



SAF/SB Media Summary

31 December 2010—6 January 2011

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ARTICLE SUMMARIES

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SMALL BUSINESS

[VA Officials Set to Verify Veteran Small Businesses](#)

Air Force Print News Today

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Small Businesses Hiring Surges

CNN Money

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The Rise of Native Hawaiian Companies

Alaska Dispatch

For some time Alaskans have been following the ups and downs of Alaska Native corporations, particularly the controversy over whether Native corporations should continue to receive the special government contracting preferences that have helped them prosper. Now there's a new dimension to the debate about those congressionally-mandated preferences: Hawaii. Native Hawaiian organizations are also developing economic muscle in the government contracting arena, some of them with help from Alaska Native corporations, according to a recent investigation by the Hawaii Reporter.

Federal Acquisition Regulation; Repeal of the Small Business Competitiveness Demonstration Program

TMCnet

SUMMARY: DoD, GSA, and NASA are issuing a final rule amending the Federal Acquisition Regulation (FAR) to remove FAR coverage of the Small Business Competitiveness Demonstration Program, to meet the requirements of section 1335 of the Small Business Jobs Act of 2010. DATES: Effective Date: January 31, 2011.

N.J. Still Least Friendly to Small Businesses

The Star-Ledger

The Small Business and Entrepreneurship Council's 15th annual Small Business Survival Index, released Dec. 9, showed the Garden State as last among the 50 states. Only the District of Columbia was rated worse. "The bottom line is politicians love to talk about how much they support small business, this index is seeing whether that rhetoric matches the actual policies and regulations being put into place," said Raymond Keating, chief economist for the Small Business and Entrepreneurship Council.

BUDGET & ACQUISITION

U.S. to Detail \$100 Billion in Pentagon Savings, Cuts: Sources

Reuters

Defense Secretary Robert Gates is expected to announce as early as Thursday about \$100 billion in savings for the Pentagon and cuts to some weapons programs, sources said on Monday. The announcement will detail a plan that military services have been hammering out for months. The Pentagon is under increasing pressure to cut its budget given huge federal deficits and a reduction of troops in Iraq.



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INDUSTRY

Feds to Better Track Contractor IDs

BizJournals

In an attempt to lock down security of federal facilities and computer networks, agencies are now authorized to withhold final payment to contractors until all government-issued identification cards are returned, according to a rule published in the Federal Register Thursday. The Defense Department, General Services Administration and NASA amended the federal acquisition regulation to require agencies to keep better tabs on the personal identity verification cards that provide necessary access to federal buildings and computer systems to contractors, by requiring firms to return all issued IDs when they're no longer needed for contract performance. The rule authorizes the contracting officer to delay final payment if the contractor fails to comply with these requirements.

Aerospace and Defense Outlook - Jan. 2011 - Industry Outlook

Benzinga

The growth of the Aerospace and Defense industry depends largely on the spending outlook of government defense departments, with the U.S. defense budget as the primary driver. The U.S. is the world's largest aerospace and defense market, and also home to the world's largest military budget. On December 17, 2010, the U.S. House of Representatives passed a \$725 billion bill for Defense spending in fiscal 2011. This surpassed the earlier estimated \$708 billion, and will include roughly \$160 billion to continue fighting wars in both Afghanistan and Iraq. Such defense spending is the major source of revenue for the top nine global aerospace companies.

Contractor Security Breaches Could Lead to Pentagon Banishment

Bloomberg

The Pentagon's top civilian leaders will soon get the power to block companies seen as potential security risks from doing business with the military, according a bill awaiting President Obama's signature. The companies wouldn't have to be told they're banned and couldn't appeal. Reserving the banishment power to the highest level should act as a balance, Alan Chvotkin, executive vice president of the Professional Services Council, an industry group representing more than 330 contractors, said in a telephone interview yesterday.

DoD Scales Back Conflict-of-interest Rules

ExecutiveGov

The Defense Department is scaling back a tough, new conflict-of-interest rule for some contracts, including those for IT and professional services. According to a final rule, published in the Federal Register, only major weapons systems contracts and systems engineering and technical assistance will be subject to stricter standards. Those new regulations prevent contractors from accepting a work order that would also financially benefit them or their corporate partners.



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TANKER

Boeing Tries the Back Door

The Anniston Star

You have to give Boeing Co. and its political allies credit. When it comes to securing the \$40 billion Air Force refueling tanker contract, they don't give up. What does it matter if Defense Secretary Robert Gates and the Air Force feel that Boeing's tactics are, in the words of U.S. Rep. Jo Bonner, R-Mobile, "underhanded." What Boeing's political allies did was introduce at the 11th hour the "Defense Level Playing Field Act," which would require the Pentagon to factor in a yet unresolved World Trade Organization dispute over subsidies to tanker companies when it selects the company to receive the contract. Gates, the Air Force and others rightly see this as having little to do with this competition. Nevertheless, Boeing got a tired and distracted Congress to approve the measure.

JOINT STRIKE FIGHTER

Gates to "Restructure" F-35 Program – Again

The Star-Telegram

Report today by Reuter's news service says that Defense Secretary Robert Gates will announce major budget decisions this week including another "restructuring" of the F-35 Joint Strike Fighter program. No details are included and we are tapping into our own sources. The Pentagon's largest weapons program, the Lockheed Martin Corp F-35 Joint Strike Fighter, is facing another restructuring that could extend the program's development phase by up to two years, said a third source familiar with the plans.

REMOTELY PILOTED AIRCRAFT

Special Review: Deadly Weapons for small UAVs

Defense Update

The capability of armed forces to employ 'Kinetic effects' by unmanned aircraft systems (UAS) have evolved in the past decade from science fiction into reality. Soon after the first Hellfire was launched from a Predator UAV on a test in February 2001, Central Intelligence Agency (CIA) operated drones were sent to Afghanistan to hunt Osama Bin-Laden and his accomplices. Since then, armed Predators became synonyms for the 'Global War Against terror', taking part in continuous warfare throughout Central Asia- from Somalia, Yemen and Iraq, to Afghanistan and Waziristan, in North-Eastern Pakistan. Today, more 'Killer Drones' are employed by a number of U.S. government services – taking part in covert operations, as well as by the regular military. Defense-Update is posting today an overview of the miniature weapons currently in development for small UAVs, (some are already operational).



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Air Force Seeks Lethal Mini-Drones

United Press International

A rapid acquisition program for lethal mini-drones for Special Operations Forces has reportedly been launched by the U.S. Air Force's Rapid Acquisition Cell. Defense Update, an Israeli publication, said the equipment to be delivered under the Lethal Miniature Aerial Munition System program will provide warfighters in covert positions a portable, non-line-of-sight precision strike capability with a very low risk of collateral damage. Last month, the Air Force selected Aerovironment, IAT and Textron Defense Systems three contractors to provide weaponized systems for a test series planned for this spring. Procurement of weapons would begin next year.

CYBERSECURITY

Pentagon, Industry to Swap Cybersecurity Experts

InfoSecurity

The Department of Defense (DoD) is launching a pilot program to exchange cybersecurity experts and other IT personnel with private industry to improve information sharing and beef up the nation's cybersecurity defenses. The program would involve temporary assignment of DoD cybersecurity experts to companies and private sector experts to the Pentagon.



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Small Business

VA Officials Set to Verify Veteran Small Businesses

Air Force Print News Today, January 3, 2011

To further advocate for veterans, VA officials have announced that companies identifying themselves as small businesses or veteran-owned businesses to gain priority for some Department of Veterans Affairs contracts now must provide documentation verifying their status within 90 days of receiving notice from the agency.

"VA is committed to doing business with, as well as supporting and protecting, veteran-owned small businesses," said Secretary of Veterans Affairs Eric K. Shinseki. "Although the verification process may initially be a challenge to some small business owners and to VA, it's a necessary step to eliminate misrepresentation by firms trying to receive contracts that should go to service-disabled and other veteran-owned vendors."

The Veterans Benefits Act of 2010, signed by the president Oct. 13, expanded VA's requirement to verify the status of businesses claiming veterans preference to compete for VA contracts by being listed in VA's VetBiz.gov "Vendor Information Pages" database. Company officials will have to submit an application to substantiate their status as owned and controlled by veterans, service-disabled veterans or eligible surviving spouses. Only companies that submit the information will be listed in the VIP database. The law requires VA representatives to notify currently listed businesses that within 90 days of the veteran-owned business receiving the notice they must submit certain business documents. VA officials sent notices to more than 13,000 listed businesses by email and mail Dec. 10 and 11. Other companies, wanting to be listed in the database and considered for future set-aside VA contracts, also have to submit application packages. VA officials will work on those verifications after the existing listings are verified.

The department plans to post additional information at www.VetBiz.gov in early February informing applicants how to submit their documents electronically. In the meantime, VA's notice to currently listed businesses encourages them to submit their information on CD-ROM.

Priority processing will be given to those veteran-owned firms that are in line to receive a set-aside contract from VA, those that already conduct business with VA, and those that have already filed an application for verification.

For more information, visit the Office of Small and Disadvantaged Business Utilization's website at www.va.gov/OSDBU/veteran/verification.asp or the main page at www.va.gov/osdbu.

http://www.af.mil/news/story_print.asp?id=123236621

SAF/SB internal document—not for public release.



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New Tool for Entrepreneurs who want to Start a New Small Business – SBA.gov

By Kumi Amano, Personal Finance Bulletin, January 5, 2011

The US Small Business Administration (USSBA) today took the wraps off of a new affiliate website to promote the development and growth of new businesses. It is www.SBA.gov.

Entrepreneurs just getting started or old hands needing insight and encouragement will find help in several categories or sections of the new website.

Karen Mills, the administrator of USSBA, suggests the tool 'SBA Direct. It allows you to select among options to tailor the site to your needs and tastes and makes it relate to your geographical area. It will take you quickly to SBA loans, exporting information, state counselors free to small business owners in each state, and government contracting programs.

The focus is on economic recovery through business development and putting Americans back on the job.

<http://personalfinancebulletin.com/new-tool-for-entrepreneurs-who-want-to-start-a-new-small-business-sba-gov/5309/>

Next to be Cut: State Aid to Women and Minority Business Owners

By Joanne Cleaver, BNET, January 5, 2011

What the Feds giveth women business owners, the states taketh away. Even as the Small Business Administration makes it easier for women business owners to snag federal contracts, New Jersey Gov. Chris Christie just scuttled its Division of Minority and Women Business Development. Such departments are easy targets for budget-cutting politicians — even as they claim that improving the business climate is a top priority.

Moving the certification function to the Dept. of the Treasury is part of an overall reorg, says Andy Pratt, Treasury Communications Director. Now it is up to Lt. Gov Kim Guadagno's office to reinvent the state's efforts to cultivate women and minority owned businesses — or not. "The idea is not to do worse with helping women and minority owned businesses, but to do much, much, much better," Pratt told me yesterday.



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In the past, New Jersey's efforts have been hamstrung, he explained, by a legal challenge that barred the state from awarding contractors specifically because of woman or minority business ownership. That hasn't stopped the Feds from successfully fostering the launch and growth of women and minority owned businesses. As new state legislators take up their budget axes, programs that serve women and minority businesses are likely to be among the first to fall. Here's why.

Lack of focus. With the proliferation of groups purporting to further women in business it's not obvious why states need their own offices. I'd argue that states shouldn't be replicating programs that other groups already do well.

Lack of accountability. The most recent annual report for the now-defunct New Jersey Division of Minority and Women Business Development indicates that non-minority women-owned businesses received 5% of state payments for fiscal 2008, totaling \$152.1 million. While the report lists the state divisions that buy the most from women and minority owned businesses, it doesn't explain which specific programs work, which ones don't, and exactly what the plan is to better fulfill the mission. If your state's annual report is a similar exercise in status quo, your state's department might not be worth saving.

Lack of leadership. I've yet to see a state department led by an experienced businesswoman who can rally politicians, staffers and women business owners to catalyze real change. This is a perfect opportunity for the first wave of retiring baby boomer women. Meanwhile, departments that can't explain why they exist are likely to get axed — rightly so.

Is your state's department of women and minority business worth fighting for? It is if:

It collects, compiles and clearly communicates data about women and minority owned businesses that is otherwise not available.

It has the authority to hold state purchasing staffers accountable for making equitable contracting decisions. As I've posted in the past, the SBA's new model works well and is expanding. A big part of equitable contracting is ensuring that certification is efficient and meaningful. When my firm got certified by Wisconsin, I was grilled by a staffer in person about who really wears the pants at Wilson-Taylor Associates. Though my firm has been incorporated since 1998 and my husband serves as CFO, I was actually worried that we might be turned down. We weren't...but every state should have a process that thorough.

It catalyzes substantive policy and culture changes that foster measureable change in the number, size, employee headcount and revenues of women-owned and minority businesses. This is accomplished by working with regional women's business development centers and associations that represent the biggest and fastest-growing industries in each state, and state and local economic development departments and groups.



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Like the SBA did with contracting, New Jersey has an opportunity to reinvent how a state can remove barriers to business formation and growth. It even has a readymade platform for announcing its first efforts: the Governor's Conference for Women scheduled for May 3. What will Gov. Chris Christie have to say to the women business owners of New Jersey? Equally important, what will women business owners tell Gov. Christie?

<http://www.bnet.com/blog/women-business/next-to-be-cut-state-aid-to-women-and-minority-business-owners/1355>

Small Businesses Hiring Surges

By Laurie Segall, CNN Money, January 5, 2011

Small businesses saw a sharp jump in hiring in December, according to an ADP report released Wednesday.

The private sector added 297,000 jobs overall last month, with almost all of the gains coming from companies with less than 500 workers. Those firms added a net 261,000 new positions during the month, ADP estimates.

The smallest companies -- those with fewer than 50 workers -- added 117,000 jobs. That's their biggest monthly hiring surge since February 2006, according to ADP's data. Over the past three years, as the recession ravaged the economy, those tiny firms cut more than 3 million workers from their payrolls.

Overall, the gain was better than expected. Economists surveyed by Briefing.com predicted a rise of 100,000 jobs.

It also builds on momentum from last month. Small companies with fewer than 50 workers added 49,000 jobs last month, ADP said Wednesday -- a slight revision from its earlier estimate that 54,000 new jobs were created in November.

The spike in small business hires could mean good news for Main Street. Small businesses are often first to hire -- or fire -- depending on the health of the economy.

But there's still a long way to go. Unemployment remains at a staggering 9.8%, and a CNN Money survey of leading economists predicts unemployment won't drop below 8% until 2013.

John Lonski, chief economist at Moody's, says it's worth noting that the ADP report's high numbers -- which are preliminary and subject to revision -- could be inflated. The stock market stayed fairly flat Wednesday morning after the ADP report's release.



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"Equities have essentially not responded to the the bullish news on ADP, mostly because other labor market indicators question whether or not the U.S. government's estimate of the change in private sector jobs will even remotely approach ADP's estimate," he said.

The government's jobs estimate for December is due out Friday.

"I think the labor market is improving, but at this point in time the financial markets are skeptical of whether or not ADP has accurately detected a huge jump by private sector payrolls," Lonski said.

http://money.cnn.com/2011/01/05/smallbusiness/small_business_hiring/

The Rise of Native Hawaiian Companies

By Jill Burke, Alaska Dispatch, January 3, 2011

For some time Alaskans have been following the ups and downs of Alaska Native corporations, particularly the controversy over whether Native corporations should continue to receive the special government contracting preferences that have helped them prosper. Now there's a new dimension to the debate about those congressionally-mandated preferences: Hawaii.

Native Hawaiian organizations are also developing economic muscle in the government contracting arena, some of them with help from Alaska Native corporations, according to a recent investigation by the Hawaii Reporter. And the Hawaiian companies are sinking money into the coffers of political protectors of their right, as a designated special class of minority-owned entities, to preferential treatment under the U.S. Small Business Administration's 8(a) program.

Some executives of NHOs enrolled in the 8(a) program fear that recent congressional scrutiny targeting waste, fraud and abuse within the ANC 8(a) world could hurt the NHOs, which have only in recent years become players in the world of "super 8(a)s" -- companies that have access to no-bid or limited competition federal contracts. Earlier this month, ProPublica offered a good overview of how Alaska Native Corporations work and the small business benefits to which they have access.

Nonprofit Native Hawaiian organizations are allowed to own for-profit subsidiaries that participate in the 8(a) program as long as the money flows back to the parent company. In the Hawaii Reporter article, reporter Jim Dooley presents a refrain familiar to critics regarding the secrecy under which ANCs operate and the difficulty tracking just how much money goes into tangible improvements in the lives of the people the programs are meant to benefit.



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The Reporter describes how Sen. Daniel Inouye, (D-Hawaii), a longtime colleague, confidant and friend of Alaska's late Sen. Ted Stevens, pushed legislation in 2003 that gave NHOs the same access to contracting preferences that ANC and American Indian tribes already enjoyed. "Ted Stevens and I long ago recognized the need to help indigenous businesses compete for contracts and government work as a means to provide for the unique needs of the communities they represent and serve," the article quotes Inouye as saying.

Dooley also explores some of the business relationships Alaska Native corporations have formed in Hawaii:

"The single largest ANC contract on record was worth \$1.13 billion and was awarded in 2002 to FSS-Alutiiq, a joint venture of two different ANC's ... In Hawaii, FSS-Alutiq was paid \$53.4 million for work performed from 2005 to present for Navy logistical support work. Various other ANC's and their subsidiaries have provided some \$275 million of federal work in Hawaii during the same period, including Chenega Corp., Chugach Alaska Corp., Nana Regional Corp. and Doyon Ltd., according to federal procurement records."

Dooley's piece is rather extensive, and also takes note of former Alaskans and executives of ANC who are now active in NHOs.

In the face of explosive growth, and the huge financial successes and sometime extreme abuses that have occurred along the way, Alaska Native Corporations have come under heightened scrutiny, most notably by U.S. Senator Claire McCaskill (D-Mo.), who has pushed to end the contracting privileges of ANCs. It seems that for every success story about a company that's used 8(a) contracting as a springboard to independence, there's a concern raised somewhere about someone abusing the system. To combat the negative press and defend the privileges of indigenous people to fully engage their rights as uniquely situated business owners who are working for not just a handful of individuals but for entire communities, advocacy groups like Native 8(a) Works have also cropped up.

As Congress addresses how, if at all, to further shape what privileges tribal and native entities should have access to, and whether perks currently in place should in some way be scaled back, the doling out of substantial business opportunities and taxpayer dollars to a select groups of Americans is likely to continue to generate debate.

Even as recently as the 2010 election the conversation became highly politicized. When U.S. Senate candidate Joe Miller said ANCs' access to no-bid government contracts was "simply wrong," many Alaska Native corporations and others rallied to aid the campaign of incumbent Sen. Lisa Murkowski, a proven and influential ally in the effort to keep the special 8(a) perks for ANCs in place. When its energized fundraising was over, Alaskans Standing Together had in short order raised \$1.7 million to help keep Murkowski in the Senate and Miller out.



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This year news stories in Alaska and beyond have chronicled questionable contracts, high paid executives, and whether the money is making it back to the people Alaska Native Corporations are congressionally mandated to help -- the impoverished people and communities of their region of origin. Most recently, articles by the Washington Post and ProPublica demonstrate how imperfect and thorny the intersection the of the U.S. government's tribal obligations with politics, wealth and poverty, corporations and shareholders, taxes and accountability, can be.

Native Hawaiian organizations and their subsidiaries have only in the last several years begun to navigate the government contracting privileges that Alaska Native corporations have spent two decades learning to fully engage. If NHOs continue to follow the path cut by ANCs, they may well encounter great success. Should they find it, they can expect plenty of tough questions about what they're doing, how they're getting it done, who's making money and who's not, and whether taxpayers are getting a good value along the way.

<http://www.alaskadispatch.com/dispatches/news/8126-the-rise-of-native-hawaiian-companies>

Federal Acquisition Regulation; Repeal of the Small Business Competitiveness Demonstration Program

TMCnet, December 30, 2010

SUMMARY: DoD, GSA, and NASA are issuing a final rule amending the Federal Acquisition Regulation (FAR) to remove FAR coverage of the Small Business Competitiveness Demonstration Program, to meet the requirements of section 1335 of the Small Business Jobs Act of 2010.

DATES: Effective Date: January 31, 2011.

FOR FURTHER INFORMATION CONTACT: For clarification of content, contact Mr. Karlos Morgan, Procurement Analyst, at (202) 501-2364. For information pertaining to status or publication schedules, contact the Regulatory Secretariat at (202) 501-4755. Please cite FAC 2005-48, FAR Case 2011-005.

SUPPLEMENTARY INFORMATION: I. Background This final rule amends the FAR to delete subpart 19.10 to meet the requirements of section 1335 of the Small Business Jobs Act of 2010 (Pub. L. 111-240), referred to as the Act. Section 1335 of the Act amended the Business Opportunity Development Reform Act of 1988 (Pub. L. 100-656) by striking Title VII (15 U.S.C. 644 note), the Small Business Competitiveness Demonstration Program. In accordance with the Act, the repeal of the Small Business Competitiveness Demonstration Program became immediately effective upon the enactment of the Act and it will apply to the first full fiscal year after the September 27, 2010, date of enactment. This change will remove the policy, procedures, provisions, clauses,



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and the information collection and recordkeeping requirements associated with the Small Business Competitiveness Demonstration Program, and will update forms deleting any references to the program.

II. Executive Order 12866 This is not a significant regulatory action and, therefore, was not subject to review under section 6(b) of Executive Order 12866, Regulatory Planning and Review, dated September 30, 1993. This rule is not a major rule under 5 U.S.C. 804.

III. Regulatory Flexibility Act The Regulatory Flexibility Act does not apply to this rule. This final rule does not constitute a significant FAR revision within the meaning of FAR 1.501-3(a) and 41 U.S.C. 418b, and publication for public comments is not required.

IV. Paperwork Reduction Act The final rule removes the information collection requirements associated with the Small Business Competitiveness Demonstration Program under OMB Clearance 9000-0100, and does not contain any information collection requirements that require the approval of the Office of Management and Budget under 44 U.S.C. chapter 35.

List of Subjects in 48 CFR Parts 1, 4, 12, 19, 22, 52, and 53 Government procurement.

Dated: December 22, 2010.

Millisa Gary, Acting Director, Federal Acquisition Policy Division.

Therefore, DoD, GSA, and NASA amend 48 CFR parts 1, 4, 12, 19, 22, 52, and 53 as set forth below: 1. The authority citation for 48 CFR parts 1, 4, 12, 19, 22, 52, and 53 continues to read as follows: Authority: 40 U.S.C. 121(c); 10 U.S.C. chapter 137; and 42 U.S.C. 2473(c).

PART 1--FEDERAL ACQUISITION REGULATIONS SYSTEM 1.106 [Amended] 2. Amend section 1.106, in the table following the introductory paragraph, by removing FAR segments 52.219-19, 52.219-20, and 52.219-21, and their corresponding OMB Control Number 9000-0100.

PART 4--ADMINISTRATIVE MATTERS 3. Amend section 4.603 by revising paragraph (b) to read as follows: 4.603 Policy.

* * * * (b) Executive agencies shall use FPDS to maintain publicly available information about all contract actions exceeding the micro-purchase threshold, and any modifications to those actions that change previously reported contract action report data, regardless of dollar value.

* * * * 4.606 [Amended] 4. Amend section 4.606 by removing paragraph (a)(2); and redesignating paragraphs (a)(3) and (a)(4) as paragraphs (a)(2) and (a)(3), respectively.



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4.1202 [Amended] 5. Amend section 4.1202 by removing paragraphs (k) and (l); and redesignating paragraphs (m) through (ee) as paragraphs (k) through (cc), respectively.

PART 12--ACQUISITION OF COMMERCIAL ITEMS 12.303 [Amended] 6. Amend section 12.303 by removing from the end of paragraph (b)(1) ", or if set aside for emerging small businesses".

12.603 [Amended] 7. Amend section 12.603 by removing the second sentence of paragraph (c)(2)(iv).

PART 19--SMALL BUSINESS PROGRAMS 19.304 [Amended] 8. Amend section 19.304 by removing from the first sentence in the introductory text in paragraph (c) "52.212-3(c)(9)" and adding "52.212- 3(c)(8)" in its place.

9. Amend section 19.502-2 by revising the last sentence in paragraph (a); and by removing paragraph (d).

The revised text reads as follows: [Page Number 82568] 19.502-2 Total small business set-asides.

(a) * * * The small business reservation does not preclude the award of a contract with a value not greater than \$150,000 under subpart 19.8, Contracting with the Small Business Administration, or under 19.1305, HUBZone set-aside procedures.

* * * * Subpart 19.10--[Removed and Reserved] 10. Remove and reserve subpart 19.10.

PART 22--APPLICATION OF LABOR LAWS TO GOVERNMENT ACQUISITIONS 22.1006 [Amended] 11. Amend section 22.1006 by-- a. Removing from paragraph (a)(2)(i)(C) "52.204-8(c)(2)(v) or (vi)" and adding "52.204-8(c)(2)(iii) or (iv)" in its place; b. Removing from paragraph (e)(2)(i) "52.204-8(c)(2)(v)" and adding "52.204-8(c)(2)(iii)" in its place; and c. Removing from paragraph (e)(4)(i) "52.204-8(c)(2)(vi)" and adding "52.204-8(c)(2)(iv)" in its place.

PART 52--SOLICITATION PROVISIONS AND CONTRACT CLAUSES 52.204-8 [Amended] 12. Amend section 52.204-8 by-- a. Removing from the date of the provision "Oct 2010" and adding "(JAN 2011)" in its place; b. Removing paragraphs (c)(2)(i) and (c)(2)(ii); and c. Redesignating paragraphs (c)(2)(iii) through (c)(2)(x) as paragraphs (c)(2)(i) through (c)(2)(viii), respectively.

52.212-3 [Amended] 13. Amend section 52.212-3 by-- a. Removing from the date of the provision "Oct 2010" and adding "(JAN 2011)" in its place; b. Removing from paragraph (a), the definition "Emerging small business"; c. Removing paragraph (c)(8); and d. Redesignating paragraphs (c)(9) and (c)(10) as paragraphs (c)(8) and (c)(9), respectively.

52.219-19 through 52.219-21 [Removed and Reserved] 14. Remove and reserve sections 52.219-19 through 52.219-21.



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PART 53--FORMS 53.212 [Amended] 15. Amend section 53.212 by removing "SF 1449, (Rev. 3/2005)" and adding "SF 1449, (Rev. 10/2010)" in its place.

53.213 [Amended] 16. Amend section 53.213 by removing from paragraphs (a) and (f) "SF 1449, (Rev. 3/2005)" and adding "SF 1449, (Rev. 10/2010)", respectively, in its place; and by removing from paragraph (f) "OF 347 (Rev. 4/06)" and adding "OF 347, (Rev. 10/2010)" in its place.

53.214 [Amended] 17. Amend section 53.214 by removing from paragraph (d) "SF 1447 (APR 2008)" and adding "SF 1447 (Rev. 11/2010)" in its place.

53.236-1 [Amended] 18. Amend section 53.236-1 by removing from paragraph (e) "OF 347 (Rev. 03/2005)" and adding "OF 347, (Rev. 10/2010)" in its place.

19. Amend section 53.301-1447 by revising the form to read as follows: 53.301-1447 Solicitation/Contract.

BILLING CODE 6820-EP-P Vol. 75, No. 250 [Page Number 82569] See Illustration in Original Document.

[Page Number 82570] See Illustration in Original Document.

20. Amend section 53.301-1449 by revising the form to read as follows: 53.301-1449 Solicitation/Contract/Order for Commercial Items.

[Page Number 82571] See Illustration in Original Document.

[Page Number 82572] See Illustration in Original Document.

21. Amend section 53.302-347 by revising the form to read as follows: 53.302-347 Order for Supplies or Services.

[Page Number 82573] See Illustration in Original Document.

[Page Number 82574] See Illustration in Original Document.

[FR Doc. 2010-32900 Filed 12-29-10; 8:45 am] BILLING CODE Part VI Proposed Rules

<http://unified-communications.tmcnet.com/news/2010/12/30/5218073.htm>



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N.J. Still Least Friendly to Small Businesses

By Tiffani N. Garlic, The Star-Ledger, December 29, 2010

The Christie administration says it's trying to make the state more comfortable for small business, but a survey released earlier this month shows just how tough a task that is.

The Small Business and Entrepreneurship Council's 15th annual Small Business Survival Index, released Dec. 9, showed the Garden State as last among the 50 states. Only the District of Columbia was rated worse.

"The bottom line is politicians love to talk about how much they support small business, this index is seeing whether that rhetoric matches the actual policies and regulations being put into place," said Raymond Keating, chief economist for the Small Business and Entrepreneurship Council.

Erin Gold, public affairs officer for the New Jersey Economic Development Authority, acknowledged that the state has work to do, but was optimistic about the future of New Jersey's small businesses.

"I think we'll see a lot of change in the new year," she said. "With the Christie administration coming in, there's a big focus on small business."

Gold said following his Partnership for Action plan, Christie plans to relax rules on taxes, regulations and lending for small businesses

The plan includes initiatives like the Business Action Center which gives small business owners access to resources - loan, regulation and permit information - that would normally be out of reach, she said.

The study's rankings were based on factors including taxes, various regulatory and energy costs, government spending, property rights and health care policies.

The top five states - South Dakota, Nevada, Texas, Wyoming and Washington - all have no personal income, individual capital gains, corporate income, corporate capital gains and death taxes in common.

Keating said positive factors like New Jersey's low crime rate, gas and diesel taxes were "overwhelmed" by negatives like having the second highest property taxes in the country.

Laurie Ehlbeck, National Federation of Independent Business director for New Jersey, said most small business owners are too deeply rooted in the state to leave, but the ranking does leave a bad impression for others considering settling in the state.



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"It's not something they (small business owners) look at when they're think of leaving the state, but it does reflect an extremely high tax structure that may discourage other larger business owners from relocating to New Jersey," she said. "The truth is a lot of businesses are closing their doors because they cannot afford to stay."

Ehlbeck said there is little optimism that change will come anytime soon.

"I think everyone was hoping that things would get better, but we're in the midst of a national recession, so any improvement is going to be slow," she said.

http://www.nj.com/business/index.ssf/2010/12/nj_still_least_friendly_to_sma.html

Budget & Acquisition

U.S. to Detail \$100 Billion in Pentagon Savings, Cuts: Sources

By Andrea Shalal-Esa, Reuters, January 3, 2011

Defense Secretary Robert Gates is expected to announce as early as Thursday about \$100 billion in savings for the Pentagon and cuts to some weapons programs, sources said on Monday.

The announcement will detail a plan that military services have been hammering out for months. The Pentagon is under increasing pressure to cut its budget given huge federal deficits and a reduction of troops in Iraq.

One weapons program expected to end is the Expeditionary Fighting Vehicle, a 40-ton amphibious landing craft that General Dynamics Corp is developing for the Marine Corps, said two sources, who were not authorized to speak on the record.

Gates is also likely to cancel a ground-launched missile system being developed by Raytheon Co, said defense analyst Loren Thompson, chief operating officer of the Virginia-based Lexington Institute.

"Secretary Gates must prove he is running a tight ship because the federal government is running a huge budget deficit," Thompson said.



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Pentagon spokesman Colonel David Lapan declined comment on whether Gates would make the announcement this week, saying only that Gates would announce his decisions on efficiencies at an appropriate time.

The Pentagon's largest weapons program, the Lockheed Martin Corp F-35 Joint Strike Fighter, is facing another restructuring that could extend the program's development phase by up to two years, said a third source familiar with the plans.

The program was already restructured last year, adding 13 months to the development phase.

Lockheed said it would be premature to comment on changes, but said the F-35 program had made progress over the past year and that the 10th F-35 entered flight test on December 30.

Thompson said Gates would package his weapons decisions as moves aimed at eliminating programs that were either not needed or being poorly managed, adding, "It's getting harder and harder to find programs that match those descriptions."

One industry source said the Pentagon had already spent \$3.3 billion developing the EFV amphibious vehicle and could see 200 of the vehicles built for \$3.6 billion more -- less than the \$8.2 billion required to build the 573 vehicles currently included in the budget.

The White House has said it would release its proposed budget for fiscal year 2012 during the week of February 14.

Marine Corps General James Cartwright told investors in December that the U.S. defense budget would likely decline in coming years.

Defense News, a trade publication, reported in December that the White House Office of Management and Budget had ordered the Pentagon to cut its budget by \$90 billion over the next five years, beginning with a \$12 billion cut in fiscal 2012.

The Pentagon's fiscal 2011 budget plan had called for a spending of \$549 billion in 2011, growing to \$566 billion in 2012, excluding war spending.

<http://www.reuters.com/article/idUSTRE70306W20110104>



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Industry

Feds to Better Track Contractor IDs

By Jill R. Aitoro, BizJournals, December 30, 2010

In an attempt to lock down security of federal facilities and computer networks, agencies are now authorized to withhold final payment to contractors until all government-issued identification cards are returned, according to a rule published in the Federal Register Thursday.

The Defense Department, General Services Administration and NASA amended the federal acquisition regulation to require agencies to keep better tabs on the personal identity verification cards that provide necessary access to federal buildings and computer systems to contractors, by requiring firms to return all issued IDs when they're no longer needed for contract performance. The rule authorizes the contracting officer to delay final payment if the contractor fails to comply with these requirements.

Among the comments submitted by industry when the rule was first proposed noted that contractor companies are not typically kept in the loop when employees are issued IDs, making retrieval of those cards difficult. In response, DOD, GSA and NASA recommended that agencies notify contracting firms when ID cards are issued to their employees or subcontractors.

<http://www.bizjournals.com/washington/blog/2010/12/feds-to-better-track-contractor-ids.html>

Aerospace and Defense Outlook - Jan. 2011 - Industry Outlook

Benzinga, December 29, 2010

OVERVIEW

The growth of the Aerospace and Defense industry depends largely on the spending outlook of government defense departments, with the U.S. defense budget as the primary driver. The U.S. is the world's largest aerospace and defense market, and also home to the world's largest military budget.



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On December 17, 2010, the U.S. House of Representatives passed a \$725 billion bill for Defense spending in fiscal 2011. This surpassed the earlier estimated \$708 billion, and will include roughly \$160 billion to continue fighting wars in both Afghanistan and Iraq.

Such defense spending is the major source of revenue for the top nine global aerospace companies. However, the U.S. defense department is planning to trim down its defense expenditure by cutting down investments on defense programs, which are not absolutely essential. In this charged scenario, sourcing more orders from global clients will enable the defense companies to grow their businesses going forward.

OPPORTUNITIES

Lockheed Martin Corporation (LMT) is the biggest recipient of U.S. defense contracts, followed by The Boeing Company (BA) and Northrop Grumman Corp. (NOC). With the wars in Iraq and Afghanistan expected to wind down in the coming years, core defense spending is also expected to follow a downtrend. The big operators, in order to counter defense budget cuts, will most likely target mergers and acquisitions to bolster their operating prospects.

At the macro level, a gradual shift in defense spending patterns can be discerned. In response to the asymmetric terrorist threats, the emphasis appears to have shifted to high-tech intelligence equipment, replacing demand for conventional big guns and heavy armor. Major industry players have, in response, resorted to bolt-on acquisitions to plug holes in their product offerings.

Boeing has been particularly active on this front, having acquired Argon ST, a premier developer of intelligence equipment, and Narus, a provider of real-time network traffic and analytics software. Boeing further strengthened its position in the logistic command and control business through the acquisition of CDM Technologies, a software engineering company that specializes in real-time transportation and logistics planning systems for the U.S. military.

These defense operators are also entering into strategic alliances and partnerships with competitors to improve their prospects to clinch major contracts. Boeing and Northrop Grumman are in a strategic partnership to pursue the competitive development and sustainment contract for future work on the Ground-based Midcourse Defense (GMD) system for the U.S. Missile Defense Agency (MDA).

These operators are also making planned divestitures to remain profitable and better meet customer demands. Lockheed Martin has thus decided to divest its Enterprise Integration Group business due to the U.S. Government's increased concerns about perceived organizational conflicts of interest within the defense contracting community, while the company decided to divest its Pacific Architects and Engineers Inc. business so as to cater to a different mix of services sought by customers.



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Defense aircraft sales during the year were boosted by record U.S. defense spending and higher demand from international consumers. Year to date, military aircraft sales, at \$64.5 billion, grew a sharp 8% from 2009 levels.

Space sector sales during the year were relatively flat compared to the previous year. Space sales for 2010 are pegged at \$45.5 billion. However, NASA is expecting to increase its expenses by an average 2.5% from fiscal 2011 to fiscal 2015, with spends being skewed toward the commercial space sector.

The long-delayed \$35 billion contract from the U.S. Air Force for aerial tankers remains a major hope for the defense industry. Boeing and European Aeronautics, Defense & Space Co. are two major contenders for the contract and a decision from the department is expected later this year.

WEAKNESSES

The global economic downturn that started in late 2008 has significantly weakened the financial profiles of all major industrialized countries. While the industry has historically been very successful in the "guns vs. butter" debate, particularly in the all-important U.S. market, it remains to be seen how it will fare in the changed backdrop characterized by growing calls for increased domestic spending needs.

The U.S. defense department is planning to reduce the defense budget by \$100 billion over the next five years. These cutbacks will impact the big contractors as the lion's share of their revenues comes from defense spending.

In Europe, United Kingdom is planning to slash its defense budget by 20%. Moreover, Italy has decided to follow a similar path. There is also pressure on France, Germany and Spain to review and trim their defense budgets.

Prospects

As a smart move to counter federal defense budget cuts, these players might explore the option of leasing out their heavy weapon systems rather than selling them to the Defense Department, leading to a win-win deal for both the government and defense operators.

The growing international markets of China, India and South America provide an opportunity for defense operators to bolster their top line. Defense expenditure is gradually on an upward curve in India. The country is planning to spend \$80 billion on defense in the next five years for acquisitions of new equipment.

Demand for defense equipment is also high in Middle-East Asia. During October 2010, the U.S. administration formally approved \$60 billion arms sales to Saudi Arabia, which will help create new jobs. Boeing will be the



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biggest beneficiary, as it will sell 84 F-15 fighter aircraft and upgrade 70 F-15s, along with advanced missiles, night vision goggles and guided munitions.

Our Take

We presently have a neutral outlook on the U.S. Aerospace & Defense industry, the same reflected in our long-term ratings on U.S. based defense operators like Lockheed Martin Corp., Northrop Grumman, The Boeing Company, General Dynamics Corp. (GD), Raytheon Co. (RTN) and L-3 Communications Holdings (LLL), unless we see additional positive catalysts driving the industry.

<http://www.benzinga.com/10/12/739293/aerospace-and-defense-outlook-jan-2011-industry-outlook>

Contractor Security Breaches Could Lead to Pentagon Banishment

By Melissa Aparicio, Bloomberg, January 5, 2011

The Pentagon's top civilian leaders will soon get the power to block companies seen as potential security risks from doing business with the military, according a bill awaiting President Obama's signature.

The companies wouldn't have to be told they're banned and couldn't appeal.

Reserving the banishment power to the highest level should act as a balance, Alan Chvotkin, executive vice president of the Professional Services Council, an industry group representing more than 330 contractors, said in a telephone interview yesterday.

"The provision makes it clear that exclusion is the last action to be taken if other means of addressing the risk to the supply chain cannot be used," he said.

The new power, which would last for three years, is included in the defense policy bill approved by Congress Dec. 22.

The bill would empower the Defense secretary and the secretaries of the Army, Navy and Air Force to order contracting officers to give no work to a company found to be a potential security risk. Breaches may include malicious software code or counterfeit parts, even if the problem originated with a subcontractor.

The measure singles out companies that deal with intelligence, cryptology, and weapons systems, and applies to any work deemed essential to national security.



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The Defense Department would be required to tell Congress and other government departments about the banishment, according to the bill. The Pentagon would have the option of sending those notices as confidential information.

The action could be kept secret if informing the companies might present a risk to national security, according to the bill, which expressly denies suppliers the right to challenge a banishment in federal court or to the Government Accountability Office.

The provision would apply to existing and new contracts, and would take effect six months after the bill is enacted.

<http://www.bloomberg.com/news/2011-01-05/contractor-security-breaches-could-lead-to-pentagon-banishment.html>

DoD Scales Back Conflict-of-interest Rules

Written by Jack Moore, ExecutiveGov, January 3, 2011

The Defense Department is scaling back a tough, new conflict-of-interest rule for some contracts, including those for IT and professional services.

According to a final rule, published in the Federal Register, only major weapons systems contracts and systems engineering and technical assistance will be subject to stricter standards.

Those new regulations prevent contractors from accepting a work order that would also financially benefit them or their corporate partners.

What would that look like, in practice? “The rules [would] try to prevent a company from providing consulting services that could favor that company’s products or services or those of a corporate partner,” Federal Times notes.

But, the final rule essentially carves out exceptions for IT and professional services, because expanding the rules would have “created confusion,” Federal Times reports. It might also have delayed the unveiling of a final rule because it would have required amending the Federal Acquisition Regulation.

The modified rule seems to be a scaling back of across-the-board determinations on conflict of interest, in favor of a more agile approach.



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New Requirements:

- Programs officers should address conflict of interest, especially software integration subcontracts.
- Companies can no longer execute systems engineering or technical assistance if they are also a prime contractor or subcontractor on the same project.

This isn't the first time DoD has amended a stringent, new rule governing contractors, lately.

Late last month, the Pentagon announced it would amend its plan to take 10 percent off payments to contractors for deficient business systems. The withholding amount was reduced to 5 percent after significant industry outcry.

Federal Times reports the private sector also voiced a chorus of disapproval toward the original conflict-of-interest rules.

<http://www.executivegov.com/2011/01/dod-scales-back-conflict-of-interest-rules/>

Tanker

Boeing Tries the Back Door

The Anniston Star, December 29, 2010

You have to give Boeing Co. and its political allies credit. When it comes to securing the \$40 billion Air Force refueling tanker contract, they don't give up.

What does it matter if Defense Secretary Robert Gates and the Air Force feel that Boeing's tactics are, in the words of U.S. Rep. Jo Bonner, R-Mobile, "underhanded."

What do they care if their efforts represent, as U.S. Sen. Jeff Sessions, R-Mobile, put it, "an unacceptable political attempt" to confuse and delay the acquisition of these much-needed planes.

Why should they follow procedure and notify U.S. Rep. Buck McKeon, R-Calif., the ranking member and soon-to-be chairman of the House Armed Services Committee, of a bill they wanted to slip through a Congress that was hurriedly trying to finish its business and adjourn?

Who cares? Not Boeing and friends.



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What Boeing's political allies did was introduce at the 11th hour the "Defense Level Playing Field Act," which would require the Pentagon to factor in a yet unresolved World Trade Organization dispute over subsidies to tanker companies when it selects the company to receive the contract. Gates, the Air Force and others rightly see this as having little to do with this competition. Nevertheless, Boeing got a tired and distracted Congress to approve the measure.

Sessions called it the "Boeing Preservation Act" and vowed to kill it in the Senate. Observers feel he has the support to do it. Good for Sessions.

Of course, this page wants Boeing's competitor EADS to win the contract because it will mean a \$600 million assembly facility in the Mobile area and thousands of good jobs for Alabama people.

But there are other reasons Alabamians should want EADS to prevail. The EADS tanker, defense analysts say, is better suited for what the Air Force requires.

Moreover, if the contract is let early next year, production can begin and the Air Force will sooner get the tanker that it has named its top priority.

It is disappointing to see that the Alabama, Florida and Mississippi delegations were not able to block this bill in the House, where most members were apparently caught by surprise and did not mount serious opposition to it. Now it becomes the task of Sens. Sessions and Richard Shelby, R-Tuscaloosa, to do a better job for the state and the region.

They need to be up to the task.

http://www.annistonstar.com/pages/full_story/push?article-Boeing+tries+the+back+door%20&id=10805750&instance=recentComments

Joint Strike Fighter

Gates to "Restructure" F-35 Program – Again

By Bob Cox, The Star-Telegram, January 4, 2011

Report today by Reuter's news service says that Defense Secretary Robert Gates will announce major budget decisions this week including another "restructuring" of the F-35 Joint Strike Fighter program.

No details are included and we are tapping into our own sources. Here's the pertinent stuff:

SAF/SB internal document—not for public release.



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The Pentagon's largest weapons program, the Lockheed Martin Corp F-35 Joint Strike Fighter, is facing another restructuring that could extend the program's development phase by up to two years, said a third source familiar with the plans.

The program was already restructured last year, adding 13 months to the development phase.

Lockheed said it would be premature to comment on changes, but said the F-35 program had made progress over the past year and that the 10th F-35 entered flight test on December 30.

http://blogs.star-telegram.com/sky_talk/2011/01/gates-to-restructure-f-35-program-again.html

RELATED: [Budgetary Pressures Might Weigh on Troubled F-35 Program](#)

[Remotely Piloted Aircraft](#)

Special Review: Deadly Weapons for small UAVs

Defense Update, December 31, 2011

The capability of armed forces to employ 'Kinetic effects' by unmanned aircraft systems (UAS) have evolved in the past decade from science fiction into reality. Soon after the first Hellfire was launched from a Predator UAV on a test in February 2001, Central Intelligence Agency (CIA) operated drones were sent to Afghanistan to hunt Osama Bin-Laden and his accomplices.

Since then, armed Predators became synonyms for the 'Global War Against terror', taking part in continuous warfare throughout Central Asia- from Somalia, Yemen and Iraq, to Afghanistan and Waziristan, in North-Eastern Pakistan. Today, more 'Killer Drones' are employed by a number of U.S. government services – taking part in covert operations, as well as by the regular military. (read part I)

Defense-Update is posting today an overview of the miniature weapons currently in development for small UAVs, (some are already operational).

Two new versions of the Predator – the U.S. Army MQ-1C 'Gray Eagle' and the Air Forces' MQ-9' Reaper, both from General Atomics, are changing the way the U.S. military addresses drone warfare. Both aircraft are designed from baseline for armed missions and capable in carrying more than the Predator's two weapons. They can also carry multiple sensors, enabling the weapon's operation to take place in parallel to other tasks. The second part provides a brief discussion on how armed UAVs are operated in the 'Armed ISR' mission.



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Most UAVs are operating with laser guided munitions (Hellfire AGM-114R, Paveway GBU-12, Griffin) or GPS guided weapons (JDAM, Viper Strike). Electro-optical (EO) guided weapons have so far been considered a costly option, reserved only for special missions. But state-of-the-art commercial off the shelf technology opens new capabilities for EO seekers. The U.S. Navy has introduced a miniature Spike missile, equipped with laser or EO seeker. A similar concept based on innovative target designation method by Continuous Wave (CW) laser was recently unveiled by an Israeli startup company at the Latrun 2010 event. The new concept enables dual-mode guidance, utilizing imaging sensor as laser seekers has the potential to revolutionize laser guidance, by introducing low cost, light-weight yet highly accurate means for target acquisition and weapon guidance. Current laser designators employ pulse lasers to generate high-power laser beams. (Read part III – on Multi-Mission UAVs)

But the UAV weaponization trend does not stop at the larger UAVs, the most recent development is the modification of the RQ-7B Shadow for the U.S. Marine Corps, enabling this small UAV to carry weapons. This post discusses the various changes of the system, and adaptation made to prepare the Shadow for its new mission. (Read part IV – miniaturizing weapons for Small UAVs”

Finally, our survey touches the smallest unmanned killers – new miniature loitering weapons that can be launched from the air, land or sea, and carry out selective, pinpoint attack over several kilometers. Exotic names like ‘Switchblade’, ‘Anubis’ are only a few of these new programs that could shape the future battlefield in ways we couldn’t imagine before.

http://defense-update.com/wp/20101231_killer-mini-uav.html

Air Force Seeks Lethal Mini-Drones

United Press International, January 3, 2011

A rapid acquisition program for lethal mini-drones for Special Operations Forces has reportedly been launched by the U.S. Air Force's Rapid Acquisition Cell.

Defense Update, an Israeli publication, said the equipment to be delivered under the Lethal Miniature Aerial Munition System program will provide warfighters in covert positions a portable, non-line-of-sight precision strike capability with a very low risk of collateral damage.

Last month, the Air Force selected Aerovironment, IAT and Textron Defense Systems three contractors to provide weaponized systems for a test series planned for this spring. Procurement of weapons would begin next year.



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Two representative systems in the category are a new "Point and Toss" mini-drone from IAT and the Switchblade, developed by Aerovironment, Defense Update said.

The Air Force expects the new weapon to weigh around 3 pounds. The user would also carry an integrated operating console and communications unit of about the same weight.

Once fired, the system should be capable of acquiring a man-sized target at the system's combat range, in less than 20 seconds, flying about 100 yards above ground. If conditions for attack aren't met, the MAV will be able to loiter over the target for up to 30 minutes, the report said.

http://www.upi.com/Business_News/Security-Industry/2011/01/03/Air-Force-seeks-lethal-mini-drones/UPI-85651294069921/

Cybersecurity

Pentagon, Industry to Swap Cybersecurity Experts

InfoSecurity, January 3, 2011

The Department of Defense (DoD) is launching a pilot program to exchange cybersecurity experts and other IT personnel with private industry to improve information sharing and beef up the nation's cybersecurity defenses.

The program would involve temporary assignment of DoD cybersecurity experts to companies and private sector experts to the Pentagon. "This Pilot is envisioned to promote the interchange of DoD and private sector IT professionals to enhance skills and competencies", according to an interim final rule published in the Federal Register.

"Given the changing workforce dynamics in the IT field, DOD needs to take advantage of these types of professional development programs to proactively position itself to keep pace with the changes in technology. The immediate implementation of an Interim Final Rule is viable to enhance IT professional skills, particularly in the area of cybersecurity", the notice said.

Several DoD agencies will participate in the program, including the Defense Information Systems Agency, the Defense Advanced Research Projects Agency, the Office of Naval Research, and the Pentagon's Chief Information Officer.



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Not everyone is thrilled with the pilot program. Don Hale, chair of the American Federation of Government Employees' Defense Committee, warned that the program could jeopardize national security unless severe restrictions are placed on the private sector employees.

"I have serious doubts that the same level of scrutiny applies to private sector IT employees, and national security could be comprised during the exchange", Hale told Defense Systems.

<http://www.infosecurity-us.com/view/14872/pentagon-industry-to-swap-cybersecurity-experts/>