

Acquisition Efficiency Working Group Principles for Workforce Success

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Introduction

This paper presents an analysis of key excerpts from the House Armed Services Committee (HASC) and Senate Armed Services Committee (SASC) drafts of the National Defense Authorization Act (NDAA), highlighting their alignment with foundational principles identified by the [National Contract Management Association](#) (NCMA) and the [Commerce & Contract Management Institute](#) (CCM Institute) for the future success of the acquisition workforce.

The content reflects contributions from a representative sample of NCMA members and the [Acquisition Efficiency Working Group](#) (AEWG), which comprises professionals from both traditional and non-traditional industry sectors, and informed by commercial practice insight gathered from more than 200,000 practitioners contributing to CCM Institute research. AEWG participants bring extensive experience in government acquisition, offering valuable insights into the evolving needs of the workforce.

A full list of AEWG members is available on the [AEWG website](#). The development of this paper involved iterative collaboration among members, who provided feedback, refined recommendations, and ensured alignment with NCMA's strategic vision for acquisition reform.

AEWG members iterated on this document in the following ways:

- 1) **Initial Review:** We began with a member-by-member, line-by-line review of the NDAA language and considered major takeaways.
- 2) **Principle Development:** Members synthesized a core set of acquisition reform principles to serve as a rubric for judging the NDAA language and its underlying intent. These principles became the standard for evaluating both the bill's goals and its proposed methods.
- 3) **Analysis:** Using the principles as a lens, the members conducted a second line-by-line review of the bill language and developed a summary of strengths and recommended improvements.

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The following topics were identified as the most consequential, and therefore the focus of our review:

- Cost Accounting Standards and a move to modified GAAP
 - HASC Sec. 1824
 - SASC Sec. 806
- Commercial Models and Methods
 - HASC Sec. 1825
 - HASC Sec. 1822
 - SASC Sec. 821, 823, 824, 825, 826, 831, 832
- Value Based Pricing
 - HASC Sec. 1823
- Intellectual Property and Modular Open-System Architectures
 - HASC Sec. 1833
 - SASC Sec. 804

Key Principles

Protect Public Trust: Government acquisition is ultimately about stewardship of taxpayer resources in service of the nation, and protecting both trust and the public good means balancing transparency, fairness, and accountability with the urgency of mission needs. Oversight and auditability are critical, but they must be applied in proportion to the context and the risk of not delivering for the war-fighter. Perfect audit trails that delay delivering capability to the Department of War (DoW) erode public trust more than they protect it.

Need with Speed: Government acquisitions should be responsive to mission requirements without unnecessary delay. This principle emphasizes aligning procurement timelines to the urgency of the need. Speed is not about cutting corners; it is about reducing avoidable process bottlenecks so that critical capabilities reach end users when they are needed most.

Common Sense Competition: Ensures the government receives the best value in terms of cost, innovation, and quality. This principle commits agencies to lowering barriers to entry, expanding vendor pools, and structuring procurements so that multiple qualified sources can participate. Procurement opportunities, requirements, and processes must be visible

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and navigable to both established and non-traditional vendors. More competition reduces dependence on a few incumbents, drives efficiency, and promotes long-term resilience in the industrial base.

Empower the Acquisition Workforce: Procurement rules and systems should be designed to reduce bureaucracy and maximize the business acumen of contracting professionals, program managers, and supporting staff. This principle prioritizes reducing administrative burden, streamlining workflows, and restricting unnecessary approvals or reviews to enable the workforce to focus on outcomes rather than paperwork. A streamlined execution environment empowers personnel to act with confidence, reduces errors, and makes government acquisition more agile. While accountability is critical for our contracting force, fear of penalty and Monday morning audits should not drive decisions. Create a system of honor among contracting professionals, and reduce duplicative auditing, to drive the best outcomes.

1. Cost Accounting Standards and Modified GAAP

1. Risk-Based Oversight Instead of Static Thresholds or Blanket Exceptions

Provisions: HASC Sec. 1824(a)(1)(A)–(B); HASC Sec. 1824(b)(1)–(2), HASC Sec. 1824(d)(1), HASC Sec. 1824(a)(2)(A)–(C) applies across all subsections prescribing threshold hikes or exemptions

The bill shifts Cost Accounting Standards (CAS) coverage thresholds (\$50M → \$100M; \$7.5M → \$10M) and grants exceptions when Generally Accepted Accounting Principles (GAAP) or “other existing requirements” suffice. These are static and vague, leaving oversight uneven.

Principal Alignment Suggestions:

- DoW and Office of Federal Procurement Policy (OFPP) should replace dollar-based thresholds with a phased approach to transition fully to GAAP (or similarly modified CAS) that is consistent with commercial sector practices. Require CAS Board to develop and deliver a Transition Report detailing implementation steps and timeline. (*Need with Speed; Common Sense Competition; Protect Public Trust*)

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- Criteria, based on evaluated exposure risk, should be established to preserve contracting office discretion to impose CAS on an exception basis. Require CAS Board to review and approve proposed criteria. (*Protect Public Trust*)
- Publish oversight criteria, reviewed every 5 years, instead of relying on static numbers. (*Empower Workforce*)
- Executive agencies should submit implementation plans to Office of Management and Budget (OMB) detailing their approach for removing outdated requirements, and establishing measurable outcomes tied to mission effectiveness. (*All four*)

2. Balanced and Accountable CAS Board

Provisions: HASC Sec. 1824(c)(1)–(7); SASC Sec. 806

The bill restructures the CAS Board by shifting it to OMB, altering membership, and designating the DoW representative. This micromanages composition but does not ensure transparency or balance in decision-making.

Principal Alignment Suggestions:

- DoW publish methods for reducing CAS burden (e.g., reliance on GAAP/ERP systems, lifecycle-appropriate oversight checkpoints). (*Simplify Execution; Need with Speed*)
- The Board should publish principle-based standards guiding GAAP substitution, exceptions, and modifications. (*Protect Public Trust; Empower Workforce*)
- Establish transparent reporting on how decisions support accountability, market fairness, and acquisition speed. (*Common Sense Competition; Need with Speed*)
- Require conflict-of-interest disclosures for private sector members, with GAO review. (*Protect Public Trust*)

HASC HR3838 Sec. 1824. Cost Accounting Standards (S 806)

Would require DoW, in consultation with the CAS Board, within 90 days of enactment, to identify actions to streamline CAS compliance (41 USC 1502) within DoW

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Reduce or eliminate CAS requirements or contracts entered into 180 days after enactment, when relying on similar Generally Accepted Accounting Principles would not “bias or prejudice” the parties, other relevant guidance or regulation will “sufficiently protect the interests” of DoW, or such requirement is no longer necessary

Threshold changes

- Would require OFPP, within 180 days, to increase the threshold for full CAS coverage from \$50 to \$100 million (CFR 9903.201-2, Title 48)
- Would require DoW, within 120 days, to amend the DFARS to require full CAS coverage when an entity or subsidiary received a single CAS contract valued at \$100 million or more, or received contracts during the cost accounting period that in the aggregate were valued at \$100 million or more
- Would amend 41 USC 1502, Changing the threshold for CAS coverage on a contract from that listed in 10 USC 1502 (cost or pricing data) to \$10 million
- Deleting the \$7.5 million threshold for CAS coverage

CAS Board changes

- Would amend 41 USC 1501, by placing the CAS board at OMB (vice the Office of Federal Procurement Policy)
- Would alter the membership of the CAS board, including adding two nonvoting members, one from GAO and one from industry.
- Beginning January 1, 2028, prohibiting a member of an executive agency audit entity from serving on the CAS board

SASC S2296 Sec. 806. Cost Accounting Standards (H 1824)

- Would require the DoW representative on the CAS Board to be the Director of Defense Pricing, Contracting, and Acquisition Policy

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2. Commercial Models and Methods

1. Risk-Based Oversight Instead of Static Clause Reviews

Provisions:

- **HASC Sec. 1825(a)(2)(B)** (review of unnecessary provisions in commercial contracts and subcontracts)
- **HASC Sec. 1825(b)(1)–(3)** (reporting corrective actions and legislative proposals)

Problem: Current language requires DoW to identify “requirements that should not apply” as it is a negative test that leaves ambiguity and may preserve unnecessary burdens.

Principal Alignment Suggestions:

- DoW, within 120 days, reviews all clauses applied to commercial goods and services (including subcontracts) and retain only those necessary to:
 - Preserve Public Trust (transparency, proportional oversight)
 - Ensure Need with Speed (avoid mission delays)
 - Protect Common Sense Competition (fairness, prevent distortions, open access to defense industrial base)
 - Support streamlined execution and appropriately delegated decision making (clear, usable rules for contracting staff) (*All four principles*)
- Eliminate or modify all clauses failing this retention test, with DFARS updates published accordingly. (*Empower Workforce; Protect Public Trust*)

2. Method-Driven Reform Through Workforce Empowerment

Provisions:

- **HASC Sec. 1825(a)(2)(C), (E), (H)** (training curricula, disincentives, past performance evaluation)

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- **HASC Sec. 1822(e)(1)–(2)** (definitions of “commercially utilized acquisition strategy” and “covered service”)

Problem: Current provisions only review training and incentives; they do not establish commercial acquisition as the default method.

Principal Alignment Suggestions:

- DoW should train and guide the workforce to treat all acquisitions as commercial by default, with exceptions narrowly defined. (*Empower Workforce; Need with Speed*)
- OFPP should focus on meeting mission needs, leveraging entirety of the contracting officer tool kit, and delivering outcomes / capability moving away from today’s risk averse and compliance focused training. (*Empower Workforce; Need with Speed*)
- Establish and document exceptions only where:
 - Public Trust requires heightened control (fraud or waste risk),
 - Commercial solutions cannot meet performance or security needs,
 - The requirement has no viable commercial market, or
 - National security requires restricting availability outside DoW channels. (*Protect Public Trust; Common Sense Competition*)
- Reward workforce incentives for effective use of commercial acquisitions, delivery of capability, and mandate annual reporting on:
 - Use of exceptions,
 - Workforce training delivered,
 - Impacts on competition and market entry. (*All four*)

3. Balanced and Accountable Market Access Rules

Provisions:

- **HASC Sec. 1825(a)(2)(F), (G)** (rulemaking delays, improper reliance on military specifications)

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- **HASC Sec. 1822(a)(2), (b)** (commercial payments and subscription-based acquisition strategies)

Problem: The bill clarifies payment flexibilities and requires a one-time review of rulemaking delays but does not embed enduring accountability for market access.

Principal Alignment Suggestions:

- DoW should align commercial acquisition practices with private-sector models (subscription, consumption-based, cloud tenancy), publishing standards for consistent application. (*Common Sense Competition; Empower Workforce*)
- Revise annual reporting on rulemaking delays and corrective actions taken to streamline commercial buying practices. (*Need with Speed; Protect Public Trust*)
- Program managers and contracting officers should document use of military specifications when commercial equivalents exist, with justification published in the contract file. (*Common Sense Competition; Empower Workforce*)

HASC HR3838 Sec 1825. Review Commercial Buying Practices

- Would require DoW, within 120 days of enactment, to review commercial buying practices and implementation of the Federal Acquisition Streamlining Act of 1994 (PL 103–355), to the extent to which contracts for commercial goods or services (and subcontracts thereunder) include clauses that “should not apply” to commercial acquisition
- Training on commercial determinations
- DoW oversight of commercial buying practices
- Incentives that discourage commercial acquisition
- Would require DoW, within 180 days of enactment, to submit a report to the defense committees on the findings of the review
- Any corrective action taken by DoW
- Legislative proposals to enable DoW to “take advantage of the benefits of acquiring commercial” goods and services

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- Would amend 10 USC 3455 (major weapon systems as a commercial product) Amending the language so that under specified conditions, a component or spare part of a major weapon system “shall be treated as a commercial product”
- Repealing the requirements for offerors to provide extensive detailed information under certain circumstances (located in (d))
- Stating that a product treated as a commercial product under subsection (a) of section 2455 is deemed commercial for the purposes of chapter 271 of Title 10 (truthful cost or pricing data)
- Amending the authority to whom the SECDEF (now SECWAR) can delegate, from the Deputy Secretary of War, to USD (A&S)
- Would amend 10 USC 3703 (cost or pricing data exceptions), to state that certified cost or pricing data is not required when the price agreed upon is based on “adequate price competition,” deleting the requirement for two or more viable bidders

HASC HR3838 Sec. 1822. Clarifying Conditions for Payment for Commercial Acquisitions

- Would amend 10 USC 3805, clarifying that payment for certain services acquired through a commercially used acquisition strategy is not deemed advance payment pursuant to 10 USC 3803 (security for advanced payments)10 USC 3803 states that advanced payments may only be made “if the contractor gives adequate security..”
- *A commercially used acquisition strategy* means terms and conditions where such service is available to the public and provides consumption-based or subscription models based on set pricing
- Would amend 31 USC 3324, making similar changes to those of 10 USC 3805
- HASC Sec. 1602 would also amend 10 USC 3805 by Allowing an agency to make advanced payments for commercial satellite communication services upon a written determination
- Increasing the maximum advanced payment from 15% to 100%

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SASC S2296 Sec. 823. Exemptions for Nontraditional Defense Contractor

Would exempt nontraditional defense contractors from the following requirements: DFARS; 252.242–7006 (Accounting System Administration); 252.234–7002 (Earned Value Management); 252.215–7002 (Cost Estimating Systems); 252.242–7004 (Material Management and Accounting System); 252.245–7003 (Property Management System Administration); 252.244–7001 (Contractor Purchasing System Administration); 252.242–7005 (Contractor Business Systems); 215.407 (Special Cost or Pricing Areas).

Problem: The bill recognizes the number of onerous compliance requirements for the DoW; however there should be a path to reduce non value-added contract requirements for all of industry phased in based on existing contractual commitments.

Principal Alignment Suggestions:

- DoW should eliminate above requirements that do not adequately balance risk with benefits to DoW; to significantly reduce the remainder to only those requirements that are necessary; adequately define compliance rather than leaving it up to individual auditor discretion; and reduce auditing activities appropriately as business system auditing requirements are phased out. (*All Four*)
- Require annual reporting on cost to audit remaining systems. (*Protect Public Trust*).
- Auditors should defer to contracting officer decisions during execution with properly documented justification published in the contract file. (*Empower Workforce*)

SASC S2296 Treating Certain Products and Services as Commercial

- Suggest amending 10 USC 3457 (treatment of certain products and services as commercial), by requiring products and services provided by nontraditional contractors to be treated as commercial unless a written determination is approved by the head of the contracting activity, delegable no lower than the senior contracting official.

Problem: The bill recognizes the need to change the buying behavior of DoW away from FAR Part 15 and bespoke defense department capabilities to more FAR Part 12 and commercial products and services. However, it limits the expansion of commercial to a

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particular type of contractor rather than on what is being offered, limiting the application and benefits that could be realized by the war-fighter based on SASC S2296 Section 825.

Principal Alignment Suggestions:

- DoW should expand the definition of commercial products and services to allow for the increased ability to modify and deliver more commercial technology across all of industry. (*Common Sense Competition, Empower Workforce*)
- DoW should reduce pricing requirements for all of industry in cases where existing commercial technology is being modified to meet government requirements. (*Common Sense Competition*)

An Alternate View From a Non-Traditional Defense Company

Congress has previously granted some mild relief from onerous contractual requirements and pricing justification for companies injecting private capital on their own risk to support government needs. In the NDAA, Congress has proposed to reaffirm and strengthen some of those provisions for non-traditional defense contractors which are aligned with and support the administration's goals. While all contractors doing business with DoW should be incentivized to incorporate commercial solutions into their product offerings, companies who operate primarily on cost-plus business models with government reimbursed IR&D should not begrudge these new entrants the limited incentives being offered in the most recent NDAA. These provisions and other administration actions should be a pathway for transforming the broader industrial base to become more commercially-focused and continue attracting private capital that serves as a force multiplier for the DoW budget.

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3. Value or Capability-based pricing

HASC HR3838 Sec. 1823. Alternative Capability-Based Pricing

- Would authorize the use of alternative capability-based pricing to determine fair and reasonable “based on the value to the government” for commercial solutions
- Would not apply to subcontracts
- The value analysis would be required to be based on at least one of the following
 - Suitability of the product or end-user perception of value improvements
 - Benefits in capability, effectiveness, efficiency, process, or speed of delivery
 - Cost avoidance
- Commercial Solution includes “an integrated combination of products, services, or products and services” sold, leased, or licensed in the commercial marketplace (or offered for sale, lease, or license), when the provider offers the same or similar solutions to the general public or public entities “under terms and conditions” similar to those offered to the Federal government

HASC Sec. 1823. Alternative Capability-Based Pricing

Issues with current framing:

- “Value to the government” is undefined and risks inconsistency in application.
- Factors are listed as a menu but not tied to principles or oversight safeguards.
- Excluding subcontracts may miss where much innovation actually occurs.
- Without transparency, this could be used to justify inflated pricing under a “value” label and undermine Public Trust.

Principle-aligned suggestions:

1. Define “value to the government” in principle terms:

Would require DoW to implement capability-based pricing methods that explicitly show how value determination:

- a. Protects *Public Trust* and *Public Good* through transparent criteria for value analysis.

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- b. Preserves *Need with Speed* by enabling faster procurement when value outweighs rigid cost-based methods.
 - c. Encourages *Common Sense Competition* by preventing arbitrary value additions that advantage incumbents.
 - d. Streamlines decision-making for contracting officers to *Empower Workforce*.
- 2. Subcontracts inclusion:**
- a. Rather than blanket exclusion, Congress should require DoW to review subcontract application and report back on whether extending capability-based pricing to subcontracts would enhance competition and access.
- 3. Transparency and safeguards:**
- a. Would require DoW to provide a report to Congress on best practices and lessons learned in the application of this practice and how it is working to evolve the training and education for the workforce.
 - b. Recognizes that any new practice will encounter challenges as the workforce adjusts and becomes more accustomed to using a novel approach.

4. Intellectual Property and Modular Open-System Architecture

HASC Sec. 1833, SASC Sec. 804 – MOSA and Modifications to Technical Data

Principle-aligned suggestions:

- 1. Do not exempt commercial products from MOSA.**
- a. Exempting commercial products (per Bacon amendment) undercuts innovation and sustainment.
 - b. Instead, DoW should align with commercial *methods* (e.g., *interfaces, standards*) for MOSA to include:
 - i. Protecting IP while ensuring modular interfaces support sustainment. (*Protect Public Trust*)
 - ii. Documenting where MOSA enables rapid integration of upgrades. (*Need with Speed*)

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2. MOSA assessments should be anchored in principles.

- a. Value analysis should include:
 - i. How MOSA objectives expand open government market access by enabling commercial products and services as plug in components.
 - ii. How assessments simplify sustainment and lifecycle management for the workforce (*Empower Workforce*).
- b. Congress should require DoW to publish guidance on MOSA assessments that explicitly show how each principle is supported.

3. Technical data rights and IP protections.

- a. Protecting trade secrets is important, but must be balanced with government rights to interfaces.
- b. The bill language should reflect that nothing in this section shall be construed to impair a contractor's right to protect trade secrets; however, the Secretary of War shall ensure sufficient rights in technical data are retained to enable modular integration, competition for upgrades, and sustainment by authorized third parties.
- c. This reinforces *Public Trust* and *Common Sense Competition* while respecting IP.

4. Waiver authority and reporting.

- a. The SASC provision allows waivers if MOSA impairs national security.
- b. Congress should require:
 - i. Written justifications that map to principles (why MOSA waiver preserves *Public Trust* and *Need with Speed*).
 - ii. Reporting back within 30 days, so oversight isn't hollow.

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About

National Contract Management Association (NCMA)

Since its founding on May 19, 1959, NCMA has grown into a thriving community of over 100,000 contract management professionals. Dedicated to fostering a globally recognized contract management profession and strengthening its connections with related acquisition communities, NCMA serves a diverse membership spanning both the public and private sectors. Through its steadfast commitment to facilitating the growth, advancement, and impact of practitioners, NCMA provides a platform for the open exchange of ideas in neutral forums, driving innovation and excellence in commercial and contract management. www.ncmahq.org

Commerce & Contract Management Institute (CCM Institute)

The Commerce & Contract Management Institute Research conducted the research for this letter. The institute is the research arm of NCMA and World Commerce & Contracting that supports more than 200,000 practitioners. Our purpose is to empower, elevate, and advance our profession through knowledge and insights. Our vision is that applied research and insights shape policy and practice globally, delivering better outcomes for society. Through rigorous, practical, and focused research on commerce and contracting, we deliver actionable insights and standards that improve the exchange of goods and services in both the private and public sectors. www.ncmahq.org/ccminstitute

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Acquisition Efficiency Working Group (AEWG)

Convened by the NCMA, the group serves as a non-lobbying forum for collaboration on reform efforts. It aims to serve as a trusted resource to policymakers, including the Executive Branch, Congress, and the acquisition community at large.

This effort builds on NCMA's longstanding commitment to advancing the profession through education, standards, and community-building. It reflects our belief that transformation in acquisition requires cross-functional collaboration, shared data, and practical solutions grounded in the realities of day-to-day mission execution.

AEWG brings together leaders across government and industry to develop actionable, data-driven recommendations that improve acquisition processes, empower the workforce, and support mission delivery.

Working Group Objectives

- **Efficiency:** Recommend actions to support the streamlined Federal Acquisition Regulation (FAR) and other acquisition reforms
- **Workforce Empowerment:** Promote training and culture change that enables smarter, faster decisions
- **Research-Backed Agility:** Share outcome-based practices supported by real-world insights

www.ncmahq.org/aewg