



DEPUTY SECRETARY OF DEFENSE  
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JAN 31 2018

MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS  
CHAIRMAN OF THE JOINT CHIEFS OF STAFF  
UNDER SECRETARIES OF DEFENSE  
DEPUTY CHIEF MANAGEMENT OFFICER  
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DIRECTOR OF NET ASSESSMENT  
DIRECTOR, STRATEGIC CAPABILITIES OFFICE  
DIRECTORS OF DEFENSE AGENCIES  
DIRECTORS OF DOD FIELD ACTIVITIES

SUBJECT: Implementation Guidance for the Establishment of the Office of the Under Secretary of Defense for Research and Engineering and the Office of the Under Secretary of Defense for Acquisition and Sustainment

Secretary Mattis provided guidance in his January 5, 2018, memorandum for the continuity of leadership during the reorganization of the Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics (OUSD(AT&L)), pursuant to the statutory changes taking effect on February 1, 2018.

This memorandum contains additional implementation guidance to support the establishment of OUSD for Research and Engineering (OUSD(R&E)) and OUSD for Acquisition and Sustainment (OUSD(A&S)), and to provide for continuity during the phased reorganization and realignment of responsibilities and resources. Accordingly, effective February 1, 2018, I direct the following actions:

- The resources and workforce (including the civilian and military workforce and contract personnel, hereinafter "workforce") currently within the Office of the Assistant Secretary of Defense (OASD) for Research and Engineering will transfer to the OUSD(R&E) and be under the authority, direction, and control of the OUSD(R&E).



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- The resources and workforce currently within the Front Office of OUSD(AT&L) and the OASDs for Acquisition; Energy, Installations, and Environment; Logistics and Materiel Readiness; and Nuclear, Chemical, and Biological Defense Programs (NCBDP) will transfer to the OUSD(A&S) and be under the authority, direction, and control of USD(A&S).
- As an interim measure, and while remaining responsive to both the USD(R&E) and USD(A&S), the resources and workforce currently within the following offices will initially transfer to the OUSD(A&S) and be under the authority, direction, and control of the USD(A&S): Acquisition Resources and Analysis; Administration; Defense Pricing; Defense Procurement and Acquisition Policy; Human Capital Initiatives; International Cooperation; Joint Rapid Acquisition Cell; Manufacturing and Industrial Base Policy; Program Assessment and Root Cause Analysis; Small Business Programs; and Special Programs.
- The Strategic Capabilities Office (SCO) and Defense Innovation Unit (Experimental) (DIUx) will transfer to the OUSD(R&E) and be under the authority, direction, and control of the USD(R&E). The Director, SCO, will continue to be an advisor to the Secretary and Deputy Secretary of Defense for augmenting efforts across the Department with respect to strategic capabilities development, however, the position is no longer designated as an Office of the Secretary of Defense (OSD) Principal Staff Assistant. The USD(R&E) will ensure that the Director, SCO, has appropriate access to senior leadership across the Department.
- Civilian personnel will be reassigned as indicated above, with no change to their title, series, or grade. Similarly, all military personnel will be reassigned in their current assignments.
- The retention of the allocation of five ASD resources within the OUSD(R&E) and OUSD(A&S) is as follows: two ASD allocations for the OUSD(R&E) and three ASD allocations for the OUSD(A&S). One of the ASD allocations within the OUSD(A&S) will be for an ASD(NCDBP), as required by title 10, U.S.C., section 138(b)(4). Incumbent ASDs will remain in their office, as transferred above, pending the potential realignment of portfolios and, if appropriate, the nomination, confirmation, and appointment of new ASDs.
- Authority, direction, and control of the Defense Advanced Research Projects Agency, Missile Defense Agency, DoD Test Resource Management Center, Defense Microelectronics Activity, and Defense Technical Information Center will transfer to the USD(R&E).
- Authority, direction, and control of the Defense Contract Management Agency, Defense Logistics Agency, Defense Threat Reduction Agency, Office of Economic Adjustment, and Defense Acquisition University will transfer to the USD(A&S).

- The DoD sponsor for the Defense Science Board and the Strategic Environment Research and Development Program Scientific Advisory Board will be the USD(R&E), who will provide for the necessary executive support. The DoD sponsor for all remaining USD(AT&L) advisory boards will be the USD(A&S), who will, likewise, provide for the necessary executive support to those boards. The DoD Advisory Committee Management Officer will take the necessary actions to implement these realignments.
- In order to serve as the central management hub for the establishment of the OUSD(A&S), an Office of Strategy and Design (OS&D) is established within the OUSD(A&S), under the authority, direction, and control of the USD(A&S). This Office shall report to USD(A&S) in all matters related to the reorganization. In support of the OS&D, I am tasking the Defense Innovation Board to identify new opportunities to utilize innovative business and technology sector workforce practices to improve organizational design, collaboration, and communication.

Additionally, by June 1, 2018, or 60 days from the appointment of an USD(R&E), whichever is the later date, I direct a plan be provided to me that includes the following:

- Realignment of personnel, resources, and authorities across the OUSD(R&E) and OUSD(A&S) down to the Deputy ASD level, or equivalent, including a plan for the update and tracking of resources in authoritative data systems. The realignment of resources must be made within the existing programmatic resources currently assigned to the OUSD(AT&L), SCO, and DIUx across the Future Years Defense Program. Any proposed increases to assigned resources must be submitted as an issue paper for the next budget cycle.
- Proposal for the utilization of the OS&D as the link between the USD(A&S) and other DoD and OSD Components for ensuring that the development of the National Defense Strategy, Defense Planning Guidance, and other strategic guidance appropriately address the requirements for A&S.
- A proposal for the realignment of the various functional offices initially transferred to the OUSD(A&S) that ensures responsiveness to both the USD(R&E) and USD(A&S).

In elevating the mission of advancing technology and innovation while simultaneously fostering distinct technology and acquisition cultures, we must also take the opportunity to reform processes, internal practices, and regulations, and continue to remove barriers to innovation in research, engineering, acquisition, and sustainment whenever possible. In this context, I expect the plan to consider multiple options for reforming business processes across all functional areas to ensure the most effective, efficient, and economical use of resources and opportunities.

