

Compilation of Recent Legislation and Report Language Concerning the Chief Management Officer of the Department of Defense

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<p>Public Law 113-291, National Defense Authorization Act for Fiscal Year 2015.</p> <p>SEC. 901. REORGANIZATION OF THE OFFICE OF THE SECRETARY OF DEFENSE AND RELATED MATTERS.</p> <p>(a) Conversion of Position of Deputy Chief Management Officer to Position of Under Secretary of Defense for Business Management and Information.—</p> <p>(1) IN GENERAL.—Effective on February 1, 2017, section 132a of title 10, United States Code, is amended to read as follows:</p> <p style="text-align: center;">“§ 132a. Under Secretary of Defense for Business Management and Information</p> <p>“(a) There is an Under Secretary of Defense for Business Management and Information, appointed from civilian life by the President, by and with the advice and consent of the Senate.</p> <p>“(b) The Under Secretary also serves as—</p> <p>“(1) the Performance Improvement Officer of the Department of Defense; and</p> <p>“(2) the Chief Information Officer of the Department of Defense.</p> <p>“(c) Subject to the authority, direction, and control of the Secretary of Defense and the Deputy Secretary of Defense in the role of the Deputy Secretary as the Chief Management Officer of the Department of Defense, the Under Secretary of Defense for</p>	<p>The House bill contained a provision (sec. 908) that would incorporate a proposal from the Department of Defense to make several amendments to title 10, United States Code, relating to the organization and management of the Office of the Secretary of Defense.</p> <p>The Senate committee-reported bill contained a similar provision (sec. 901) that would combine the Deputy Chief Management Officer position and the Chief Information Officer position into the Chief Management Officer position, redesignate the Deputy Secretary of Defense as the Chief Operating Officer, eliminate the Deputy Under Secretary of Defense title except for Principal Deputy Under Secretaries of Defense established by law, and redesignate the Assistant Secretary of Defense for Operational Energy Plans and Programs as the Assistant Secretary of Defense for Installations, Energy, and Environment.</p> <p>Additionally, this proposal seeks to make changes to Chapter 4 of title 10, United States Code, in order to streamline the establishment provisions for certain officials and ensure that policymaking requirements are provided for separately from establishment provisions and to make other clerical and conforming changes.</p> <p>The agreement includes the House provision with an amendment that would combine the Deputy Chief Management Officer and the Chief Information Officer position into a new Under Secretary of Defense position placed in the order of precedence before the Under Secretary of Defense for Acquisition, Technology and Logistics.</p>

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<p>Business Management and Information shall perform such duties and exercise such powers as the Secretary of Defense may prescribe, including the following:</p> <p>“(1) Assisting the Deputy Secretary of Defense in the Deputy Secretary’s role as the Chief Management Officer of the Department of Defense under section 132(c) of this title.</p> <p>“(2) Supervising the management of the business operations of the Department of Defense and adjudicating issues and conflicts in functional domain business policies.</p> <p>“(3) Establishing business strategic planning and performance management policies and measures and developing the Department of Defense Strategic Management Plan.</p> <p>“(4) Establishing business information technology portfolio policies and overseeing investment management of that portfolio for the Department of Defense.</p> <p>“(5) Establishing end-to-end business process and policies for establishing, eliminating, and implementing business standards, and managing the Business Enterprise Architecture.</p> <p>“(6) Supervising the business process reengineering of the functional domains of the Department in order to support investment planning and technology development decision making for information technology systems.</p> <p>“(d) The Under Secretary of Defense for Business Management and Information takes precedence in the Department of Defense</p>	<p>This change would not take place until the next administration, however, to allow for leadership continuity in the Department of Defense through the current administration’s term in office. The provision also combines the operational energy and installations and environment functions under one Assistant Secretary of Defense, and we direct the combined organization to equally prioritize both functions. Additionally, the provision added a new report requirement to accompany the budget certification, or if the budget is not certified, there are separate reporting details. Such report shall include an appendix prepared by the Chairman of the Joint Chiefs of Staff as well as a separate appendix prepared by the Under Secretary of Defense for Acquisition, Technology, and Logistics. We expect that the Under Secretary of Defense for Acquisition, Technology, and Logistics will address operational energy as an element of the acquisition posture statement, when presented to Congress.</p> <p>Section 902 of Public Law 110–417 created the Operational Energy position in the Office of the Secretary of Defense, which became the Assistant Secretary of Defense for Operational Energy, Plans, and Programs with the intent to inform senior-level decision-makers of the strategic implications of operational energy requirements on the battlefield. We recognize and commend the Assistant Secretary for the progress and improvements made since enactment of section 902, including streamlining operational energy requirements, establishing policies, and extending combat capability and operational reach by changing the culture and improving acquisition and sustainment processes.</p>

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<p>after the Secretary of Defense and the Deputy Secretary of Defense.”.</p> <p>(2) PLACEMENT IN THE OFFICE OF THE SECRETARY OF DEFENSE.—Effective on the effective date specified in paragraph (1), section 131(b)(2) of such title is amended—</p> <p>(A) by redesignating subparagraphs (A) through (E) as subparagraphs (B) through (F), respectively; and</p> <p>(B) by inserting before subparagraph (B) (as so redesignated) the following new subparagraph (A):</p> <p>“(A) The Under Secretary of Defense for Business Management and Information.”.</p> <p>(b) Chief Information Officer of the Department of Defense.—</p> <p>(1) STATUTORY ESTABLISHMENT OF POSITION.—Chapter 4 of title 10, United States Code, is amended by inserting after section 141 the following new section:</p> <p>“SEC. 142. Chief Information Officer.</p> <p>“(a) There is a Chief Information Officer of the Department of Defense.</p> <p>“(b)(1) The Chief Information Officer of the Department of Defense—</p> <p>“(A) is the Chief Information Officer of the Department of</p>	<p>We believe that consideration of operational energy demands and planning for energy consumption on the battlefield are of tactical and strategic significance.</p> <p>Therefore, we direct the Secretary of Defense to ensure that the full intent of section 902 of Public Law 110–417 is carried forward in any reorganization of personnel or responsibilities related to operational energy, plans and programs.</p>

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<p>Defense for the purposes of sections 3506(a)(2) and 3544(a)(3) of title 44;</p> <p>“(B) has the responsibilities and duties specified in section 11315 of title 40;</p> <p>“(C) has the responsibilities specified for the Chief Information Officer in sections 2222, 2223(a), and 2224 of this title; and</p> <p>“(D) exercises authority, direction, and control over the Information Assurance Directorate of the National Security Agency.</p> <p>“(2) The Chief Information Officer shall perform such additional duties and exercise such powers as the Secretary of Defense may prescribe.</p> <p>“(c) The Chief Information Officer takes precedence in the Department of Defense with the officials serving in positions specified in section 131(b)(4) of this title. The officials serving in positions specified in section 131(b)(4) and the Chief Information Officer of the Department of Defense take precedence among themselves in the order prescribed by the Secretary of Defense.”.</p> <p>(2) PLACEMENT IN THE OFFICE OF THE SECRETARY OF DEFENSE.—Section 131(b) of such title, as amended by subsection (a)(2), is further amended—</p> <p>(A) by redesignating paragraphs (5), (6), (7), and (8) as paragraphs (6), (7), (8), and (9), respectively; and</p>	

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<p>(B) by inserting after paragraph (4) the following new paragraph (5):</p> <p>“(5) The Chief Information Officer of the Department of Defense.”.</p> <p>(c) Repeal of Requirement for Defense Business System Management Committee.—Section 186 of title 10, United States Code, is repealed.</p> <p>(d) Assignment of Responsibility for Defense Business Systems.—Section 2222 of title 10, United States Code, is amended—</p> <p>(1) in subsection (a)—</p> <p>(A) by inserting “and” at the end of paragraph (1);</p> <p>(B) by striking “; and” at the end of paragraph (2) and inserting a period; and</p> <p>(C) by striking paragraph (3);</p> <p>(2) in subsection (c)(1), by striking “Defense Business Systems Management Committee” and inserting “investment review board established under subsection (g)”; and</p> <p>(3) in subsection (g)—</p> <p>(A) in paragraph (1), by striking “, not later than March 15,</p>	

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<p>2012,”;</p> <p>(B) in paragraph (2)(C), by striking “each” the first place it appears and inserting “the”; and</p> <p>(C) in paragraph (2)(F), by striking “and the Defense Business Systems Management Committee, as required by section 186(c) of this title,”.</p> <p>(e) Deadline for Establishment of Investment Review Board and Investment Management Process.—The investment review board and investment management process required by section 2222(g) of title 10, United States Code, as amended by subsection (d)(3), shall be established not later than March 15, 2015.</p> <p>(f) Redesignation of Assistant Secretary of Defense for Operational Energy Plans and Programs To Reflect Merger With Deputy Under Secretary of Defense for Installations and Environment.—Paragraph (9) of section 138(b) of title 10, United States Code, is amended to read as follows:</p> <p>“(9) One of the Assistant Secretaries is the Assistant Secretary of Defense for Energy, Installations, and Environment. The Assistant Secretary—</p> <p>“(A) is the principal advisor to the Secretary of Defense and the Under Secretary of Defense for Acquisition, Technology, and Logistics on matters relating to energy, installations, and environment; and</p> <p>“(B) is the principal advisor to the Secretary of Defense and the</p>	

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<p>Deputy Secretary of Defense regarding operational energy plans and programs.”.</p> <p>(g) Clarification of Policy and Responsibilities of Assistant Secretary of Defense for Energy, Installations, and Environment.—</p> <p>(1) TRANSFER OF POLICY PROVISIONS FROM SECTION 138c.—Chapter 173 of such title is amended—</p> <p>(A) by adding at the end the following new section:</p> <p style="padding-left: 40px;">“§ 2926. Operational energy activities”;</p> <p>(B) by transferring paragraph (3) of section 138c(c) of such title to section 2926, as added by subparagraph (A), inserting such paragraph after the section heading, and redesignating such paragraph as subsection (a);</p> <p>(C) in subsection (a) (as so inserted and redesignated)—</p> <p>(i) by inserting “Alternative Fuel Activities.—” before “The Assistant Secretary”;</p> <p>(ii) by redesignating subparagraphs (A) through (E) as paragraphs (1) through (5), respectively; and</p> <p>(iii) in paragraph (5) (as so redesignated), by striking “subsection (e)(4)” and inserting “subsection (c)(4)”;</p> <p>(D) by transferring subsections (d), (e), and (f) of section 138c of</p>	

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<p>such title to section 2926, as added by subparagraph (A), inserting those subsections after subsection (a) (as transferred and redesignated by subparagraph (B)), and redesignating those subsections as subsections (b), (c), and (d), respectively;</p> <p>(E) in subsections (a), (b), (c), and (d) of section 2926 (as transferred and redesignated by subparagraphs (B) and (D)), by inserting “of Defense for Installations, Energy, and Environment” after “Assistant Secretary” the first place it appears in each such subsection;</p> <p>(F) in subsection (b) of section 2926 (as transferred and redesignated by subparagraph (D)), by striking “provide guidance to, and consult with, the Secretary of Defense, the Deputy Secretary of Defense, the Secretaries of the military departments,” and inserting “make recommendations to the Secretary of Defense and Deputy Secretary of Defense and provide guidance to the Secretaries of the military departments”; and</p> <p>(G) in subsection (c) of section 2926 (as transferred and redesignated by subparagraph (D)), by amending paragraphs (4), (5), and (6) to read as follows:</p> <p>“(4) Not later than 30 days after the date on which the budget for a fiscal year is submitted to Congress pursuant to section 1105 of title 31, the Secretary of Defense shall submit to Congress a report on the proposed budgets for that fiscal year that were reviewed by the Assistant Secretary under paragraph (3).</p> <p>“(5) For each proposed budget covered by a report under</p>	

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<p>paragraph (4) for which the certification of the Assistant Secretary under paragraph (3) is that the budget is not adequate for implementation of the strategy, the report shall include the following:</p> <p>“(A) A copy of the report set forth in paragraph (3).</p> <p>“(B) A discussion of the actions that the Secretary proposes to take, together with any recommended legislation that the Secretary considers appropriate, to address the inadequacy of the proposed budget.</p> <p>“(C) An appendix prepared by the Chairman of the Joint Chiefs of Staff describing—</p> <p>“(i) the progress made by the Joint Requirements Oversight Council in implementing the energy Key Performance Parameter; and</p> <p>“(ii) details regarding how operational energy is being addressed in defense planning, scenarios, support to strategic analysis, and resulting policy to improve combat capability.</p> <p>“(D) An appendix prepared by the Under Secretary of Defense for Acquisition, Technology, and Logistics certifying that and describing how the acquisition system is addressing operational energy in the procurement process, including long-term sustainment considerations, and how programs are extending combat capability as a result of these considerations.</p> <p>“(E) A separate statement of estimated expenditures and</p>	

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<p>requested appropriations for that fiscal year for the activities of the Assistant Secretary in carrying out the duties of the Assistant Secretary.</p> <p>“(F) Any additional comments that the Secretary considers appropriate regarding the inadequacy of the proposed budgets.</p> <p>“(6) For each proposed budget covered by a report under paragraph (4) for which the certification of the Assistant Secretary under paragraph (3) is that the budget is adequate for implementation of the strategy, the report shall include the items set forth in subparagraphs (C), (D), and (E) of paragraph (5).”.</p> <p>(2) REPEAL OF SUPERSEDED PROVISION.—Sections 138c of such title is repealed.</p> <p>(h) Amendments Relating to Certain Prescribed Assistant Secretary of Defense Positions.—Chapter 4 of title 10, United States Code, is further amended as follows:</p> <p>(1) ASSISTANT SECRETARY OF DEFENSE FOR LOGISTICS AND MATERIEL READINESS.—Paragraph (7) of section 138(b) is amended—</p> <p>(A) in the first sentence, by inserting after “Readiness” the following: “, who shall be appointed from among persons with an extensive background in the sustainment of major weapons systems and combat support equipment”;</p> <p>(B) by striking the second sentence;</p>	

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<p>(C) by transferring to the end of that paragraph (as amended by subparagraph (B)) the text of subsection (b) of section 138a;</p> <p>(D) by transferring to the end of that paragraph (as amended by subparagraph (C)) the text of subsection (c) of section 138a; and</p> <p>(E) by redesignating paragraphs (1) through (3) in the text transferred by subparagraph (C) of this paragraph as subparagraphs (A) through (C), respectively.</p> <p>(2) ASSISTANT SECRETARY OF DEFENSE FOR RESEARCH AND ENGINEERING.—Paragraph (8) of such section is amended—</p> <p>(A) by striking the second sentence and inserting the text of subsection (a) of section 138b;</p> <p>(B) by inserting after the text added by subparagraph (A) of this paragraph the following: “The Assistant Secretary, in consultation with the Deputy Assistant Secretary of Defense for Developmental Test and Evaluation, shall—”;</p> <p>(C) by transferring paragraphs (1) and (2) of subsection (b) of section 138b to the end of that paragraph (as amended by subparagraphs (A) and (B)), indenting those paragraphs 2 ems from the left margin, and redesignating those paragraphs as subparagraphs (A) and (B), respectively;</p> <p>(D) in subparagraph (A) (as so transferred and redesignated)—</p> <p>(i) by striking “The Assistant Secretary” and all that follows</p>	

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<p>through “Test and Evaluation, shall”; and</p> <p>(ii) by striking the period at the end and inserting “; and”; and</p> <p>(E) in subparagraph (B) (as so transferred and redesignated), by striking “The Assistant Secretary” and all that follows through “Test and Evaluation, shall”.</p> <p>(3) ASSISTANT SECRETARY OF DEFENSE FOR NUCLEAR, CHEMICAL, AND BIOLOGICAL DEFENSE PROGRAMS.— Paragraph (10) of such section is amended—</p> <p>(A) by striking the second sentence and inserting the text of subsection (b) of section 138d; and</p> <p>(B) by inserting after the text added by subparagraph (A) of this paragraph the text of subsection (a) of such section and in that text as so inserted—</p> <p>(i) by striking “of Defense for Nuclear, Chemical, and Biological Defense Programs”; and</p> <p>(ii) by redesignating paragraphs (1) through (3) as subparagraphs (A) through (C), respectively.</p> <p>(4) REPEAL OF SEPARATE SECTIONS.—Sections 138a, 138b, and 138d are repealed.</p> <p>(i) Codification of Restrictions on Use of the Deputy Under Secretary of Defense Title.—</p>	

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<p>(1) CODIFICATION.—Effective on January 1, 2015, section 137a(a) of title 10, United States Code, is amended by adding at the end the following new paragraph:</p> <p>“(3) The officials authorized under this section shall be the only Deputy Under Secretaries of Defense.”.</p> <p>(2) CONFORMING REPEAL.—Effective on the effective date specified in paragraph (1), section 906(a)(2) of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111-84; 123 Stat. 2426; 10 U.S.C. 137a note) is repealed.</p> <p>(j) Clarification of Orders of Precedence.—</p> <p>(1) CLARIFICATION RELATING TO CHIEF INFORMATION OFFICER.—Effective on the effective date specified in subsection (a)(1)—</p> <p>(A) section 131(b) of title 10, United States Code, is amended—</p> <p>(i) by striking paragraph (5); and</p> <p>(ii) by redesignating paragraphs (6), (7), (8), and (9) as paragraphs (5), (6), (7), and (8), respectively; and</p> <p>(B) section 142 of such title is amended by striking subsection (c).</p> <p>(2) CLARIFICATION RELATING TO OTHER POSITIONS.—Effective on the effective date specified in subsection (a)(1)—</p>	

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<p>(A) section 133(e)(1) of title 10, United States Code, is amended by striking “and the Deputy Secretary of Defense” and inserting “, the Deputy Secretary of Defense, and the Under Secretary of Defense for Business Management and Information”;</p> <p>(B) section 134(c) of such title is amended by inserting “the Under Secretary of Defense for Business Management and Information,” after “the Deputy Secretary of Defense,”;</p> <p>(C) section 137a(d) of such title is amended in the first sentence by striking all that follows after “the military departments,” and inserting “and the Under Secretaries of Defense.”; and</p> <p>(D) section 138(d) of such title is amended by striking “the Deputy Chief Management Officer of the Department of Defense,”.</p> <p>(k) Technical and Conforming Amendments.—Title 10, United States Code, is further amended as follows:</p> <p>(1) In paragraph (8) of section 131(b) (as redesignated by subsection (b)(2))—</p> <p>(A) by redesignating subparagraphs (A) through (H) as subparagraphs (B) through (I), respectively; and</p> <p>(B) by inserting before subparagraph (B), as redesignated by subparagraph (A) of this paragraph, the following new subparagraph (A):</p> <p>“(A) The two Deputy Directors within the Office of the Director</p>	

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<p>of Cost Assessment and Program Evaluation under section 139a(c) of this title.”.</p> <p>(2) In section 132(b), by striking “is disabled or there is no Secretary of Defense” and inserting “dies, resigns, or is otherwise unable to perform the functions and duties of the office”.</p> <p>(3) In section 137a(b), by striking “is absent or disabled” and inserting “dies, resigns, or is otherwise unable to perform the functions and duties of the office”.</p> <p>(3) Effective on the effective date specified in subsection (a)(1), in section 2222—</p> <p>(A) by striking “the Deputy Chief Management Officer of the Department of Defense” each place it appears in subsections (c)(2)(E), (f)(1)(D), (f)(1)(E), (f)(2)(E), and (g)(1) and inserting “the Under Secretary of Defense for Business Management and Information”; and</p> <p>(B) in subsection (g)(3)(A)—</p> <p>(i) by striking “Deputy Chief Management Officer” the first place it appears and inserting “Under Secretary of Defense for Business Management and Information”; and</p> <p>(ii) by striking “Deputy Chief Management Officer” the second, third, and forth places it appears and inserting “Under Secretary”.</p> <p>(4) In section 2925(b), by striking “Operational Energy Plans and Programs” and inserting “Energy, Installations, and</p>	

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<p>Environment”.</p> <p>(l) Clerical Amendments.—</p> <p>(1) The table of sections at the beginning of chapter 4 of title 10, United States Code, is amended—</p> <p>(A) effective on the effective date specified in subsection (a)(1), by amending the item relating to section 132a to read as follows:</p> <p>“132a. Under Secretary of Defense for Business Management and Information.”;</p> <p>(B) by striking the items relating to sections 138a, 138b, 138c, and 138d; and</p> <p>(C) by inserting after the item relating to section 141 the following new item:</p> <p>“142. Chief Information Officer.”.</p> <p>(2) The table of sections at the beginning of chapter 7 of such title is amended by striking the item relating to section 186.</p> <p>(3) The table of sections at the beginning of subchapter III of chapter 173 of such title is amended by adding at the end the following new item:</p> <p>“2926. Operational energy activities.”.</p>	

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<p>(m) Executive Schedule Matters.—</p> <p>(1) EXECUTIVE SCHEDULE LEVEL II.—Effective on the effective date specified in subsection (a)(1), section 5313 of title 5, United States Code, is amended by inserting above the item relating to the Under Secretary of Defense for Acquisition, Technology, and Logistics the following:</p> <p>“ Under Secretary of Defense for Business Management and Information.”.</p> <p>(2) EXECUTIVE SCHEDULE LEVEL III.—Effective on the effective date specified in subsection (a)(1), section 5314 of title 5, United States Code, is amended by striking “Deputy Chief Management Officer of the Department of Defense.”.</p> <p>(3) CONFORMING AMENDMENT TO PRIOR REDUCTION IN NUMBER OF ASSISTANT SECRETARIES OF DEFENSE.—Section 5315 of such title is amended by striking “Assistant Secretaries of Defense (16)” and inserting “Assistant Secretaries of Defense (14)”.</p> <p>(n) References.—</p> <p>(1) DCMO.—After February 1, 2017, any reference to the Deputy Chief Management Officer of the Department of Defense in any provision of law or in any rule, regulation, or other record, document, or paper of the United States shall be deemed to refer to the Under Secretary of Defense for Business Management and</p>	

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<p>Information.</p> <p>(2) ASDEIE.—Any reference to the Assistant Secretary of Defense for Operational Energy Plans and Programs or to the Deputy Under Secretary of Defense for Installations and Environment in any provision of law or in any rule, regulation, or other paper of the United States shall be deemed to refer to the Assistant Secretary of Defense for Energy, Installations, and Environment.</p>	

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<p>Public Law 114-328, National Defense Authorization Act for Fiscal Year 2017.</p> <p>SEC. 901. ORGANIZATION OF THE OFFICE OF THE SECRETARY OF DEFENSE.</p> <p>(a) Under Secretary of Defense for Research and Engineering.—</p> <p>(1) IN GENERAL.—Effective on February 1, 2018, chapter 4 of title 10, United States Code, is amended by striking section 133 and inserting the following new section:</p> <p style="text-align: center;">“§ 133a. Under Secretary of Defense for Research and Engineering</p> <p>“(a) Under Secretary of Defense.—There is an Under Secretary of Defense for Research and Engineering, appointed from civilian life by the President, by and with the advice and consent of the Senate. The Under Secretary shall be appointed from among persons who have an extensive technology, science, or engineering background and experience with managing complex or advanced technological programs. A person may not be appointed as Under Secretary within seven years after relief from active duty as a commissioned officer of a regular component of an armed force.</p> <p>“(b) Duties and Powers.—Subject to the authority, direction, and control of the Secretary of Defense, the Under Secretary shall perform such duties and exercise such powers as the Secretary may prescribe, including—</p>	<p>The Senate bill contained a provision (sec. 901) that would amend section 133 of title 10, United States Code, to establish the position of the Under Secretary of Defense for Research and Engineering, amend section 138 of title 10, United States Code, to establish and consolidate certain Assistant Secretary of Defense positions, and make other conforming changes. The provision would also amend section 132a of title 10, United States Code, to redesignate the Under Secretary of Defense for Business Management and Information as the Under Secretary of Defense for Management and Support.</p> <p>The House amendment contained a provision (sec. 846) that would revise the effective date for amendments relating to the conversion of the position of the Deputy Chief Management Officer to the position of the Under Secretary of Defense for Business Management and Information.</p> <p>The House recedes with an amendment that would amend chapter 4 of title 10, United States Code, to establish an Under Secretary of Defense for Research and Engineering, an Under Secretary of Defense for Acquisition and Sustainment, and a chief management officer within the Department of Defense, effective on February 1, 2018. The amendment would make other modifying and conforming changes, and require the Secretary of Defense to conduct a review and submit a report to the congressional defense committees on the organizational and management structure for the Department. Three broad priorities framed the conference discussions: (1) elevate the mission of advancing technology and innovation within the Department; (2) foster distinct technology and acquisition cultures to better deliver superior capabilities for the armed forces; and (3) provide greater</p>

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<p>“(1) serving as the chief technology officer of the Department of Defense with the mission of advancing technology and innovation for the armed forces (and the Department);</p> <p>“(2) establishing policies on, and supervising, all defense research and engineering, technology development, technology transition, prototyping, experimentation, and developmental testing activities and programs, including the allocation of resources for defense research and engineering, and unifying defense research and engineering efforts across the Department; and</p> <p>“(3) serving as the principal advisor to the Secretary on all research, engineering, and technology development activities and programs in the Department.</p> <p>“(c) Precedence in Department of Defense.—</p> <p>“(1) PRECEDENCE IN MATTERS OF RESPONSIBILITY.— With regard to all matters for which the Under Secretary has responsibility by the direction of the Secretary of Defense or by law, the Under Secretary takes precedence in the Department of Defense after the Secretary and the Deputy Secretary of Defense.</p> <p>“(2) PRECEDENCE IN OTHER MATTERS.—With regard to all matters other than the matters for which the Under Secretary has responsibility by the direction of the Secretary or by law, the Under Secretary takes precedence in the Department of Defense after the Secretary, the Deputy Secretary, and the Secretaries of the military departments.”.</p> <p>(2) SERVICE OF INCUMBENT USD FOR ATL IN</p>	<p>oversight and management of the Department’s Fourth Estate.</p> <p>The conferees believe that separating the “chief technology officer” and “chief acquisition officer” responsibilities currently residing with the Under Secretary of Defense for Acquisition, Technology, and Logistics, as well as establishing a “chief management officer” within the Department, addresses these priorities and better postures the Office of the Secretary of Defense organizationally to meet future national security challenges.</p> <p>The conferees believe the technology and acquisition missions and cultures are distinct. The conferees expect that the Under Secretary of Defense for Research and Engineering would take risks, press the technology envelope, test and experiment, and have the latitude to fail, as appropriate. Whereas the conferees would expect the Under Secretary of Defense for Acquisition and Sustainment to focus on timely, cost-effective delivery and sustainment of products and services, and thus seek to minimize any risks to that objective.</p> <p>Some will argue that the agreement exacerbates the technology “valley of death.” The conferees acknowledge that there will be seams in any organizational construct, but also believe that this seam creates a healthy tension that can be mitigated through effective leadership and management. As an Under Secretary, third in precedence, the conferees expect that the “chief technology officer” would have the stature and resources to drive innovation throughout the Department, including as needed through development and implementation of innovative policies and practices. At the same time, the conferees would expect the</p>

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<p>POSITION.—The individual serving as Under Secretary of Defense for Acquisition, Technology, and Logistics under section 133 of title 10, United States Code, as of February 1, 2018, may continue to serve as Under Secretary of Defense for Research and Engineering commencing as of that date, without further appointment under section 133a of such title, as added by paragraph (1).</p> <p>(b) Under Secretary of Defense for Acquisition and Sustainment.—Effective on February 1, 2018, chapter 4 of title 10, United States Code, is further amended by inserting after section 133a, as added by subsection (a), the following new section:</p> <p style="text-align: center;">“§ 133b. Under Secretary of Defense for Acquisition and Sustainment</p> <p>“(a) Under Secretary of Defense.—There is an Under Secretary of Defense for Acquisition and Sustainment, appointed from civilian life by the President, by and with the advice and consent of the Senate. The Under Secretary shall be appointed from among persons who have an extensive system development, engineering, production, or management background and experience with managing complex programs. A person may not be appointed as Under Secretary within seven years after relief from active duty as a commissioned officer of a regular component of an armed force.</p> <p>“(b) Duties and Powers.—Subject to the authority, direction, and control of the Secretary of Defense, the Under Secretary shall perform such duties and exercise such powers as the Secretary</p>	<p>Under Secretary of Defense for Acquisition and Sustainment to challenge any advanced technology ideas that the Under Secretary cannot confidently deliver on within cost, schedule, and performance objectives, and shape those efforts appropriately.</p> <p>The conferees recognize that the implementation of this provision will require further examination and analysis, to include a deeper review of authorities, responsibilities, resource implications, and the appropriate allocation of subordinate positions and organizations. As such, the provision provides policy guidance on roles and responsibilities for each of the three senior leadership positions and repeals requirements in statute for specific subordinate assistant and deputy assistant secretaries of defense to provide flexibility to the Department to allocate such subordinate positions to best meet congressional policy guidance.</p> <p>The conferees believe a review of authorities is particularly important, especially as they relate to any direction and supervisory authorities vested in the three senior leadership positions, to allow those senior leaders to effectively oversee and manage activities and resources within their portfolios at the direction of the Secretary of Defense. Similarly, the conferees believe an in-depth examination of the placement within the Department and the responsibilities of the chief management officer is also warranted, as they believe such an officer could provide greater oversight and management of the non-homogenous organizations that comprise the Department’s Fourth Estate.</p> <p>The conferees also believe an examination of the potential for the establishment of a Chief Innovation Officer position, informed by</p>

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<p>may prescribe, including—</p> <p>“(1) serving as the chief acquisition and sustainment officer of the Department of Defense with the mission of delivering and sustaining timely, cost-effective capabilities for the armed forces (and the Department);</p> <p>“(2) establishing policies on, and supervising, all elements of the Department relating to acquisition (including system design, development, and production, and procurement of goods and services) and sustainment (including logistics, maintenance, and materiel readiness);</p> <p>“(3) establishing policies for access to, and maintenance of, the defense industrial base and materials critical to national security, and policies on contract administration;</p> <p>“(4) serving as—</p> <p>“(A) the principal advisor to the Secretary on acquisition and sustainment in the Department;</p> <p>“(B) the senior procurement executive for the Department for the purposes of section 1702(c) of title 41; and</p> <p>“(C) the Defense Acquisition Executive for purposes of regulations and procedures of the Department providing for a Defense Acquisition Executive;</p> <p>“(5) overseeing the modernization of nuclear forces and the development of capabilities to counter weapons of mass</p>	<p>best private sector practices, is warranted. The conferees set a date of February 1, 2018, for the implementation of the three senior leadership positions, to provide the Department with time to conduct the required review, to engage the congressional defense committees, and to provide its recommendations on an organization and management structure for the Department. However, the conferees encourage the President to move out earlier on nominations for these senior leadership positions.</p> <p>Lastly, while the focus of this provision is on the Office of the Secretary of Defense, the conferees also recognize that the Department as a whole must be examined to provide the organizational and management agility and adaptability necessary to address longer-term national security challenges.</p>

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<p>destruction, and serving as the chairman of the Nuclear Weapons Council and the co-chairman of the Council on Oversight of the National Leadership Command, Control, and Communications System;</p> <p>“(6) the authority to direct the Secretaries of the military departments and the heads of all other elements of the Department with regard to matters for which the Under Secretary has responsibility, except that the Under Secretary shall exercise supervisory authority over service acquisition programs for which the service acquisition executive is the milestone decision authority; and</p> <p>“(7) to the extent directed by the Secretary, exercising overall supervision of all personnel (civilian and military) in the Office of the Secretary of Defense with regard to matters for which the Under Secretary has responsibility, unless otherwise provided by law.</p> <p>“(c) Precedence in Department of Defense.—</p> <p>“(1) PRECEDENCE IN MATTERS OF RESPONSIBILITY.— With regard to all matters for which the Under Secretary has responsibility by the direction of the Secretary of Defense or by law, the Under Secretary takes precedence in the Department of Defense after the Secretary, the Deputy Secretary of Defense, and the Under Secretary of Defense for Research and Engineering.</p> <p>“(2) PRECEDENCE IN OTHER MATTERS.—With regard to all matters other than the matters for which the Under Secretary has responsibility by the direction of the Secretary or by law, the</p>	

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<p>Under Secretary takes precedence in the Department of Defense after the Secretary, the Deputy Secretary, the Under Secretary of Defense for Research and Engineering, and the Secretaries of the military departments.”.</p> <p>(c) Chief Management Officer.—</p> <p>(1) IN GENERAL.—Effective on February 1, 2018, there is a Chief Management Officer of the Department of Defense.</p> <p>(2) APPOINTMENT.—The Chief Management Officer shall be appointed from civilian life by the President, by and with the advice and consent of the Senate. The Chief Management Officer shall be appointed from among persons who have an extensive management or business background and experience with managing large or complex organizations. A person may not be appointed as Chief Management Officer within seven years after relief from active duty as a commissioned officer of a regular component of an Armed Force.</p> <p>(3) DUTIES AND POWERS.—Subject to the authority, direction, and control of the Secretary of Defense, the Chief Management Officer shall perform such duties and exercise such powers as the Secretary may prescribe, including—</p> <p>(A) serving as the chief management officer of the Department of Defense with the mission of managing the business operations of the Department;</p> <p>(B) establishing policies on, and supervising, all business operations of the Department, including business transformation,</p>	

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<p>business planning and processes, performance management, and business information technology management and improvement activities and programs, including the allocation of resources for business operations, and unifying business management efforts across the Department;</p> <p>(C) serving as the principal advisor to the Secretary on all business operations activities and programs in the Department; and</p> <p>(D) the authority to direct the Secretaries of the military departments and the heads of all other elements of the Department with regard to matters for which the Chief Management Officer has responsibility.</p> <p>(4) CONFORMING AMENDMENTS.—Effective on February 1, 2018, section 132 of title 10, United States Code, is amended—</p> <p>(A) by striking subsection (c); and</p> <p>(B) by redesignating subsections (d) and (e) as subsections (c) and (d), respectively.</p> <p>(d) Repeal of Pending Authority To Establish Under Secretary of Defense for Business Management and Information.—Subsection (a) of section 901 of the Carl Levin and Howard P. “Buck” McKeon National Defense Authorization Act for Fiscal Year 2015 (Public Law 113-291; 128 Stat. 3462) is repealed.</p> <p>(e) Repeal of Certain ASD and Director Positions.—Chapter 4 of</p>	

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<p>title 10, United States Code, is further amended—</p> <p>(1) in section 138(b)—</p> <p>(A) by striking paragraphs (6), (7), (8), and (9); and</p> <p>(B) by redesignating paragraph (10) as paragraph (6); and</p> <p>(2) by striking sections 139b and 139c.</p> <p>(f) Office of the Secretary of Defense.—Effective on February 1, 2018, section 131(b)(2) of title 10, United States Code, is amended—</p> <p>(1) by redesignating subparagraphs (B) through (E) as subparagraphs (C) through (F), respectively; and</p> <p>(2) by striking subparagraph (A) and inserting the following new subparagraphs:</p> <p>“(A) The Under Secretary of Defense for Research and Engineering.</p> <p>“(B) The Under Secretary of Defense for Acquisition and Sustainment.”.</p> <p>(g) Table of Section Amendments.—</p> <p>(1) TABLE OF SECTIONS EFFECTIVE ON ENACTMENT.— The table of sections at the beginning of chapter 4 of title 10, United States Code, is amended by striking the items relating to</p>	

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<p>sections 139b and 139c.</p> <p>(2) TABLE OF SECTIONS EFFECTIVE ON DELAYED EFFECTIVE DATE.—Effective on February 1, 2018, the table of sections at the beginning of chapter 4 of such title is further amended by striking the item relating to section 133 and inserting the following new items:</p> <p>“133a. Under Secretary of Defense for Research and Engineering. “133b. Under Secretary of Defense for Acquisition and Sustainment.”.</p> <p>(h) Executive Schedule Level II.—Effective on February 1, 2018, section 5313 of title 5, United States Code, is amended by striking the item relating to the Under Secretary of Defense for Acquisition, Technology, and Logistics and inserting the following new items:</p> <p>“ Under Secretary of Defense for Research and Engineering. “ Under Secretary of Defense for Acquisition and Sustainment.”.</p> <p>(i) Review Required.—</p> <p>(1) IN GENERAL.—The Secretary of Defense shall conduct a review and identify a recommended organizational and management structure for the Department of Defense that implements the organizational policy guidance expressed in this section and the amendments made by this section.</p> <p>(2) ELEMENTS.—The review and recommendations shall</p>	

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<p>address, but not be limited to, the following:</p> <p>(A) The organizational and management structure of the Department including the disposition of leadership positions, subordinate organizations, and defined relationships across such leadership positions and organizations.</p> <p>(B) The recommended disposition within the Office of the Secretary of Defense of the various Assistant Secretaries of Defense, Deputy Assistant Secretaries of Defense, and Directors affected by the organizational policy guidance.</p> <p>(C) The specific delineation of roles, responsibilities, and authorities, as directed by the Secretary, for the organizational and management structure covered by subparagraph (A).</p> <p>(j) Reports.—</p> <p>(1) INTERIM REPORT.—Not later than March 1, 2017, the Secretary of Defense shall submit to the congressional defense committees an interim report on the review and recommended organizational and management structure for the Department of Defense as required by subsection (i).</p> <p>(2) FINAL REPORT.—Not later than August 1, 2017, the Secretary shall submit to the congressional defense committees a final report on the review and recommended organizational and management structure, including—</p> <p>(A) a proposed implementation plan for how the Department</p>	

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<p>would implement its recommendations;</p> <p>(B) recommendations for revisions to appointments and qualifications, duties and powers, and precedent in the Department;</p> <p>(C) recommendations for such legislative and administrative action, including conforming and other amendments to law, as the Secretary considers appropriate to implement the plan; and</p> <p>(D) any other matters that the Secretary considers appropriate.</p>	

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<p>S. 1519, National Defense Authorization Act for Fiscal Year 2018.</p> <p>SEC. 901. CHIEF MANAGEMENT OFFICER OF THE DEPARTMENT OF DEFENSE.</p> <p>(a) Chief Management Officer.—</p> <p>(1) IN GENERAL.—Effective February 1, 2018, section 132a of title 10, United States Code, is amended to read as follows:</p> <p>“SEC. 132a. CHIEF MANAGEMENT OFFICER.</p> <p>“(a) Appointment.—There is a Chief Management Officer of the Department of Defense, appointed from civilian life by the President, by and with the advice and consent of the Senate. The Chief Management Officer shall be appointed from among persons who have an extensive management or business background and experience with managing large or complex organizations. A person may not be appointed as Chief Management Officer within seven years after relief from active duty as a commissioned officer of a regular component of an armed force.</p> <p>“(b) Responsibilities.—Subject to the authority, direction, and control of the Secretary of Defense, the Chief Management Officer shall perform such duties and exercise such powers as the Secretary may prescribe, including—</p> <p>“(1) serving as the chief management officer of the Department of Defense with the mission of managing the</p>	<p>The committee recommends a provision clarifying and expanding the responsibilities of the Chief Management Officer of the Department of Defense. The committee notes the upcoming establishment of the Chief Management Officer position as required by the National Defense Authorization Act for Fiscal Year 2017 (Public Law 114–328). Last year’s legislation established the role with the mission of managing the business operations of the Department, through the establishment of policies on, and supervision of, such operations.</p> <p>The Chief Management Officer was also charged with serving as the principal advisor to the Secretary of Defense on specified activities and programs, and given explicit authority to direct the secretaries of the military departments and the heads of all other elements of the Department with regard to business operations.</p> <p>The committee remains committed to an empowered and active Chief Management Officer, exercising these authorities across the Department to transform business operations of all components. The committee recommends this provision to create three areas of expanded authority for the Chief Management Officer, including: (1) Oversight, direction and control of the business-focused defense agencies and field activities; (2) The assumption of some Chief Information Officer roles for the purpose of federal statute and in business systems; and (3) Coordination of enterprise governance and utilization of data for management purposes.</p> <p>The committee notes that defense agencies and field activities require increased oversight in order to ensure effective and efficient performance. The current structure of assignment to staff</p>

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<p>business operations of the Department;</p> <p>“(2) serving as the principal advisor to the Secretary on establishing policies for, and directing, all business operations of the Department, including business transformation, business planning and processes, performance management, and business information technology management and improvement activities and programs, including the allocation of resources for business operations and unifying business management efforts across the Department;</p> <p>“(3) exercising authority, direction, and control over the Defense Agencies and Department of Defense Field Activities providing shared business services for the Department that are designated by the Secretary for purposes of this paragraph;</p> <p>“(4) as of January 1, 2019—</p> <p>“(A) serving as the Chief Information Officer of the Department for purposes of section 2222 of this title;</p> <p>“(B) administering the responsibilities and duties specified in sections 11315 and 11319 of title 40, section 3506(a)(2) of title 44, and section 2223(a) of this title for business systems and management; and</p> <p>“(C) any responsibilities, duties, and powers relating to business systems or management that are</p>	<p>principals within the Office of the Secretary of Defense has led to insufficient oversight for the agencies’ performance and for their ability to support the Department in core functions. Therefore, the committee recommends a provision that would assign to the Chief Management Officer (upon establishment of the position) the responsibility for oversight, direction and control of the business-support Defense Agencies and Field Activities identified by the Secretary of Defense by January 15, 2018. Of course, principal staff assistants aligned to these organizations would continue to be closely connected to their operations.</p> <p>The Secretary of Defense shall make arrangements for the transfer of these entities to be effected with minimal disruption to their functioning and broader support of the Department. The Secretary shall submit to the congressional defense committees a report on the specified elements of this transfer. Within the provision, ‘Shared business services’ is meant to indicate those activities that constitute the business operations of the Department of Defense, and not those activities that are directly tied to specific technical missions (e.g., intelligence, threat response).</p> <p>The committee notes that the current Chief Information Officer is expected to perform roles ranging from traditional Chief Information Officer functions to warfighting capabilities like offensive cyber and technical operations. However, decisions related to business systems could be more effectively handed by the entity coordinating business management and reform across the Department.</p> <p>Therefore, the committee recommends the shifting of several</p>

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<p>exercisable by a chief information officer for the Department, other than those responsibilities, duties, and powers of a chief information officer that are vested in the Chief Information Warfare Officer by section 142 of this title;</p> <p>“(5) serving as the official with principal responsibility in the Department for providing for the availability of common, usable, Defense-wide data sets with applications such as improving acquisition outcomes and personnel management; and</p> <p>“(6) the authority to direct the Secretaries of the military departments and the heads of all other elements of the Department with regard to matters for which the Chief Management Officer has responsibility under this section.</p> <p>“(c) Precedence.—The Chief Management Officer takes precedence in the Department of Defense after the Secretary of Defense and the Deputy Secretary of Defense.”.</p> <p>(2) CLERICAL AMENDMENT.—Effective February 1, 2018, the table of sections at the beginning of chapter 4 of such title is amended by striking the item relating to section 132a and inserting the following new item:</p> <p>“132a. Chief Management Officer.</p> <p>(b) Conforming repeal of prior authorities on CMO.—</p> <p>(1) IN GENERAL.—Effective on January 31, 2018,</p>	<p>major Chief Information Officer functions to the Chief Management Officer organization, and consolidation of the rest in a Chief Information Warfare Officer.</p> <p>Further, the committee notes that true transformation of the Department’s business operations will require the availability and use of large amounts of data from a number of diverse systems across the Department. The committee directs the Chief Management Officer to develop an enterprise-level plan for data governance for the Department, with a particular emphasis on the gathering and usage of data with clear management implications. Subject to the authority, direction and control of the Secretary of Defense, the Chief Management Officer shall have the authority to direct all Department elements to share their business operations and/or management-related data in order to inform the business transformation mission.</p> <p>The committee’s intent is not for the addition of large internal bureaucracy to manage these new responsibilities, and expects the Chief Management Officer to instead gather those personnel currently fulfilling these roles within the Office of the Secretary of Defense and the Chief Information Officer organization.</p> <p>However, the committee acknowledges the overriding importance of fundamental business transformation across the Department, and expects the Department to use the direct hiring authority for management experts referenced elsewhere in this bill to encourage a robust capability aimed at improving business management across the enterprise.</p>

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<p>subsection (c) of section 901 of the National Defense Authorization Act for Fiscal Year 2017 (Public Law 114–328; 130 Stat. 2341; 10 U.S.C. 131 note) is repealed, and the amendments to be made by paragraph (4) of that subsection shall not be made.</p> <p>(2) FURTHER CONFORMING AMENDMENTS.— Effective on February 1, 2018, section 132 of title 10, United States Code, is amended—</p> <p>(A) by striking subsection (c); and</p> <p>(B) by redesignating subsection (d) as subsection (c).</p> <p>(c) Conforming amendments on precedence in DoD.— Effective on February 1, 2018, and immediately after the coming into effect of the amendments made by section 901 of the National Defense Authorization Act for Fiscal Year 2017—</p> <p>(1) section 131(b) of title 10, United States Code, is amended—</p> <p>(A) by redesignating paragraphs (2) through (9) as paragraphs (3) through (10), respectively; and</p> <p>(B) by inserting after paragraph (1) the following new paragraph (2):</p> <p>“(2) The Chief Management Officer of the Department</p>	

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<p>of Defense.”;</p> <p>(2) section 133a(c) of such title is amended—</p> <p>(A) in paragraph (1), by striking “and the Deputy Secretary of Defense” and inserting “, the Deputy Secretary of Defense, and the Chief Management Officer of the Department of Defense”; and</p> <p>(B) in paragraph (2), by inserting “the Chief Management Officer,” after “the Deputy Secretary,”; and</p> <p>(3) section 133b(c) of such title is amended—</p> <p>(A) in paragraph (1), by inserting “the Chief Management Officer of the Department of Defense,” after “the Deputy Secretary of Defense,”; and</p> <p>(B) in paragraph (2), by inserting “the Chief Management Officer,” after “the Deputy Secretary,”.</p> <p>(d) Executive Schedule Level II.—Effective on February 1, 2018, and immediately after the coming into effect of the amendment made by section 901(h) of the National Defense Authorization Act for Fiscal Year 2017, section 5313 of title 5, United States Code, is amended by inserting before the item relating to the Under Secretary of Defense for Research and Engineering the following new item:</p> <p>“ Chief Management Officer of the Department of</p>	

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<p>Defense.”.</p> <p>(e) Service of incumbent Deputy Chief Management Officer as Chief Management Officer upon commencement of latter position without further appointment.—The individual serving in the position of Deputy Chief Management Officer of the Department of Defense as of February 1, 2018, may continue to serve as Chief Management Officer of the Department of Defense under section 132a of title 10, United States Code (as amended by subsection (a)), commencing as of that date without further appointment pursuant to such section 132a.</p> <p>(f) Report on Defense Agencies and Field Activities providing shared business services.—Not later than January 15, 2018, the Secretary of Defense shall submit to the congressional defense committees a report specifying each Defense Agency and Department of Defense Field Activity providing shared business services for the Department of Defense that is to be designated by the Secretary for purposes of subsection (b)(3) of section 132a of title 10, United States Code (as so amended), as of the coming into effect of such section 132a</p> <p>(g) Notice to Congress on transfer of oversight of Defense Agencies and Field Activities with business-support functions to CMO.—Upon the transfer of responsibility for oversight of a Defense Agency or Department of Defense Field Activity specified in subsection (c) of section 132a of title 10, United States Code (as so amended), to the Chief Management Officer of the Department of Defense, the Secretary of Defense shall submit to the congressional defense committees a notice on the transfer, including the Defense Agency or Field Activity subject to the</p>	

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transfer and a description of the nature and scope of the responsibility for oversight transferred.	