SEC. 810. AUTHORITY TO DESIGNATE INCREMENTS OR BLOCKS OF SPACE VEHICLES AS MAJOR SUBPROGRAMS.

Section 2430a(a)(1) of title 10, United States Code, is amended—

(1) by inserting "(A)" before "If the Secretary of Defense determines"; and

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

"(B) If the Secretary of Defense determines that a major defense acquisition program to purchase space vehicles requires the delivery of two or more increments or blocks of space vehicles, the Secretary may designate each such increment or block as a major subprogram for the purposes of acquisition reporting under this chapter.".

Section-by-Section Analysis

This proposal would permit the Secretary of Defense to designate follow on space vehicle blocks or increments as subprograms to the existing satellite program for purposes of acquisition reporting when the Secretary determines that such increments are warranted. In general, an increment or block is a militarily useful and supportable operational capability that can be developed, produced, deployed, and sustained. Each increment or block will have its own set of threshold and objective values. In the specific case of space vehicles, and for the specific purpose of cost reporting, an increment or block refers to a multi-vehicle procurement and the associated non-recurring costs, if any.

Designating subprograms will provide Congressional and OMB insight into actual space vehicle increment or block costs. The resulting visibility ensures Air Force and Department accountability to the costs and funding requirements to which they committed at the increment or block Milestone Decision.

Allowing the Secretary to designate subprograms gives the Department flexibility to break out satellite acquisitions that employ block or incremental buys and evolutionary acquisition into separate subprograms, but will not limit the flexibility of the Secretary when procurement of additional satellites should be tied to original or current Acquisition Program Baselines.

This flexibility is congruent with existing law, section 2430a of title 10, United States Code, which authorizes the Department of Defense (DoD) to designate major subprograms for acquisition reporting requirements applicable to major defense acquisition programs (MDAPs). If the Department designates a major subprogram under an MDAP, the Selected Acquisition Reports, unit cost reports, and program baselines are reported for cost, schedule, and

performance at both the MDAP as a whole, and for each subprogram. Each subprogram will have its own acquisition program baseline (APB).

Section 2430a requires that a subprogram differ significantly in form and function. This proposal would allow designation of subprograms for separate increments or blocks of space vehicles, even if the increments or blocks do not differ significantly in form and function. The proposal will not change the existing requirement in section 2430a(a)(2) that the Department notify the congressional defense committees in writing of any proposed designation of a subprogram not less than 30 days before such designation shall take effect.

Budget Implications: There are no quantifiable budget implications associated with this proposal.

Changes to Existing Law: This proposal would amend section 2430a of title 10, United States Code, as shown below:

§ 2430a. Major subprograms

(a) AUTHORITY TO DESIGNATE MAJOR SUBPROGRAMS TO ACQUISITION REPORTING REQUIREMENTS.— (1)(A) If the Secretary of Defense determines that a major defense acquisition program requires the delivery of two or more categories of end items which differ significantly from each other in form and function, the Secretary may designate each such category of end items as a major subprogram for the purposes of acquisition reporting under this chapter.

(B) If the Secretary of Defense determines that a major defense acquisition program to purchase space vehicles requires the delivery of two or more increments or blocks of space vehicles, the Secretary may designate each such increment or block as a major subprogram for the purposes of acquisition reporting under this chapter.

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