



SAF/SB Media Summary

25—31 March 2011

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ARTICLE SUMMARIES

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SMALL BUSINESS

Michigan Small Businesses May Get Boost from Department of Defense

The Detroit News

The Department of Defense wants to increase spending with small businesses and is boosting requirements in contracts to get there, federal officials told nearly 600 people gathered here Friday for a procurement summit. Each year, the Department of Defense spends \$150 billion to \$200 billion on goods and services with small businesses, Ashton B. Carter, undersecretary of defense for acquisition, technology and logistics, said during a break at the Detroit Small Business Defense Procurement Summit. The event at Cobo Center was the first of several national summits planned to reach small businesses interested in doing business with the government. The Defense Department wants to boost its small business spending this year from 21.9 percent to 23 percent, which means another \$4 billion for small businesses, said Michael Blake, associate director for the White House Office of Public Engagement.

Oversight Is Heating Up. Embrace It.

GovWin

In the last six months, the government has: Started a crackdown on large businesses performing work contracted to small businesses, suspending one prominent contractor, then suspending its partners; Started knocking on the doors of HUBZone companies to ensure they are where they say they are; Passed a new Small Business Jobs Act that, among other things, requires contractors to certify their size every year; Passed new rules allowing it to stop paying contractors if their accounting systems don't measure up to certain standards; Required Contracting Officers to justify sole-source decisions in writing, even under the 8(a) program, which had always operated under looser rules; Set new records in how much money it recovered from contractors under the False Claims Act. And that's just what I can think of off the top of my head. Notice a trend? It's not going to let up any time soon. In fact, government oversight of contractors – particularly those designated as small businesses – is about to get more intense.



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Small Business Community Important To U.S. Government

Daily News Pulse

The set-aside format will likely tend to ghettoize women's applications so they all compete against each other for the same few contracts. The end result may not involve more women clutching a signed contract in their hands. Instead of creating a women-only contracting zone, it might be more useful if additional resources were devoted to mentoring women entrepreneurs to help them go after the whole range of federal contract opportunities.

Aptima Issued Patent for "TeamBuilder" Technology Developed for Air Force Research Laboratory

Defence Professionals

Aptima, which specializes in applying expertise in how humans think, learn, and behave, has been issued a patent for technology that can quickly identify individuals and create teams possessing the optimal mix of talent and skills for a particular mission. The patented technology was created by Aptima under the "TeamBuilder" Small Business Innovation Research (SBIR) award for the Air Force Research Laboratory.

SBIR Program Could Get Boost

Dallas Business Journal

Small businesses could get a bigger share of federal research dollars under legislation that appears headed for passage in the Senate. The bill reauthorizes the Small Business Innovation Research program and would open the program to small businesses that are majority-owned by venture capital firms, according to reports from the Washington Business Journal. Those companies used to be unable to compete.

Air Force Extends NETCENTS Contract

BusinessWire

Officials at the Air Force's Electronics Systems Center recently notified Telos® Corporation and the other seven prime contractors that the service's Network Centric Solutions (NETCENTS) contract vehicle has been extended by two years. Task orders may now be awarded through Sept. 9, 2012 with work to be completed before Sept. 8, 2014. Since being named a NETCENTS small business prime contractor in September 2004, Telos has provided more than \$800 million in products and services to customers across the DoD through the contract vehicle.

SBA to Let Larger Companies Win Small-Biz Contracts

Federal Times

The Small Business Administration is rolling out a slew of rule changes intended to stop the misuse of small-business contract programs. The SBA issued a proposed rule last week to increase the size of companies that can benefit from federal small-business set-aside contracts and other preferences. The changes — affecting firms offering professional, scientific and technical services — would let up to 9,450 additional firms be eligible for small-business contract preferences. SBA said the changes aim to reflect the current realities of industry — the last such revision was done more than 25 years ago. For example, the revenue standard defining a small engineering services firm would increase from \$4.5 million to \$19 million under SBA's proposal.



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Defense Thinks Small for New Contracts

United Press International

The U.S. Defense Department is increasing efforts to target small businesses for contract work, a department official said. At a Small Business Defense Procurement Summit held in Detroit -- one of several planned for various cities -- Ashton Carter, undersecretary of defense for acquisition, technology and logistics, said the department spends up to \$200 billion per year on contracts with small business, The Detroit News reported Saturday.

BUDGET & ACQUISITION

Money DoD Saves May be Cut From Budget

Air Force Times

Two key senators warned Tuesday that money saved from ongoing efficiency initiatives may be eliminated from the U.S. defense budget rather than be made available to spend on other military programs. Sens. Claire McCaskill, D-Mo., chairwoman of the Senate Armed Services Committee's readiness and management support panel, and Kelly Ayotte of New Hampshire, the panel's ranking Republican, said Defense Department plans to "reinvest" \$100 billion in savings while making a \$78 billion reduction in future defense budgets may not be enough. "We should not fund additional projects that did not make the cut the first time," Ayotte said. "Only in Washington, D.C., can an agency propose cuts in future growth and call it a triumph."

AIA Urges Full Defense Appropriations Bill

PRNewswire

Industry is increasingly concerned about the lack of a completed fiscal year 2011 budget and reliance on continuing resolutions. Secretary Gates and senior military officers have made it very clear that funding the Defense Department through continuing resolutions creates significant problems for the Pentagon and our men and women in uniform. Without the predictability that comes with a fiscal year budget, program delays increase, costs increase and companies are faced with the prospect of downsizing the workforce, potentially disrupting the aerospace industrial base.

DoD Expects Up to \$100B More in Cuts

Federal Times

With another round of spending cuts on the horizon, top Pentagon officials spent the last week trying to determine exactly how they might trim billions of dollars from the 2013 budget. The Defense Department is bracing for what senior Defense officials believe will be an order to cut scores of billions of dollars from the five-year Future Years Defense Program (FYDP). This would come in addition to the \$78 billion the Pentagon already plans to cut from its planned spending between 2012 and 2016. "That \$70 to \$100 billion [in] additional cuts across the FYDP is just the opening gambit in a multiyear story," said Loren Thompson of the Lexington Institute think tank, Arlington, Va. The top uniformed officers and senior civilians from all of the services huddled in a series of meetings last week in advance of the Pentagon's top-line budget figures from the White House.



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Carter: Continuing Resolutions ‘Miserably Inefficient’ for Pentagon

Executive Gov

“Efficiency” has been the buzzword circulating throughout the Defense Department ever since Defense Secretary Robert M. Gates introduced his cost-savings plan in August designed to repurpose funding within the department. But Congress’ inaction on 2011 spending bills and the resulting continuing resolutions are “miserably inefficient” for the Pentagon, said Undersecretary of Defense for Acquisition, Technology and Logistics Ashton Carter at a missile defense conference this week. The stopgap measures, which limit funding and disrupt projects, affect even the best-managed of the department’s programs, he explained.

DOD Acquisition Chief Recognizes Setbacks, Notes Progress

Defense Systems

The Defense Department is making progress in its efforts to reform how DOD purchases weapons and services, but it has a considerable ways to go before meeting its goals, said Ashton Carter, undersecretary of Defense for acquisition, logistics and technology. At a hearing March 28 held by the Commission on Wartime Contracting, Carter outlined progress, admitted to challenges and faced inquiries about contracting practices and logistics. He also discussed collaboration with Defense Secretary Robert Gates and how the acquisition initiatives are dovetailing with broader DOD efficiency efforts.

Carter: DoD Needs to Improve ‘Fast Lane’ Contingency Contracting

ExecutiveGov

The Defense Department’s top acquisition chief testified before the Commission on Wartime Contracting, saying the Pentagon needs to create a “fast lane” for contingency acquisitions — the rapid procuring of weapons during wartime. “We have to create a fast lane for contingency acquisitions,” Ashton Carter, undersecretary of defense for acquisition, technology and logistics said before the contracting panel created in 2008 to combat waste, fraud and abuse of wartime contracting. “We’re constantly hot-wiring and working around. That is not satisfactory. We need a better system.”

Taking Aim at the Pentagon Budget

The Nation

For the first time since the end of the cold war, there’s a real possibility that the post-9/11 fever that sent US military spending shooting upward will break and that the Pentagon’s budget will fall sharply. But it won’t be easy. On the surface, it might not seem as if cuts are in the offing. After thirteen consecutive years of growth, between 1998 and 2011, spending on the military has reached an all-time high, and for 2012 Defense Secretary Robert Gates is asking Congress to authorize yet another increase, seeking \$553 billion, plus an additional \$118 billion for Iraq and Afghanistan, for a total of \$671 billion. Not only is the White House seeking more money; Congress—even with the deficit-obsessed, Tea Party/Republican majority in the House—has so far refused to wield the budget ax against the Defense Department.



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FUTURE AIR FORCE

U.S. Air Force Aerial Layer Networking Concept to Enhance Warfighter Connectivity

Defence Professionals

By 2024, the U.S. Air Force's fleet of aircraft, space and surface systems will contribute to and use various aerial layer networking functions to support joint capability areas, officials said here March 23. Following the publication of the October 2009 Joint Aerial Layer Network Initial Capabilities Document, which first defined the concept, Air Force officials developed a vision and flight plan for aerial layer networking to more efficiently integrate space and surface networks with an augmented aerial layer. "JALN is perhaps one of the best examples of all the services working closely together, and always at the forefront is how we can save and do this more efficiently in the context of the joint fight," said Lt. Col. Todd Schug, the air staff chief of the airborne networking branch.

POLICY

DOD Offers Internal Guidance on Insourcing

Defense Systems

As the Defense Department works to build its acquisition workforce, officials are reconsidering the question of just how important it is to fill a given position with a federal employee. According to a DOD memo issued on March 15, the procedure for making that determination depends on several basic questions: Does the job fill a critical need? Does the job include work that only a federal employee should do? Would there be a cost benefit to filling the job in-house rather than with a contractor? Officials also have to show that bringing the job in-house would not exceed the current budget, particularly under continuing resolutions.

OPERATION ODYSSEY DAWN

MacDill Sending Two KC-135 Refueling Jets to Libya

Tampa Bay Online

MacDill Air Force Base will be assisting in efforts to maintain a no-fly zone over Libya. Two U.S. Air Force KC-135 Stratotankers refueling jets from the Tampa base will be heading to assist with Operation Odyssey Dawn in Libya, a base spokeswoman said. "MacDill has received a deployment order and is deploying two KC-135 aircraft and crews in support of Joint Task Force-Odyssey Dawn," Capt. Regina C. Gillis said in an email. There are 16 KC-135s based at MacDill. KC-135s have been used to refuel other jets in flight since 1957. "Our KC-135 Stratotankers provide the core aerial refueling capability for the United States Air Force and has excelled in this role for more than 50 years," Gillis said. "This unique asset enhances the Air Force's capability to accomplish its primary missions of Global Reach and Global Power. It also provides aerial refueling support to Navy and Marine Corps and allied nation aircraft."



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JOINT STRIKE FIGHTER

Pentagon Issues 90-Day Stop-Work Order on GE's F-35 Engine

Bloomberg

The U.S. Defense Department today told General Electric Co. (GE) and Rolls-Royce Group Plc (RR/) to halt work on a second engine for the F-35 Joint Strike Fighter until there is more explicit direction from Congress. The order applied immediately for 90 days and stopped the expenditure of \$1 million a day for an engine the military has said consistently since fiscal 2007 that it doesn't want, the Pentagon said in a statement. The order doesn't terminate the engine program, defense undersecretary for acquisition Ashton Carter said in an interview. "This is a not an irreversible step," he said.

CYBERSECURITY

New Pentagon Cyber Strategy Complete: Official

Defense News

The Pentagon is finalizing a new cyber warfighting strategy that will create a framework for training and equipping forces, as well as call for more international cooperation in this evolving domain. U.S. Defense Secretary Robert Gates is reviewing the document, which could become official in a matter of days, according to Mary Beth Morgan, DoD director for cyber strategy. "It will help the department better organize, train and equip, and be prepared for its operations across the spectrum - whether it's military, it's business operations, as well as intelligence activities," Morgan said March 29 at an Atlantic Council conference in Washington.

DOD Revises Cyber Budget Upward by \$1 Billion

Washington Technology

Protecting the nation's security networks from cyber bandits and hackers will cost \$1 billion more than the Defense Department previously thought, bringing the total to \$3.2 billion, writes Aliya Sternstein in Nextgov. The first request, announced in mid-February, included funding for department information assurance programs such as public-key infrastructure, digital certificates and projects such as the Comprehensive National Cybersecurity Initiative.

Experts to Discuss the Complexities of Cyberspace at AFA Conference

PRNewswire

The Air Force Association's brand new CyberFutures Conference and Technology Exposition is only a few days away, and there is no better time to register than now. Learn about the challenges the new domain of cyberspace brings to different sectors and organizations at this inaugural event, to be held March 31 – April 1, at the Gaylord National Resort and Convention Center in National Harbor, Maryland, just minutes from downtown D.C. Themed "New Strategies for a New Domain," CyberFutures will focus on the challenges of developing and implementing effective cybersecurity policy and of applying technology in meeting those challenges.



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OP-ED

LIVINGSTON: When Companies Compete, Taxpayers Win

The Washington Times

After a decade of trying, the Department of Defense finally has arrived at a procurement decision for replacing its aging aerial refueling tanker fleet. Following two failed attempts, this acquisition process reached levels of complexity seldom, if ever, seen before. After both bidders were scrutinized through 372 mandatory requirements and three analytical factors, the competition resulted in what Deputy Secretary of Defense William J. Lynn III termed a “clean winner” based on one overriding factor: price. The winning bid by Boeing was about \$3.5 billion lower than the competitor’s and a whopping \$16 billion less by comparison with its first tanker bid in 2002. It appears at first glance that the taxpayer has achieved a significant victory.



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Small Business

Michigan Small Businesses May Get Boost from Department of Defense

Melissa Burden, The Detroit News, March 26, 2011

The Department of Defense wants to increase spending with small businesses and is boosting requirements in contracts to get there, federal officials told nearly 600 people gathered here Friday for a procurement summit.

Each year, the Department of Defense spends \$150 billion to \$200 billion on goods and services with small businesses, Ashton B. Carter, undersecretary of defense for acquisition, technology and logistics, said during a break at the Detroit Small Business Defense Procurement Summit.

The event at Cobo Center was the first of several national summits planned to reach small businesses interested in doing business with the government.

The Defense Department wants to boost its small business spending this year from 21.9 percent to 23 percent, which means another \$4 billion for small businesses, said Michael Blake, associate director for the White House Office of Public Engagement.

Carter said the federal government sees increasing small business opportunities in areas such as professional services.

"We've got hundreds of companies in Michigan that do defense work," said U.S. Sen. Carl Levin, D-Mich.. "We want to continue to increase that number and make sure they know about opportunities in the defense area. It's a growing part of Michigan's economy."

The event was part of the Pentagon's Better Buying Power initiative that aims to save taxpayer dollars at a time when Obama administration officials and Congress are scrutinizing the defense budget.

The government, for example, now will reward prime contractors who engage small businesses — including considering that practice in awarding a job and in how much they will get paid for a job, Carter said.

"Small business is a necessary ingredient of getting a better deal for the defense dollar for two reasons," Carter said. "One is you tap into the talent and energy and vitality of small business. We need that in the



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defense industry to renew the defense industry, make it fresher and make it more up to date. And secondly, you get more competition from small businesses."

The meeting was held in Detroit partly because of the area's ties to the defense industry, including the U.S. Army TACOM Life Cycle Management Command and its research arm TARDEC (Tank Automotive Research, Development and Engineering Center) being housed nearby in Macomb County.

<http://www.detnews.com/article/20110326/BIZ/103260332/-1/ARCHIVE/Michigan-small-businesses-may-get-boost-from-Department-of-Defense>

Oversight Is Heating Up. Embrace It.

By Jeff White, GovWin, March 28, 2011

Do you feel the temperature rising?

In the last six months, the government has:

- Started a crackdown on large businesses performing work contracted to small businesses, suspending one prominent contractor, then suspending its partners.
 - Started knocking on the doors of HUBZone companies to ensure they are where they say they are
 - Passed a new Small Business Jobs Act that, among other things, requires contractors to certify their size every year
 - Passed new rules allowing it to stop paying contractors if their accounting systems don't measure up to certain standards
 - Required Contracting Officers to justify sole-source decisions in writing, even under the 8(a) program, which had always operated under looser rules
 - Set new records in how much money it recovered from contractors under the False Claims Act
- And that's just what I can think of off the top of my head.

Notice a trend?

It's not going to let up any time soon. In fact, government oversight of contractors – particularly those designated as small businesses – is about to get more intense.

A bipartisan group of senators, including both the Chairwoman and the ranking member of the Senate Small Business Committee, introduced the Small Business Contracting Fraud Prevention Act. GovExec describes it as "a wide-ranging, cradle-to-the-grave oversight framework of SBA's entire contracting portfolio, beginning with contractor certification and ending with post-award monitoring."

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It would, among other things, increase civil and criminal penalties for companies that win small business contracts through misrepresentation – up to debarment from government contracting and complete repayment of all money earned under a contract.

It makes the penalties handed down to GTSI late last year look like a slap on the wrist – and GTSI, the Washington Post reports, is still reeling from a simple suspension lasting just a few weeks.

It's hardly surprising. Contracting has been under new scrutiny since the economic recession and the housing crisis left the government facing declining tax receipts, and no one responded with meaningful spending cuts – leaving us with an even bigger deficit than we've grown accustomed to.

We predicted that contracting would become a political target (even if contracting cuts won't even dent the problem), and so far, we've seen nothing to make us change our minds. Instead, we've seen a high-profile commission call attention to contracting abuses in Iraq and Afghanistan, more media scrutiny on the Native 8(a) program, and another GAO report concluding that small business money is still going to large businesses.

So, as a conscientious contractor with employees and their families depending on you, what can you do to protect yourself? Simple. Dot every i. Cross every t. Conduct your business as ethically as you can, and document every step.

Because – and this is crucial – in an environment of heavy scrutiny, your credibility is a competitive advantage. It's why we launched the industry's only Supplier Verification System last year – to give those who meet every standard a calling card that proves it, and help them team effectively with other contractors every bit as ethical.

Because, in the end, not one of these efforts to clean up contracting fraud is actually a threat to our industry. Every last one of them is a damn good idea.

Last Friday, I had the privilege of speaking to a group of military veterans who own small businesses as part of a panel at the Sixth Annual Veterans in Business Conference.

Looking around that room, and listening to the Admiral who directs small business programs for the U.S. Navy thank those men and women for the way they continue to serve their country even in their careers out of uniform, I couldn't help but think: How do I feel about all this government effort and impending oversight? Good for them and we should all applaud this effort. Nothing can be worse than fraud in the Service-Disabled Veteran-Owned community. Every time a contract is awarded to a business that is falsely claiming that status, it robs one of our veterans of an opportunity that was rightfully theirs. Nothing could be worse.



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Until recently, a business could self-certify that it was veteran owned, and compete for contracts reserved for our honored veterans. Today, you have to prove to the Veterans Administration (VA) that you've served before you can compete for VA contracts; and under the proposed legislation, Contracting Officers (COs or KOs) across all government agencies will have to check that VA database before awarding a contract.

It's just the sort of verification we should be doing as a country. It's just the sort of verification we should be embracing as an industry. After all, as I've started to realize recently, we're bigger than the problems before us – and our industry has nothing to fear from all of this oversight.

So yes, the temperature is heating up. Don't fear it. Prepare, and make your preparation your advantage.

http://govwin.com/jeffwhite_blog/oversight-is-heating-up-embrace/110200

Small Business Community Important To U.S. Government

By Adriana Barnes, Daily News Pulse, March 25, 2011

The set-aside format will likely tend to ghettoize women's applications so they all compete against each other for the same few contracts. The end result may not involve more women clutching a signed contract in their hands. Instead of creating a women-only contracting zone, it might be more useful if additional resources were devoted to mentoring women entrepreneurs to help them go after the whole range of federal contract opportunities. The SBA started reviewing its size standards after its inspector general found that several large contractors were getting small-business contracts. SBA officials said at the time the findings demonstrated a need to change the rules for situations where long-term contracts let a small company grow past revenue size limits.

Winners

One of the most anticipated parts of the week will come as Small Business Person of the Year winners from all 50 states, the District of Columbia, Puerto Rico, the Virgin Islands and Guam arrive at the event. These business owners represent a diverse set of companies, ranging from a pediatric outpatient clinic to a technology solutions company, gourmet chocolate company and an educational publisher. Now with the competition increasing with "deal-a-day" websites, businesses in the area are beginning to seek better deals with competitors because with Groupon, they must split revenue 50/50 with the company, keeping in mind that the service or product for sale has already been discounted for potential customers.

DOD



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Each year, the Department of Defense spends \$150 billion to \$200 billion with small businesses, Ashton B. Carter, undersecretary of defense for acquisition, technology and logistics, said during a break at the Detroit Small Business Defense Procurement Summit. This event is the first of several summits planned nationwide to help reach small businesses interested in doing work with the government and the defense industry. "Small business is crucial not only to NASA, but to the nation," Bolden said in a statement. "Federal procurement opportunities for women, minority and veteran-owned small businesses are critical to the economy and to sustaining economic development."

<http://dailynewspulse.com/small-business-community-important-to-u-s-government/2213925/>

Aptima Issued Patent for “TeamBuilder” Technology Developed for Air Force Research Laboratory

Defence Professionals, March 28, 2011

Faced with an expanding set of military missions that include humanitarian, counter-insurgency, and police functions, commanders often contend with situations that require identifying the right expertise both inside and outside their immediate staff. How can they identify the right people with the right skills at the right time when these challenges arise?

Aptima, which specializes in applying expertise in how humans think, learn, and behave, has been issued a patent for technology that can quickly identify individuals and create teams possessing the optimal mix of talent and skills for a particular mission. The patented technology was created by Aptima under the “TeamBuilder” Small Business Innovation Research (SBIR) award for the Air Force Research Laboratory. TeamBuilder was designed for the Air Force requirement of rapidly identifying those individuals with the technical expertise to effectively participate on ad-hoc virtual teams responding to emergent threats.

Aptima’s patent entitled “Method and System to Compare Data Entities” incorporates topic modeling techniques, software development, organizational psychology, language analysis, and network analysis. “The secret sauce is the multidisciplinary approach, pulling these components together to solve the human problem of how to build expert teams from individuals that may be scattered throughout an organization or across the world,” said Andrew Duchon Ph.D., one of the patent’s four inventors.

TeamBuilder in Action

For the commander specifying the task requirements, the TeamBuilder technology sorts through and identifies the technical skills of potential team members, which are inferred through analysis of their technical publications, education, work history, e-mail, and other work-related documents. Combined with

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organizational data, TeamBuilder locates those who have the required expertise, assesses different combinations of experts, and recommends for the task the team with the best mix of skills.

The patented technology the TeamBuilder framework is built on is not domain specific, which makes it applicable to environments with different data sources, operations, and missions, including other agencies within the Department of Defense (DoD), non-DoD government agencies, and most commercial organizations. "As long as an organization is networked and has bandwidth, commanders or executives can identify and integrate the best mix of experts for virtual adhoc teams on demand," added Kara Orvis, Ph.D., Aptima's TeamBuilder Program Manager and co-inventor of the patented technology.

<http://www.defpro.com/news/details/23195/?SID=54ed18139ca35eee1b91f717daee7cf9>

SBIR Program Could Get Boost

Dallas Business Journal, March 25, 2011

Small businesses could get a bigger share of federal research dollars under legislation that appears headed for passage in the Senate.

The bill reauthorizes the Small Business Innovation Research program and would open the program to small businesses that are majority-owned by venture capital firms, according to reports from the Washington Business Journal. Those companies used to be unable to compete.

That was an issue a few years back for Reata Pharmaceuticals Inc., an Irving biotech business that is developing drugs to fight conditions such as chronic kidney disease.

Reata was approved for an SBIR grant of between \$5 million and \$7 million, but couldn't qualify because it had institutional investors, according to president and CEO Warren Huff.

The money "would have significantly advanced that program," Huff said. "(It) wasn't our lead program, but it was important. It was good science. We ended up substantially delaying it until we were able to raise a lot more capital in the last year or two."

Huff declined to reveal details on the research program in question.

Last fall, Reata announced a collaborative agreement with Abbott Laboratories that was reportedly worth \$800 million.

<http://www.bizjournals.com/dallas/news/2011/03/25/sbir-program-could-get-boost.html>

SAF/SB internal document—not for public release.



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Air Force Extends NETCENTS Contract

BusinessWire, March 29, 2011

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Task orders may now be awarded through Sept. 9, 2012 with work to be completed before Sept. 8, 2014.

"The extension will allow our Department of Defense (DoD) and other federal government customers to continue to leverage one of the Air Force's most successful contract vehicles to procure networking products, services and solutions," said Charisse Stokes, Telos' NETCENTS program manager. "NETCENTS will continue to provide our customers with the latest in information technology at significantly discounted prices resulting in cost savings for the federal government."

Since being named a NETCENTS small business prime contractor in September 2004, Telos has provided more than \$800 million in products and services to customers across the DoD through the contract vehicle.

<http://www.businesswire.com/news/home/20110329005134/en/Air-Force-Extends-NETCENTS-Contract>

SBA to Let Larger Companies Win Small-Biz Contracts

By Sarah Chacko, Federal Times, March 25, 2011

The Small Business Administration is rolling out a slew of rule changes intended to stop the misuse of small-business contract programs.

The SBA issued a proposed rule last week to increase the size of companies that can benefit from federal small-business set-aside contracts and other preferences.

The changes — affecting firms offering professional, scientific and technical services — would let up to 9,450 additional firms be eligible for small-business contract preferences.

SBA said the changes aim to reflect the current realities of industry — the last such revision was done more than 25 years ago.



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For example, the revenue standard defining a small engineering services firm would increase from \$4.5 million to \$19 million under SBA's proposal. For computer system design services, the change is more slight — from \$25 million to \$25.5 million.

The SBA started reviewing its size standards after its inspector general found that several large contractors were getting small-business contracts. SBA officials said at the time the findings demonstrated a need to change the rules for situations where long-term contracts let a small company grow past revenue size limits.

The 2010 Small Business Jobs Act now requires the SBA to review size standards every few years.

Some contractors say the size changes do not go far enough in opening government business up to small companies.

Fernando Galaviz, president of The Centech Group, said the size changes fail to adequately encompass challenges in the federal marketplace, such as the inability for some small contractors to transition out of the program and compete with multibillion-dollar corporations.

The Virginia-based Centech Group employs around 300 people and received more than \$112 million in government contracts last year, according to USASpending.gov.

Galaviz, who chairs the National Federal Contractors Association, which represents small contractors, said he would like to see standards based on the size of a company's work force, not its revenues.

SBA considered an employee-based standard in 2004 but rejected the idea after complaints from businesses.

SBA is soliciting comments about the size changes until May 16.

The agency also is overhauling its rules governing the 8(a) business program, which gives selected small and disadvantaged companies access to government contracts and developmental assistance.

Construction contract lawyer Michael Payne said many contractors will be happy to see the SBA clarify the amount of work an 8(a) business performs in a joint venture.

Large companies can partner with 8(a) companies in joint ventures and get access to contract set-asides. The SBA's rules, which were changed last week, now say that the 8(a) firm must perform 40 percent of the work of each joint venture contract.

Previously, the SBA required that the 8(a) company in the joint venture receive a "significant portion" of a contract's work.



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"There are a lot of solicitations that are set aside for 8(a) firms and other kinds of small businesses," Payne said. "There's a larger percentage of work being set aside that way so that the smaller companies are often interested in joint venturing or teaming with other companies so that they can perhaps have a chance at winning a project that they couldn't win on their own."

Other rule changes that took effect last week include a requirement that prior approval and justification be given for sole-source contracts awarded to 8(a) firms that are valued at more than \$20 million.

Marco Giamberardino, the senior director of the Associated General Contractors of America's federal and heavy construction division, said in a blog post that the rule could have serious implications for Alaska Native Corporations (ANCs), which, along with Indian tribes and Native Hawaiian organizations, are eligible to receive 8(a) contracts of any value. Other 8(a) participants can only receive sole-source contracts of \$3.5 million for services and \$5.5 million for manufacturing.

Several ANC officials said they welcome the requirement, having already made several recommendations for greater accountability and transparency.

Native 8(a) Works, a coalition of ANCs that support 8(a) contracting, applauded a new approval and justification requirement, saying it addresses congressional concerns about abuses in the ANC contracting program without capping contracts.

"The results will take time to evaluate," the group said in an email. "We urge policymakers to pause and allow these provisions time to take hold and demonstrate that they have addressed the concerns expressed previously."

Professional Services Council executive vice president Alan Chvotkin said the justification and approval requirement should not affect many companies or the acquisition process.

"If the requirement to prepare [justifications and approvals] results in fewer awards being made on a sole-source basis, then all firms in the 8(a) program will benefit from the prospect for greater competition," he said. "It is also possible that agencies may reduce the size of awards to engender greater competition — a positive benefit for 8(a) firms."

<http://www.federaltimes.com/article/20110325/ACQUISITION03/103250301/1001>



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Defense Thinks Small for New Contracts

United Press International, March 26, 2011

The U.S. Defense Department is increasing efforts to target small businesses for contract work, a department official said.

At a Small Business Defense Procurement Summit held in Detroit -- one of several planned for various cities -- Ashton Carter, undersecretary of defense for acquisition, technology and logistics, said the department spends up to \$200 billion per year on contracts with small business, The Detroit News reported Saturday.

"Small business is a necessary ingredient of getting a better deal for the defense dollar for two reasons," Carter said. "One is you tap into the talent and energy and vitality of small business. ... And secondly, you get more competition from small businesses."

Michael Blake, associate director for the White House Office of Public Engagement, said the budget for small businesses would jump by \$4 billion this year, climbing from 21.9 percent to 23 percent of the department's outside contracts.

U.S. Sen. Carl Levin, D-Mich., said, "We've got hundreds of companies in Michigan that do defense work. We want to continue to increase that number and make sure they know about opportunities in the defense area. It's a growing part of Michigan's economy."

http://www.upi.com/Business_News/2011/03/26/Defense-thinks-small-for-new-contracts/UPI-68361301164672/

Budget & Acquisition

Money DoD Saves May be Cut From Budget

By Rick Maze, Air Force Times, March 29, 2011

Two key senators warned Tuesday that money saved from ongoing efficiency initiatives may be eliminated from the U.S. defense budget rather than be made available to spend on other military programs.

Sens. Claire McCaskill, D-Mo., chairwoman of the Senate Armed Services Committee's readiness and management support panel, and Kelly Ayotte of New Hampshire, the panel's ranking Republican, said Defense



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Department plans to “reinvest” \$100 billion in savings while making a \$78 billion reduction in future defense budgets may not be enough.

“We should not fund additional projects that did not make the cut the first time,” Ayotte said. “Only in Washington, D.C., can an agency propose cuts in future growth and call it a triumph.”

McCaskill said she may offer an amendment to the 2012 defense budget later this year to take efficiency savings away from the Defense Department and apply them to reducing the national debt.

McCaskill, who generally supports Obama administration plans to cut overhead and civilian personnel costs to achieve the savings, said the reductions in spending seem small, and she is unconvinced “that really is the best we can do.”

“I do not believe there is anything the department is doing we cannot do better,” McCaskill said, in a statement that could warn of even deeper cuts.

When Defense Secretary Robert Gates last year announced his goal of \$100 billion in “efficiency cuts” over the next five years, he said the goal was to reinvest that money in other areas of the Pentagon budget, particularly readiness programs.

<http://www.airforcetimes.com/news/2011/03/military-budget-cuts-032911w/>

AIA Urges Full Defense Appropriations Bill

PRNewswire, March 28, 2011

Industry is increasingly concerned about the lack of a completed fiscal year 2011 budget and reliance on continuing resolutions. Secretary Gates and senior military officers have made it very clear that funding the Defense Department through continuing resolutions creates significant problems for the Pentagon and our men and women in uniform.

Without the predictability that comes with a fiscal year budget, program delays increase, costs increase and companies are faced with the prospect of downsizing the workforce, potentially disrupting the aerospace industrial base. In order for programs to be effectively managed not only at DOD but other federal agencies including NASA and FAA, and for companies to manage their responsibilities as contractors, a fiscal year budget must be completed as soon as Congress returns.

<http://www.prnewswire.com/news-releases/aia-urges-full-defense-appropriations-bill-118776299.html>



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DoD Expects Up to \$100B More in Cuts

By Marcus Weisgerber, Federal Times, March 28, 2011

With another round of spending cuts on the horizon, top Pentagon officials spent the last week trying to determine exactly how they might trim billions of dollars from the 2013 budget.

The Defense Department is bracing for what senior Defense officials believe will be an order to cut scores of billions of dollars from the five-year Future Years Defense Program (FYDP). This would come in addition to the \$78 billion the Pentagon already plans to cut from its planned spending between 2012 and 2016.

"That \$70 to \$100 billion [in] additional cuts across the FYDP is just the opening gambit in a multiyear story," said Loren Thompson of the Lexington Institute think tank, Arlington, Va.

The top uniformed officers and senior civilians from all of the services huddled in a series of meetings last week in advance of the Pentagon's top-line budget figures from the White House. The Office of Management and Budget is expected to issue the fiscal guidance as soon as this week.

DoD budgeteers, already hamstrung by the lack of a 2011 spending bill, are also trying to forecast the ultimate costs of the Libyan war and the Japanese relief effort.

This week, the Pentagon released its 2012 "Green Book," a document that estimates defense spending over the next five years. The Green Book projects DoD's budget to be \$621 billion in 2013 — \$50 billion less than the \$671 billion 2012 budget request.

The 2013 projection slates \$50 billion for the combat operations, which pales in comparison to the \$118 billion requested in 2012.

The services were able to squeeze \$178 billion using various efficiencies during the 2012 budget build. Of that figure, DoD wants to invest \$100 billion in high-priority programs, including a new Air Force stealth bomber. The remaining \$78 billion would go toward reducing the more-than-\$14 trillion national debt. Last year, two independent panels said it would take substantial defense cuts to reduce that figure.

"The government is currently borrowing money at the rate of about \$4 billion per day and the Pentagon's share of that is nearly \$1 billion," Thompson said. "What you think the cut is going to be as of today, it's likely to be even more when the cuts finally arrive."

On March 14, Defense Secretary Robert Gates issued a memo calling for more than \$13 billion in overhead cuts across the Office of the Secretary of Defense, combatant commands and Pentagon agencies.

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But if the Pentagon wants to find more so-called efficiencies, it would need to target lower-priority programs, DoD Comptroller Robert Hale said earlier this month. If the White House orders deeper spending reductions, DoD officials would need to consider targeting investment accounts.

"The area that politically and operationally is easiest to cut is the investment accounts," Thompson said.

Since research and development coffers primarily go toward yet-to-be-fielded weapons, they're not missed by the operational force, Thompson said. Also, the economic impact is localized, so it doesn't create an uproar in Congress. Thompson pointed to Gates' 2009 termination or scaling back of a number of programs, including the Air Force's combat search-and-rescue helicopter, Army Future Combat System and Marine Corps presidential helicopter. These initiatives and others would have totaled about \$300 billion over their lives.

"[T]here was very little reaction from the Congress because almost all that spending was in the future and very few of the weapons were actually fielded," he said. "You can't take that kind of money out of personnel or out of operations and maintenance without people going ballistic."

The Green Book pegs 2013 DoD research-and-development funding levels on par with 2012. It also projects a \$4.6 billion increase in procurement over 2012 base budgets level.

The services have been working on the 2013 budget build for several weeks. But with so much uncertainty surrounding the yet-to-be-approved '11 and '12 budgets, the 2013 plan will need some serious amending, according to Defense officials.

Congress has yet to pass a 2011 defense spending bill, instead opting to approve a series of continuing resolutions (CRs) that fund the Pentagon at 2010 levels. This means DoD is prohibited from kicking off programs it planned to start and altering procurement quantities as desired in 2011. On top of that, the Pentagon has been issuing short-term contracts, which experts say is highly inefficient. The latest CR expires April 8.

<http://www.federaltimes.com/article/20110328/DEPARTMENTS01/103280301/>



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Carter: Continuing Resolutions ‘Miserably Inefficient’ for Pentagon

By Jack Moore, Executive Gov, May 23, 2011

“Efficiency” has been the buzzword circulating throughout the Defense Department ever since Defense Secretary Robert M. Gates introduced his cost-savings plan in August designed to repurpose funding within the department.

But Congress’ inaction on 2011 spending bills and the resulting continuing resolutions are “miserably inefficient” for the Pentagon, said Undersecretary of Defense for Acquisition, Technology and Logistics Ashton Carter at a missile defense conference this week.

The stopgap measures, which limit funding and disrupt projects, affect even the best-managed of the department’s programs, he explained.

“They were already on a razor’s edge — that’s where you want them,” he said, according to an Armed Forces Press Service report. “You knew exactly what you were doing, exactly when you were going to do it and exactly how you were going to do it.”

But now, those projects and programs are subject to a CR’s disruptions and delays, he said.

“It wastes money,” he said. “Billions of dollars will be the cost of having to slow down something now, only to accelerate it later because the funding wasn’t available.”

The CR’s slowdowns are particularly unfortunate, he suggested, because, starting with Gates’ efficiency initiatives, DoD has already taken strides to get its fiscal house in order, or to “sharpen our managerial game,” as Carter put it.

<http://www.executivegov.com/2011/03/carter-continuing-resolutions-miserably-inefficient-for-pentagon/>



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DOD Acquisition Chief Recognizes Setbacks, Notes Progress

By Amber Corrin, Defense Systems, March 28, 2011

The Defense Department is making progress in its efforts to reform how DOD purchases weapons and services, but it has a considerable ways to go before meeting its goals, said Ashton Carter, undersecretary of Defense for acquisition, logistics and technology.

At a hearing March 28 held by the Commission on Wartime Contracting, Carter outlined progress, admitted to challenges and faced inquiries about contracting practices and logistics.

He also discussed collaboration with Defense Secretary Robert Gates and how the acquisition initiatives are dovetailing with broader DOD efficiency efforts.

“We are working on the same list of challenges: to combat waste, fraud and abuse in contingency contracting; root out corruption; get control of the particular risks of private security contractors; and, above all, to balance the effective response to Warfighter needs and taxpayer dollars,” Carter said.

But he said it’s still early in the efforts, with much still to be done.

“It’s fair to say we’ve not done contingency contracting as well as the taxpayer and the Warfighter deserve,” he said.

Carter’s approach to correcting the problems is multipronged and was initially outlined in a 23-point memo released on Sept. 14, 2010. In prepared comments, Carter gave updates on some of the points; and overall, he stressed the importance of reforming the defense acquisition model.

“Many of the problems we face are not unique to contingency contracting, but are related to deeper underlying problems in defense acquisition generally,” he said.

In terms of progress, Carter noted that several of his Better Buying Power initiatives are already being implemented, including procedures for demonstrating affordability, increasing consideration of fixed-price incentive firm contracts, promoting real competition and moving away from “directed buy” from designated suppliers, and establishing senior acquisition management in all military departments. He also highlighted DOD’s establishment of a common taxonomy to promote the sharing of information, decision-making, best practices and lessons learned.



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Carter said that he appreciated the involvement of CWC and their recommendations — but he didn't necessarily agree with all of them. Specifically, Carter said he does not support four CWC recommendations. Among them: guidelines calling for a specialized DOD contingency contracting office; alignment of past performance assessments with contractor proposals; increased use of suspensions and disbarments; and revised regulations that would lower procedural barriers to contingency suspensions and disbarments.

Carter has called for better oversight, something he echoed in today's hearing, and he highlighted the need to keep DOD contracting open to businesses that haven't previously done business with the Pentagon.

"It's important that we not do anything that erects a barrier to a contractor that hasn't worked with the government before," Carter said in response to the recommendation regarding past performance assessments.

<http://defensesystems.com/articles/2011/03/28/carter-acquisition-update.aspx?admgarea=DS>

Carter: DoD Needs to Improve 'Fast Lane' Contingency Contracting

By Jack Moore, ExecutiveGov, March 29, 2011

The Defense Department's top acquisition chief testified before the Commission on Wartime Contracting yesterday, saying the Pentagon needs to create a "fast lane" for contingency acquisitions — the rapid procuring of weapons during wartime. "We have to create a fast lane for contingency acquisitions," Ashton Carter, undersecretary of defense for acquisition, technology and logistics said before the contracting panel created in 2008 to combat waste, fraud and abuse of wartime contracting. "We're constantly hot-wiring and working around. That is not satisfactory. We need a better system."

Failing to do so would mean not only "theft from the taxpayer," but also "theft from those who put themselves in harm's way to protect us," he added.

Still, Carter said, "it's fair to say we've not done contingency contracting as well as the taxpayer and the Warfighter deserve."

As part of further efforts to streamline the acquisition process, Carter said the department would use more rapid buys known as contingency contracting, DoD Buzz reported.

"As part of our war plans, as part of our staffing plans, as part of our training plans, we are building contingency operations into them at all levels, from commanders all the way down," Carter said.



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Meanwhile, he also came out against the commission's recommendation that the Defense Department automatically suspend indicted contractors.

"There is a potential unintended consequence of turning suspensions and debarments from tools to protect the government's interest into tools that automatically punish contractors," he said, according to a Government Executive report. "Such an approach may have a chilling effect on contractor cooperation in identifying and fixing real problems, including those that affect the health and safety of our personnel."

<http://www.executivegov.com/2011/03/carter-dod-needs-to-improve-fast-lane-contingency-contracting/>

Taking Aim at the Pentagon Budget

By Robert Dreyfuss, The Nation, March 25, 2011

For the first time since the end of the cold war, there's a real possibility that the post-9/11 fever that sent US military spending shooting upward will break and that the Pentagon's budget will fall sharply. But it won't be easy.

On the surface, it might not seem as if cuts are in the offing. After thirteen consecutive years of growth, between 1998 and 2011, spending on the military has reached an all-time high, and for 2012 Defense Secretary Robert Gates is asking Congress to authorize yet another increase, seeking \$553 billion, plus an additional \$118 billion for Iraq and Afghanistan, for a total of \$671 billion. Not only is the White House seeking more money; Congress—even with the deficit-obsessed, Tea Party/Republican majority in the House—has so far refused to wield the budget ax against the Defense Department.

Yet longtime analysts say a confluence of events has emerged that will change that. "Five years from now, we'll turn around and the defense budget will be a lot lower than we thought it was going to be five years ago, and we'll look back and say, Wow," says Gordon Adams, a Stimson Center fellow and American University professor who's been analyzing military spending for four decades.

That's not because the military-industrial complex is ready for cuts. The so-called Iron Triangle, the powerful nexus that includes the Pentagon, military contractors and lobbyists, and hawks on the Congressional armed services committees, will resist cuts every step of the way. "If you leave it to the Iron Triangle, it won't come down," says Adams. "But it will come down, and what will drive it are the outside variables, which create a tidal wave that hits defense spending." What's creating that wave, say Adams and other experts, are two intersecting currents. A politics of debt and deficit reduction has taken hold in Washington, tied to an economic crisis that has convinced many that the United States can no longer afford an oversized Pentagon. And for the public, the decade-long trauma of 9/11, which fueled the "war on terror," has finally begun to ease. War-weary Americans have turned decisively against the conflicts in Afghanistan and Iraq, and,

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according to polls, voters support cuts in military spending. All that creates space on Capitol Hill to take on the Iron Triangle. Winslow Wheeler, director of the Straus Military Reform Project at the liberal Center for Defense Information and editor of the new book *The Pentagon Labyrinth*, points to major studies by think tanks and task forces calling for sweeping military cuts as a sign that things are changing. “We’re in a period of a shift in tectonic plates when it comes to the defense budget,” he says.

In 2010 a series of high-powered reports called for big cuts in military spending, with each projecting reductions of 15–20 percent of the Pentagon budget. In June the Sustainable Defense Task Force, organized by Representatives Barney Frank and Ron Paul, outlined a plan to cut \$960 billion between 2011 and 2020, including cuts in the nuclear arsenal, troop deployments in Europe and Asia, the size of the Navy, a wide range of costly weapons systems and reforms in military pay scales and the Pentagon’s healthcare system. In September the libertarian Cato Institute published a report, “Budgetary Savings From Military Restraint,” that outlined \$1.2 trillion in cuts over ten years, including a one-third reduction in the troop strength of the Army and Marines. In November a debt-reduction task force organized by the centrist, establishment-oriented Bipartisan Policy Center released a plan, “Restoring America’s Future,” that proposed a five-year freeze in Defense Department spending at current levels and then a cap on future growth, which would save \$1.1 trillion over a decade.

But the most startling report of all was released in December by the bipartisan National Commission on Fiscal Responsibility and Reform, created by President Obama and chaired by former Republican Senator Alan Simpson and Democrat Erskine Bowles, who served as President Clinton’s White House chief of staff. Though it fudged the numbers a bit, making it hard to pin down how far its proposed cuts would go, the panel’s reductions in military spending could amount to as much as \$650 billion to \$1 trillion over ten years. “The Simpson-Bowles commission came up with nearly a trillion dollars in cuts, and nobody blinked an eye,” says Wheeler.

Broadly speaking, public opinion no longer favors military spending. Support for the war in Afghanistan, which absorbs \$10 billion a month, has dropped off a cliff, with two-thirds of Americans saying the war is no longer worth fighting. Other polling shows that when asked to choose between cuts in Pentagon spending and undermining the social safety net, the public chooses cutting the Pentagon. A March poll revealed that 51 percent favor reductions in military spending versus just 28 percent who would cut Medicare and Medicaid and 18 percent who’d cut Social Security. And those numbers ignore the fact that for the most part, as Wheeler argues, the public is blissfully unaware of how enormous the Pentagon budget is. He cites other polling to show that the carefully tended myth, fed by hawks, of an underfunded Pentagon has confused many voters. “Fifty-eight percent of Americans know that Pentagon spending is larger than any other nation, but almost none know it is up to seven times that of China,” Wheeler wrote recently. “Most had no idea the defense budget is larger than federal spending for education, Medicare or interest on the debt.”

<http://www.thenation.com/article/159431/taking-aim-pentagon-budget>



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Future Air Force

U.S. Air Force Aerial Layer Networking Concept to Enhance Warfighter Connectivity

By Master Sgt. Amaani Lyle, Defence Professionals, March 25, 2011

By 2024, the U.S. Air Force's fleet of aircraft, space and surface systems will contribute to and use various aerial layer networking functions to support joint capability areas, officials said here March 23.

Following the publication of the October 2009 Joint Aerial Layer Network Initial Capabilities Document, which first defined the concept, Air Force officials developed a vision and flight plan for aerial layer networking to more efficiently integrate space and surface networks with an augmented aerial layer.

"JALN is perhaps one of the best examples of all the services working closely together, and always at the forefront is how we can save and do this more efficiently in the context of the joint fight," said Lt. Col. Todd Schug, the air staff chief of the airborne networking branch.

Specific to the Air Force, aerial layer networking, or the integration and application of processes, procedures, and policies that provide the framework for data exchange, can be an effective force multiplier whether in-garrison or downrange, he said.

"This three-tiered, integrated network will help to increase global connectivity for Airmen, even in remote locations," he said. "The goal is to extend space and surface networks to provide the Warfighter real-time, rich and relevant communications on demand."

The push for the JALN comes from the joint force commander's need for mission-persistent communications, said Col. Rob Troisi, the chief of command and control, or C2 interoperability and technological innovation at the Air Force C2 integration center.

"JALN enables leader-centric C2 and battle space awareness, especially in challenged or degraded communications environments," Troisi said. "Most importantly, it will allow warfighters to work together in ways that are not currently possible."

In line with JALN goals, Schug explained how ALN enables data exchange capabilities to help maintain information superiority in any joint operational area.



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"ALN affects the Soldier on the ground, the pilot in flight, or the satellite operator," Schug said. "Think of a Warfighter fighting in the hills of Afghanistan getting mission critical data over ALN that tells him or her the enemy is just on the other side of his hill."

Schug said ALN will enable the Warfighter to connect, reconnect, disconnect, collaborate seamlessly and build coalitions in the sky in real time.

He added it will connect Airmen with joint and coalition forces while optimizing new and existing battlefield capabilities.

"Aerial layer networking will enable end-to-end, full-spectrum information superiority, assured system and network availability, and secured information delivery," he said.

Similarly, the Air Force's battlefield airborne communications node, or BACN, a contributing component of ALN, has made significant progress in enhancing communication across the aerial layer, Schug added.

The Air Force Vision for Aerial Layer Networking, signed by Gen. Philip M. Breedlove, former deputy chief of staff for operations, plans and requirements; and Lt. Gen. William T. Lord, the chief of warfighting integration and chief information officer, indicates Air Force aircraft, space, and surface systems will contribute and use aerial layer networking functions in multirole ways by 2024.

"Not every aerial layer network entity will contain all networking capabilities, but the aggregate of these entities will work together with the Air Force portion of the global information grid and joint partners to enable end-to-end full-spectrum information superiority, assured system and network availability, and secured information delivery," the vision stated.

The flight plan is currently in the final stages of Air Force review and is projected to be released in spring 2011.

<http://www.defpro.com/news/details/23133/?SID=445c28f778bab82677580c6c73dfeddf>

Policy

DOD Offers Internal Guidance on Insourcing

By Matthew Weigelt, Defense Systems, March 23, 2011

As the Defense Department works to build its acquisition workforce, officials are reconsidering the question of just how important it is to fill a given position with a federal employee.

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According to a DOD memo issued on March 15, the procedure for making that determination depends on several basic questions:

- Does the job fill a critical need?
- Does the job include work that only a federal employee should do?
- Would there be a cost benefit to filling the job in-house rather than with a contractor?

Officials also have to show that bringing the job in-house would not exceed the current budget, particularly under continuing resolutions.

Ashton Carter, undersecretary of defense for acquisition, technology, and logistics, and Robert Hale, DOD's comptroller and CFO, offered the memo to DOD as a strategy for building the workforce in lean budget times.

When new workers, who are hired through the Defense Acquisition Workforce Development Fund, become full-time federal employees, those new positions cannot exceed existing caps on the number of civilian employees, and the service branches must also be able to pay for the new employees, Carter and Hale said.

"The strategy requires that the components provide funding for long-term sustainment of the in-sourced positions," they wrote in the memo.

Speaking March 17, Shay Assad, director for defense procurement, acquisition policy, and strategic sourcing, said DOD is not trying to build its workforce through insourcing alone.

"We're stepping back from that a little bit. We want to make sure when we make that decision" it meets the criteria, he said at the Coalition for Government Procurement's Spring Conference.

DOD is ahead of its schedule to boost its acquisition workforce numbers by 10,000 employees by 2015, Assad said.

With this adjustment, he said he expects "a significant lessening" of insourcing but no slowdown on hiring employees through the direct hire authority. DOD will continue to enlarge the acquisition workforce. The authority gives DOD a speedy way to get employees on board, avoiding the slow traditional hiring process.

Defense officials describe the concerns they face regarding the acquisition workforce in the overview of the department's fiscal 2012 budget proposal. In the last decade, defense spending on contracts for weapons and other systems nearly tripled, while DOD's acquisition workforce fell by roughly 10 percent.



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“More important, the department lacks sufficient numbers of technically trained personnel to conduct effective oversight. The department needs additional contracting officers, cost estimators, systems engineers and acquisition managers,” according to the overview.

Stan Soloway, a former deputy undersecretary of defense for acquisition reform and now president and CEO of the Professional Services Council, said the approach laid out in the memo will help DOD assemble a stronger workforce that suits DOD's needs.

“We have long supported the department’s efforts to build critical skills but have become increasingly concerned as those efforts veered off track, as most of the work identified for insourcing falls outside of ‘critical skills’ and is based on questionable cost-and-savings assumptions,” Soloway said in a statement.

Nevertheless, there still is apprehension about what defense officials consider to be the acquisition workforce.

Peter Levine, general counsel for the Senate Armed Services Committee, said he’s concerned senior-level defense officials won’t recognize the breadth of what the acquisition workforce encompasses, even with the broad definition Congress laid out in the fiscal 2011 National Defense Authorization Act. The workforce includes, along with contracting officers, program and project managers, and contracting officer’s representatives.

He said the people working close to acquisition understand who's all involved in the acquisition process. “The concern that we have is that when the secretary comes in and says, ‘I’m going to exempt the acquisition workforce,’ now you’re talking about non-acquisition people trying to understand what’s exempt,” he said during a panel discussion at the coalition’s conference.

Further, the committee has concerns about balancing the growth of the acquisition workforce against hunting for efficiencies throughout DOD.

“We’re concerned there will be a temptation to define the acquisition workforce more narrowly, to say people who aren’t a part of contract support are not exempt,” he said.

<http://defensesystems.com/articles/2011/03/22/dod-acquisition-workforce-hiring-insourcing.aspx?admgarea=DS>



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Operation Odyssey Dawn

MacDill Sending Two KC-135 Refueling Jets to Libya

By Howard Altman, Tampa Bay Online, March 29, 2011

MacDill Air Force Base will be assisting in efforts to maintain a no-fly zone over Libya.

Two U.S. Air Force KC-135 Stratotankers refueling jets from the Tampa base will be heading to assist with Operation Odyssey Dawn in Libya, a base spokeswoman said.

"MacDill has received a deployment order and is deploying two KC-135 aircraft and crews in support of Joint Task Force-Odyssey Dawn," Capt. Regina C. Gillis said in an email.

There are 16 KC-135s based at MacDill. KC-135s have been used to refuel other jets in flight since 1957.

"Our KC-135 Stratotankers provide the core aerial refueling capability for the United States Air Force and has excelled in this role for more than 50 years," Gillis said. "This unique asset enhances the Air Force's capability to accomplish its primary missions of Global Reach and Global Power. It also provides aerial refueling support to Navy and Marine Corps and allied nation aircraft."

Operation Odyssey Dawn was launched Saturday with missile attacks on Libyan dictator Muamar Qaddafi's air-defense systems in conjunction with England, France, Qatar and other nations after approval by the United Nations Security Council and the Arab League.

The no-fly zones are being established to keep Qaddafi from "slaughtering his own people," Defense Secretary Robert M. Gates said.

It is part of a broader effort, said Gates.

"The toolbox we bring with us to this (military action) has things in it in addition to hammers," Gates told reporters traveling with him to Russia. "There's a whole range of political and economic sanctions and a variety of other actions that have been taken."

Gates' comments were made available through the Department of Defense website.



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Gates said President Barack Obama does not want the United States to take on Libya unilaterally but to establish "a meaningful coalition, meaning other countries making serious military contributions so the United States isn't carrying the pre-eminent responsibility for an indefinite period of time."

Though Obama has said he wants no U.S. troops on the ground in Libya and that U.S. involvement will be for a limited time, the decision to launch raids has not gone without criticism.

Florida congressman Tom Rooney, R-Venice, is among those who have said Obama should adhere to the War Powers Act and seek approval from Congress before committing U.S. forces.

"The President sought approval from the United Nations and the Arab League before taking any action in Libya, but he never consulted the United State Congress," Rooney said in a news release on his website. "That sets a terrible precedent. By seeking only U.N. approval, the president is transferring authority that should rest in the people of the United States through their Congress to an international community."

After years of one of the most contentious bidding wars in military contracting, the Air Force awarded Boeing a \$35 billion contract in February to replace the aging fleet of Stratotankers, the last of which rolled off the assembly line in 1965.

The new jet will be dubbed the KC-46A, and delivery of the first 18 is scheduled for 2017.

That cannot come soon enough for David M. Snyder.

Snyder, a retired Air Force brigadier general, served as MacDill's commander from 2003 to 2006.

The tankers, he said, help the United States project force throughout the world. They also help evacuate people from disaster areas and provide relief, and some can provide medical evacuation flights.

But they have been around a very long time.

"We have tried to replace these Eisenhower-era tankers," said Snyder. "Some at MacDill, if not all, were made in the '50s. Some are older than I am, and I am 54."

Snyder lauds the men and women who maintain the planes, saying they put forth a herculean effort to keep them flying. But he worries about the unknown.

"If you had a car that was 55 years old, there would be a lot of costly maintenance," he said. "The men and women who are doing the maintenance are seeing stresses that were never put on an aircraft for that length of time."



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Snyder estimates that when he was commander at MacDill, as many as 25 percent of the more than 500 tankers fleetwide were grounded because of long- or short-term maintenance.

The new tanker, he said, will increase efficiency and safety.

The KC-135 "has been an incredible workhorse," Snyder said. "It was a great design, but with the numbers of missions it has flown there is a big danger in the unknown and the increased cost and risk."

<http://www2.tbo.com/content/2011/mar/22/221330/2-refueling-jets-from-macdill-headed-to-libya/news-breaking/>

Joint Strike Fighter

Pentagon Issues 90-Day Stop-Work Order on GE's F-35 Engine

By Tony Capaccio, Bloomberg, March 24, 2011

The U.S. Defense Department today told General Electric Co. (GE) and Rolls-Royce Group Plc (RR/) to halt work on a second engine for the F-35 Joint Strike Fighter until there is more explicit direction from Congress.

The order applied immediately for 90 days and stopped the expenditure of \$1 million a day for an engine the military has said consistently since fiscal 2007 that it doesn't want, the Pentagon said in a statement.

The order doesn't terminate the engine program, defense undersecretary for acquisition Ashton Carter said in an interview. "This is a not an irreversible step," he said.

While halting spending now, it's "the prerogative of Congress to give further direction on the extra engine. We do not have definitive direction this year," Carter said.

"We understand the ultimate outcome will be decided by Congress," he said. "We have shown great forbearance to continue to fund something we don't believe is needed" as Congress continues to debate defense spending for the current fiscal year and for 2012.

GE plans to use its own funds to continue developing the engine for 90 days while Congress debates, said company spokesman Rick Kennedy.



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“We are disappointed that DoD took this unilateral action before Congress has completed its work on the fiscal year 2011 budget,” said Kennedy in a statement.

GE Self-Funding

“We feel so strongly about this issue, as do our Congressional supporters, that we will, consistent with the stop-work directive, self-fund” the program “through this 90- day stop-work period,” Kennedy said.

House Armed Services Committee Chairman Howard ‘Buck’ McKeon, a California Republican, said in a statement that his committee “will explore all legislative options to maintain engine competition in the largest acquisition program in U.S. history.”

The senior Republican on the Senate Armed Services Committee, John McCain of Arizona, applauded the stop-work decision, saying the GE engine was “unnecessary and wasteful.”

The F-35 program is currently estimated to cost at least \$382 billion. It is the only U.S. jet fighter currently in development.

None of the military funding legislation pending in Congress for the fiscal year that ends Sept. 30 includes money for the alternate engine. The House voted last month to strip \$450 million for the second engine from the fiscal 2011 Pentagon spending bill, which Congress hasn’t yet passed.

Freshmen Oppose

More than half of the new Republicans in the U.S. House of Representatives joined in the 233-198 vote to kill funding for the second engine.

About 2,500 jobs, the majority of them in Ohio, Massachusetts and Indiana, are tied to its development. If GE and Rolls-Royce reach their projected peak production, that figure would increase to as many as 4,300 jobs, according to Kennedy.

President Barack Obama and Defense Secretary Robert Gates have opposed the engine as unneeded and a waste of money at a time of tight budgets. Gates said last month he’d use “all available legal options” to kill the engine.

Pratt & Whitney, a division of United Technologies Corp. (UTX), is the main supplier of engines for the Joint Strike Fighter, which is manufactured by Bethesda, Maryland-based Lockheed Martin Corp. (LMT)

McKeon’s statement said the Pentagon’s stop-work order “is especially troubling when you consider their preferred engine has experienced development delays and a cost-to-complete increase of 445 percent over the last three years.”



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Pratt Delays

The F-35 program manager, Admiral David Venlet, said in March 15 testimony that Pratt & Whitney was two to three weeks behind schedule this year with the first six engines. Projections indicate the company will get back on schedule soon, he said.

Carter, the Pentagon acquisition official, sought to minimize the impact of the engine decision to GE.

The company "does lots of work for us and will do lots of work for us -- this is just one program," he said. "We value having more than one industrial partner in the military jet engine business. There is other business for GE, but we do not need the extra engine."

GE provides engines for the Navy's F/A-18E/F fighter. The service is buying more of those planes as a hedge against additional F-35 delays. GE also competes for F-16 and F-15 engine work.

GE last year had \$2.9 billion in defense contracts, out of total revenue of \$150.2 billion, according to Bloomberg Government derived data. Jet engines represented as much as \$2.2 billion of the total, according to the data.

<http://www.bloomberg.com/news/2011-03-24/pentagon-issues-90-day-stop-work-order-on-ge-engine.html>

Cybersecurity

New Pentagon Cyber Strategy Complete: Official

By Marcus Weisgerber, Defense News, March 29, 2011

The Pentagon is finalizing a new cyber warfighting strategy that will create a framework for training and equipping forces, as well as call for more international cooperation in this evolving domain, according to a DoD official.

U.S. Defense Secretary Robert Gates is reviewing the document, which could become official in a matter of days, according to Mary Beth Morgan, DoD director for cyber strategy.

"It will help the department better organize, train and equip, and be prepared for its operations across the spectrum - whether it's military, it's business operations, as well as intelligence activities," Morgan said March 29 at an Atlantic Council conference in Washington. "It's a way for us to ensure that we're organizing in the right way, that we're training in the right way, that we're resourcing in the right way."

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The cyber warfighting strategy is designed with a "flexible structure so that as this environment and the strategic context changes over time, the department can change and develop over time," Morgan said. The document "gets everybody on the same page and moving forward together so that we do have a more strategic approach to this area," she noted.

A "very large aspect" of the strategy calls for international engagement. This effort will be led by the State Department and help broaden military-to-military relationships, according to Morgan.

"If we as a department are to be successful in defending and providing enhanced security in cyberspace, we must build international partnerships both bilaterally and multilaterally," Morgan said. "It has to be a U.S. government effort in a whole-of-government approach if we're going to be successful."

Building relationships with allies and international partners "to enable information sharing and strengthen collective cyber security" is one of U.S. Cyber Command's top strategic initiatives, U.S. Army Gen. Keith Alexander, the head of the command, wrote in prepared testimony to the House Armed Services Committee on March 16.

The cyber strategy includes engaging the private sector and "the multi-stakeholder forums that help govern and develop the architecture for the Internet," Morgan said.

In addition, the Pentagon has launched a pilot program that uses DoD cyberdefense tools to protect industry networks from attacks, according to a U.S. House lawmaker.

As this initiative takes foot, the government should considering using those tools to defend its infrastructure, according to Rep. Mac Thornberry, R-Texas, chairman of the House Armed Services emerging threats and capabilities subcommittee.

"The pilot program that is just beginning would begin to defend some of the defense industrial, base using those kinds of tools," Thornberry said during a separate presentation at the conference.

Thornberry said there needs to be "cooperation and interrelation between government and private industry," which presents policy challenges, to combat cyber threats.

The Pentagon has been working to streamline its cyber warfighting capabilities for years. In 2009, DoD stood up U.S. Cyber Command as the centralized hub of military cyber operations.

"We ought to look at facilitating the use of the tools that the military uses to defend military networks, to defend critical infrastructure," Thornberry said.



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Lawmakers need to update federal policy and laws that have not kept pace with the vast cyber technology advances in recent decades, Thornberry said. House Speaker John Boehner, R-Ohio, has tasked Thornberry with leading a cybersecurity review, which looks at coordinating cyber across a number of congressional committees. A number of panels oversee different cyber efforts.

"As a result, nothing has happened, year after year, after year," Thornberry said.

The congressman said he is optimistic Congress will make advances in developing new cyber policies this year.

But, "while we fiddle, our vulnerability continues to grow," he said.

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Armed Forces Journal is the leading joint service monthly magazine for officers and leaders in the United States military community.

C4ISR Journal, published 10 times per year, is a professional journal dedicated to the rapidly advancing, high-tech realm of military intelligence, surveillance and reconnaissance.

Training & Simulation Journal, often referred to as TSJ, is a bimonthly journal that provides information on the latest trends in products and opportunities in the global military training and simulation market.

<http://www.defensenews.com/story.php?i=6092878&c=AME&s=TOP>

DOD Revises Cyber Budget Upward by \$1 Billion

Washington Technology, March 25, 2011

Protecting the nation's security networks from cyber bandits and hackers will cost \$1 billion more than the Defense Department previously thought, bringing the total to \$3.2 billion, writes Aliya Sternstein in Nextgov.

The first request, announced in mid-February, included funding for department information assurance programs such as public-key infrastructure, digital certificates and projects such as the Comprehensive National Cybersecurity Initiative.

DOD spokeswoman April Cunningham told Nextgov that the previous number reflected only "a partial picture" of what was needed and that the revised cyber budget includes funding for about 75 activities involving communications security at specific agencies and would also cover the Defense Cyber Crime Center, U.S. Cyber Command, and science and technology investments tagged as cyber tools.

<http://washingtontechnology.com/articles/2011/03/25/dod-revised-cyber-budget-1-billion-more.aspx>

SAF/SB internal document—not for public release.



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Experts to Discuss the Complexities of Cyberspace at AFA Conference

PRNewswire, March 28, 2011

The Air Force Association's brand new CyberFutures Conference and Technology Exposition is only a few days away, and there is no better time to register than now. Learn about the challenges the new domain of cyberspace brings to different sectors and organizations at this inaugural event, to be held March 31 – April 1, at the Gaylord National Resort and Convention Center in National Harbor, Maryland, just minutes from downtown D.C.

Themed "New Strategies for a New Domain," CyberFutures will focus on the challenges of developing and implementing effective cybersecurity policy and of applying technology in meeting those challenges. With featured speakers from government, defense, industry, and academia, the conference will be an energetic forum for discussion on the risks and vulnerabilities of operating in a cyber world full of hackers and technological complexities, and how to mitigate those risks.

Featured speakers:

- Lt Gen William Lord, Chief, Warfighting Integration and Chief Information Officer
- Maj Gen Edward Bolton, Director, Cyber and Space Operations, Headquarters U.S. Air Force
- Dr. Vinton Cerf, Chief Technology Advocate for Google
- Dr. Martin Libicki, RAND Corporation
- Melissa Hathaway, Senior Adviser to Project MINERVA based at the Harvard Kennedy School
- Greg Schaffer, Assistant Secretary of Cyber Security Communication for Department of Homeland Security
- Gordon Snow, Assistant Director of the FBI's Cyber Division

For a full list of speakers, go [here](#).

AFA has also teamed up with RecruitMilitary to produce a career fair on April 1, where leading aerospace/defense firms will recruit for cyber tech openings. The career fair will be free, and open to all – veterans and non-veterans – who are interested in careers in cyber technology and related fields.

In conjunction with the conference, CyberPatriot III, AFA's national high school cyber defense competition, will be conducting its national championship round. After six exciting months of preliminary rounds, the competition will culminate on April 1 with an award banquet for top winners in each division.

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For information on media registration, contact Merri Shaffer at mshaffer@afa.org or 703.247.5847.

<http://www.prnewswire.com/news-releases/experts-to-discuss-the-complexities-of-cyberspace-at-afa-conference-118770354.html>

Op-Ed

LIVINGSTON: When Companies Compete, Taxpayers Win

By Bob Livingston, The Washington Times, March 24, 2011

After a decade of trying, the Department of Defense finally has arrived at a procurement decision for replacing its aging aerial refueling tanker fleet. Following two failed attempts, this acquisition process reached levels of complexity seldom, if ever, seen before. After both bidders were scrutinized through 372 mandatory requirements and three analytical factors, the competition resulted in what Deputy Secretary of Defense William J. Lynn III termed a “clean winner” based on one overriding factor: price. The winning bid by Boeing was about \$3.5 billion lower than the competitor’s and a whopping \$16 billion less by comparison with its first tanker bid in 2002.

It appears at first glance that the taxpayer has achieved a significant victory. In 2008, Boeing bid on this program but lost the award. It protested, and the Air Force started the process all over again. From 2008 to its winning bid in 2011, Boeing reduced its price for completion of the contract by about 25 percent, or approximately \$10 billion in less than three years. The savings constitute a major victory for the taxpayer. But victory will slip through our grasp if Congress fails to provide the necessary oversight and guarantee that taxpayers will reap the benefits they’ve been promised.

The foundation has been laid for such oversight. In 2009, Congress passed and the president signed a new Acquisition Reform Act for the Department of Defense. The law instituted additional responsibilities and controls to prevent the perpetual requirement creep, cost growth and schedule delays endemic to large Department of Defense programs. Historically, our window into these events always has been evident after the fact. The new law requires proactive vigilance to arrest cost and requirement growth before it infects programs, thereby avoiding undue increases in expense. The tanker program award is among the first large acquisition programs decided after that law was passed. The successful execution and cost containment of the tanker program will be a key litmus test of the new law’s success - and of the Congress that is tasked with that oversight.



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The victory to the taxpayer provides an exclamation point for procurement reform. But this victory must be preserved by ensuring that the savings are claimed and protected and that the aircraft are delivered on time. Congress must protect the taxpayer's equity by ensuring the development and application of aggressive oversight and control appropriate to this unique and precedent-setting acquisition approach. The innovation in acquisition that achieved these dramatic savings requires a similar innovation in program oversight by the Department of Defense and Congress.

Boeing won by bidding the lowest price for a minimally acceptable capability. The taxpayer also won on price and deserves to preserve that win through rigorous oversight and uncompromising program execution. If not, the only winners will be those who bid low but sold high in the end.

<http://www.washingtontimes.com/news/2011/mar/24/when-companies-compete-taxpayers-win/>