the 10
Treasury of the United States an account to be known
11 as the ‘Combat and Operational Medicine Program Ac
12 count’. All sums appropriated to carry out the functions
13 of the Secretary of Defense with respect to the military
14 medical and health care programs of the Department of
15 Defense shall be appropriated to this account.

16 “(2) Of the total amount appropriated for a fiscal 17
year for the military medical and health care programs 18
of the Department of Defense, the amount equal to three
19 percent of such total amount shall remain available for
20 obligation until the end of the following fiscal year.

21 “(b) PRIVATE SECTOR CARE PROGRAM ACCOUNT.— 22 (1)

There is hereby established in the Treasury of the 23 United States
an account to be known as the ‘Private Sec 24 tor Care Program
Account’. All sums appropriated to 25 carry out the functions of the
Secretary of Defense with 26 respect to private sector medical and
health care programs g:\VHLC\051826\051826.099.xml (1063586|2)

1 of the Department of Defense shall be appropriated to

this 2 account.

3 “(2) Of the total amount appropriated for a fiscal 4 year
for the private sector health care programs of the 5
Department of Defense, the amount equal to three
percent 6 of such total amount shall remain available for
obligation 7 until the end of the following fiscal year.

8 “(c) OBLIGATION OF AMOUNTS FROM ACCOUNTS BY 9
SECRETARY OF DEFENSE.—The Secretary of Defense 10
may obligate or expend funds from the accounts under 11
subsection (a) and (b) for purposes of the military medical
12 and health care programs of the Department of
Defense

13 and the private sector health care programs of the
Depart 14 ment of Defense, respectively, to the extent
amounts are 15 available in the accounts.

16 “(d) REGULATIONS.—The Secretary of Defense shall 17
prescribe regulations to carry out this section.

18 “(e) DEFINITIONS.—In this section:

19 “(1) The term ‘military medical and health care 20
programs of the Department of Defense’ means the 21
medical and health care programs of the Depart 22 ment
of Defense that are not private sector health 23 care
programs of the Department of Defense.

24 “(2) The term ‘private sector health care pro 25 grams
of the Department of Defense’ means the

1 programs and activities carried out by the Secretary 2
of Defense under this chapter and any other provi 3 sion
of law providing for the furnishing of medical 4 and dental
care and health benefits by the private 5 sector, including
pursuant to contracts entered into 6 under section 1079,
1086, 1092, or 1097 of this 7 title.”.

8 (b) CONFORMING AMENDMENTS.—

9 (1) TITLE 10.—Title 10, United States Code, is 10
amended as follows:

11 (A) Section 1076d(d)(5) is amended by 12 striking “the
Defense Health Program Ac 13 count” and inserting “the
Private Sector Care 14 Program Account”.

15 (B) Section 1076e(d)(5) is amended by 16 striking “the
Defense Health Program Ac 17 count” and inserting “the
Private Sector Care 18 Program Account”.

19 (C) Section 1076f(b)(2) is amended by 20 striking “the
Defense Health Program Ac 21 count” and inserting “the
Private Sector Care 22 Program Account”.

23 (D) Section 1110b(c)(4) is amended by 24 striking “the
Defense Health Program Ac

1 count” and inserting “the Private Sector Care 2
Program Account”.

3 (2) NATIONAL DEFENSE AUTHORIZATION ACT 4 FOR FISCAL
YEAR 2024.—Section 1004(b)(2) of the 5 National Defense

Authorization Act for Fiscal Year 6 2024 (Public Law 118–81; 10 U.S.C. 240d note) is 7 amended by striking “Defense Health Program ac 8 count” and inserting “Combat and Operational Med 9 icine Program and Private Sector Care Program Ac 10 counts”.

11 (3) NATIONAL DEFENSE AUTHORIZATION ACT 12 FOR FISCAL YEAR 1997.—Section 742(c)(3) of the 13 National Defense Authorization Act for Fiscal Year 14 1997 (Public Law 104–201; 10 U.S.C. 1071 note) 15 is amended by striking “the Defense Health Pro 16 gram account” and inserting “the Combat and 17 Operational Medicine Program account”.

18 (c) REFERENCES.—Any reference in law, regulation, 19 document, paper, or other record of the United States to 20 the “Defense Health Program” shall be deemed to be a 21 reference to the “Combat and Operational Medicine Pro 22 gram” or the “Private Sector Care Program”, as the case 23 may be based on the nature of the obligation.

24 (d) EFFECTIVE DATE.—The amendments made by 25 this section shall take effect on October 1, 2026, and shall

1 apply with respect to fiscal years beginning on or after
2 that date.

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1 SEC. 732. øLog 85033ç MODIFICATIONS TO PILOT PROGRAM 2 TO ASSIST
CERTAIN MEMBERS OF THE 3 ARMED FORCES AND DEPENDENTS WITH

AD 4 DDITIONAL SUPPLEMENTAL COVERAGE RE 5 LATING TO CANCER.

6 (a) AGREEMENT.—Subsection (b) of section 734 of 7 the
National Defense Authorization Act for Fiscal Year 8
2026 (Public Law 119–60; 10 U.S.C. 1071 note) is 9
amended—

10 (1) in paragraph (1)—

11 (A) in subparagraph (B), by striking “; 12 and” and
inserting a semicolon;

13 (B) by redesignating subparagraph (C) as 14
subparagraph (D); and

15 (C) by inserting after subparagraph (B) 16 the following
new subparagraph:

17 “(C) provide no coordination with any 18 other health
benefit plan; and”.

19 (2) in paragraph (2), by striking “a period of 20 not
more than three years, and may not be renewed” 21 and
inserting “a period of not less than three 22 years”; and

23 (3) by adding at the end the following new 24
paragraph:

1 “(3) REQUIREMENTS.—In entering into an 2 agreement
under paragraph (1) with a company, the 3 Secretary—

4 “(A) may not select such company to pro 5 vide
coverage in a State, the District of Colum 6 bia, the

Commonwealth of Puerto Rico, or any 7 territory or
possession of the United States in 8 which such
company—

9 “(i) is not licensed; and

10 “(ii) does not meet solvency require 11 ments
applicable to such State;

12 “(B) shall award the agreement based on 13 the
expertise of such company;

14 “(C) shall negotiate the terms and condi 15 tions of the
fixed indemnity supplemental ben 16 efit plan provided
under the agreement;

17 “(D) shall negotiate the cost of coverage 18 with the
company that will cover the partici 19 pants who elect to
enroll in such plan;

20 “(E) shall provide a method for 21 verification of the
eligibility of applicants and 22 procedures for
determination of eligibility; and 23 “(F) shall provide a
method for payroll de

24 duction of premiums.”.

1 (b) PROVISION OF INFORMATION.—Subsection (c) of 2
such section is amended by striking “website” and insert
3 ing “website, as determined by the Secretary,”.

4 (c) PREEMPTION.—Such section is further amend 5 ed—
6 (1) by redesignating subsection (f) as sub 7 section (g);

and

8 (2) by inserting after subsection (e) the following
new subsection:

10 “(f) PREEMPTION.—An agreement entered into 11 under
this section shall be deemed to be a contract for 12 which
the Secretary of Defense has determined to preempt 13
State or local laws pursuant to section 1103 of title 10, 14
United States Code, as administered under section 15
199.17(a)(7)(i) of title 32, Code of Federal Regulations, 16
as in effect on the date of the enactment of this Act.”.

1 **Subtitle A—Acquisition Policy and** 2 **Management**

3 **SEC. 801. *Log 85504*. ENSURING BEST VALUE IN PROCURE** 4 **MENT.**

5 (a) **CODIFICATION OF USE OF LOWEST PRICE TECH** 6
NICALLY ACCEPTABLE SOURCE SELECTION PROCESS.— 7 (1)
TITLE 10.—Chapter 223 of title 10, United 8 **States Code,**

is amended by inserting after section 9 3243 the following new section:

10 **“§ 3244. Use of lowest price technically acceptable 11 source selection process**

12 “(a) STATEMENT OF POLICY.—It shall be the policy 13 of the Department of Defense to avoid using lowest price 14 technically acceptable source selection criteria in cir 15 cumstances that would deny the Department the benefits 16 of cost and technical tradeoffs in the source selection proc 17 ess.

18 “(b) REGULATIONS.—The Secretary of Defense shall 19 ensure the Defense Federal Acquisition Regulation Sup 20 plement requires that lowest price technically acceptable 21 source selection criteria are used only in situations in 22 which—

23 “(1) the Department of Defense is able to com 24 prehensively and clearly describe the minimum re 25 quirements expressed in terms of performance objec

1 tives, measures, and standards that will be used to 2 determine acceptability of offers;

3 “(2) the Department of Defense would realize 4 no, or minimal, value from a contract proposal ex 5 ceeding the minimum technical or performance re

6 quirements set forth in the request for proposal; 7 “(3) the proposed technical approaches will re 8 quire no, or

minimal, subjective judgment by the 9 source selection authority as to the desirability of 10 one offeror's proposal versus a competing proposal; 11 "(4) the source selection authority has a high 12 degree of confidence that a review of technical pro 13 posals of offerors other than the lowest bidder would 14 not result in the identification of factors that could 15 provide value or benefit to the Department;

16 "(5) the contracting officer has included a jus 17 tification for the use of a lowest price technically ac 18 ceptable evaluation methodology in the contract file; 19 "(6) the Department of Defense has determined 20 that the lowest price reflects full life-cycle costs, in 21 cluding for operations and support;

22 "(7) the Department of Defense would realize 23 no, or minimal, additional innovation or future tech 24 nological advantage by using a different method 25 ology; and

1 "(8) with respect to a contract for procurement 2 of goods, the goods procured are predominantly ex 3 pendable in nature, nontechnical, or have a short life 4 expectancy or short shelf life.

5 "(c) AVOIDANCE OF USE OF LOWEST PRICE TECH 6 NICALLY ACCEPTABLE SOURCE SELECTION CRITERIA IN 7 CERTAIN PROCUREMENTS.—To the maximum extent 8 practicable,

the use of lowest price technically acceptable 9 source
selection criteria shall be avoided in the case of a
10 procurement that is predominately for the acquisition
of— 11 “(1) information technology services, cybersecu
12 rity services, systems engineering and technical as 13
sistance services, advanced electronic testing, audit 14 or
audit readiness services, or other knowledge-based 15
professional services;

16 “(2) personal protective equipment; or

17 “(3) knowledge-based training or logistics serv 18 ices
in contingency operations or other operations 19 outside
the United States.”.

20 (2) TITLE 41.—

21 (A) IN GENERAL.—Chapter 47 of title 41, 22 United
States Code, is amended by inserting 23 after section
4714 the following new section:

1 **“§ 4715. Use of lowest price technically acceptable 2 source
selection process**

3 “(a) STATEMENT OF POLICY.—It shall be the policy 4 of
the United States Government to avoid using lowest 5
price technically acceptable source selection criteria in cir
6 cumstances that would deny the Government the
benefits 7 of cost and technical tradeoffs in the source

selection process.

“(b) REGULATIONS.—The Federal Acquisition Regulatory Council shall ensure the Federal Acquisition Regulation requires that lowest price technically acceptable source selection criteria are used only in situations in which—

“(1) an executive agency is able to comprehensively and clearly describe the minimum requirements expressed in terms of performance objectives, measures, and standards that will be used to determine acceptability of offers;

“(2) the executive agency would realize no, or minimal, value from a contract proposal exceeding the minimum technical or performance requirements set forth in the request for proposal;

“(3) the proposed technical approaches will require no, or minimal, subjective judgment by the source selection authority as to the desirability of one offeror’s proposal versus a competing proposal;

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“(4) the executive agency has a high degree of confidence that a review of technical proposals of offerors other than the lowest bidder would not result in the identification of factors that could provide value or benefit to the executive agency;

“(5) the contracting officer has included a justification for the use of a lowest price technically acceptable

evaluation methodology in the contract file; 9 and
10 “(6) the executive agency has determined that 11 the
lowest price reflects full life-cycle costs, including 12 for
operations and support.

13 “(c) AVOIDANCE OF USE OF LOWEST PRICE TECH 14
NICALLY ACCEPTABLE SOURCE SELECTION CRITERIA IN 15
CERTAIN PROCUREMENTS.—To the maximum extent 16
practicable, the use of lowest price technically acceptable
17 source selection criteria shall be avoided in the case of
a 18 procurement that is predominately for the acquisition
of— 19 “(1) information technology services, cybersecuri 20
ty services, systems engineering and technical as 21
sistance services, advanced electronic testing, audit 22 or
audit readiness services, health care services and 23
records, telecommunications devices and services, 24
munitions response services, or other knowledge 25 based
professional services;

1 “(2) personal protective equipment; or

2 “(3) knowledge-based training or logistics serv 3 ices in
contingency operations or other operations 4 outside the
United States.

5 “(d) DEFINITIONS.—In this section:

6 “(1) EXECUTIVE AGENCY.—The term ‘executive 7 agency’
has the meaning given that term in section 8 102 of title

40, except that the term does not include the Department of Defense.

10 “(2) CONTINGENCY OPERATION.—The term 11
‘contingency operation’ has the meaning given that 12
term in section 101 of title 10.”.

13 (B) CLERICAL AMENDMENT.—The table of 14 contents for
such chapter is amended by inserting after the item
relating to section 4714 the 16 following new item:

“4715. Use of lowest price technically acceptable source selection process.”.

17 (b) ENSURING BEST VALUE IN PROCUREMENT.— 18
Section 152(3)(B) of title 41, United States Code, is 19
amended by striking “lowest overall cost alternative” and
20 inserting “best value”.

21 (c) CONFORMING REPEALS.—

22 (1) DEPARTMENT OF DEFENSE REQUIREMENT.—Section
813 of the National Defense Authorization Act for
Fiscal Year 2017 (10 U.S.C. 25 note prec. 3241) is
repealed.

1 (2) GOVERNMENT-WIDE REQUIREMENT.—Section 880 of
the John S. McCain National Defense 3 Authorization
Act for Fiscal Year 2019 (41 U.S.C. 4 3701 note) is
repealed.

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1 SEC. 802. ~~Log 85366~~. LIMITATION ON CERTAIN CONTRACT 2 CLAUSES
FOR COMMERCIAL PRODUCTS OR 3 COMMERCIAL SERVICES.

4 Section 3452 of title 10, United States Code, is 5
amended by adding at the end the following new sub 6

section:

7 “(f) LIMITATIONS.—The Secretary of Defense may 8
not—

9 “(1) include in the lists required by subsections 10 (b)
and (c)(1) any contract clause that is substan 11 tially
similar to a contract clause for commercial 12 products or
commercial services that is required by 13 the Federal
Acquisition Regulation or otherwise re 14 quired by the
Department of Defense Supplement to 15 the Federal
Acquisition Regulation; and

16 “(2) include in a contract for the procurement 17 of
commercial products or commercial services a 18 contract
clause from the Department of Defense 19 Supplement to
the Federal Acquisition Regulation or 20 Federal
Acquisition Regulation that is not included 21 on such
lists.”.

1 SEC. 803.øLog 85478ç. LIMITATION ON SUSPENSION OF 2 PROGRESS
PAYMENTS.

3 (a) CONDITIONS FOR PROGRESS PAYMENTS.—Sec 4 tion
3804 of title 10, United States Code, is amended— 5 (1)
in subsection (a)—

6 (A) in the subsection heading, by striking 7

“COMMENSURATE WITH WORK”;

8 (B) by inserting “(1)” before “The Sec 9 retary of
Defense”; and

10 (C) by adding at the end the following new 11
paragraphs:

12 “(2) After finding substantial evidence that a covered
13 condition applies for a contract, the Secretary of
Defense 14 may reduce a progress payment, increase the
rate of liq 15 uidation, or both for such contract.

16 “(3) After finding substantial evidence that a covered
17 condition applies for a contract, the Secretary of
Defense 18 may suspend a progress payment for such
contract only 19 if—

20 “(A) the relevant contracting officer submits to 21 the
prime contractor for such contract a written 22 statement
of the substantial evidence that a covered 23 condition
applies and provides the prime contractor 24 ten calendar
days to submit a written rebuttal;

25 “(B) the head of the contracting activity re 26 views

such statement and any rebuttal and rec g:\VHLD\052126\D052126.002.xml

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1 ommends the suspension of the progress payment 2
for such contract; and

3 “(C) the service acquisition executive notifies 4 the
Committees on Armed Services of the House of 5

Representatives and the Senate in writing of the 6
suspension of progress payments for such contract 7
and of the substantial evidence that a covered condi
8 tion applies.

9 “(4) Any suspension of progress payments under 10
paragraph (3) shall last not more than 60 calendar days
11 if—

12 “(A) the prime contractor submits to the rel 13 evant
contracting officer a written corrective action 14 plan
addressing the covered condition that was the 15 basis
for the suspension; and

16 “(B) the prime contractor initiates corrective 17 action
consistent with the submitted written plan 18 within such
60-day period.”; and

19 (2) by adding at the end the following new sub 20
section:

21 “(d) COVERED CONDITION DEFINED.—In this sec 22 tion,
the term ‘covered condition’ means any of the condi 23
tions listed in section 52.232-16(c) of the Federal Acquisi
24 tion Regulation (or successor regulation).”.

1 (b) CONFORMING REGULATIONS.—Not later than 2 120
days after the date of the enactment of this Act, the 3
Secretary of Defense shall revise the Department of De 4

fense Supplement to the Federal Acquisition Regulation

5 carry out the amendments made by this section.

6 (c) TECHNICAL AMENDMENT.—Section 3804 of title 7 10,
United States Code, is amended by striking “defense 8
contract” each place it appears and inserting “contract”.

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1 SEC. 804. [Log 85380]. UNIFORM REQUIREMENTS FOR ELEC 2 TRONIC
CONTRACT WRITING SYSTEMS AND 3 ACQUISITION MANAGEMENT
SYSTEMS.

4 (a) UNIFORM REQUIREMENTS FOR THE DEPARTMENT OF
5 DEFENSE.—Chapter 367 of title 10, United States Code,
6 is amended by inserting after section 4754 the
7 following new section:

8 **“§ 4755. Requirements for electronic contract writing systems
9 and acquisition management systems**

11 “The Secretary shall—

12 “(1) establish, maintain, and make publicly available
13 uniform data standards, internal control requirements,
14 and independent verification and validation
15 requirements for processing procurement requests,
16 contracts, receipts, and invoices by the Department;
17 and

18 “(2) establish policy to ensure that each electronic
19 contract writing system and acquisition management
20 system of the Department—

21 “(A) substantially conforms with the standards,
22 requirements, and rules established pursuant to
23 paragraph (1); and

24 “(B) is a commercial product or commercial service,
as required by section 3453 of this title, unless the head of the
agency makes the

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1 determination required by section 3453(d) of this title
2 regarding non-availability of commercial products or
3 commercial services.”.

4 (b) IMPLEMENTATION.—The initial standards, re 5

quirements, and policies required by section 4755 of title 6 10, United States Code, as added by subsection (a), shall 7 be established not later than 180 days after the date of 8 the enactment of this Act.

9 (c) ASSESSMENT AND PHASED IMPLEMENTATION 10

STRATEGY.—

11 (1) REQUIREMENT FOR STRATEGY.—Not later 12 than 270 days after the date of the enactment of 13 this Act, the Secretary of Defense shall submit to 14 the congressional defense committees a report set

15 ting forth the strategy of the Secretary to transition 16 the electronic contract writing systems and acquisi 17 tion management systems of the Department of De 18 fense to full implementation of the policy established 19 as required by section 4755(2) of title 10, United 20 States Code, as added by subsection (a).

21 (2) ASSESSMENT TO INFORM STRATEGY.—The 22 strategy shall include, and be based on, an assess 23 ment of the current state, including—

1 (A) an inventory identifying each such sys 2 tem in use, in development, or in deployment 3 within the Department; and

4 (B) for each system identified under sub 5 paragraph

(A)—

6 (i) an identification of the offices and 7 officials
responsible for the system;

8 (ii) an identification of the system as 9 a commercially
available of-the-shelf item, 10 an item developed by the
Government, or

11 a Government-off-the-shelf item, as appli 12 cable; and

13 (iii) an identification of the annual 14 spending on the
system, from inception 15 and estimated remaining cost
to complete 16 application baselines and expected annual
17 support and maintenance costs once com

18 plete, broken down by—

19 (I) Government labor and ex 20 pense;

21 (II) contracted costs (such as the 22 costs of software
licenses and con 23 tractor support); and

24 (I) costs associated with the cur 25 rent hosting
approach on the current

1 platform, including identification of 2 the Government's
cost of maintaining 3 infrastructure and associated 4
sustainment costs.

5 (3) MATTERS INCLUDED IN STRATEGY.—The 6 strategy
shall include—

7 (A) a description of the coordination nec 8 essary

within and among the military departments, the Defense Agencies, and other elements of the Department to enable successful transition;

(B) for each system identified under paragraph (2)(A) that is not in compliance with the policy described in paragraph (1), a timeline for transitioning from that system, including an estimate of anticipated reductions in deployment timelines for the system to reach full operating capability;

(C) for each system identified under paragraph (2)(A), a strategy for hosting the system on a platform in compliance with the policy described in paragraph (1), including an evaluation of opportunities to leverage existing commercially available off-the-shelf products and services to reduce the Government's cost of

1 maintaining infrastructure and associated 2
sustainment costs;

3 (D) a recommended approach to speed the 4 adoption
of secure artificial intelligence (“AI”) 5 services for such
systems, including how best to 6 prioritize the adoption
of commercially available 7 off-the-shelf products and
services with AI tech
8 nology to help prevent the proliferation of re 9 dundant

and disconnected AI tools;

10 (E) an identification of funding, staffing, 11 and resource requirements associated with im 12 plementation of such systems;

13 (F) an identification of any challenges, 14 barriers, or risks affecting implementation of 15 such systems and recommended approaches to 16 addressing or mitigating such challenges, bar 17 riers, or risks; and

18 (G) a cost estimate associated with the 19 transition from the current state to full imple 20 mentation of the policy described in paragraph 21 (1), including any cost savings associated with 22 the reduction or elimination of continued use 23 and development of systems that are not com 24 mercial products or commercial services.

1 (d) APPLICABILITY TO CURRENT VENDORS.—For 2 each system identified under paragraph (2)(A) that is a 3 commercial product or commercial service as of the date 4 on which the policy described in paragraph (1) is estab 5 lished, if the vendor of the system reasonably dem 6 onstrates that the system has the capability to meet a pre 7 ponderance of the Department’s requirements, the Sec 8 retary shall ensure that the vendor is given a

reasonable

9 opportunity to address any unmet requirements, as long
10 as the unmet requirements can be delivered not later
than 11 the date that is 270 days after the date of the
enactment 12 of this Act and at no development cost to
the Department. 13 (e) UNIFORM REQUIREMENTS FOR

CERTAIN EXECU

14 TIVE AGENCIES.—Subchapter II of chapter 11 of title 41,
15 United States Code, is amended by adding at the end
the 16 following new section:

17 **“§ 1132. Requirements for electronic contract writing 18 systems
and acquisition management sys 19 tems**

20 “(a) The Administrator for Federal Procurement 21
Policy, with respect to the executive agencies other than
22 the Department of Defense, shall—

23 “(1) establish or update, as necessary, uniform 24 data
standards, internal control requirements, inde 25 pendent
verification and validation requirements,

1 and business process rules for processing procure 2
ment requests, contracts, receipts, and invoices by 3 the
Department of Defense or other executive agen 4 cies, as
applicable;

5 “(2) establish or update, as necessary, and 6 maintain
one or more approved electronic contract 7 writing

systems that conform with the standards, re 8
quirements, and rules established pursuant to para 9
graph (1); and

10 “(3) require the use of electronic contract writ 11 ing
systems approved in accordance with paragraph 12 (2)
for all contracts entered into by executive agen 13 cies
other than the Department of Defense, as appli 14 cable.

15 “(b) RELATION TO EXISTING CONTRACT WRITING 16

SYSTEMS AND ACQUISITION MANAGEMENT SYSTEMS.— 17

Notwithstanding subsection (a), the head of an executive
18 agency other than the Department of Defense shall
meet 19 the requirements of subsection (a)(2) with
respect to ap 20 proved electronic contract writing systems
if they were in 21 compliance with the requirements
established pursuant to 22 section 862 of the National
Defense Authorization Act for 23 Fiscal Year 2013 (41
U.S.C. prec. 3101 note) on the date 24 of enactment of
this section until such time as those re 25 quirements are
updated pursuant to subsection (a).”.

1 (f) REPEAL OF PRIOR RELATED PROVISION.—Sec 2 tion
862 of the National Defense Authorization Act for 3
Fiscal Year 2013 (41 U.S.C. 3101 note prec.) is repealed.

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1 SEC. 805. ~~Log 84893~~. RISK-BASED APPROACH TO MONI 2 TORING
CONTRACTOR BUSINESS SYSTEMS. 3 (a) REQUIREMENT FOR
RISK-BASED APPROACH.— 4 Section 3843 of title 10,

United States Code, is amended 5 to read as follows:

6 **“§ 3843. Contractor business systems: monitoring and 7**
surveillance standards

8 **“(a) REQUIREMENT FOR RISK-BASED APPROACH.—** 9 The
Secretary shall implement an agile, streamlined risk 10
based approach to surveillance of contractor business sys
11 tems that—

12 **“(1) minimizes the requirements for the surveil 13 lance**
of contractor business systems to only those 14 that are
necessary to conform with commercial best

15 practices or industry standards, as applicable; 16 **“(2)**
integrates the surveillance of contractor 17 business

systems into the Defense Contract Manage 18 ment
Agency’s standard surveillance system for re 19 viewing
contractors, and ensures that any reviews 20 that are

conducted are targeted and based on risks 21 identified
by standard surveillance activities; and 22 **“(3) allows a**

contractor to provide internal re 23 ports in connection with
such standard surveillance 24 activities and targeted

reviews, and ensures that any 25 such report is
considered in the course of reviewing 26 the contractor’s
business systems.

1 **“(b) MINIMUM REQUIREMENTS FOR SURVEIL 2 LANCE.—**In
establishing the minimum requirements for 3 surveillance
under subsection (a)(1) for each type of con 4 tractor

business system, the Secretary shall ensure that 5 such requirements do not exceed the minimum require 6 ments that are necessary to conform with commercial best 7 practices or industry standards, as applicable, for that 8 type of system.

9 “(c) SURVEILLANCE AND REVIEW.—In implementing 10 the requirements of this section, the Secretary shall ensure 11 that the frequency of review of a contractor business sys 12 tem shall be no more than once every three years, unless 13 the standard surveillance activities under subsection (a)(2) 14 indicate that the system has or may have a material weak 15 ness.

16 “(d) CORRECTIVE ACTIONS AND REMEDIES.—The 17 approach implemented under subsection (a) shall ensure 18 the following:

19 “(1) If the Secretary determines under sub 20 section (c) that a contractor business system has a 21 material weakness, appropriate officials of the De 22 partment will be available to work with the con 23 tractor to develop a corrective action plan defining 24 specific actions to be taken to address the material

1 weakness and a schedule for the implementation of 2 such actions.

3 “(2) The Secretary may pursue any other rem 4 edies

that may be available under the contract or 5 under any other applicable law and regulation.

6 “(e) GUIDANCE AND TRAINING.—The approach im 7 plemented under subsection (a) shall provide guidance and 8 training to appropriate Government officials on the ap 9 proach, the data that is produced by contractor business

10 systems, and the manner in which such data should be 11 used to effectively manage Department programs.

12 “(f) DEFINITIONS.—In this section:

13 “(1) The term ‘contractor business system’ 14 means an integrated set of internal controls, proc 15 esses, procedures, personnel, and information capa 16 bilities that a contractor uses to plan, execute, mon 17 itor, and report on its performance of Government 18 contracts in a manner that is accurate, consistent, 19 auditable, and compliant with applicable require 20 ments.

21 “(2) The term ‘material weakness’ means a de 22 ficiency or combination of deficiencies in the internal 23 control over information in contractor business sys 24 tems, such that there is a reasonable possibility that 25 a material misstatement of such information will not

1 be prevented, or detected and corrected, on a timely 2 basis. For purposes of this paragraph, a reasonable 3

possibility exists when the likelihood of an event occurring—

5 “(A) is probable; or

6 “(B) is more than remote but less than 7 likely.”.

8 (b) IMPLEMENTATION.—The initial approach required by
section 3843 of title 10, United States Code, 10 as added
by subsection (a), shall be implemented not later 11 than
December 1, 2027.

12 (c) REPORT ON IMPLEMENTING APPROACH AND DEFINING
MINIMUM REQUIREMENTS.—

14 (1) AGREEMENT.—Not later than 90 days after 15 the
date of the enactment of this Act, the Secretary 16 of
Defense shall enter into an agreement with the 17
acquisition research organization described in section 18
4142(a) of title 10, United States Code, requiring 19 the
organization to—

20 (A) document and evaluate commercial 21 best
practices and industry standards for each 22 type of
contractor business system, as described 23 in
subsection (b) of such section 3843; and