DEPARTMENT OF THE AIR FORCE
WASHINGTON DC

OFFICE OF THE ASSISTANT SECRETARY

01 FEB 2000

MEMORANDUM FOR SEE DISTRIBUTION

FROM: SAF/AQ
1060 Air Force Pentagon
Washington, DC 20330-1060

SUBJECT: Congressional New Start Notification for Investment Appropriations (SECAF Memorandum, "Congressional New Start Notifications," December 6, 1999)

The SECAF memorandum outlines the importance of Congressional notification and approval for new start programs. I am holding you personally accountable for complying with the notification criteria. Congress approves efforts in two ways -- through the normal appropriations process and through out-of-cycle requests from the Air Force. We must increase our vigilance and improve management of out-of-cycle new start efforts in the investment accounts. Simply stated, you must not undertake any new starts until you obtain Congressional approval.

A "new start" is ANY program, subprogram, modification, project, or subproject not justified to and approved by Congress during the appropriations process for the fiscal year involved. This definition of a "new start" includes any effort that is not described in the RDT&E Descriptive Summaries or Procurement Justification Books accompanying the President's Budget. Entirely new efforts, changes in approved program content, or acceleration of a previously approved effort into an earlier fiscal year constitute new starts and therefore require Congressional approval prior to proceeding.

Neither the urgency nor the cost of the requirement has an impact on whether an effort is determined to be a new start. Any action that is not clear-cut or may be characterized as "gray" must be treated as a new start. There are no minimum dollar thresholds. You must emphasize and carefully scrutinize potential out-of-cycle new starts during all budget and execution reviews.

Acquisition strategy panels must ensure the acquisition strategy is consistent with documentation submitted with the annual President's Budget submission. If out-of-cycle new starts are considered appropriate, the single acquisition management plan or acquisition plan must identify them and focus on getting the required Congressional approval prior to proceeding with ANY portion of the effort. Program Executive Officers (PEOs) and Designated Acquisition Commanders (DACs) must ensure that obtaining required congressional approvals is a high priority and ensure that adequate procedures are in place to avoid initiating efforts without required approvals.

Notification to Congress must occur via letter or through prior approval reprogramming procedures. Programs or program changes included in the Program Objective Memorandum

(POM), Budget Estimate Submission (BES), Program Management Directives (PMD), Acquisition Program Baseline (APB), staffer day briefings or other media do not constitute the required Congressional notification.

We will be issuing an interim change (IC) to AFI 63-101, Acquisition Systems, and the Air Force Federal Acquisition Regulation Supplement (AFFARS) in the coming weeks. Attached for your information is a draft of the IC to AFI 63-101. This guidance will require the System Program Director and Program Control Chief validate congressional appropriation or new start approval before any funds are obligated. The contracting officer will keep the validation form in the official contract file. In addition, this headquarters will develop and conduct a training program in late January through March 2000. SAF/AQ point of contact is Ms Ann McDermott, AQXR (DSN 425-7247 or (703) 588-7247).

Lawrence J. Delaney

LAWRENCE J. DELANEY
Assistant Secretary of the Air Force
(Acquisition)

Attachments:
1. Draft IC to AFI 63-101
2. Distribution List

DRAFT IC TO AFI 63-101, ACQUISITION SYSTEMS

Replace paragraph 1.3 and the accompanying bullets with the following paragraphs. Place Attachment 2 after Attachment 1.

1.3. System Program Director (SPD):

1.3.1. Operating Responsibilities

1.3.1.1. The SPD is the only operating official who is responsible for program execution

1.3.1.2. Plans and develops the following:

1.3.1.2.1. Acquisition strategy

1.3.1.2.2. APB

1.3.1.2.3. Management approach

1.3.1.2.4. Budgetary estimates and alternatives

1.3.1.2.5. Program schedule

1.3.1.2.6. Contracting strategies and structure

1.3.1.2.7. Interfaces with related programs

1.3.1.3. Executes the program within the guidelines and resources set by Congress, the DAE, the AFAE, PEO/DAC, the approved acquisition strategy, and the approved APB

1.3.1.4. Manages the program within established policies and procedures

1.3.1.5. Establishes and maintains a direct line of communication with using and acquisition commands and the operational test agency

1.3.1.6. Supervises personnel

1.3.2. Reporting Responsibilities

1.3.2.1. Accounts for programs to the AFAE through the PEO/DAC

1.3.2.2. For PEO programs (i.e., ACAT I and selected programs), SPDs report directly to their PEO on all matters of program cost, schedule, and performance.

1.3.2.3. For non-PEO programs (i.e., ACAT II through IV), SPDs report directly to their DAC on all matters of program cost, schedule, and performance.

1.3.3. Congressional New Start Notification Responsibilities. Entirely new efforts, significant changes in approved program content, or acceleration of a previously approved effort into an earlier fiscal year constitute new starts and therefore require congressional approval prior to proceeding. Neither the urgency nor the cost of the requirement has an impact on whether an effort is a new start. Any action that is not clear-cut or may be characterized as "gray" must be treated as a new start. There are no

minimum dollar thresholds. SPDs must emphasize and carefully scrutinize potential out-of-cycle new starts during all budget and execution reviews.

1.3.3.1. SPDs must not undertake any new starts until they obtain congressional approval. Congressional new start notification procedures are delineated in DOD FMR 7000.14-R, Volume 3, Chapter 6. Program offices should identify potential new starts to the Program Element Monitor so that appropriate notification occurs. Notification via Program Objective Memorandum (POM), Budget Estimate Submission (BES), Program Management Direction (PMD), Acquisition Program Baseline (APB), staffer day briefings or other media do not constitute the required Congressional notification.

1.3.3.2. A "new start" is any effort (program, subprogram, modification, project or subproject), regardless of amount, not previously justified to and appropriated by Congress in a given appropriation through the normal PPBS process for the fiscal year involved. This includes any effort that is not described in the Research, Development, Test and Evaluation (RDT&E) Descriptive Summaries or Procurement Justification Books accompanying the President's Budget (PB). Budget justification documentation submitted to Congress can be found on the SAF/FM web site at http://www.saffm.hq.af.mil/. Do not use local versions of the budget documentation as the baseline. For purposes of this paragraph, the following definitions apply.

1.3.3.2.1 Program. Programs are those budget items identified in the PB P-1 and R-1 justification documents and related classified annexes and reports as subsequently modified by congressional action. For procurement, P-1 line items are described on the Exhibit P-40, Budget Item Justification. For RDT&E, R-1 programs are described on the Exhibit R-2, RDT&E Programs.

1.3.3.2.2 Subprogram/Project/Subproject. These are the most specific level of budget items identified in the PB's justification documents and related classified annexes. These subprograms, projects, and subprojects are shown as separate efforts below the P-1/R-1 line. For RDT&E, these are described on the R-2A budget exhibit. For procurement, these are described in the Exhibit P-40 narrative or delineated as separate efforts by fiscal year on supporting budget exhibits such as P3As or P1900s.

1.3.3.2.3 Modifications. Modifications are the alteration, conversion, or modernization of an end item of investment equipment, which changes or improves either the original purpose or operational capacity in relation to effectiveness, efficiency, reliability or safety of that item. P-1 line items are considered programs, and modification number identified on the P-1M report would be the sub-program or project.

1.3.3.2.3.1. All modifications, regardless of amount, not previously justified and appropriated by Congress require Congressional notification before obligations can occur. However, safety modifications costing less than $10 million for the entire effort can be initiated in advance of the Congressional notification.

1.3.3.2.3.2. Safety Modification. A modification that corrects a material deficiency which caused a Class A Mishap (Per AFI 91-204), as determined by the AFSC Memorandum of Final Evaluation, shall be classified a safety modification. Other modifications may be classified as a safety modification as described in AFI 63-1101, paragraph 1.2.4.

1.3.3.2.3.3. Low Cost Modification (Mod #99999X): Individual modifications funded in the Low Cost Mod line generally satisfy an unforeseen requirement to complete within one year. Total funding for efforts on the Low Cost Mod line for each fiscal year should not exceed $1.9M per year. Any effort not consistent with the Low Cost Mod line budget documentation or efforts exceeding the $1.9M dollar threshold are not considered "low cost" and must be documented on a separate P3A and are subject to new start guidelines.

1.3.3.2.3.4. Service Bulletins. Service bulletins are airworthiness directives issued by the FAA or the weapon system manufacturer. These modifications are required to keep the weapon system in compliance with FAA standards and to maintain FAA certification. Modifications as a result of FAA service bulletins are considered new starts if they occur during execution years and were not specifically identified in the Service Bulletin modification line.

1.3.3.2.4 Commodities. Some P-1 budget activities include line items that represent categories of commodities that are procured by organizations other than AFMC System Program Offices (SPOs). These activities are executed in accordance with Air Force annual priorities and do not represent new efforts with follow-on costs. New start notification procedures do not apply to the following unless it results in a new program or P-1 line item:

1.3.3.2.4.1. Aircraft Procurement: Budget Program 12, Common Support Equipment; Budget Program 14, Industrial Responsiveness; Budget Program 16 Initial Spares; Budget Program 17, War Consumables.

1.3.3.2.4.2 Missile Procurement: Budget Program 22, Missile Replacement Equipment; Budget Program 24, Industrial Responsiveness; Budget Program 25, Replenishment Spares; Budget Program 26, Initial Spares.

1.3.3.2.4.3. Other Procurement: Budget Program 82, Vehicular Equipment; Budget Program 83, Electronics and Telecommunications Equipment; Budget Program 84, Other Base Maintenance and Support Equipment; Budget Program 86, Spares and Repair Parts. Commodities comprise the preponderance of items funded with the Other Procurement Air Force (OPAF) appropriation and are procured by organizations other than AFMC System Program Offices (SPOs). New starts will seldom (if ever) arise for these commodity type items. However, SPOs overseeing OPAF system acquisition programs may have qualifying new start efforts and must comply with the guidance set forth herein. Reference SAF/FM web site http://www.saffm.hq.af.mil/FMB/FMBI/newstarts/newstarts.shtml which identifies the programs within OPAF that must comply with this new start guidance.

1.3.3.2.4.4. Procurement of Ammunition: Budget Program 35, Munitions and Related Equipment. Commodities comprise the preponderance of items funded with the Procurement of Ammunition Air Force (PAAF) appropriation and are procured by air logistics center item managers. New starts will seldom (if ever) arise for these commodity type items. However, SPOs overseeing PAAF system acquisition programs may have qualifying new start efforts and must comply with the guidance set forth herein. Reference SAF/FM web site http://www.saffm.hq.af.mil/FMB/FMBI/newstarts/newstarts.shtml which identifies the programs within PAAF that must comply with this new start guidance.

1.3.3.3 New Start Certification. System Program Director Validation and Program Control Chief Validation is required in conjunction with every contracting action for programs not categorized as "commodity" programs. Use the form at Attachment 2 for new start certification. Validation forms will be filed in the contracting folder. One of the following must be true prior to executing the contracting action:

1.3.3.3.1. Program was budgeted and appropriated. Effort was budgeted in the President's Budget Submission and is consistent with program direction provided by Defense Appropriations Conference language and/or marks. Fiscal year of President's Budget Submission must match fiscal year of funds being used. This effort is not a new start requiring Congressional approval.

1.3.3.3.2. Program was a Congressional add. Effort was not requested in the President's Budget Submission, but funds were appropriated by the Defense Appropriations Conference and the effort is consistent with program direction provided by Defense Appropriations Conference language and/or marks. Fiscal year of marks must match fiscal year of funds being used. This effort is not a new start requiring Congressional approval.

1.3.3.3.3. Program is an out-of-cycle new start for which Congressional notifications/approval has been accomplished as reflected on the Secretary of the Air Force funds release documents.

1.3.3.3.4. SAF/HAF has advised that new start notifications are not required.

1.3.3.4 Refer to AFI 65-601, Vol 1, Budget Guidance and Procedures and AFI 23-205, Managing the Procurement Materiel Programs for additional guidance.

AFI 63-101 ATTACHMENT 2

New Start Validation Form

In accordance with AFI 63-101, I have validated the following prior to approving this contracting action (one of the following must be answered yes):

	YES	NO
1. Program was budgeted and appropriated. Effort was budgeted in the President's Budget Submission and is consistent with program direction provided by Defense Appropriations Conference language and/or marks. Fiscal year of President's Budget Submission must match fiscal year of funds being used. This effort is not a new start		
2. Program was a Congressional add. Effort was not requested in the President's Budget Submission, but funds were appropriated by the Defense Appropriations Conference and effort is consistent with program direction provided by Defense Appropriations Conference language and/or marks. Fiscal year of marks must match fiscal year of funds being used. This effort is not a new start requiring Congressional approval. SAF/AQX or AF/ILS Program Authorization attached.		
3. Program is an out-of-cycle New Start. Effort is an out-of-cycle new start for which Congressional notifications/approval has been accomplished as reflected on the Secretary of the Air Force funds release document. SAF/AQX or AF/ILS Program Authorization attached.		
4. SAF/HAF has advised that new start notifications are not required (documentation attached).		

_____
System Program Director

_____
Program Control Chief

Department of Defense Appropriations Act, 2000, Public Law 106-79 Sec. 8096. None of the funds in this Act may be used to compensate a DoD employee who initiates a new start program without notification to OSD and the congressional defense committees, as required by DoD financial management regulation.

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Attachment 2